

Warsaw, 3 December 2018

Towarowa Giełda Energii (TGE) has been the leading NEMO on the domestic electricity market for 3 years now

Press Release

- **On 2 December 2015, TGE was granted the status of the Nominated Energy Market Operator (NEMO) by the President of the Energy Regulatory Office.**
- **The nomination entitles TGE to operate a common market-coupling mechanism for the European day-ahead and intraday electricity markets with respect to the Polish pricing area.**
- **TGE is a national platform on which a reference electricity price for the whole domestic market is derived.**

On 2 December 2018, 3 years have passed since TGE obtained the status of a Nominated Energy Market Operator. The fact that the Exchange was granted the NEMO status meant that it fulfilled all the requirements of the CACM (Capacity Allocation and Congestion Management) Regulation. The basic assumptions of the document focus on the undisturbed creation and effective functioning of the physical European electricity market. Exchanges, operators and national energy regulators, under the supervision of the Commission, ACER and ENTSO-E, play a crucial role in this process. They are bound by the principle of mutual loyalty, close cooperation, information sharing, transparency and highest standards of service.

First attempts to become the NEMO Operator in Poland and the Market Coupling Operator (MCO) were undertaken by TGE in July 2013. However, the final provisions of the CACM Regulation were still under way at that time. Since its nomination in December 2015, the Exchange has actively participated in all initiatives aimed at creating a common energy market.

In March 2016, the Interim NEMO Co-operation Agreement (INCA), signed by all NEMOs, i.e. The European power exchanges operating electricity spot markets, including TGE, entered into force. The Interim NEMO Committee (INC) was established. The CACM Regulation obliged the NEMOs to prepare a number of documents and submit them for approval of regulators according to a predefined timetable. The first and fundamental document was the so-called MCO Plan, describing the operation of the single day-ahead and intraday markets for electricity, which was prepared in April 2016 and approved by regulators, including the Energy Regulatory Office in June 2017.

The All NEMO Co-operation Agreement (ANCA) is expected to be signed in 2019, which will be the framework agreement for the operation of the European market, mandatory for all exchanges.

CACM Regulation

The mechanism for the creation of the European market was initiated by the Commission Decision of 4 February 2011. The legal framework was provided by Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management.

The CACM Regulation sets out the options for NEMOs as regards the choice of a competitive or monopoly NEMO model in a given country, as well as for the supervision, monitoring and control of NEMO's activities. Poland did not take advantage of the possibility of introducing a monopoly when choosing the NEMO model for the Polish pricing area (for a transition period until 2019), and was among the promoters of competition between exchanges together with the countries where the largest European exchanges, EPEX SPOT and Nord Pool, dominate.

Single electricity market

The integration of EU markets is carried out in two ways: on the one hand, through bottom-up initiatives of EU Member States in the field of regional cooperation and support of the development of interconnections, and on the other hand, through the creation of EU regulations, which require the Member States to implement specific legal and technical solutions.

The coupling of national day-ahead electricity markets within the EU is based on the cross-border exchange trading model developed by the Price Coupling of Regions (PCR) initiative. Meanwhile, the European intraday markets are being integrated through the XBID (Cross-Border Intra-Day) project.

According to the newly agreed European nomenclature, these two electricity markets are referred to as SDAC (Single Day-Ahead Coupling) and SIDC (Single Intra-Day Coupling).

Price Coupling of Regions (PCR)

PCR is a project standardising the IT solutions for the European day-ahead electricity market through developing a common trading algorithm for the calculation of electricity prices – EUPHEMIA, and the communication and data exchange system – PCR Matcher and Broker (PMB). TGE is a co-owner of an algorithm which is currently used practically all over the European Union.

Multi-Regional Coupling (MRC) Market

MRC is a pan-European project for the operational integration of spot electricity markets, the largest and most liquid market in Europe covering approximately 90% of energy demand. In July 2015, TGE obtained full membership in the MRC market by signing the Day-Ahead Market Operations Agreement – DAOA, which currently ensures cooperation between 12 power exchanges and about 30 transmission system operators. TGE has the status of a full member of the MRC and since 2010 has been serviced by Nord Pool on the basis of a cooperation agreement concerning originally the SwePol Link cable connection through the border with Sweden, which was subsequently extended in 2015 onto the LitPol Link connection with Lithuania.

Cross-Border Intra-Day (XBID)

The European Intraday Electricity Market according to the XBID model was launched in June 2018. TGE has been participating in the project after signing the agreements in June and July 2018. The Exchange cooperates with stakeholders from neighbouring markets with respect to the cross-border Intraday Market by joining the Local Implementation Project – LIP 16 and LIP 15, which will ensure technical capabilities for TGE to connect to the XBID market in 2019.