

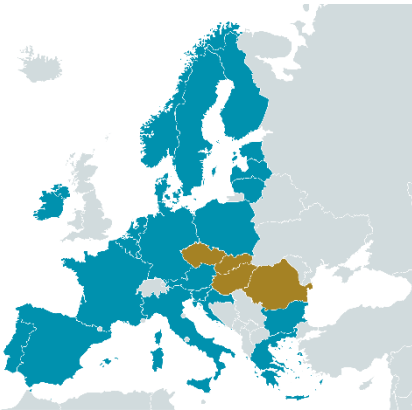
PRESS RELEASE

17 June 2021, Budapest

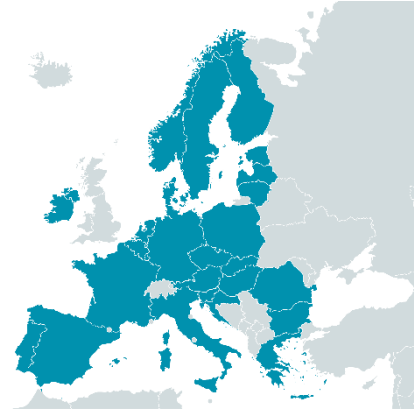
DE-AT-PL-4M MC (Interim Coupling) Project GOES LIVE: a big step for Hungary and a giant leap for European power markets

The DE-AT-PL-4M MC, also referred to as Interim Coupling Project parties successfully executed the go-live of coupling the 4M MC (Czech Republic, Slovakia, Hungary and Romania) and Multi Regional Coupling (MRC) on 17 June 2021. Interim Coupling connected the borders of 4M MC with the Multi-Regional Coupling by introducing Net Transmission Capacity based implicit capacity allocation on six borders (PL-DE, PL-CZ, PL-SK, CZ-DE, CZ-AT, HU-AT), resulting in even more favourable conditions for day-ahead power market participants.

The DE-AT-PL-4M MC (Interim Coupling) is the most significant step towards creating the single European day-ahead market and the biggest market coupling project of the EU, enabling the merger of Western and Eastern European day-ahead power markets. The project can be interpreted as a milestone in the history of Hungary and its power exchange, HUPX Ltd. The coupling will strengthen HUPX's most important market, the day-ahead market, which is expected to reach never seen highs.



**MRC and 4M MC regions
2021**



The regions after the merger on 17 June

The project helps creating a more unified, thus stronger EU energy market, increased security of supply and social welfare, besides supporting the principle of free movement of goods. The power markets will see higher effectivity, more balanced prices, growing liquidity, as well as more efficient cross-border capacity allocation.

The next phase is the Bulgarian-Romanian coupling, which is scheduled 3 months after the successful go-live of the Interim Coupling. The Croatian-Hungarian coupling will happen simultaneously with the introduction of flow based capacity calculation in the Core region, including Hungary, scheduled to go-live in February 2022.

Background:

The DE-AT-PL-4M MC Project, also referred to as Interim Coupling aimed to connect the borders of 4M MC with the Multi-Regional Coupling (MRC) by introducing Net Transmission Capacity based (NTC-based) implicit capacity allocation on six borders (PL-DE, PL-CZ, PL-SK, CZ-DE, CZ-AT, HU-AT). The project enables a deeper integration of regional markets and it is a significant step forward, leading to the creation of the European single day-ahead market.

The approval of the Third Energy Package (Regulation (EC) No 714/2009) serves as a basis for the implementation of the market coupling and provides regulatory background for the preparation of the Network Codes for the purpose of cross border trading of electricity and gas. Main objectives of the Energy Package are maintaining the security of energy supply, increasing competitiveness and ensuring that all consumers can purchase energy at affordable prices. For the purpose of the above written EU published the Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management (CACM). The target model for the electricity markets is described in Article 3 of CACM. This is the establishment of the price coupling based on implicit capacity allocation with a single algorithm. These are the Single Day-ahead Coupling (SDAC) and the Single Intraday Coupling (SIDC). HUPX Ltd. joined the Single Intraday Coupling as early as in November 2019.

As for the day-ahead markets, in 2014 Europe saw the Multi Regional Coupling (MRC) of Western European countries and the 4M MC coupling of Czech Republic, Hungary, Romania and Slovakia, yet the two coupled regions could not be united. Hungary already initiated the Interim Coupling, meaning the merger of the MRC and 4M MC in 2014, which then was refused. It was not before 2018/2019 that further negotiations with ACER, the EC and Western European stakeholders were successful and the Interim Coupling Project could kick-off as a joint initiative of all stakeholders. On 21 December 2018 ANRE, BnetzA, E-Control, ERU, HEA, URSO and URE asked together in a joint letter DE-AT-PL-4M MC TSOs and NEMOs to initiate the interim project for a NTC-based market coupling between DE, AT, PL and 4MMC (DE-AT-PL-4M MC Project) in order to further develop regional integration of day-ahead organized electricity markets.

Facts and figures:

- The project was made successful with the participation of 16 parties (TSOs and NEMOs of 7 countries), with the involvement of the NRAs of respective countries.
- Project development took 27 months.

For more information about technical changes, please visit:

<https://youtu.be/G1GjZy1E6o>

<https://youtu.be/0VSWDWVezHw>

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