

## Press Release

Hamburg, 15 January 2010

### Nordic-German market coupling sees robust results

**Nordic-German tight volume market coupling has seen robust results in December and beginning of 2010. The desired effect of market coupling, namely the balancing of supply and demand across national borders, has set in. Also the daily routines with the involved power exchanges could be confirmed and consolidated.**

In total, the traded volume on the two interconnectors between Denmark and Germany was very high, amounting to 1.2 TWh from 1 December 2009 to 15 January 2010. About 90% of the traded capacity went in the correct direction, i.e. in accordance with the price signal. On DK1, 86% of the volume was sent in the correct direction, on DK2 it even accounted for 94%. Most of the remaining adverse flows result from very small price deviations, accounting for minor financial turnover. Thus, considering both interconnectors, only 0,24% of the total congestion revenue were negative.

The average price difference between EPEX Spot and Nord Pool Spot on DK1 decreased to 1.51 €/MWh, this is down 2.70 €/MWh from the November results. In nearly 50% of all hours, the markets in Western Denmark and Germany saw identical prices. This shows that market coupling leads to a convergence of prices between market regions. An exception from this could be seen on DK2, where scarce supply and severe weather conditions tightened the market. In addition, Svenska Kraftnät reduced capacity during some hours on a couple of days. These are some reasons why the average price difference between Germany and Denmark East climbed to 27.02 €/MWh. In order to relieve the tight supply situation and thus avoid even higher prices, EMCC sent significant volumes from Germany to Denmark East. In this way, market coupling fulfilled its aim of a more efficient allocation of capacities.

### Daily routines

Following the tight market situation, EMCC had to follow specific exchange rules during the past weeks, such as second auctions at EPEX Spot or activation of power reserves according to Nord Pool Spot market rules. The latter was utilised in trading for 17<sup>th</sup> December 2009 when the cold weather in Scandinavia triggered increased consumption and plant outages reduced supply. In order to avoid curtailment, reserves in Finland and Sweden were activated by Nord Pool Spot. Furthermore, EPEX Spot called for a second auction several times during the past six weeks. Also this specific routine worked well within EMCC, proving that all tested scenarios are functioning in live operation. Moreover, also the cooperation with the exchanges, which perform the market coupling process on behalf of EMCC, works perfectly. The average calculation time of EMCC's system was around 6:30 minutes.

### European Market Coupling Company

European Market Coupling Company GmbH was established as central auction office for market coupling between Germany and the Nordic countries. The company carries out day-ahead congestion management services on the two interconnectors between Germany and Denmark, DK West (NTC of 950 MW north and 1,500 MW south) and DK East (NTC of 550 MW north and south). The aim is to improve market efficiency of cross-border congestion management based on implicit auctions. EMCC was founded in Hamburg in August 2008 as a joint venture of European Energy Exchange AG, Energinet.dk, transpower stromübertragungs gmbh, Nord Pool Spot and 50Hertz Transmission GmbH. It is designed to allow for the extension of its services to other interconnectors or markets.

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