



European power trading volumes fell 31% in 2022 – Prospex

11 May 2023 11:55

OLAV VILNES

Oslo

11 May 2023 11:55

(Montel) Power trading volumes in Europe's biggest markets plunged by 31% to 5,696 TWh amid 2022's turbulence, said Prospex Research on Thursday, marking the biggest annual decline since the firm started such measurements in 2000.

Last year's volumes were also the lowest recorded since 2000 and 56% lower than the historical peak in 2016, Prospex added in an annual report of European trading volumes.

Market liquidity tumbled as record-breaking power prices – due to a sharp cut in Russian gas supplies amid the war in Ukraine – elevated margin calls at exchanges and clearing houses to record levels, which again forced market participants to reduce their exposure.

However, the value of the electricity traded jumped 58% to a record EUR 1.3bn, when measured against average spot prices, said Prospex.

It tracked spot and financial trading volumes on power exchanges and brokered markets in Germany, France, Italy, Spain, the Netherlands, the Nordics and the UK.

Germany largest market

Germany remained the biggest market by far, accounting for 45% of all volumes in 2022, which was still down from 49% from a year earlier.

The Nordic region came second at 14%, followed by France at 13% and the UK at 11%.

OTC trading remained the biggest segment, accounting for 56% of total volumes, of which a record 78% were cleared amid increasing credit concerns in the business, said Prospex.

Some 23% of all trading volumes came through financial power exchanges, while the remaining 21% were conducted at spot exchanges.

Germany's EEX Group remained the dominant power exchange with 70% of all spot and financial trading volumes last year, including those of its spot subsidiary Epex.