

4M Market Coupling launches successfully by using PCR solution

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The creation of the European Internal power market has reached another milestone. The 4M Market Coupling (4M MC), integrating the markets of OTE in Czech Republic, HUPX in Hungary, OPCOM in Romania and OKTE in Slovakia, has today been launched successfully. The 4M MC, as extended by Romania, replaces the Trilateral Coupling, in operation since 2012 between Czech Republic, Hungary and Slovakia, and is considered as an intermediate step towards the single European day-ahead market.

The 4M MC uses the Price Coupling of Regions (PCR) solution, a set of harmonised procedures consistent with the other European regions already in coupling operations. The PCR solution is used to connect the power markets across Europe and it prepares grounds for smooth future integration of the CEE region and the rest of Europe.

The PCR solution has been developed by European Power Exchanges to provide a single algorithm and harmonised operational procedures for efficient price calculation, as well as use of European cross-border transmission capacity, calculated and offered to the market in a coordinated way by TSOs. Prices and net transfers are determined using the common algorithm “Euphemia”, based on the order books and available transmission capacities. By allowing decentralised operations, the solution assures a high level of security.

The PCR project has been a major undertaking by the involved Power Exchanges APX/Belpex, EPEX SPOT, GME, Nord Pool Spot, OMIE and OTE. Since the start in 2009, over 200 people from the participating Power Exchanges across Europe have taken part in the PCR project.

About the partners:

APX is Europe's premier provider of power exchange and clearing services for the wholesale market, operating transparent platforms in the Netherlands, the United Kingdom and Belgium. APX provides exchange trading, central clearing & settlement and benchmark data and industry indices distribution services to over 170 members from more than 15 countries. Over 88 TWh was traded on APX markets in 2013, and over €9 billion in energy trades cleared by APX. **Belpex SA** is a 100% subsidiary of APX.

The European Power Exchange EPEX SPOT SE operates the power spot markets for Germany, France, Austria and Switzerland (Day-Ahead and Intraday). Together these countries account for more than one third of the European power consumption. EPEX SPOT also acts as market operating service provider for the Hungarian Power Exchange HUPX. It is a European company (Societas Europaea) based in Paris with branches in Leipzig, Bern and Vienna. Over 220 companies from Europe are active on EPEX SPOT. In 2013, 346 TWh were traded on EPEX SPOT's markets.

GME is the company which organizes and manages the wholesale electricity market in Italy under principles of neutrality, transparency, objectivity and competition. Moreover, GME is directly committed to supporting the implementation of environmental protection policies, by organising and managing Environmental Markets. Law no. 99 of 23 July 2009 also assigned GME, on an exclusive basis, with the organisation and economic management of natural-gas markets, which consist of the Platform for the trading of natural gas, the Spot Gas Market and the Gas Balancing Platform. Additionally, art. 32 of Legislative Decree no. 93 of 1 July 2011 entrusted GME with the task of managing physical forward gas markets.

Nord Pool Spot operates Europe's leading power markets, offering both day-ahead and intraday trading to its members. 370 companies from 20 countries trade on Nord Pool Spot's markets in the Nordic and Baltic regions, and on our UK market N2EX. In 2013 the group had a total turnover of 493 TWh traded power. Our markets are operated from offices in Oslo, Stockholm, Helsinki, Copenhagen, Tallinn and London. Nord Pool Spot strives continually to strengthen its business by working with integrity, together with members and stakeholders, to achieve excellence.

OMIE is a Spanish company created with the purpose of managing markets in underlying energy assets. As its main function, OMIE is the responsible of the management of the Iberian spot electricity markets, running every day the day-ahead Market and six intraday markets encompassing all Iberian energy. In 2013, 273 TWh were traded by OMIE, of which 39TWh were traded in the intraday markets, this volume of energy represented over €12 billion.

OTE, a.s., the Czech electricity and gas market operator, (OTE) is a joint stock company established in 2001. OTE provides comprehensive services to individual electricity and gas market players. OTE commenced organizing trading in the day-ahead electricity market in 2002 and the intra-day and block electricity markets in later years. OTE has been the market operator on the gas market since 2010 including operation of day-ahead gas market and intraday gas market. Continuous data processing and exchange required for the accounting and settlement of imbalance between the contractual and actual volumes of electricity and gas supplied and received are among services offered by the OTE to players in the Czech electricity and gas markets, as well as administrative procedures associated with a switch of supplier. The OTE also administers the National Register of Greenhouse Gas Emissions. OTE is the holder of the license for market operator's activities, which includes activities in the electricity and gas market in the Czech Republic.

North-West Europe (NWE) includes: Belgium, Denmark, Estonia, Finland, France, Germany/Austria, Great Britain, Latvia, Lithuania, Luxembourg, the Netherlands, Norway, Poland (via the SwePol Link), and Sweden.

South-West Europe (SWE) includes: France, Portugal and Spain.

Central South Europe (CSE) includes: France, Germany/Austria, Greece, Italy, Slovenia and Switzerland.

Central Eastern Europe (CEE) includes: Czech Republic, Germany/Austria, Hungary, Slovakia, Poland and Slovenia.