



CWE FLOW-BASED MARKET COUPLING PRESS RELEASE

Successful launch of CWE Flow-Based Market Coupling parallel run on the 21st of February 2013

- Important step towards the implementation of Flow-Based Market Coupling
- Intensification of open exchange and joint learning period with all involved parties
- Reliable signal for enhanced social welfare and improved price convergence

1 March 2013 - The Central Western European (CWE) Flow-Based Market Coupling (FB MC) project, has achieved a major milestone by starting the publication of Flow-Based simulation results to the market. Under Flow-Based market coupling, cross-border capacities in the CWE region will be allocated with the aim of optimizing the overall market welfare in the region, while granting that physical limits of the grids are respected. The Flow-Based methodology is expected to enhance the usage of the grid infrastructure, while respecting security constraints, and hence contribute to increased price convergence in the Pentalateral CWE region (consisting of Belgium, France, Germany, Luxemburg and the Netherlands).

After two years of development and experimentation, Transmission System Operators (TSOs) and Power Exchanges (PXs) have delivered a robust Flow-Based design in line with preliminary studies showing higher price convergence and welfare in the CWE region, compared to the current market coupling method based on available transmission capacities (ATC) per individual border. Based on these promising results, the external parallel run has started on February 21st 2013 with an ex-post publication of the results as of January 1st 2013 and will last for one year. This learning period is meant to enable market parties to experience the Flow-Based market mechanism.

The data publication consists in Flow-Based parameters (calculated capacities) and reports of market simulation results including hourly prices, volumes and net positions for all CWE market areas, graphs on price convergence/divergence and welfare calculations.

In addition, project partners will implement industrialized systems in the course of the year in order to ensure the reliability of the process. All parties aim to have CWE FB MC technically ready by the end of 2013.

Feedback from stakeholders is expected during the public consultation process in May/June and will be key input for the validation of the final market coupling solution.



The Go Live decision will be taken after the successful launch of the NWE (North West Europe) price coupling based on the design of the PCR (Price Coupling of Regions) and the necessary joint testing activities.

The new Flow-Based market coupling mechanism is fully compliant with other coupling projects. It will apply first between the countries in the CWE region. The Flow-Based design however is also flexible, allowing a full European market coupling whereby some borders or regions are treated Flow-Based and others still on the current method of ATC.

Thus, Flow-Based Market Coupling will be an important building block to the target of an integrated European energy market by 2014.

More detailed information will be shared during the CWE FB MC Market Forum on the 7th of March 2013 at the Lindner Congress Hotel in Düsseldorf.

The CWE Flow-Based MC project partners