

LEARNINGS FOR EUROPEAN ELECTRICITY MARKETS

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Danish offshore auction

Auction invites concession bids for

- seabed rights for 3 GW (or more) of offshore wind installations (3 GW more in 3 other locations already in planning)

no bids submitted

- inflation and supply chain issues
- large capacity relative to domestic residual demand
- uncertainty of hydrogen exports
- overly confident auction design

Flexibility!

Interconnections!

- + site and environmental assessment well-under way
- grid connection not addressed
- not linked to CfD
- 20% state ownership

Under Etablering
Nye Udbud 6 GW

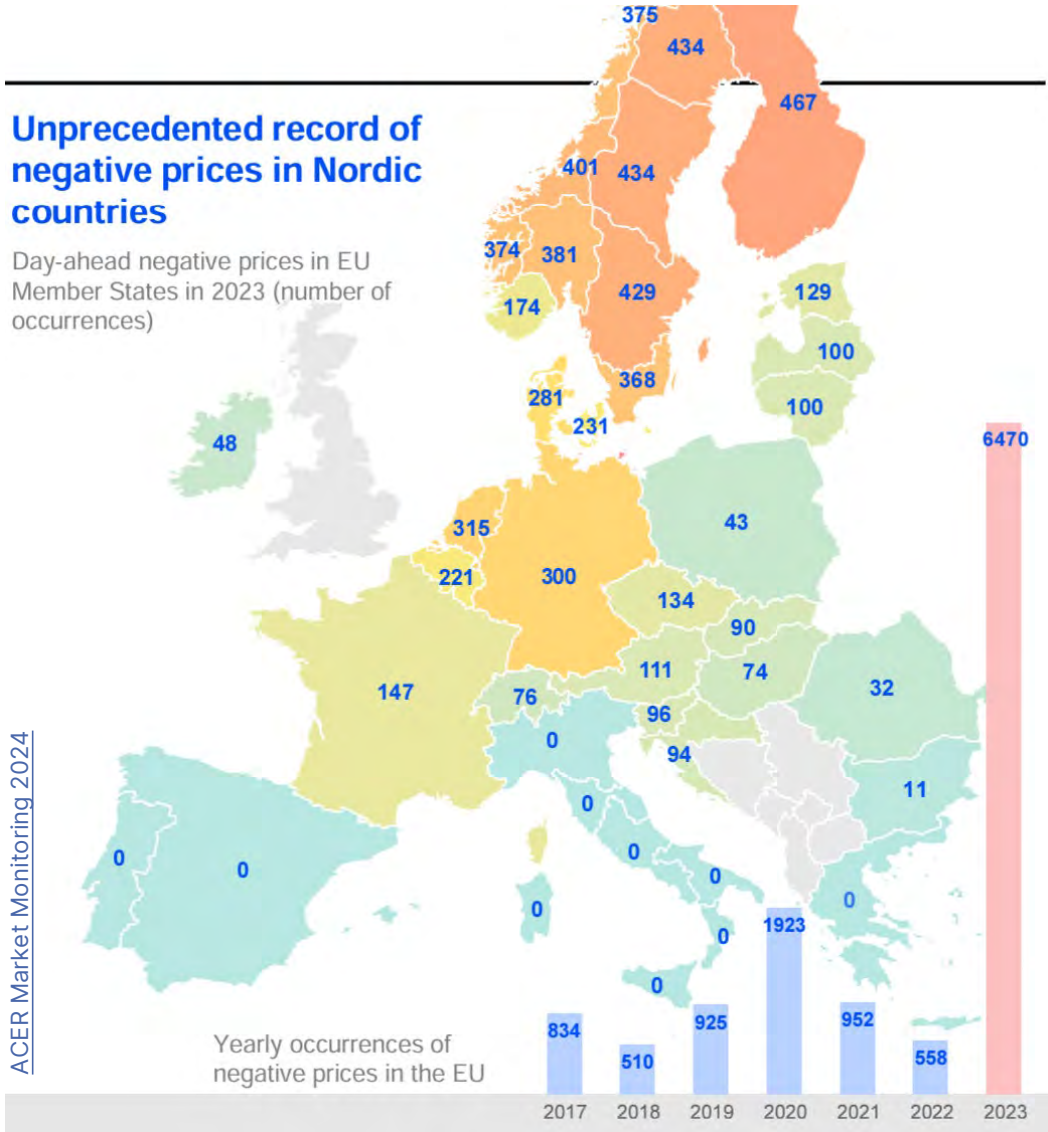


[Danish Energy Agency 2024](#)

Flexibility to the rescue

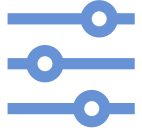
Unprecedented record of negative prices in Nordic countries

Day-ahead negative prices in EU Member States in 2023 (number of occurrences)



- reduce market features that contradict flexibility
 - flat retail rates and network tariffs
 - too strict prequalifications for ‚service‘ markets
- improve signals and steering from the grid
 - locational differentiation and restricted access regimes
 - especially involving existing connections
- facilitate aggregation to ease complexity
 - prequalifications for aggregators
 - data availability and handling
- streamline cross-border frameworks
 - increased interconnection (not limited to electricity)
 - compatible ‚services‘ markets

What will be important



- governance and market design for flexibility
 - work with the constraints for now and involve existing connections
 - suitable frameworks for electrification



- balance between cushioning risks and protecting consumers and tax payers
 - well-designed (!) CfDs and long term / forward contracts



- aligning markets with grids, across borders and with the emerging hydrogen and power fuel sector