EUROPEX members welcome the Price Coupling of Regions (PCR) algorithm development announcement

Brussels, May 9, 2011 ● EUROPEX members, in their General Assembly of today in Lisbon, unanimously took note of the progress achieved so far by the Price Coupling of Regions (PCR) project and reconfirmed their support to this challenging project.

The PCR project, which is currently being discussed with energy Regulators and Transmission System Operators (TSOs) all across Europe, faces the unprecedented challenge of contributing to delivering a Europe-wide coordinated day-ahead power price formation mechanism.

Over the last months, the PCR project was mainly developed under a close cooperation between a core subset of Exchanges, namely APX-Endex/Belpex, EPEX Spot, NordPool Spot, OMEL and GME.

Associate PCR members, namely BSP, EXAA, HUPX, OPCOM, OTE and POLPX, fully support the PCR project. PCR is open to all energy exchanges in Europe willing to join, and has become an EU-wide project.

The PCR Parties have decided to use an existing algorithm based on mathematical optimization methods that have already been applied and proven effective in several energy exchanges Day Ahead implicit auction spot markets as a starting point for further development. This starting point will be used for the development of a fully functional algorithm able to cover the full scope of PCR and support the European single price coupling target model.

The parties have agreed to use an enhanced version of the Cosmos algorithm currently in use in the CWE Market Coupling ("Cosmos") as the starting point. This follows an extensive review by the Parties of the potential algorithms over the past 6 months, as previously indicated in the October 2010 PCR Position Paper. This is an internal project milestone, and a formal decision to adopt the new algorithm will come later.

Work is now progressing to develop a full prototype algorithm that will be transformed also into an industrialized version used in daily production.

Based on the outcome of the development phase that will now follow, the PCR Parties will then be in a position to seek Regulatory/TSO and market acceptance of the solution.

EUROPEX members are committed to offering to stakeholders an efficient and integrated energy market for Europe.

EUROPEX is a not-for-profit Association of European Energy Exchanges representing the interests of exchange-based wholesale electricity, gas and environmental markets with regard to developments of the European regulatory framework for wholesale energy trading and provides a discussion platform at European level.

EUROPEX currently has the following 14 members from European countries:

APX-ENDEX B.V. (The Netherlands)
Borzen, d.o.o. (Slovenia)
EEX AG (Germany)
EXAA AG (Austria)
GME S.p.a. (Italy)
HUPX (Hungary)
Nord Pool ASA (Norway)
Nord Pool Spot A.S. (Norway)
OMEL S.A. (Spain)
OMIP S.A. (Portugal)
OPCOM S.A. (Romania)
OTE, a.s. (Czech Republic)
Powernext S.A. (France)
TGE S.A. (Poland)

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