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# Overview of CZ-SK-HU Market Coupling



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Corvinus University

## About the CZ-SK-HU MC

### Project recap

The 3<sup>rd</sup> Chapter of ACER's Framework Guidelines for Capacity Allocation and Congestion Management (FG-2011-E-002) prescribed the creation of single Europe-wide day-ahead electricity market coupling by means of implicit auction applying a single coupling algorithm.

CZ-SK-HU parties decided to take the first step on the road towards the target model by realizing a trilateral market coupling:

1. **Memorandum of Understanding** was signed 30-05-2011
2. **Kick-off Meeting** organized on 29-06-2011
3. **EPEXSpot selected to be the service provider** for the Market Coupling function; LOI signed, 19-09-2011
4. **First trading day:** 11-09-2012

## About the CZ-SK-HU MC

### Involved institutions and companies

	Czech Republic	Slovakia	Hungary
Regulators	 Energetický regulační úřad		 MAGYAR ENERGETIKAI ÉS KÖZMŰELLÁTÁSÉRT FELELŐS MINISZTERELNÖKSÉG HUNGARIAN ENERGY OFFICE
TSOs	 čeps, a.s.	 Slovenská elektrizačná prenosová sústava, a. s.	 MAVIR
Market Operators / Power exchanges	 OTE	 UKTE	 hupx HUNGARIAN POWER EXCHANGE


- ➔ Technical project management
- ➔ Price coupling system (PCS) provider



## About the CZ-SK-HU MC

### Compatibility, modularity

- The project design is **modular**, it can be extended to any neighboring country
- **Compatibility with**
  - **CWE/NWE, PCR (Price Coupling of Regions),**
  - **the single European market initiative**



**This design allows later extension with new countries and migration into the integrated European energy markets with the minimum possible effort**

- **Romanian and Polish parties expressed interest in joining** the CZ-SK-HU Market Coupling – Signed NDA
- **Support of the local DAM market operator, TSO and regulator** is pre-requisite for joining the project

## Results of MC Operation

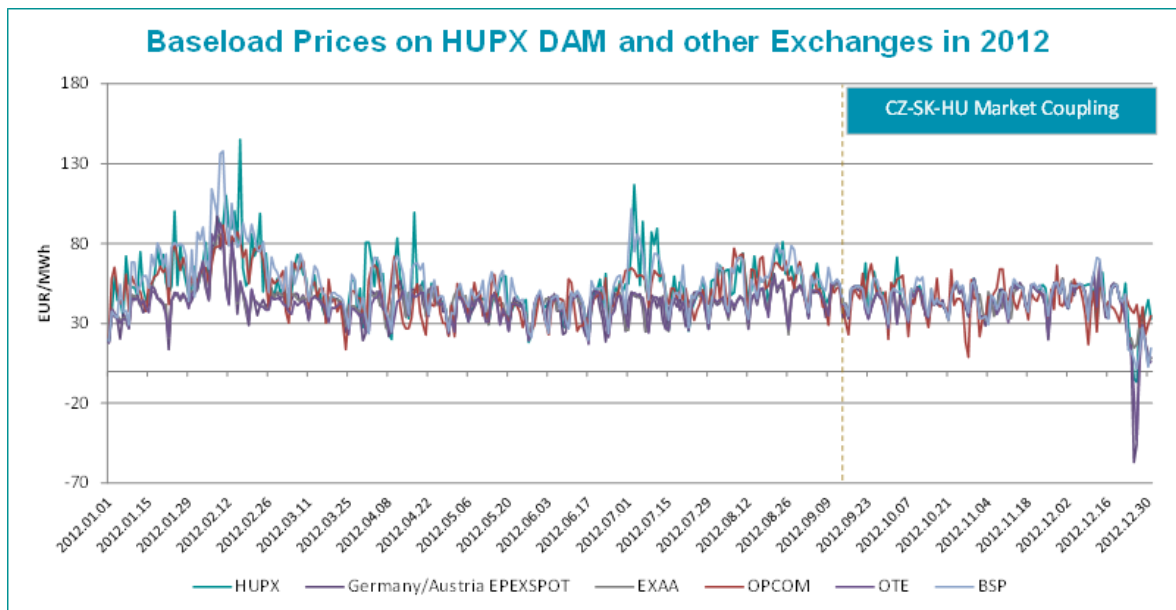
### Price

In line with the prior expectations

- **price volatility** of the Hungarian market area and
- **price divergence** between PXs of the region

**has decreased** since the launch of Market Coupling.

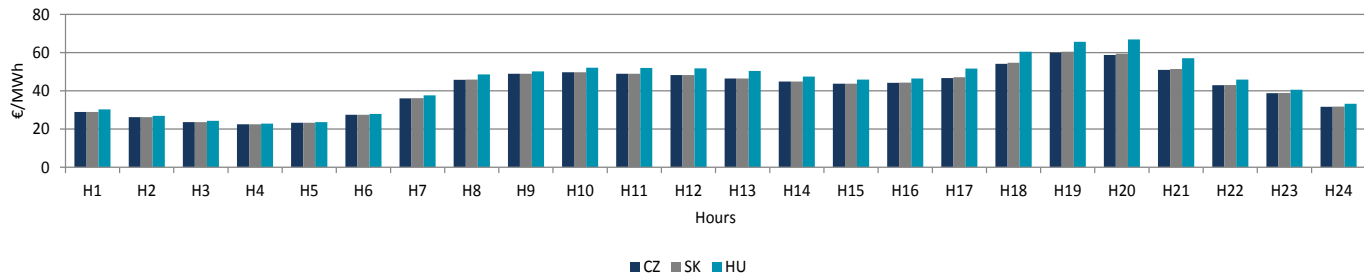
Average Prices (EUR/MWh)			
	CZ	SK	HU
<i>Baseload</i>	41.36	41.50	<b>44.17</b>
<i>Peakload</i>	49.54	49.75	<b>53.54</b>
*12.09.2012 - 28.03.2013.			



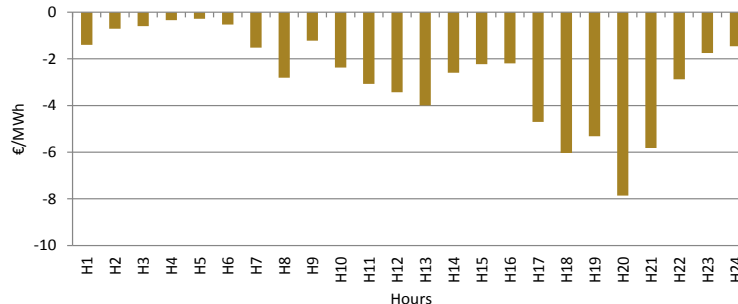
## Results of MC Operation

### Price

Average Hourly Prices on CZ-SK-HU Markets  
12.09.2012 - 28.03.2013



Average [CZ;SK]-HU Hourly Prices Spread  
12.09.2012 - 28.03.2013



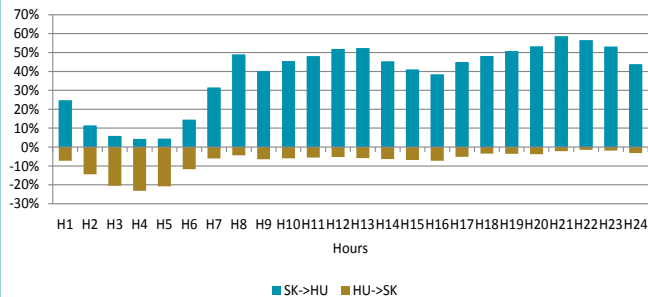
- ➔ Exchange data showed almost **full price convergence** between the three markets **in the morning off-peak**.
- ➔ **In the peak hours HU-SK bottleneck** exert its effect on the prices resulting decent price differences between HUPX and OTE/OKTE.

## Results of MC Operation

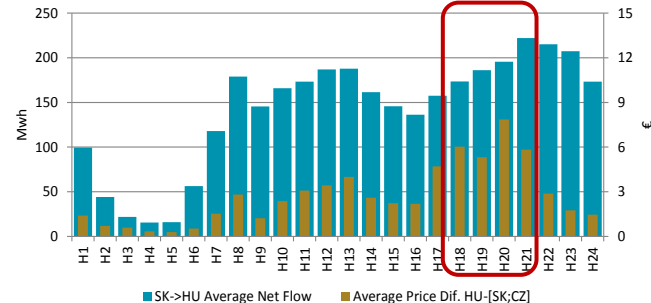
### ATC

- ➔ MC has facilitated the **better utilization of available transfer capacities**. The utilization of ATC was **66%** for the SK->HU direction.
- ➔ For **hours 18 and 21** price differences and ATC utilization show need for additional **ATC** on the SK->HU relation.

Average Flow/ATC on SK-HU Border 12.09.2012 - 28.03.2013



Average SK-HU Net Flow and Price Difference 12.09.2012 - 28.03.2012



## About the CZ-SK-HU MC

### Conclusion

- The CZ-SK-HU Market Coupling reached its goals through **full commitment** of all parties towards creating the coupled markets
- The **experience of the first 6 months of operation is promising** and gives us ammunition for facing further extension, NWE-CEE market coupling and full integration of EU DA markets



Thank you for your attention!



**istvánffyörgy**

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