

Press release
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The European Day-Ahead Market Successfully Coupled

Today, ČEPS and OTE (in cooperation with other European nominated electricity market operators and transmission system operators of the Interim Coupling project) successfully implemented implicit cross-border transmission capacity allocation on the German, Austrian and Polish border. Selling/buying electricity and securing the necessary cross-border transmission capacity will now be done in a single process, which will make international electricity trading more effective and will increase the liquidity of European day-ahead markets.

Until June this year, European day-ahead markets were operated as two separate coupled market areas (MRC and 4M MC). In order to make a cross-border trade, one had to secure cross-border transmission capacity and the electricity itself in two different places (so-called explicit auction). By implementing the Interim Coupling project, explicit auctions were replaced by implicit allocation at six new borders (PL-DE, PL-CZ, PL-SK, CZ-DE, CZ-AT, HU-AT). Selling/buying electricity and securing the necessary cross-border transmission capacity will now be done in a single process for all bidding zones of the project and their respective borders. This marks a major milestone in the day-ahead market coupling, as bidding zones of almost all EU Member States (including Norway) are now coupled.

"I'm glad that we successfully completed this project and introduced new ways of benefitting from the coupling of European markets to Czech market participants. For next year, we are already planning another improvement of international trading together with other nominated electricity market operators and transmission system operators," says Pavel Šolc, member of the Board of Directors of ČEPS, a.s., responsible for management of the Energy Trade and Dispatch Control Division.

"The day-ahead market coupling is yet another key achievement of Czech and European electricity trading. It was one of our company's strategic goals and we were able to accomplish it thanks to the close cooperation with our project partners and with the support of regulatory authorities. I would like to thank all project parties and their employees for their excellent work on this project – we believe that the entire market will benefit from it," says Igor Chemišinec, member of the Board of Directors of OTE, a.s.

One of the things that will change for Czech market participants is the shift of day-ahead gate closure time from 11:00AM to 12:00AM CET and the unification of related procedures with the rest of Europe. On the Czech-Austrian and Austrian-Hungarian border, long-term physical transmission rights will be replaced by long-term financial transmission rights (which don't allow actual physical transmission of electricity but serve as financial guarantees against price volatility on the day-ahead market).

The day-ahead market coupling project was done in coordination with the national regulatory authorities of Hungary, Germany, Poland, Austria, Romania, Slovakia, Czech Republic and the European Commission.

ČEPS, a. s.

ČEPS, a. s., a joint-stock company, operates in the Czech Republic as the sole operator of the Czech transmission system (400 kV and 220 kV power lines) based on an electricity transmission license issued by the Energy Regulatory Office in accordance with the Energy Act.

It maintains, renovates, and develops 44 substations with 79 transformers, some of which serve to transfer electric power from the transmission system to a distribution system, 3,867 km of 400 kV power lines, and 1,824 km of 220 kV power lines.

ČEPS, a. s., provides transmission services and services relating to the real-time balancing of electricity generation and consumption (system services) within the Czech Republic's electricity system.

ČEPS is a member of European structures. It provides cross-border transmission capacities for electricity exports, imports, and transit. In addition, ČEPS, a. s., has long been taking an active part in forming a liberalized electricity market in both the Czech Republic and Europe. For further information, please visit www.ceps.cz.

OTE, a.s.

The stock company OTE, a. s., (OTE) operates the electricity market in the Czech Republic since 2001 and the gas market since 2010. OTE provides comprehensive services to individual electricity and gas market participants. According to §20a of Act no. 458/2000 Coll., on business conditions and the performance of state administration in the energy sectors and amending certain laws (Energy Act), as amended, OTE holds the license for market operation which includes both electricity and gas markets in the Czech Republic. OTE organizes trading on the day-ahead, intraday and block electricity markets, as well as on the intraday gas market. OTE also provides electricity and gas market participants with continuous data processing and exchange, information related to clearing and financial settlement of imbalances between the contractual and actual values of electricity and gas supply and consumption, and also administers the change of suppliers for both commodities. Furthermore, OTE manages the Czech Emission Trading Registry (greenhouse gas emission allowances) and is responsible for administering the payment system for renewable energy sources subsidies since 1 January 2013.

The Energy Regulatory Office established OTE as a Nominated Electricity Market Operator (NEMO) that ensures the coupling of day-ahead and intraday markets. On the behalf on market participants, OTE also reports the business data from its short-term markets to the database of the Agency for the Cooperation of Energy Regulators (ACER).

For more information, please visit www.ote-cr.cz.

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