

Annual auctions for 2023

The Spanish electricity system receives 311 million euros from the 2023 cross-border power capacity allocation with its neighbouring countries

This amount, which represents an increase of 182% compared to that obtained in the auctions held last year for 2022, will be used to reduce the regulated costs of the Spanish electricity system

96% of this revenue comes from the annual auction for the cross-border connection with France in the export direction

These annual auctions represent a management tool for the long-term allocation of physical transmission rights for cross-border connections, enabling the exchange of energy between neighbouring countries.

Madrid, 15 December 2022

The Spanish electricity system will receive €311 million as a result of the annual auctions for cross-border transmission capacity rights with France and Portugal for 2023, which were held between 2 and 14 December. This revenue, which represents an increase of 182% over last year, will be used to reduce the regulated costs of the system.

Thus, Red Eléctrica, Réseau de Transport d'Électricité (RTE) and Redes Energéticas Nacionais (REN), operators of the Spanish, French and Portuguese electricity systems, respectively, have allocated electricity exchange capacity for the electricity interconnections for 2022 by means of auctions: one for each direction of the France-Spain interconnection and another for each direction of the Portugal-Spain interconnection.

On this occasion, 96% of the total revenue obtained in these auctions comes exclusively from the annual allocation in the Spain-France direction.

These annual auctions represent a long-term management tool for the allocation of transmission capacity rights and access to cross-border connections and thus enable the exchange of energy between neighbouring countries. These transmission capacity rights are awarded to those who participate in the auctions, which include, among others,

electricity generation companies, energy traders, consumers, investors or financial institutions.

Interconnection with France

Physical transmission rights have been allocated for the interconnection with France. The successful bidders, who have paid the auction price, have the option of either establishing long-term physical energy exchange schedules through the interconnection or receiving the positive price difference of the Day-ahead Markets between the bidding zones of Spain and France in the direction of the allocated capacity. For 2023, the congestion rents (revenues) generated reached a record value of €619 million, to be shared equally between the Spanish and French electricity system operators.

In the Spain-France direction, 520 megawatts (MW) were offered and allocated for each hour of the year, with the exception of the period between 27 to 31 March, days during which transmission grid maintenance tasks will be carried out and that could have an impact on the exchange capacity, resulting in a final price of 132.45 euros per MW and per hour, an all-time record for this type of auction. Additionally, it should be noted that 16 of the 42 participating agents were awarded transmission capacity rights.

In the France-Spain direction, 690 megawatts (MW) of capacity were offered and allocated, with a resulting price of 3.95 euros per MW and per hour, and 28 of the 48 participating agents were awarded transmission capacity rights.

Interconnection with Portugal

Furthermore, financial transmission rights have been allocated for the interconnection with Portugal. The successful bidders of these capacity rights, who have paid the auction price, are entitled to receive the positive price difference of the Day-ahead Market between the bidding zones of Spain and Portugal in the direction of the allocated capacity. The congestion rents (revenues) generated amount to €2.4 million, half of which corresponds to the Spanish electricity system operator.

In the Spain-Portugal direction, 510 MW were offered and allocated for each hour of the year, establishing a resulting price of 0.35 euros per MW and per hour, with 14 of the 26 participating agents being awarded transmission capacity rights. In the Portugal-Spain direction, 460 MW were offered and allocated, with a resulting price of 0.2 euros per MW per hour, with 16 of the 23 participating agents having obtained transmission capacity rights.