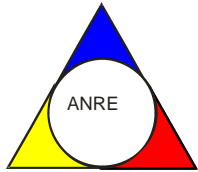


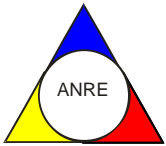
ROMANIAN REGULATORY AUTHORITY FOR ENERGY (ANRE)



4MC

Czech Republic, Slovakia, Hungary and Romania



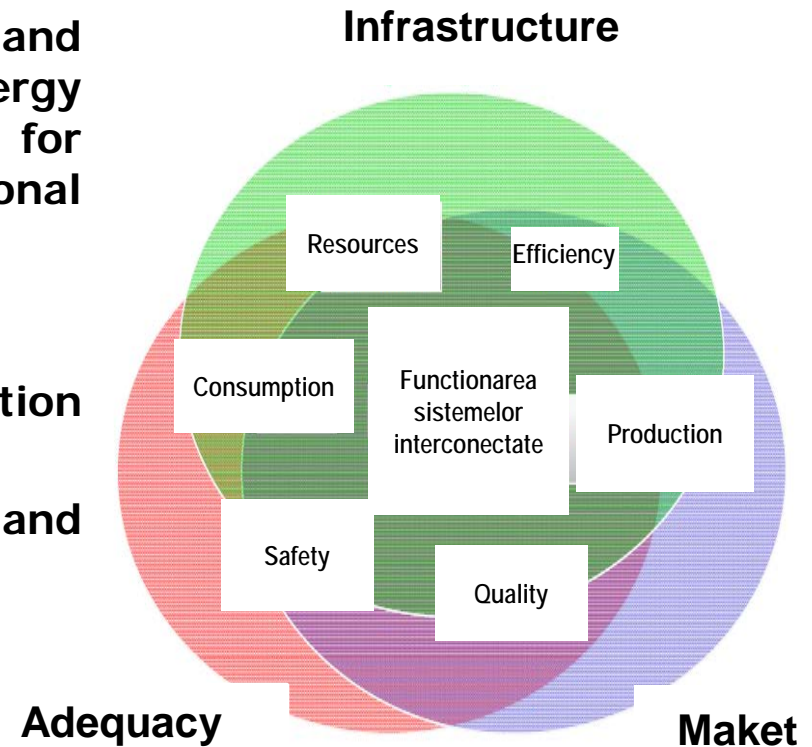


European Background

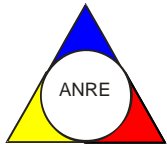
- In 2011, the European Union Council and Transport Telecommunications and Energy Council established the deadline for implementing a pan-European fully functional energy market for year 2014.

- **Benefits:**

- Efficient use of networks and production capacities;
- Increase of market liquidity and competitiveness;
- Stable reference price;
- Coordinated development of existent markets

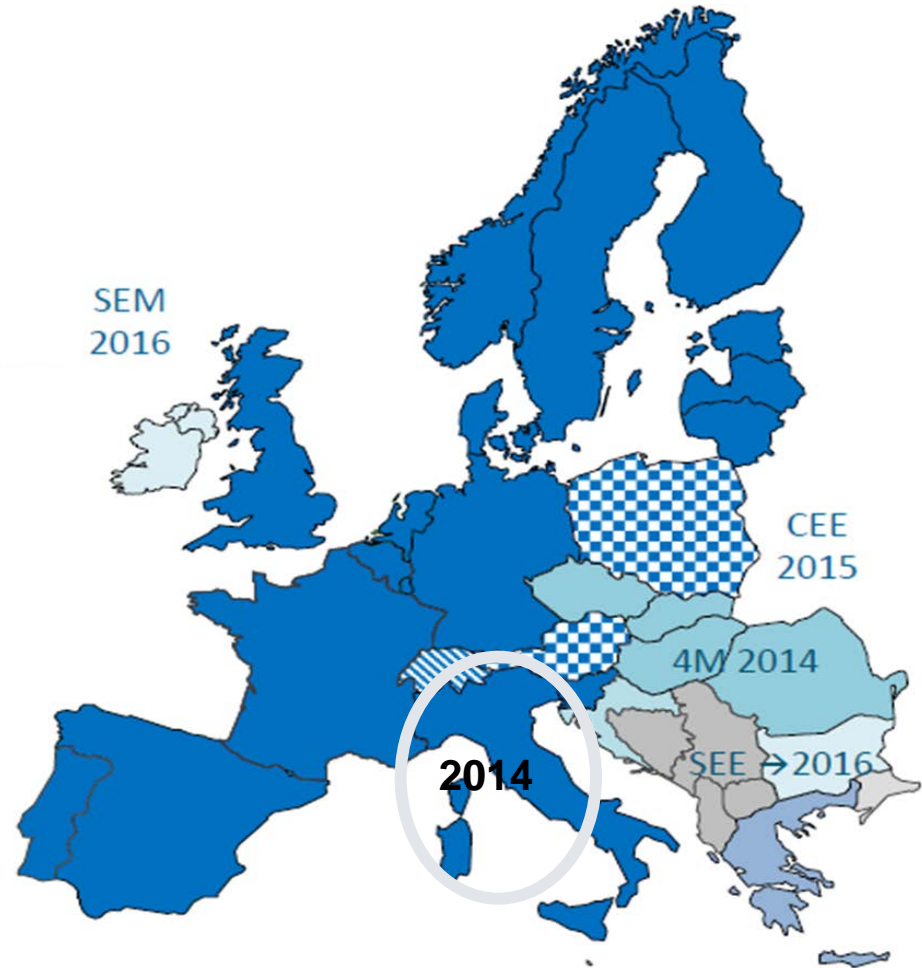


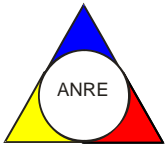
- Target model – based on Price Coupling of Regions (PCR – Price Coupling of Regions)



Real Steps towards European Integration

- 4 February 2014 – 15 states, 75% of the European market coupled (Central-North-West regions and Baltic countries);
- 13 May 2014 – South – West region (Spain and Portugal) joins the mechanism;
- **Towards end of year 2014**
 - Italy and Slovenia;
 - Core of CEE: Romania, Czech Republic, Hungary and Slovakia – integration at CEE level shall follow in 2015 (ACER Memorandum – CEE for FB)
 - Switzerland – technically / external conditions
- **Calendar after 2016**
 - SEE
 - SEM (Ireland and Northern Ireland)
- Greece – conditioned on market redesign





4M Market Coupling – 4M MC

- **Partners:**

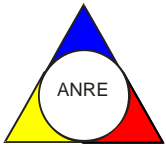
CZ-SK-HU-RO TSOs & Stock
Exchanges & RA

Observers:

PL TSO & Stock Exchange & RA
(Poland shall integrate within the
framework of CEE level coupling)

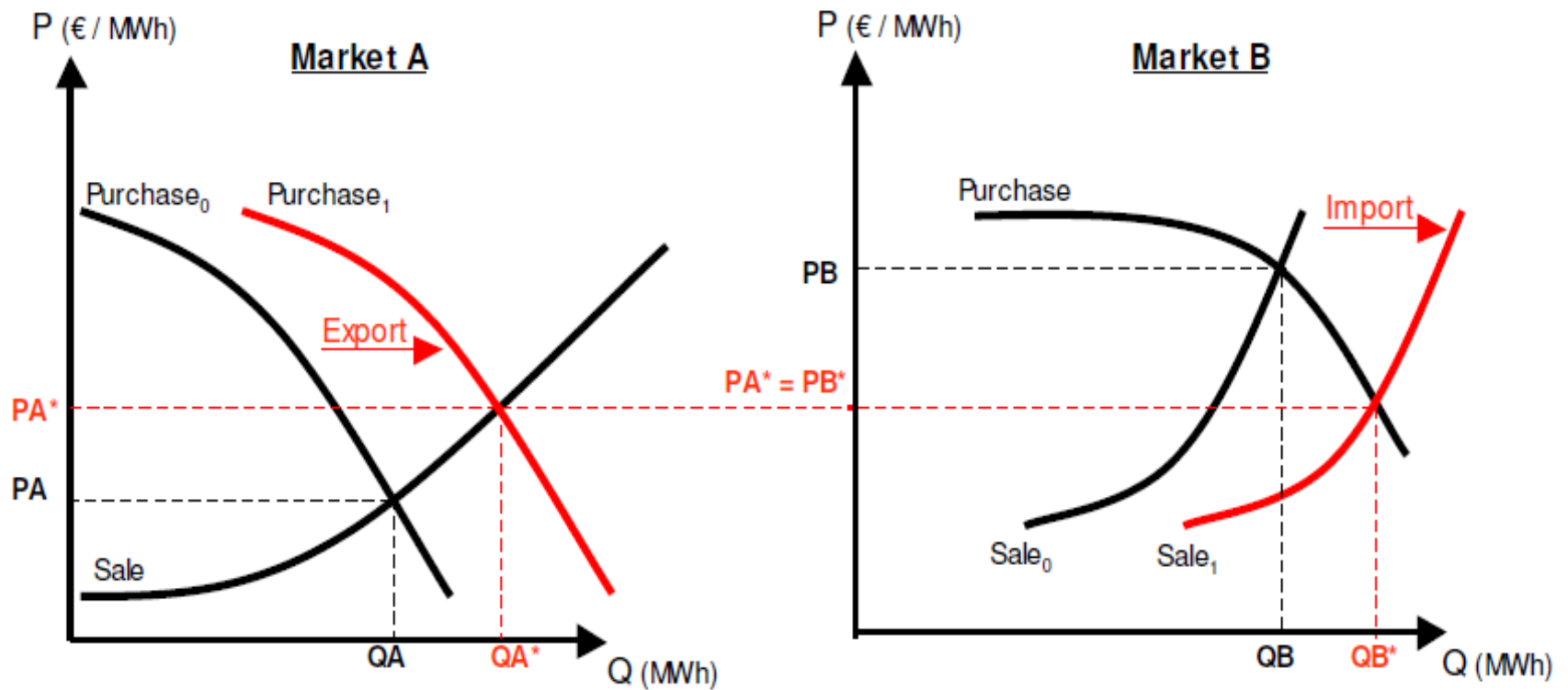
- Default allocation of transborder
transportation capacity (TBTC) and
market price coupling for the
following day.



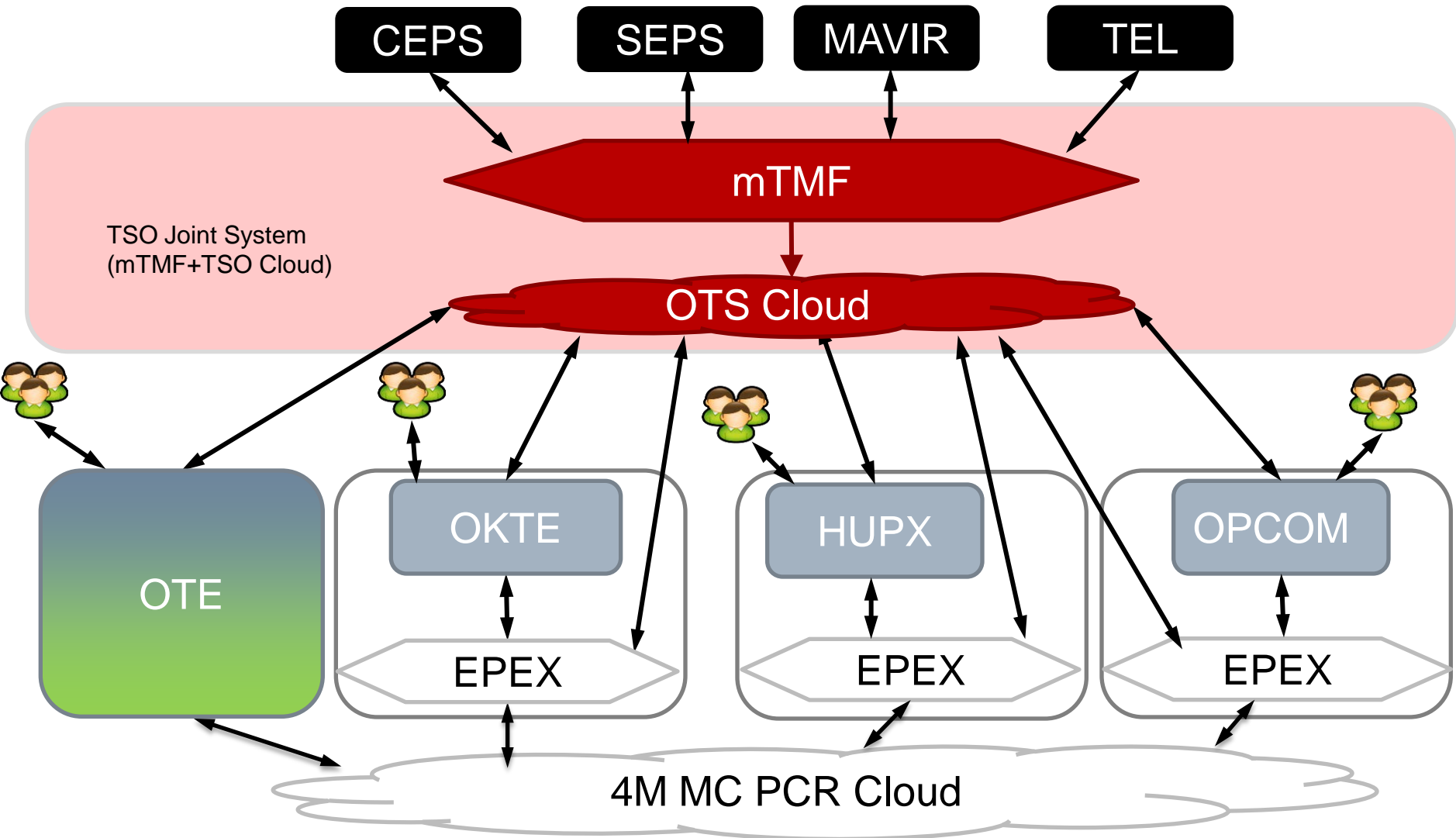
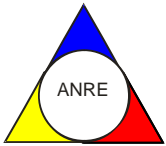


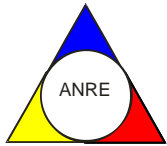
4M Market Coupling – 4M MC

- **Default allocation – mechanism**
- Coupling with Polish market shall be realized in line with the FBMC mechanism implemented in the region

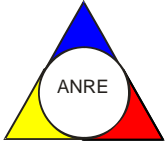


4M MC Architecture



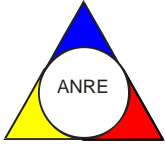


- **Partial decoupling shall not be implemented in 4M MC.**
 - **Explicit bids applied to fallback procedures will be used for all three borders as follows: CEPS organizes bids for CZ-SK border and MAVIR for SK-HU AND HU-RO borders**
 - **Process times shall be published so that market participants can adapt to requirements.**
-



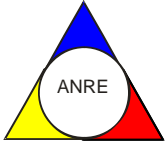
Novelties introduced by the new regulation:

- Negative prices – meaning the provision of a service
 - Price scale change (-500/+3000 E/MWh) – harmonized with other similar projects
 - Adapting to the new conditions of PE and PIP price correlation rule
 - Introduction of block offers – interdependent offers for more time intervals, with application over all time intervals or none
 - Default allocation of available interconnection capacity
 - Allocated capacity payment mechanism in congestion situations
 - Use of Central European Time (CET) – delayed by one hour from local time
-

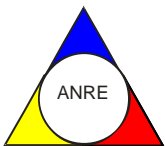


COUPLED FDM NEWS

- TSO role of transfer agent – brokers transactions with electrical energy transferred over the border (imported or exported) between Opcom SA and the transfer agent of the neighboring offering zone
 - TSO – default participant to FDM (to accomplish its transfer agent role)
 - Threshold prices (minimum –150 Euro/MWh and maximum +500 Euro/MWh) set by the stock exchanges that when exceeded would trigger a *secondary auction* to alert market participants of the severe situation created on the market and offer them the possibility to participate in its relaxation by adjusting their offers in this sense.
 - Total decoupling – when coupling results can not be determined and validated: that is for each zone, the results for independent functioning are determined.
-



- Players who want to participate to transborder transactions should register as participants and present their offers for an explicit capacity allocation auction named *shadow-auction*.
 - Results of this auction become applicable only if the fallback solution is applied (named the *fallback procedure*).
 - Information sharing and publishing among entities involved in the process, as well as the schedule of all these operations are subject to complex procedures.
 - Detailed elements are subject to procedures set forth by involved electrical power stock exchanges and transport and system operators.
-



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