



## North-Western Europe



## Price Coupling of Regions



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# LAUNCH OF FULL SWE COUPLING ON 13 MAY 2014

A significant step towards an integrated European power market

**24 April 2014.** The full coupling of the South-Western Europe (SWE) day-ahead market is scheduled to be launched on 13 May 2014. As a result, day-ahead markets of North-Western Europe (NWE) and SWE, projects stretching from Portugal to Finland, will be fully coupled. The achievement of the SWE full coupling is proof of the flexibility and reliability of the Price Coupling of Regions (PCR) solution.

The NWE day-ahead price coupling was launched on 4 February. Simultaneously common synchronised operations of the NWE and the SWE day-ahead price coupling started. Since then, the day-ahead markets covered by these two projects have successfully been operated using the PCR model, developed by European Power Exchanges. Prices and transfers of energy are determined in a single calculation based on common order books and available cross-border capacities.

Over this period, no capacity was offered to the price coupling at the French-Spanish border and the daily explicit auctions on this border were maintained. With the launch of SWE full price coupling on 13 May 2014, capacity for the French-Spanish border will be implicitly allocated through PCR in the day-ahead markets and the existing daily explicit auctions on this border will cease. The go-live is subject to the final approval by the involved regulatory authorities as well as the successful completion of the member tests.

Full price coupling between the NWE and SWE projects based on the PCR solution, achieved with the collaboration of Transmission System Operators, is a significant step towards a fully harmonised European day-ahead electricity market. This allows cross-border infrastructures to be used more efficiently and to further increase market liquidity and social welfare.

The combined day-ahead markets of the NWE and SWE projects cover 17 European countries<sup>1</sup>, accounting for about 2,400 TWh of yearly consumption. Since 4 February, the daily average cleared volume over these countries amounted to 3.2 TWh, with an average daily value of over €200m.

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<sup>1</sup>Austria, Belgium, Denmark, Estonia, Finland, France, Germany, Great Britain, Latvia, Lithuania, Luxembourg, the Netherlands, Norway, Poland (via the SwePol Link), Portugal, Spain and Sweden.

## 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 TSO B.V. (Netherlands), TenneT TSO GmbH (Germany) and TransnetBW from the TSO side. The cooperation is dedicated to the 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 electricity market prices, net positions and flows on interconnectors between bidding zones 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. Following NWE and SWE operations, the PCR solution will also be adopted by the Italian Borders market coupling project (IBWT) and by the Czech-Slovakian-Hungarian-Romanian market coupling (4M MC).

**South-Western Europe (SWE) Price 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 Price coupling between NWE region and the Iberian day-ahead markets.

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

### NWE project:

[www.apxgroup.com](http://www.apxgroup.com)  
[www.belpex.be](http://www.belpex.be)  
[www.epexspot.com](http://www.epexspot.com)  
[www.nordpoolspot.com](http://www.nordpoolspot.com)  
[www.casc.eu](http://www.casc.eu)

### PCR project:

[www.apxgroup.com](http://www.apxgroup.com)  
[www.belpex.be](http://www.belpex.be)  
[www.epexspot.com](http://www.epexspot.com)  
[www.mercatoelettrico.org](http://www.mercatoelettrico.org)  
[www.nordpoolspot.com](http://www.nordpoolspot.com)  
[www.omie.es](http://www.omie.es)  
[www.ote-cr.cz](http://www.ote-cr.cz)

### SWE project:

[www.epexspot.com](http://www.epexspot.com)  
[www.omie.es](http://www.omie.es)  
[clients.rte-france.com](http://clients.rte-france.com)  
[www.ree.es](http://www.ree.es)  
[www.ren.pt](http://www.ren.pt)