

PRICE COUPLING OF REGIONS

Price Coupling of Regions (PCR), is the initiative of seven European Power Exchanges, 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 harmonized 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.

What is PCR:

PCR is based on three main principles: a single algorithm, robust operation and individual Power Exchange accountability.

1. The common algorithm will give a fair and transparent determination of day-ahead electricity prices across Europe and allocate cross borders capacity. The algorithm is developed respecting the specific features of the various power markets across Europe. It will optimize the overall welfare and increase transparency.
2. The PCR process is based on a decentralised sharing of data, providing a robust and resilient operation.
3. The PCR Broker and Matcher service enable exchange of anonymised orders and area-to-area transmission capacities among the Power Exchanges to calculate area and other reference prices, and area-to-area transmission flows for all included bidding areas.

History:

Initiative of seven Power Exchanges: APX, Belpex, EPEX SPOT, GME, Nord Pool Spot, OMIE and OTE; covering the day-ahead electricity markets in Austria, Belgium, Czech Republic, Denmark, Estonia, Finland, France, Germany, Italy, Latvia (June 2013) Lithuania, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and UK.

The initiative started in 2009, and the PCR parties signed the PCR Cooperation Agreement and PCR Co-ownership Agreement in June 2012. PCR is being pragmatically progressed by a limited task force of Power Exchanges.