Electricity trading volumes and churn ratio by month and platform (GB)

Electricity trading volumes and churn ratio: At-a-glance summary

There is a diverse range of products and platforms available for those looking to trade power in GB. However, the majority of electricity trades are still done over-the-counter (OTC). Baseload products persistently dominate; accounting for the vast majority of OTC traded volumes. Since the implementation of our Secure and Promote Licence Condition there has been an increase in the number of times units of power are traded before delivery (churn), indicating a slight improvement in churn.

Relevance and further information

Churn is one metric used to assess market liquidity. It shows how often a unit of electricity is traded before it is delivered to end consumers. Liquidity is an important feature of mature markets, often reflecting a large number of buyers and sellers.

Liquid markets also facilitate new entry by making it easier to buy and sell electricity at a good price. For example, in a liquid market a new supplier can more easily enter the market and buy the electricity they need to cover their consumers' demand whilst also having confidence in the price they are paying for that electricity.

Volumes on the respective platforms tend to reflect the time horizon of the contracts traded and are not reflective of the total contribution to market liquidity.

Methodology

Churn ratios are calculated by dividing total traded electricity volumes by the total amount of electricity demanded.

Trading data is based on total volumes from OTC trading (sourced from ICIS) and the major electricity exchanges (ICE, APX and N2EX).

Physical demand data is sourced from BEIS Energy trends.

Date correct

September 2017

Policy area
Electricity - wholesale markets

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