Energy market radar

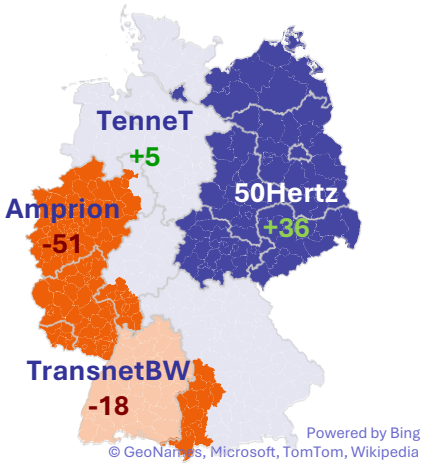
05.11.2026

KEY FACTS

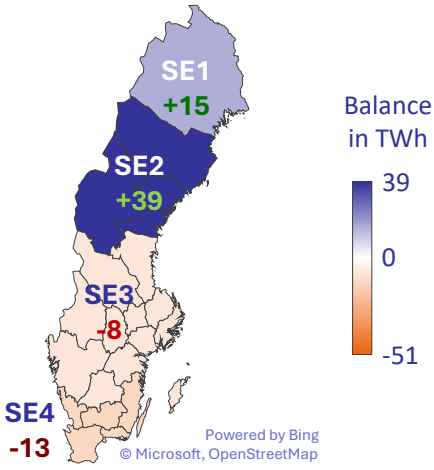
- Sweden's electricity market has been divided into four bidding zones since 2011, and Sweden has already called for a zone split in Germany, too. Both countries show a pronounced regional imbalance between electricity generation and consumption: surpluses in the north contrast with deficits in the south and, in Germany, also in the west.
- The surpluses stem mainly from hydropower in Sweden and from wind energy in Germany.
- In Sweden, the bidding zones reflect this imbalance in electricity prices: in 2025, the average price in the south (SE4) was 3.6 times that in the north (SE1), and the resulting congestion income amounted to around €2 billion.
- Germany forms a single bidding zone and resolves the imbalance through grid operations: congestion management costs amounted to around €3.1 billion in 2025. The federal government has so far rejected splitting the bidding zone.

Electricity balance of control areas and bidding zones 2025

German control areas



Swedish bidding zones

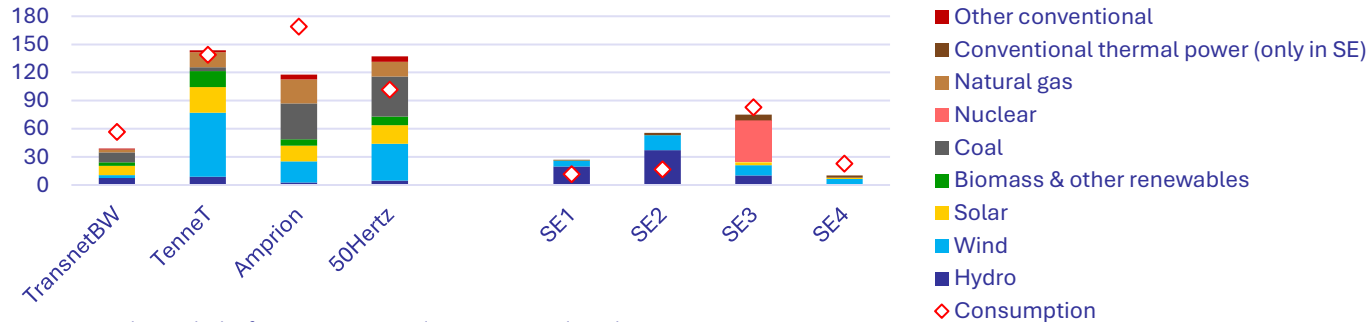


Source: SMARD, Statistics Sweden, Team Consult analysis

**Balance = generation – consumption*

- Germany is divided into four control areas but forms a singe bidding zone with Luxembourg
- The Swedish bidding zones follow the grid bottlenecks; the deficit is located in the south, home to Stockholm, Gothenburg (SE3) and Malmö (SE4)
- The German control areas, by contrast, reflect bottlenecks only partly: the near-balanced overall figure of the TenneT zone conceals that it covers both northern surplus states such as Schleswig-Holstein (+15 TWh) and Lower Saxony (+17 TWh) and the southern deficit state of Bavaria (−18 TWh; state figures 2023).

Electricity generation and consumption by zone 2025 (in TWh)

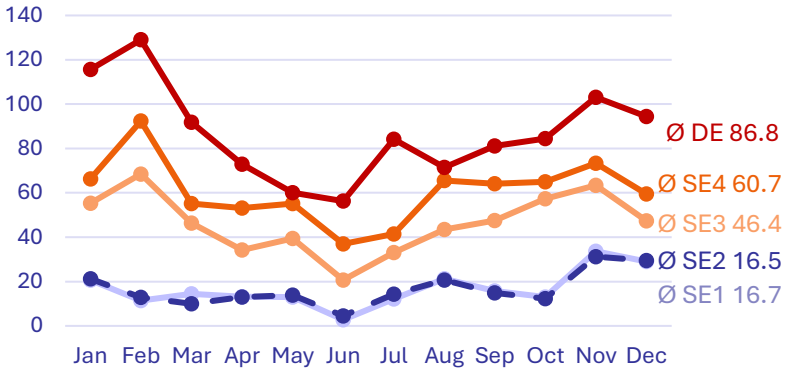


Source: Smard, Svenska kraftnät, Statistics Sweden, Team Consult analysis

- In Germany, the surplus stems mainly from wind energy: in the TenneT control area, wind accounted for 68 TWh in 2025, almost half of total generation. In the 50Hertz area, however, coal-fired generation (43 TWh) exceeded wind energy (39 TWh).
- Amprion records the highest consumption at 169 TWh; just under 60% of generation in this control area comes from conventional power plants. As in the TransnetBW area, only just under 70% of demand is met by local generation. The coal phase-out is likely to widen the imbalance further.
- In Sweden, 37 TWh of hydropower was generated in SE2 alone, more than twice the local consumption. In SE3, generation falls short of the high demand despite 45 TWh of nuclear power; in SE4, only 45% of consumption is generated locally.

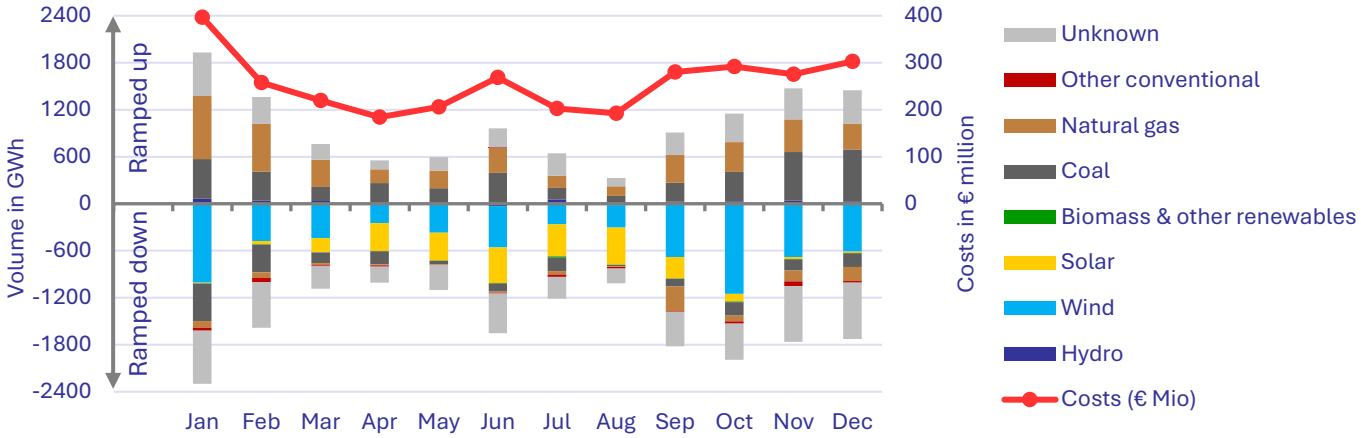
Day-ahead electricity prices in Sweden and Germany 2025 (in €/MWh)

- In Sweden, regional differences in electricity balances are reflected in zonal prices: at around €17/MWh, SE1 and SE2 were well below SE3 (€46/MWh) and SE4 (€61/MWh), as transmission capacity between the northern and southern zones and to neighbouring countries is insufficient to transport the generation surpluses in full.
- The German price was above all Swedish zones in every month. One reason is the marginal cost of the price-setting power plants: in Germany, gas- and coal-fired plants frequently set the price, whereas in Sweden it is hydropower and nuclear power, with significantly lower marginal costs.



Source: SMARD, Elbruk, Team Consult analysis **SE prices converted to €/MWh*

Congestion management in Germany 2025: volumes and costs



Source: SMARD, Team Consult analysis **Costs incl. redispatch and countertrading; 'Unknown' = exchange and cross-border volumes*

- In 2025, 30.4 TWh was ramped up or down in Germany for redispatch measures; wind (37%) and solar (15%) accounted for over half of the volume ramped down, conventional plants for just under a fifth (18%). Relative to consumption, congestion management costs were around €6.6/MWh (€3.1 billion).
- In Sweden, comparable measures cost only around €0.4/MWh (€50 million); congestion is instead reflected in higher prices in the south. When electricity flows between zones with different prices, the grid operator collects the price difference as congestion income – around €2 billion or €15/MWh in 2025. Under EU law, this income must primarily be used to maintain and expand transmission capacity, while any remainder may be used to reduce network tariffs.
- According to ENTSO-E's Bidding Zone Review, five German bidding zones would cut redispatch costs by €613 million in the 2025 target year studied; net of the loss in market welfare, a benefit of €339 million would remain, compared with €264 million for two zones. Electricity would then become cheaper in the north and more expensive in the south. A recent research paper by TU Munich also identifies the single German bidding zone as Europe's largest inefficiency: just two optimally drawn zones would achieve around two thirds of the benefit of a split into a very large number of small zones.
- As the electricity price in southern Sweden is partly coupled to the German price, Sweden rejected the construction of an interconnector to Germany in 2024 and has repeatedly called for the German bidding zone to be split. Within Germany, the heads of government of Hamburg, Schleswig-Holstein, Bremen and Brandenburg are in favour. In September 2026, Hamburg and Schleswig-Holstein also reaffirmed their idea of a joint bidding zone with western Denmark. By contrast, Amprion and TransnetBW, together with the chambers of commerce of Bavaria, Baden-Württemberg, Rhineland-Palatinate and Saarland, argued for retaining the single zone.
- Instead of regional prices, the current draft of the grid package (October 2026) provides for a so-called redispatch reservation: new wind and solar installations in congestion areas would no longer be compensated for part of their curtailment.
- Regardless of the market design chosen, grid expansion remains a prerequisite for transporting the growing volumes of electricity from renewable energies efficiently to the centres of consumption.

Imprint

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