PRESS RELEASE

FLOW-BASED METHODOLOGY FOR CWE MARKET COUPLING SUCCESSFULLY LAUNCHED

***20 May 2015* – The project partners of the Flow-Based Market Coupling in Central Western Europe (CWE) are pleased to announce today's successful launch of the Flow-Based methodology. While facilitating cross-borders electricity exchanges and integrating renewable energies into power supply, this improved methodology is a major advance towards the integration of Europe's energy markets. The project has been carried out jointly by CWE transmission system operators (TSOs) and Power Exchanges. The Flow-Based method was approved by National Regulators (NRAs) on 23 April.**

The Flow-Based methodology was successfully run for the first time in the CWE Day-Ahead market coupling process on 20 May (for delivery day 21 May). The CWE TSOs had jointly started the operational coordination process and the calculation of Flow-Based parameters already the day before.

Today's launch of the new Flow-Based method marks a crucial milestone for European market integration and paves the way towards the completion of the European Internal Energy Market. Due to its innovative and dynamic nature, it allows for optimizing the capacity available for trading which in turn will translate into significant economic welfare gains.

Market Coupling optimizes the efficiency of power trading by allocating cross-border transmission capacity between the different coupled spot markets, while ensuring that the physical limits of the grid are respected. In so doing, market coupling narrows price spreads between national power markets and increases social welfare for the involved countries.

By using a more detailed grid description, taking into account the increased energy volatility resulting from the higher renewable production, Flow-Based is a more sophisticated method for capacity calculation. Compared to ATC-based methods, FB market coupling increases price convergence while ensuring the same security of supply as today.

The step to Flow-Based Market Coupling is essential in order to be prepared for accurate and secure capacity calculation in a European energy sector where further growth in renewables is to be expected. This method leads to a more efficient determination of commercial transactions and of resulting physical flows, helping the market participants to trade across borders and resulting in electricity prices that better reflect the actual grid situation. CWE Flow-Based Market Coupling provides a better representation of the actual grid situation and relevant information for proper price formation and, ultimately, investment decisions.

CWE TSOs and Power Exchanges have been working on delivering this project since June 2007 when the MoU of the Pentalateral Energy Forum on market coupling and security of supply in CWE was signed. Market Coupling in CWE then started in November 2010 by using ATC-based grid capacity calculation. The ATC-based method was relying on the so called “Available Transmission Capacities” which were defined by the TSOs for each border of the CWE zone. Since then, developing and implementing the Flow-Based method has required harmonisation of TSOs’ processes, organisation and systems.

Project partners started an intense preparation through the performing of a parallel run process: Flow-Based parameters and implied market results were calculated in parallel of the operational daily ATC process. Since 2013 the simulations were shared with the market and NRAs first on a weekly and then on a daily basis to provide optimal support in the transition.

“We are proud to be now live and using the new method, which enables the further integration of the European market against a background of the increased challenges we face due to more volatile system conditions”, say Wim Michiels, Jean Verseille, and Andrew Claxton, TSOs’ & Power Exchanges’ chairmen of the CWE Flow-Based steering groups. “This is an outstanding example of how Power Exchanges and TSOs contribute to a more competitive and reliable internal European energy market.”

Following the success of Flow-Based day-ahead market coupling in the CWE region, the Flow-Based method is expected to be deployed both at a larger European scale and also in different time windows for electricity trading (e.g., intraday application).

Amprion, Dr. Andreas Preuß, Press Officer, + 49 231 584913785
Amprion GmbH operates Germany's longest extra-high voltage grid, with a circuit length of 11,000 km, and is an important transmission systems operator in Europe. The Amprion grid supplies power to a population of over 27 million from Lower Saxony to the Alps. As an innovative service provider, Amprion provides industrial customers and network partners with maximum security of supply. Its network, with voltage levels of 380,000 and 220,000 volts, is accessible to all players in the electricity market on a non-discriminatory basis and on competitive and transparent terms. Amprion is also responsible for coordinating the interconnected system within Germany and the Northern section of Europe's extra-high voltage network.

APX, Sanna-Maaria Mattila, Senior Corporate Communications and Press Officer, +31 20 305 4000
APX Group 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 180 members from more than 15 countries. Over 92 TWh was traded on APX markets in 2014 and €9 billion in energy trades cleared by APX.
Belpex SA of Belgium is a 100% subsidiary of APX.

Elia, Ingvild Van Lysebetten +32 2 546 73 84 & Barbara Verhaegen +32 2 546 7378
The Elia Group is organised around two electricity transmission system operators (TSOs): Elia Transmission in Belgium and 50Hertz Transmission (in which Elia has a 60% stake), one of the four German transmission system operators, active in the north and east of Germany. With 1,900 employees and a transmission grid comprising some 18,300 km of high-voltage connections serving 30 million consumers, the Elia Group is one of Europe's top 5 players in the European TSO business. It efficiently, reliably and securely transmits electricity from generators to distribution system operators and major industrial consumers, while also importing and exporting electricity from and to neighbouring countries. The Group is a driving force behind the development of the European electricity market and the integration of energy generated from renewable sources.
In addition to its system operator activities in Belgium and Germany, the Elia Group offers businesses a range of consultancy and engineering services.
The Group operates under the legal entity Elia System Operator, a listed company whose reference shareholder is municipal holding company Publi-T.
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EPEX SPOT, Wolfram Vogel, Director Public Affairs & Communications, +33 (0)1 73 03 61 32
The European Power Exchange EPEX SPOT SE operates the power spot markets for Germany, France, Austria and Switzerland. EPEX SPOT also provides market operation services for the Hungarian Power Exchange HUPX and coupling services between the Czech, the Slovak, the Hungarian and the Romanian markets on behalf of three of the four local Exchanges. Since May 4th 2015, EPEX SPOT has become 100% owner of APX Group including Belpex. APX operates the power spot markets for the Netherlands, the United Kingdom and Belgium. EPEX SPOT is a European company (Societas Europaea) based in Paris with branches in Leipzig, Vienna and Bern, as well as offices in Amsterdam, London and Brussels. 275 companies are active on EPEX SPOT and APX. 382 TWh were traded on EPEX SPOTs markets in 2014, and 92 TWh on APX.

RTE, Carole Cissé, +33 (0)1 41 02 10 88
RTE, Réseau de Transport d'Electricité, is the French transmission system operator. Its public service mission is to provide to all its customers economical, reliable and clean access to electrical power. RTE connects its customers using an adapted network and provides them with targeted and valuable solutions, considering economic efficiency, environmental respect and security of supply. For this purpose, RTE manages, maintains and develops high and extra-high voltage transmission

system. RTE is responsible to keep the balance between supply and demand in a reliable and safe electricity system. RTE conveys electricity throughout France, from power generation facilities (French and Europeans) to industrial consumers directly connected to the transmission grid, and to distribution grid providing the link between RTE and end users. With 105,000 km of 63,000 to 400,000 volt lines and 48 cross-border lines, the transmission system managed by RTE is the largest one in Europe. RTE has 8,500 employees.

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TenneT is a leading European electricity transmission system operator (TSO) with its main activities in the Netherlands and Germany. With approximately 21,000 kilometres of high-voltage lines we ensure a secure supply of electricity to 41 million end-users. We employ over 2,800 people, have a turnover of EUR 2.3 billion and our assets total EUR 13.6 billion. TenneT is one of Europe's major investors in national and cross-border grid connections on land and at sea, bringing together the Northwest European energy markets and enabling the energy transition. We take every effort to meet the needs of society by being responsible, engaged and connected. **Taking power further.**

TransnetBW, Regina König, Corporate Communications, +49 711 21858 3155
TransnetBW GmbH operates the transmission network in Baden-Württemberg/South Germany. Its legal task is to guarantee system security at all times. TransnetBW monitors and continually operates the electricity flows within Baden-Württemberg as well as the electricity exchange with neighbouring distribution and transmission network operators.