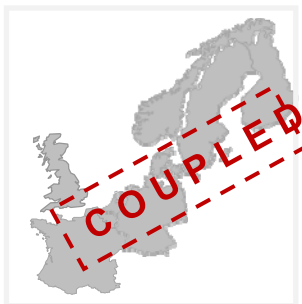


*Joint Presentation from TSOs and PXs from the NWE
Region*

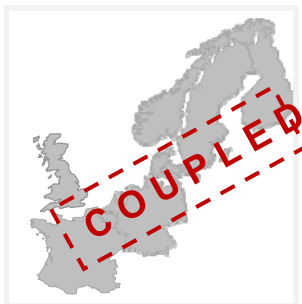
North West European (NWE) Day-Ahead Price Coupling

Florence Forum May 22-23 2012



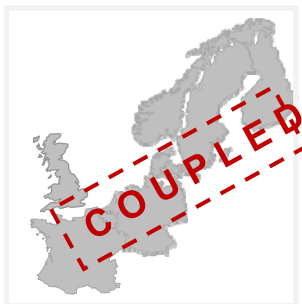
Introduction

- 19th European Electricity Regulatory Forum (December 2010): the Forum agreed that price coupling in North-West Europe (CWE, Nordic regions and GB) should be developed and implemented by end 2012, as a first step for pan-European price coupling.
- 21st European Electricity Regulatory Forum (December 2011): The Forum regretted that progress of the NWE-project regarding coupling of day-ahead markets had been lower than initially anticipated. The Forum urged the NWE-project to do its utmost to unblock the situation in order to make swift progress and retain end 2012 for implementation.
The Forum requested the NWE day-ahead project actively to keep stakeholders in other regions well informed about the progress with the aim of allowing a pan-European solution to evolve.



Milestones in the NWE work

- An agreement, negotiated by the NWE PXs and TSOs, for design and implementation is finalized. The agreement, with annexes, setting out e.g. governing principles, budget, cost sharing, project plan, decision making process and high level principles for operation of market coupling
- The NWE PXs have agreed that the PCR matcher/broker system will be the solution for the start of NWE (“1-step approach”)
- The parties are still fully committed to promote the completion and functioning of the internal electricity market and to implement price coupling in NWE by end 2012
- The project is ensuring further extendibility of day-ahead price coupling to other regions through the work of the Day-Ahead Monitoring Group (DAMG) where non-NWE TSOs are widely represented



High level timeline

2012

Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec

Design phase

Implementation

Go-Live
Preparation

Operationa
I Phase

1. Design Phase

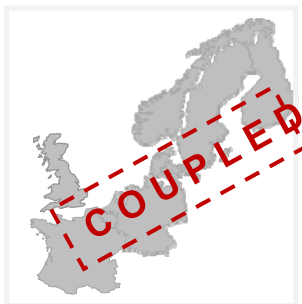
Impact analysis and change specifications, cost and cost recovery, algorithm requirements, algorithm prototype, governance for the operations phase, approvals

2. Implementation Phase

Build/test/commission systems, prepare operations phase, communication to stakeholders, contractual arrangements for operations

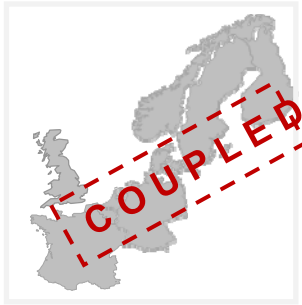
3. Operational phase

Daily operations and maintenance
Joint TSO-PX presentation



Status on the NWE work

- The project has made important progress since the last Florence Forum in December
 - Cooperation Agreement
 - Budget and plan for the design and implementation phase
 - Joint Project Organisation with a project office and committed resources to Task Forces
- The TSOs have stated need for comfort that NWE related costs will be accepted by the NRAs prior to signing or entry into force of the cooperation agreement – a letter has been forwarded to the IG lead Regulators (BNetzA and DERA)



High level Communication plan

- NRAs and ACER are informed on a monthly basis regarding the progress of the project
 - IG and AESAG meetings
- NWE TSOs to inform non-NWE TSOs before summer
 - high level arrangements with the PXs
 - Algorithm requirements
- NWE PXs informing non-NWE PXs via PCR Project
- Stakeholders will be informed after summer
 - Algorithm, roles and responsibilities, Procedures (first high level descriptions)

Joint TSO-PX presentation