



North-Western Europe



Price Coupling of Regions



South-Western Europe

NORTH-WESTERN EUROPEAN POWER MARKETS SUCCESSFULLY COUPLED

A landmark in the integration of the European power market

04 February 2014. In a landmark move for the future of Europe's power markets, the four Power Exchanges and 13 Transmission System Operators (TSOs) in the North-Western Europe (NWE) day-ahead price coupling project have today successfully launched NWE Price Coupling. For the first time, the NWE region, stretching from France to Finland, operates under a common day-ahead power price calculation using the Price Coupling of Regions (PCR) solution. The same solution is also used at the same time in the SWE region in a common synchronised mode.

Henceforward Power Exchanges from countries which account for 75% (more than 2000 TWh) of European electric consumption, for the first time, calculate electricity prices at the same time and in the same way – a revolutionary first step towards a common European power market.

In time, Europe's power consumers will benefit from the more efficient use of the power system in the region, resulting from a more closely connected market.

While NWE is the first region to implement the PCR solution, South Western Europe (SWE) is synchronised with the new system from go-live, with both using PCR. For the time being the daily explicit auction at the France-Spain border will be maintained as it is, with the intention to move to implicit allocation in the near future.

"We are delighted to provide this core milestone of the future pan-European power market", says Jean-François Conil-Lacoste, Co-Chair of the NWE project. "NWE will lead to considerable gains in social welfare", adds Co-Chair Bente Hagem.

Price coupling allows cross-border transmission capacity to be used directly by Power Exchanges' day-ahead markets – a mechanism known as implicit allocation. The PCR solution has been developed by European Power Exchanges to provide a single algorithm and harmonised operational procedures for efficient price calculation and use of European cross-border transmission capacity, calculated and offered to the market in a coordinated way by TSOs.

All interconnectors within and between the following NWE countries will now be optimally utilised: Belgium, Denmark, Estonia, Finland, France, Germany/Austria, Great Britain, Latvia, Lithuania, Luxembourg, the Netherlands, Norway, Poland (via the SwePol Link), and Sweden. The SWE project covers France, Portugal and Spain.

About the projects:

North-Western Europe (NWE) Price Coupling is a project initiated by the Transmission System Operators and Power Exchanges of the countries in North-Western Europe. The 17 partners of this project comprise APX, Belpex, EPEX SPOT and Nord Pool Spot from the Power Exchanges' side; 50Hertz, Amprion, Creos, Elia, Energinet.dk, Fingrid, National Grid, RTE, Statnett, Svenska Kraftnät, Tennet B.V. (Netherlands), Tennet GmbH (Germany) and TransnetBW from the TSO side. This cooperation aims at establishing price coupling of the day-ahead wholesale electricity markets in this region, increasing the efficient allocation of interconnection capacities of the involved countries and optimising the overall social welfare. A single algorithm, calculating simultaneously the market prices, net positions and flows on interconnectors between market areas will be used, based on implicit auctions and facilitated through the Price Coupling of Regions solution.

Price Coupling of Regions (PCR) is the initiative of seven European Power Exchanges (APX, Belpex, EPEX SPOT, GME, Nord Pool Spot, OMIE and OTE), to develop a single price coupling solution to be used to calculate electricity prices across Europe, and allocate cross-border capacity on a day-ahead basis. This is crucial to achieve the overall EU target of a harmonised European electricity market. The integrated European electricity market is expected to increase liquidity, efficiency and social welfare. PCR is open to other European Power Exchanges wishing to join.

South-Western Europe (SWE) Coupling Project is a joint project between the French, Spanish and Portuguese TSOs, RTE, REE, REN, and the Power Exchanges OMIE in Spain and Portugal and EPEX SPOT operating the French market. This project aims to define the pre-coupling, post coupling and exceptional situations processes that are necessary to allow the implementation of market coupling between NWE region and the Iberian day-ahead markets.

To find out more about the PCR project and the regional price coupling implementation project in NWE and SWE, visit the following websites:

NWE region:

www.apxgroup.com
www.belpex.be
www.epexspot.com
www.nordpoolspot.com
www.casc.eu

PCR project:

www.apxgroup.com
www.belpex.be
www.epexspot.com
www.mercatoelettrico.org
www.nordpoolspot.com
www.omie.es
www.ote-cr.cz

SWE region:

www.epexspot.com
www.omie.es