

Press Release

Hamburg, 10 November 2010

First anniversary of Nordic-German volume market coupling

Parallel to the start of CWE-Nordic Interim Tight Volume Coupling on 9 November, European Market Coupling Company (EMCC) celebrated its first year in operation, looking back at an exciting and successful year.

A year ago, on 9 November 2009, EMCC started tight volume coupling between Denmark and Germany. After some teething problems, which were quickly solved, operations have functioned smoothly since then. In May 2010, market coupling on Baltic Cable was included, proving good results and stable operations from the beginning.

Within the first year in operation, more than 9 TWh were traded on the two interconnectors between Denmark and Germany and on Baltic Cable between Sweden and Germany. 92% of the transferred electricity was sent in the right direction in line with the price signal, flowing from the low-price area into the high-price area. Flows in the seemingly wrong direction are mainly due to ramping constraints, currency conversion and rounding issues, which are inherent to volume coupling. Ramping is a restriction of the electricity flow when it changes direction between two hours. This is applied for security reasons on many interconnectors.

Market prices in the different areas have converged significantly through tight volume coupling. The average price differences between DK1, traded on Nord Pool Spot, and Germany, traded on EPEX, averaged around 1,40 €/MWh. Likewise, the price spread between Sweden and Germany decreased to below 2,00 €/MWh. Since DK2 saw comparably high prices leading to large price spreads especially in winter 2009/2010, the average deviation between DK2 and Germany was around 9,00 €/MWh in the past twelve months.

Interim Tight Volume Coupling between CWE and the Nordic region

In January 2010, the transmission system operators and power exchanges in the Central Western European and Nordic regions agreed to introduce Interim Tight Volume Coupling between the two regions. EMCC was asked to develop the market coupling system, which was launched on 9 November, together with CWE price coupling.

Throughout the first year in operation, the cooperation between the power exchanges and EMCC has been very positive and this collaboration was strengthened even further during the development of ITVC. Coupling the two largest regional electricity markets, EMCC is pleased to be able to contribute to the advancement of market integration.

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