Energy Community Secretariat

Uniting Europe's Energy, Today

Panel Debate II: CBAM application – implications for electricity market integration and investments

CBAM Q1 2026 Report Key Findings

31st Energy Community Electricity Forum
3-4 June 2026, Athens

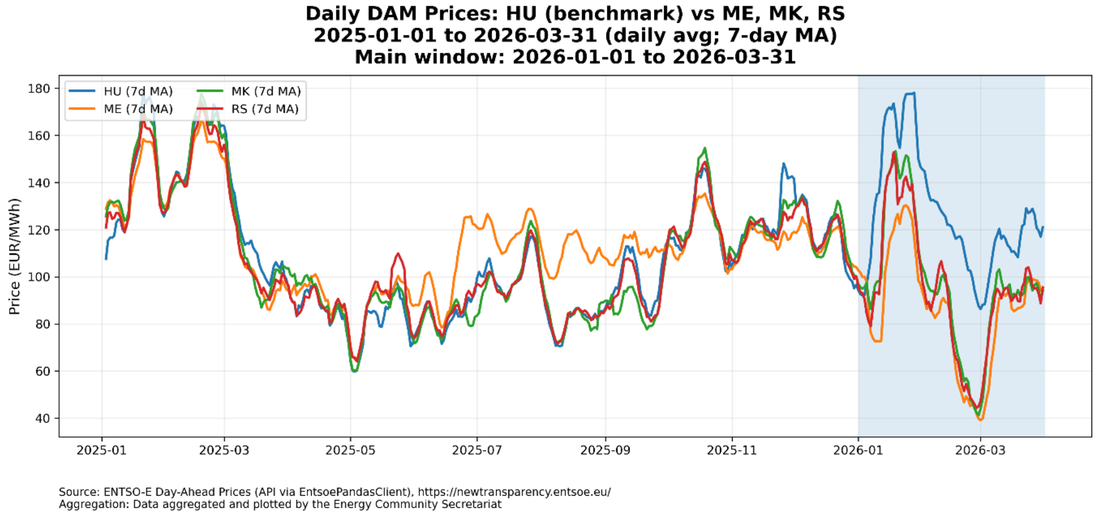
Q1 2026 preliminary CBAM findings – disruption in the regional electricity market

Five findings, one signal: EU–WB6 day-ahead trading disrupted with CBAM entry into force on 1 January 2026.

THE FIVE PRELIMINARY FINDINGS

1	**Price divergence**	EU–WB6 DA spread widened to >30 €/MWh — 2–3× the 2025 level. Capacity allocated, arbitrage not priced in.
2	**Loss of price correlation**	WB–HU price correlation collapsed from >0.80 to ≈0 in early January; partially recovered at the end of Q1 2026; SEEPEX volumes −11%.
3	**WB6-EU trade reduction**	Total WB6↔EU trade −25%, driven by EU→WB6 imports collapsing 40.7%; trade rerouted via CBAM-free corridors.
4	**Schedule vs physics**	Commercial schedules diverged from physical flows: AL→GR scheduled +4,100 MWh/d but physical flows fell.
5	**Default factors bite**	Albania (zero default factor) became the regional CBAM-free gateway; Montenegro's 73.78 €/MWh surcharge erased its 43 €/MWh spread.

THE PICTURE: DAILY DAY-AHEAD PRICES, 2025 → Q1 2026



HU and WB6 zones tracked each other through 2025 (avg spread 5–15 €/MWh). ***From 1 Jan 2026 alignment broke:*** *HU rose to ~170 €/MWh while WB6 fell to ~40 €/MWh.*

HEADLINE NUMBERS

Price spread
>30 €/MWh
Average Q1 2026 EU–WB6 day-ahead spread (2–3× the 2025 average level)

Commercial exchange
−25%
Total WB6↔EU commercial trade vs Q1 2025 (EU→WB6 imports −40.7%)

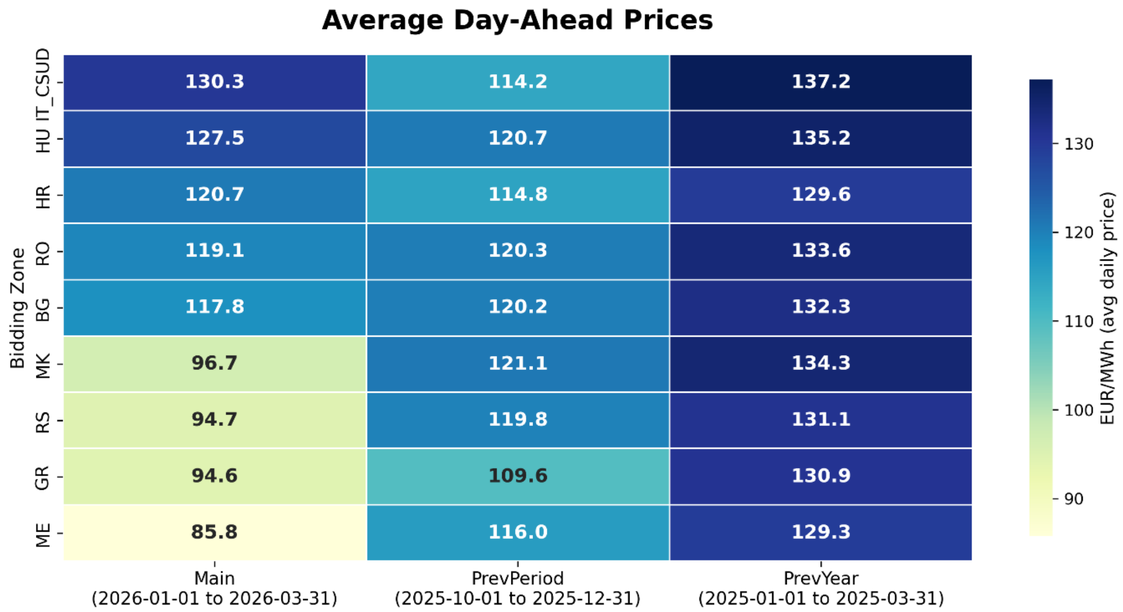
Price correlation
≈ 0.0
WB6–HU price correlation in early Jan 2026 (was >0.80 throughout 2025)

Default factors
€73.78 vs €0/MWh
CBAM cost in €/MWh: ME exports vs AL exports (Q1 2026 EU ETS price)

Source: ENTSO-E Transparency Platform · Aggregation by the Energy Community Secretariat · Read more

EU neighbours feel the impact — market frictions and system risk

AVERAGE DAY-AHEAD PRICES: EU NEIGHBOURS vs WB6



Source: ENTSO-E Day-Ahead Prices (API via EntsoePandasClient), https://newtransparency.entsoe.eu/
Aggregation: Data aggregated and plotted by the Energy Community Secretariat

EU benchmarks at €118–130/MWh; WB6 zones €30/MWh lower — Greece aligned with WB6 on strong hydro.

FROZEN ARBITRAGE: EU MARKETS LOSE ACCESS TO LOW-COST ELECTRICITY

- Higher-priced **IT, RO, BG, HR, HU** could not benefit from cheaper WB6 electricity despite a **>€30/MWh spread** — 2–3× the 2025 level.
- Commercially scheduled WB6↔EU exchanges **fell 25%** in Q1 2026; EU→WB6 imports collapsed by 40.7%, and transit-based trading via WB6 became commercially unattractive.
- Cross-border capacity allocated **>95%**, yet auction clearing prices did not track the widened day-ahead spreads — the CBAM surcharge absorbed the arbitrage margin.

CASE IN POINT | MONTENEGRO → ITALY (IT-CSUD)

- Widest spread in the region: **~€43/MWh** favouring exports from Montenegro to southern Italy.
- ME default emission factor (0.979) implies a CBAM cost of **€73.78/MWh** — wiping out the price advantage.
- Scheduled flows ME→IT-CSUD **fell ~2,100 MWh/day**; physical flows fell ~1,400 MWh/day. The Italian market — with gas-driven prices above €130/MWh — got no relief.

OPERATIONAL RISK: SCHEDULES AND PHYSICS DIVERGE

- Commercial schedules diverged sharply from physical flows: **AL→GR scheduled +4,100 MWh/d, but physical flows fell**; loop flows persist along the WB6 South–North corridor.
- Withdrawal of commercial transit has not eliminated physical loop flows, only made them **less predictable for TSOs**. The 2024 ME–AL 400 kV blackout illustrates the stakes.
- Higher system-operation costs ultimately translate into **higher network tariffs** in both EU Member States and Energy Community Contracting Parties.

STRATEGIC CONCLUSION

The current design of CBAM risks creating barriers precisely when Europe's energy future needs stronger cross-border cooperation. To keep market integration and decarbonisation reinforcing one another, climate policy and market design must converge through **clearer transit rules**, **fair treatment of renewable exports**, **alignment with market coupling**, and **timelines linked to EU accession**.

Source: ENTSO-E Transparency Platform · Aggregation by the Energy Community Secretariat · Read more

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THANK YOU!

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