



## Press Release

# Regulators of the ERGEG South West region welcome the power exchanges' proposal to Price Couple three of Europe's electricity regions and ask for a strong and urgent mobilisation of all involved stakeholders of the three regions

Paris – Lisbon – Madrid, 7 December 2009

Today the Spanish, French and Portuguese energy regulators of ERGEG's South West Electricity Regional Initiative welcomed the announcement made on the October 5<sup>th</sup> 2009 by three power exchanges (Nord Pool Spot, EPEX Spot and OMEL) to test the concept of pan-European price coupling. They also stressed that it was necessary for the concerned transmission system operators which are legally responsible for allocating transmission capacity, to be involved.

This reinforces an initiative launched in February 2009 in the South West region with OMEL and EPEX Spot's joint commitment to price market coupling of the South West and Central West regions (Belgium, France, Germany, Luxembourg and the Netherlands). It is also in line with the target model identified in the framework of the Project Coordination Group, a group of expert stakeholders whose task is to present the target models and a detailed implementation roadmap for inter-regional congestion management methods at the next Florence Forum.

Regulators of the South West region are committed to analysing and promoting the necessary regulatory changes within the South-West region in order to implement Market Coupling between the South West, Central West and the Northern region. This ambitious price coupling of regions will also have to take other ongoing initiatives into account, such as the price coupling between the Central West region and the British market or the extension of the Nordpool market splitting to the Baltic States. Such Market Coupling will significantly deepen the integration of the European electricity market.

The three regulators of the South West region call for a strong and urgent mobilisation of all involved stakeholders of the three regions and beyond to enable the coupling of the three regions with a clear roadmap and to foster the extension of price coupling across Europe as soon as possible.



**Ends**

### Notes for Editors

1. The European Regulators Group for Electricity and Gas (EREG) was established by the European Commission in 2003 as its advisory group on Internal Energy Market issues. The Regional Initiatives, launched by EREG in spring 2006 with the Commission's backing, have created 3 gas and 7 electricity regions in Europe as an interim step to creating single European electricity and gas markets. The South West Electricity Regional Initiative is one of seven regions – the lead regulator is La Comisión Nacional de Energía (CNE), Spain. See [http://www.energy-regulators.eu/portal/page/portal/EER\\_HOME/EER\\_INITIATIVES/ERI/South-West](http://www.energy-regulators.eu/portal/page/portal/EER_HOME/EER_INITIATIVES/ERI/South-West)

Table: Electricity and Gas regions of the EREG Regional Initiatives

<b>EREG Electricity Regional Initiative (ERI)</b>	
<b>Central-West</b>	Belgium, France, Germany, Luxembourg and The Netherlands
<b>Central-East</b>	Austria, Czech Republic, Germany, Hungary, Poland, Slovakia and Slovenia
<b>Central-South</b>	Italy, Austria, France, Germany, Greece, and Slovenia
<b>Northern</b>	Denmark, Finland, Germany, Norway, Poland and Sweden
<b>South-West</b>	Spain, France and Portugal
<b>Baltic</b>	Latvia, Estonia and Lithuania
<b>France-UK-Ireland</b>	France, United Kingdom and Ireland
<b>EREG Gas Regional Initiatives (GRI)</b>	
<b>North-West</b>	The Netherlands, Belgium, Denmark, France, Germany, Ireland, Sweden and United Kingdom
<b>South</b>	Spain, France and Portugal,
<b>South-South East</b>	Austria, Italy, Bulgaria, Czech Republic, Greece, Hungary, Poland, Romania, Slovakia and Slovenia

EREG Regional Initiatives is the only pan-European initiative that provides for a consistent and structured approach for the integration of 7 electricity and 3 gas markets. The in-built safeguards include

- (i) the governance structure of the Regional Initiatives framework is set up to be all-inclusive with Stakeholder Group meetings, Implementation Group meetings.
- (ii) Overview by EREG to make sure solutions found in the regions don't hinder moving towards a single EU market.
- (iii) monthly reporting internally to make sure promises are being kept. This facilitates the Commission taking actions.
- (iv) open reporting on progress on website, also reporting to Madrid and Florence fora twice a year, the annual Regional Initiatives conference and public consultations.

See the Proceedings from the European Commission/EREG 2009 Regional Initiatives conference (November 17<sup>th</sup>) on the energy regulators' website ([www.energy-regulators.eu](http://www.energy-regulators.eu))

2. [Link to Press Release of PXs.](#)

3. Market coupling is a congestion management method whereby cross border transmission capacity is allocated according to supply and demand on the power exchanges. It is a way of using existing cross-border capacity efficiently. Market splitting (pioneered by Nord Pool) is slightly different to market coupling in that one power exchange is involved whereas market coupling links several power exchanges. The type of market coupling proposed by the 3 power exchanges is price (as opposed to volume) coupling.

4. See the "[EREG Regional Initiatives Progress Report](#) – November 2009" and also the "[EREG Paper Strategy for delivering a more integrated European energy market: the role of the Regional Initiatives](#)" (ref. E09-RIG-04-03), 17 Nov 2009) on [www.energy-regulators.eu](http://www.energy-regulators.eu).

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