

Ljubljana, 11 April 2014

Central Eastern Europe unites towards the EU single energy market

The key electricity players in Austria, Czech Republic, Germany, Hungary, Poland, Slovakia and Slovenia have signed, together with the EU Agency for Cooperation of Energy Regulators (ACER), a Memorandum of Understanding (MoU). The MoU is aimed to couple the countries' markets by using a flow-based method for calculating the capacities on the cross-border electricity interconnectors and by implicitly allocating these capacities based on the Price Coupling of Regions (PCR) solution. This agreement between Transmission System Operators (TSOs), Power Exchanges (PXs), National Regulatory Authorities (NRAs), is taking place in the frame of the Regional Initiatives (RIs) process coordinated by ACER. The RIs aim at the early implementation of the Network Codes - in this case the Capacity Allocation and Congestion Management Network Code – before they enter into force and become legally binding. The move will contribute to the development of the single EU energy market by favouring price convergence, which fosters competition and therefore leads to a better choice of services and products for consumers.

The project consists of flow-based capacity calculation on the one hand, and implicit capacity allocation based on the PCR solution, on the other hand, to be implemented in one single step. In so doing, it is in line with the European target model for day-ahead markets and ensures compatibility with other regional and cross-regional price coupling projects.

The MoU expresses the intention of the concerned TSOs and PXs to continue and intensify their cooperation in the Central-Eastern Europe (CEE) region. In addition to existing structures (e.g. among TSOs on capacity calculation), a common project structure and a detailed project plan are now to be established. This will be supported and monitored by the NRAs and ACER. The new project will enable coordination of the CEE region with other European regions in the electricity market to take common, coordinated steps to facilitate the process leading to the creation of the European Internal Energy Market (IEM).

The implementation of flow-based market coupling in the CEE region should both provide for efficient electricity wholesale price formation by linking the relevant day-ahead markets - considering the most efficient generation in the region, and assess more precisely the available grid capacities on individual transmission network elements, thus also supporting and enhancing secure grid operation. Consumers in the CEE region will benefit from more competitive prices resulting from efficient trading arrangements and secure network operation, allowing also for the improved integration of renewable energy sources.

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Notes to editors:

The Memorandum of Understanding can be found at the following link:

http://www.acer.europa.eu/Electricity/Regional_initiatives/Cross_Regional_Roadmaps/Documents/memorandum-of-understanding-CEE.pdf

The Regional Initiatives (RIs) process was launched by the European Regulators Group for Electricity and Gas (ERGEG) in 2006. Since 2011, the EU Agency for the Cooperation of Energy Regulators (ACER) coordinate the process, which aims at bringing together nNRAs, TSOs and other stakeholders in a voluntary process to advance integration at the regional level as a step towards the creation of a well-functioning Internal Energy Market (IEM). The RIs represent a bottom up approach to the completion of the IEM, in the sense that they bring all market participants together to notably test solutions for cross-border issues, carry out early implementation of the EU acquis and come up with pilot-projects which can be exported from one region to the others.

For more information about the Electricity Regional Initiatives, please visit:

http://www.acer.europa.eu/Electricity/Regional_initiatives/Pages/default.aspx

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