



# Impact of COVID 19 on electricity markets and grids

## Wholesale market perspective

FORATOM Webinar on security of supply in COVID 19 times

08/07/2020

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# COVID 19 Vs short-term electricity markets

**Electricity markets have continuously delivered short term signals during the COVID crisis:**

- continued functioning of forward & futures markets, incl. long-term transmission rights
- continued operation of day-ahead auctions & ID continuous markets

**The particular conditions have revealed some failures, e.g. :**

- high frequency and depth of negative price events, mainly due to poor design of subsidy schemes for RES
- external constraints on exchange capacities leading to inefficient discrimination of imports (e.g. Italy North borders)
- Challenges for system operators to address downwards balancing in times of high RES generation

**System operation and support schemes should be improved to get future proof**

# COVID 19 Vs security of supply & market design

## Main challenges for security of supply are after the lock down

A major challenge for the operators of power plants with maintenance/deployment delayed due to the COVID 19, resulting in lower electricity generation during the winter 2021/2022 and beyond...

## The industrial impact of the lock down + recovery has been very difficult to assess

Need to re-optimize the planned maintenance based on a short experience

Unprecedented low prices make it difficult to cover fixed costs & amortization for assets exposed to wholesale prices

Such a risk could hardly be accounted at the investment decision

To manage a cost-efficient decarbonization : **the market design should improve the visibility on future revenues for capital-intensive climate-neutral assets**