

Invited Speaker

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Market design for efficient balancing prices: A call option (G0901)

| Talk Title

Market design for efficient balancing prices: A call option

| Biography

Dr. Ingmar Schlecht is Partner at Neon. He has advised clients in the industry and public sector and worked intensively with Germany's economics and energy ministry on ancillary services procurement, capacity markets and renewable support. Ingmar is an energy economist focusing, on electricity market design, ancillary service procurement and power grid modelling. As a postdoctoral researcher at University of Basel and ZHAW, he has developed the electricity market model Swissmod and coordinated Swiss system adequacy studies.

| Abstract

Small balancing energy markets are vulnerable to market power: thin liquidity, repeated auctions, and pivotality reward strategic bidding. Switzerland's experience after its 2022 shift to bid-based pricing is illustrative. Price caps help but distort the merit order and impair efficiency. This talk proposes a market-design alternative: a financial call option on the balancing energy price, paired with the capacity product, curbing inflated bids while leaving dispatch and price formation intact.