

## **Press release from Houmoller Consulting ApS Nord Pool Spot's inability to re-calculate the spot prices for 5 August 2013**

For Monday 5 August 2013, Nord Pool Spot's re-calculation of the spot prices crashed again.

However, instead of using the reliable spot prices in the settlement of the spot trading, the exchange used the spot prices from Friday 2 August – thereby using wrong spot prices and leaving the market players with imbalances in their trading of electrical energy.

This is baffling, as the reliable spot prices are known to Nord Pool Spot and therefore can be used in the settlement of the spot trading.

When the spot prices for Northern Europe<sup>1</sup> are calculated, this procedure is used:

- \* First the spot prices for Northern Europe are calculated by European Market Coupling Company (EMCC).
- \* However, the spot prices calculated by EMCC are kept secret and not published (as the spot exchanges oppose publishing of EMCC's prices). Instead of using EMCC's prices, the spot exchanges insist on re-calculating the spot prices.  
Hence, it's the re-calculated spot prices which are published and used in the settlement of the spot trading.

The spot exchanges' redundant re-calculations have repeatedly crashed, leaving market players and societies with unreliable spot prices<sup>2</sup>.

Thereby, the spot exchanges' re-calculations have inflicted huge losses on market players and societies. For example, when Nord Pool Spot's re-calculation of the spot prices for 13 August 2012 crashed, the loss for Baltic-Nordic sellers of

---

<sup>1</sup> In this context, the term "Northern Europe" means Belgium, Denmark, Estonia, Finland, France, Germany, Latvia, Lithuania, Luxembourg, Norway, Poland, Sweden and the Netherlands

<sup>2</sup> Please refer to the PowerPoint presentation *Market coupling and spot price calculation*. At [www.houmollerconsulting.dk](http://www.houmollerconsulting.dk), you can download the presentation from the sub-page Facts and findings.

electricity was about EUR 900,000<sup>3</sup>. In addition to this, buyers of electricity in Poland suffered a similar loss.

In contrast to the spot exchanges' track record, the calculation performed by EMCC has never failed. Since the launch in November 2009, EMCC's calculation has every day delivered reliable spot prices within the agreed deadline.

Therefore: note that the problem is not the market coupling, which links together the spot markets in Northern Europe. The problem is the spot exchanges insisting on carrying out redundant re-calculations of the spot prices – thereby increasing the trading fees paid by their customers and reducing the reliability of the spot prices.

By using less reliable spot prices in the settlement of the spot trading – instead of using the known reliable prices – the spot exchanges are destroying value for their customers and for society. A Europe mired in crisis and austerity does not need this destruction of value.

August 5<sup>th</sup>, 2013

Anders Plejdrup Houmøller

CEO, Houmoller Consulting ApS

---

<sup>3</sup> The number EUR 900,000 does not include the losses suffered because wrong spot prices were used in the settlement of financial electricity contracts.