

Market Monitoring Report 2020 in numbers

What a difference a year makes...

In the context of the current surge in prices, it is crucial to protect consumers, while maintaining price signals that will ensure a behaviour of market participants consistent with policy goals.



In 2020, COVID-19 caused a drop in energy demand and prices

- 4%

Drop in Electricity Wholesale demand and prices

4€/MWh

Gas Wholesale prices all time low in May



In 2021, economic recovery is causing a surge in energy prices

+ 200%

Increase in Electricity Wholesale prices from January to October

+ 400%

Increase in Gas Wholesale prices from January to October



2020 Electricity Wholesale: a step to the energy transition

Further integration
despite the context:

Day-ahead
coupling applied in **25**
European countries

29% increase in
intraday liquidity

Wind power generated
more electricity than
coal-fired power plants.

Some barriers to market
integration remained in 2020.
The level of cross-zonal
capacity remains insufficient.

71% of the potential for
exchanging balancing energy
across borders still unused

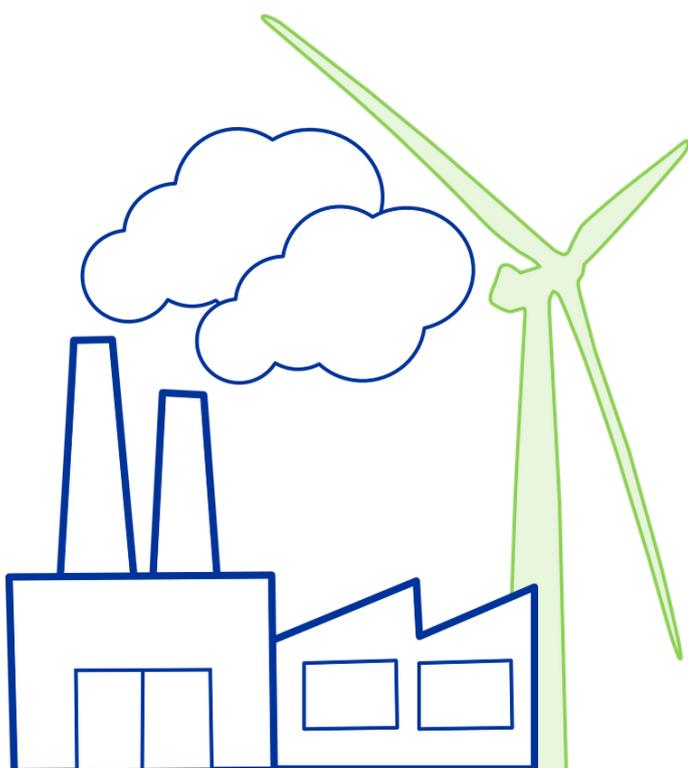
31% of the time,
the 70% target was reached
over all borders and
countries in 2020

1.5 billion €

of additional yearly welfare gains
from finalising the integration of
short-term electricity markets

300 billion €

of potential welfare gains for the
next decade from keeping market
integration at pace, including
coordinated security of supply and
increased cross-zonal capacity



Despite some progress, a full integration of electricity
markets is yet to be completed to harvest full benefits.

2020 Gas Wholesale: reaching maturity in time to face new challenges

Efficient market reforms supported the integration of gas markets

Efficient and flexible booking of capacity improved **tariff transparency and cost-reflectivity**



More gas changing hands:
All-time high volume of natural gas traded at hubs

Share of biogas & biomethane in total EU consumption



High costs and no large-scale transport infrastructure: decarbonised gases remain a minor share of EU

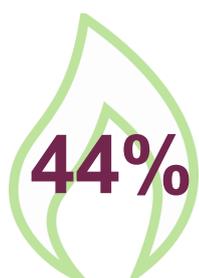
The gas sector must urgently address regulatory and technical challenges to enable the injection of biomethane and hydrogen. Decarbonised gases could support EU climate goals.

2020 Retail Markets: Consumers must come first

“Up like a rocket, down like a feather.”

Retail energy prices correlate well with wholesale energy prices when wholesale prices increase; the correlation is weaker when wholesale prices decrease.

Energy costs represent only



of the gas bill

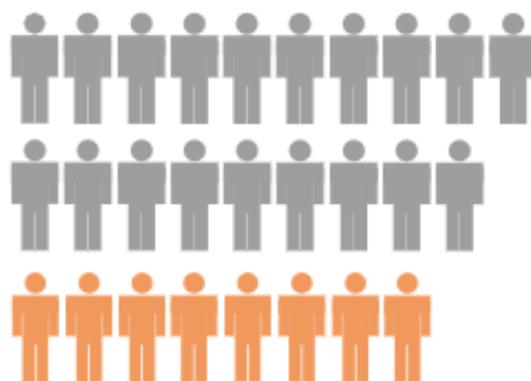


of the electricity bill

The bill breakdown varies significantly across the EU with consumers paying varying amounts for energy, network, and taxes across the EU.

Establishing and utilisation of **appropriate empowerment tools in retail markets** will engage consumer activity (e.g. clear bills, smart meters, price comparison tools)

Dynamic electricity price offers, real-time pricing and other more advanced services are still limited across the EU.



Only **8** Member States define energy poverty

It is important to strike a careful balance between protecting vulnerable groups against dramatic price rises, whilst enabling price signals to encourage efficient consumption choices and decisions.