



NWE Stakeholder Forum in Brussels, 26 September 2012

NWE Day-Ahead Price Coupling

Architecture





Agenda

Overall picture of the Architecture

- History
- Principles followed
- Approach taken

Impact and benefits for market participants

- What does this mean for Europe?
- What benefits does it have?

PCR

- What is PCR?
- How does it work?



History

- Long term allocation to limited amount of Market Players
- Explicit allocation via auctions
- Market Splitting in Nordic region
- TLC
- CWE Market Coupling
- ITVC

All these development resulted in the development of:

Price Coupling of Regions

and a new project:

The NWE Day Ahead Price Coupling



Principles followed

- PCR
 - PCR designated system for coupling of regions
 - NWE first to use PCR as price coupling system

- Extendible
 - No arrangements made may hinder other regions to join PCR
 - Following ACER-Roadmap

- Linking markets,
 - **Not** creating one single market price
 - Local market principles remain
 - Local TSO and PX systems will only change if required for the integration of systems/new borders

- Cooperation partners covered by multi-lateral contracts



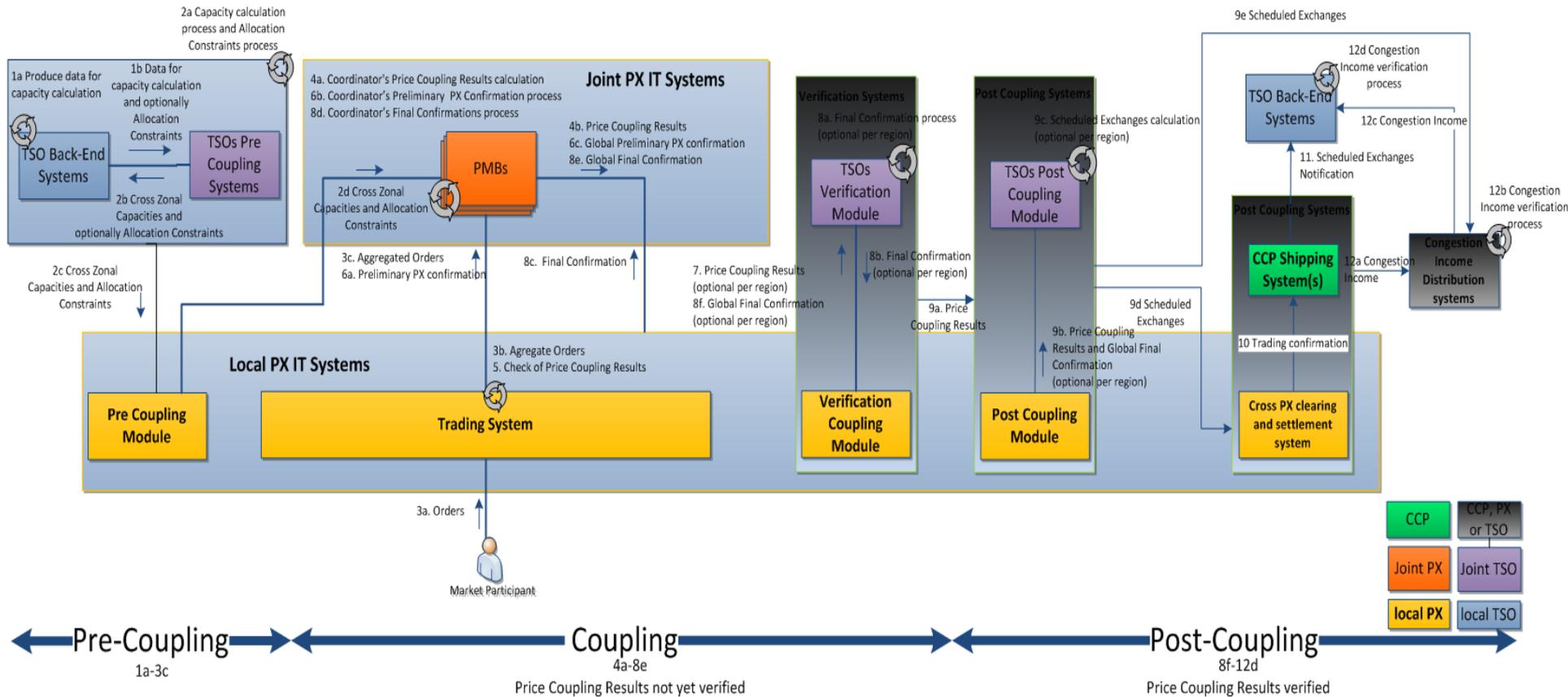
Approach followed

- ACER / National Regulatory Authorities supervising
- ENTSO-E and EUROPEX coordinating
- NWE TSOs and PX's realizing
 - 13 TSOs
 - 4 Power Exchanges
 - 1 PMO



High level Architecture

Generic part:





Impact and benefits for market participants

- What does this mean for Europe?
 - Major step towards market harmonization
- What benefits does it have?
 - Eliminating market distortions
 - One stop shopping on the borders
 - Equal chances for all participants
 - Assures maximum usage of available transmission capacity
 - Maximizing social welfare
- Another step in further harmonization of market rules