

The three regulators allow implementation of market coupling between the Belgian, French and Dutch electricity markets

A joint statement by CRE, CREG and NMa

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The three regulators CRE, CREG and DTe (part of the NMa, the Netherlands Competition Authority) are happy to announce that all lights are now on green to allow the implementation of market coupling. Market coupling is a new market-based mechanism to allocate day-ahead cross-border capacities between the three countries. This mechanism is an implicit auction of day-ahead capacities between the Belgian, French and Dutch wholesale electricity markets (hereafter: market coupling).

Market coupling is an important step towards further regional market integration. Its implementation will allow more efficient cross-border trade by guaranteeing an optimal use of existing available day-ahead capacities between the three countries.

Together with the implementation of market coupling, the Transmission System Operators and Power Exchanges in the three countries have committed to perform the following:

- The publication of indicators concerning the functioning of the market coupling algorithm;
- The modification, by 1 January 2007 at the latest, of the explicit auction rules of the Belgium-Dutch border in order to harmonise the level of firmness of nominated programs between the three countries;
- The implementation of a simple and transparent back-up procedure;
- The possibility for Power Exchanges to make information available directly to the three regulators for market monitoring purposes; and
- The extension of market coupling to other markets.

When operational, market coupling will replace the daily explicit auction mechanisms currently in place between the three countries.¹ Its actual launch date will depend on the final preparations for implementation.

Apart from the launch of market coupling, the three regulators CRE, CREG and DTe find that further progress is still necessary to achieve further regional market integration on the following issues: the improvement and harmonization of explicit auction rules, development of cross-border intraday and balancing trade, improved coordination between Transmission System Operators in the calculation of cross-border capacities, increased market transparency, better cooperation between regulators, and market power mitigation.²

¹ *Explicit auction mechanisms will still be used to allocate periodical (e.g. annual and monthly) transmission rights.*

² *See the CRE, CREG and DTe's roadmap published in December 2005 link: <http://www.creg.be/pdf/Presse/2005/compress07122005/20051202RoadmapUK.pdf>*

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