

## **Joint Statement of APX, Belpex and EPEX Spot - negative baseload prices on 16 June 2013**

High price differences were observed in the Central Western European (CWE) region, with baseload prices in France and Belgium being -40,99 €/MWh, in Germany -3,33 €/MWh and the Netherlands 36,16 €/MWh for delivery on Sunday 16 June 2013.

A more in-depth analysis of the circumstances leading to these prices shall be undertaken in the coming weeks.

Some elements can already be outlined, as these negative prices and the high differences seem to be the result of power market fundamentals in the CWE region.

It seems that relatively low consumption, being the result of mild temperatures on a weekend day, and high levels of “non-flexible generation” (nuclear, hydro, wind, PV) in France, Germany and Belgium caused a generation surplus in those countries.

Indeed, French & Belgian generation forecasts for non-flexible generation (nuclear, hydro, wind, PV) were higher than French & Belgian load forecasts. German RES forecasts have also proven to be high.

The Netherlands did not face a surplus, but could not absorb more energy from the rest of CWE since the Netherlands imported the whole day at a level equal to its globally set import limit from Germany and Belgium.

The CWE procedures in place providing for a second auction in case the price is underneath -150 €/MWh functioned as foreseen. Considering the aforementioned economic fundamentals, Market Coupling helped to absorb the price peaks despite low price convergence.

On Sunday for delivery on Monday 17 June, the prices were again positive as a result of a higher demand.

By setting prices which reflect the balance between supply and demand, Spot Power Exchanges make short term imbalances transparent and allow economic actors to take better informed decisions. Since the producers cannot stop and restart non-flexible generation plants in the short term, they have to keep them producing even during hours where the demand is low. This creates negative prices which allow purchasers to be remunerated to use this power in excess.