


Directorate-General
for Energy

**Governance of day-ahead
market coupling**

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What is governance of market coupling?

- Rules how the European day-ahead market coupling is put in place and developed.
- Role of TSOs, power exchanges, regulators and stakeholders.
- Mechanism to monitor and to manage day-to-day operations.

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Governance of market coupling: Problem definition

- Expansion of market coupling is made with a voluntary approach but limits are already felt.
- Electricity target model foresees market coupling as a mandatory solution.
- Process to join new countries and regions in market coupling requires clear rules.
- TSO - PX relationship will need to be clarified.
- Main regulatory issues related to an EU-wide market coupling need to be defined or clarified.
- Ø Many of the provisions necessary for a functioning of market coupling are too detailed for having them in primary legislation.

Governance of market coupling: Criteria for a good solution

- Solution supports efficient coupling including sufficient harmonisation of the electricity markets to be coupled.
- All Member States can join.
- Efficient decision making on rules and changes on rules.
- Proper stakeholder involvement.
- Reasonable costs.
- Decisions are enforceable .

Governance of market coupling: Options for the impact assessment

1. Do nothing, follow voluntary approach.
2. Establish a governance framework accommodating diversity of Member State market arrangements.
3. Establish a governance framework with a high level of harmonisation of the TSO/Power exchange relationship
4. Establish a single Power exchange and a single TSO organisation to perform market coupling.

Governance of market coupling: Questions for the public consultation

- Is the problem definition correct?
- Are the options the right ones?
- Impacts of the different options?
- Your preferred option?
- Are the criteria for a good solution right?
- Is the proposed timeline sufficient?
- Relation of governance guideline to network codes?
- Cost sharing principles?
- Regulatory oversight?
- Should intra-day be included?

Governance of market coupling: Possible timing for guidelines

- Public consultation launched 28 November 2011, deadline 29 February 2012.
- Depending on the responses, a proposal could be ready in spring 2012
- Formal adoption in autumn 2012, in coordination with related network codes.

Looking forward to your response.

