



PRESS RELEASE

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A decisive step towards a single European Electricity Market

Successful joint launch of the Central West European price market coupling and the Central West European-Nordic tight volume coupling

The partners of Central West European (CWE¹) and Nordic countries² are pleased to announce that a decisive step towards the integration of the European electricity market has been taken. This innovation entails the simultaneous launch of two new initiatives on 9 November: the CWE price market coupling and the CWE-Nordic region Interim Tight Volume Coupling (ITVC). European consumers will thus benefit from the economic optimisation resulting in a more efficient use of the power system in the region, convergence or equalization of prices, improving social welfare and security of supply.

The market coupling method, developed jointly by the power exchanges and the transmission system operators (TSOs), aims at a more efficient use of available cross-border capacities and further price harmonization across the regions. It creates a single platform for day-ahead electricity trading, allowing power exchange members to find a counterpart in any of these countries without taking care of cross border capacity reservation.

First initiative launched, the CWE price coupling covers Belgium, France, Germany, Luxembourg and the Netherlands. It is based on a coordinated capacity calculation performed by the transmission system operators and a coordinated price calculation performed by the power exchanges.

Second initiative launched, the Interim Tight Volume Coupling solution is based on the existing EMCC (European Market Coupling Company) tight volume coupling model connecting the German borders, and thus as of now the entire CWE region, with the Nordic market via the interconnectors between Germany and respectively Denmark and Sweden. Further information of integration of the NorNed interconnector into this common North-West European power market will be given on 19 November.

On the first day of operations, day-ahead baseload prices set by the power exchanges in the CWE region have fully converged in all hours, recording a day-ahead base-load price of 51.21 €/MWh for electricity delivered for 10 November. Day-ahead baseload prices set in Nord Pool Spot's Elspot Market for the two Danish Bidding Areas were 51.69 €/MWh and 51.75 €/MWh and for Sweden 51.34 €/MWh. Flows on ITVC interconnectors between Nordic and CWE areas were fully utilized within 23 hours. Ramping constraints were considered according to market rules as usual.

The two initiatives integrate a day-ahead market of 1,816 Terawatt hours of power production, being the largest of its kind in the world and covering approximately 60% of electricity consumption in Europe. This result has been achieved thanks to the close cooperation between the 17 partners involved.

¹CWE region is the European region which includes Belgium, France, Luxembourg, Germany, the Netherlands

²Nordic region is the region which includes Denmark, Sweden, Finland, Norway and Estonia



About Price Coupling:

Price coupling between different countries allows creating a single exchange zone – and consequently single price zones when interconnection capacities do not limit cross-border power exchanges. It contributes to improve the market liquidity and participates in the creation of a single European electricity market. Nord Pool Spot have organised price splitting since the start up in 1993 and in 2006, price coupling was first implemented between France, Belgium and the Netherlands.

About Volume Coupling:

Volume coupling is a coordinated day-ahead auction involving two or more power markets. Cross-border volumes computed by an Auction Office are transferred to the power exchanges, which consider them as price inelastic bids into their local system. The calculated flows are based on anonymous order books and the available transmission capacities, while the pricing authority remains with the involved power exchanges. Volume coupling was introduced on the Nordic-German border in November 2009.



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