

- **BSP SouthPool Market Results**
- **Implementation of the European target model on the Italian Borders (CSE regional project) and migration of this region into the pan-European price coupling.**  
(Anže Predovnik, CEO at BSP SouthPool)
- **New Member of BSP SouthPool is UNITRADING ENERGIA SRL**

## BSP SouthPool market Results

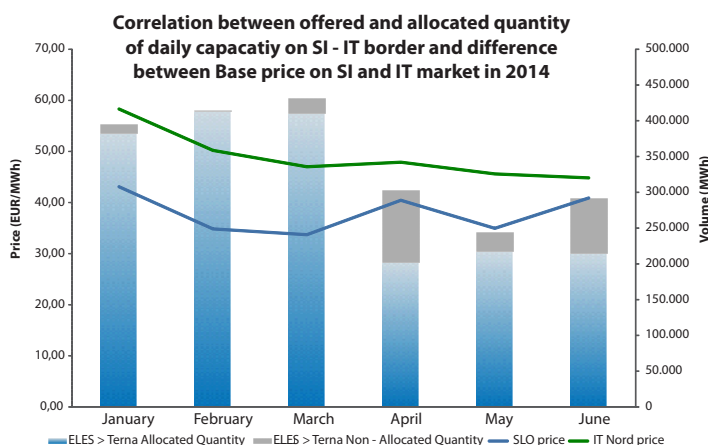
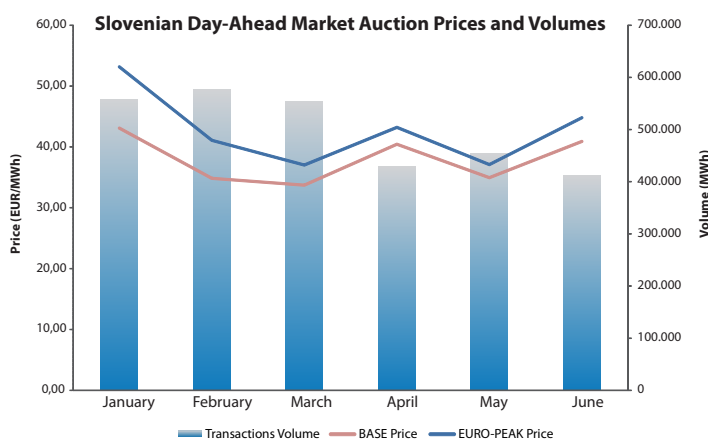
### Trading report for the first half of year 2014

In the first half of year 2014 the total volume of concluded transactions amounted to 2.982.229 MWh, whereas the volume of entered orders in the aforementioned period was 10.011.468 MWh.

#### Total volume and percent of Slovenian market consumption

Delivery Date	BASE (€/MWh)	EURO-PEAK (€/MWh)	Volume (MWh)	Market share (%)
January	43,08	53,16	557.679,574	52,31%
February	34,85	41,08	576.718,865	60,20%
March	33,71	37,03	553.151,100	55,41%
April	40,45	43,23	429.259,244	45,68%
May	34,95	37,11	453.920,919	47,79%
June	40,90	44,80	411.499,537	43,10%

The highest monthly volume in first half of the year 2014 of transactions was recorded in February, which ended up with 576.718,865 MWh of traded volume and with 1.672,844 MWh of entered orders. The maximum daily volume reached 22.689 MWh and took place on 9<sup>th</sup> February. The maximum hourly volume, an amount of 1.236 MWh, was realised on the delivery day of 12<sup>th</sup> February for the 11<sup>th</sup> hour.



**Day-ahead trading - volume of entered orders and total trading volume in the Slovenian market**

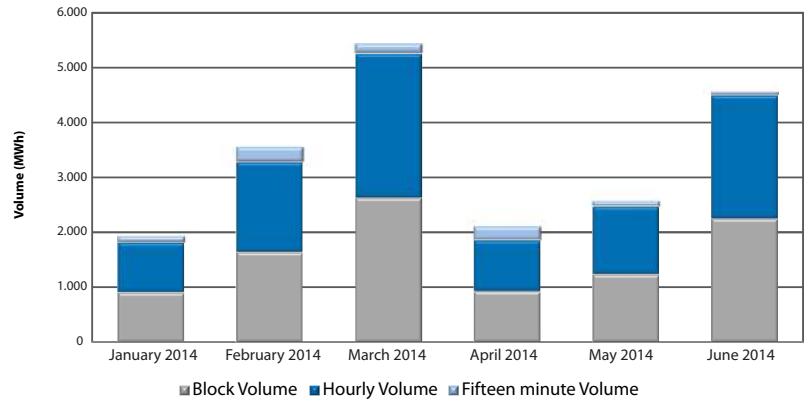


**Trading report for BSP Intraday market for first half of year 2014**

In first half of year 2014 the total trading volume reached 48.780,50 MWh. In the same period a total volume of 38.176 MWh was concluded with block products, 9.579 MWh with hourly products and 1.007,50 MWh with 15 minute products.

From 1<sup>st</sup> January to 30<sup>th</sup> June 2014 a total volume of 600 MWh was submitted for clearing (OTC).

**Slovenian Intraday Market Volumes**



**Total Volume: 48.780,50 MWh    Block Volume: 38.176 MWh    Hourly Volume: 9.579 MWh    Fifteen minute Volume: 1.007,50 MWh**

**BSP SouthPool news**

**Implementation of the European target model on the Italian Borders (CSE regional project) and migration of this region into the pan-European price coupling.**

Anže Predovnik, CEO at BSP SouthPool)

**Brief History**

In 1996 Europe`s first international power ´market splitting´ between Norway and Sweden by NordPool was introduced. Finland joined the project in 1998, Western Denmark in 1999 and Eastern Denmark in 2000 – at this stage Nordic market becomes fully integrated.

Launch of Trilateral Market Coupling (TLC) between Belgium, France and the Netherlands in 2006.

Foundation of EPEX Spot by merger of the power spot markets of the energy exchanges Powernext and European Energy Exchange (EEX) in 2008.

In June 2009 NordPool Spot, EPEX Spot, APX-Endex, Belpex and Omel entered into cooperation with intention to test the concept of a pan-European price coupling known as the price coupling of regions (PCR).

Slovakia and Czech Republic power markets coupled in September 2009.

In November 2009 tight volume coupling between Denmark and Germany was launched. Baltic Cable between Sweden and Germany was integrated into the project in May 2010. The tight volume coupling is operated by European Market Coupling Company (EMCC).

In November 2010 the Central Western Europe (CWE) price coupling was went live coupling Belgium, France, the Netherlands, Germany and Luxemburg. In parallel a project called interim tight volume coupling (ITVC) integrating CWE price coupling and Nordic market splitting (extended by NordPool to Estonian bidding area via Estlink cable as of April 2010) went live.

The Polish connection with the NordPool Spot via SwePol based on the market coupling mechanism has been established in December 2010.

In January 2011 Slovenian-Italian market coupling was launched. Later on in mid-January 2011 the NorNed cable between Norway and the Netherlands was added to the interim tight volume coupling (ITVC).

In 2011 APX implemented UK's first market coupling project via BritNed interconnector.

In June 2012 Lithuanian power market was taken over by Nord Pool.

Hungary has joined Slovakia and Czech Republic trilateral CZ-SK-HU market coupling in September 2012.

In June 2013 Latvian power market was taken over by Nord Pool.

On February 4<sup>th</sup> 2014 North-Western European Price Coupling (NWE) project was successfully launched. NWE project is the first important milestone in the setup of the pan-European Price Coupling by merging regional day-ahead power markets based on price coupling of regions (PCR) solution. NWE coupled the day-ahead markets across Central Western Europe (CWE), Great Britain, the Nordic countries, the Baltic countries, and the SwePol link between Sweden and Poland. On May 13<sup>th</sup> 2014 Spain and Portugal (SWE region) were included into the pan-European price coupling. Consequently markets stretching from Portugal to Finland are fully coupled and by that significant step towards the completion of the integrated European power market is made.

### Coming soon

Implementation of the European target model on the Italian Borders (CSE regional project) and migration of this region into the pan-European price coupling.

Implementation of the European target model in the CEE region and it's migration into the pan-European price coupling.

### The process of pan-European electricity market integration is well underway. How does Slovenian organized day-ahead exchange market take part in this process?

In line with European Target Model, pan-European electricity market shall be established with integration of regional market coupling initiatives which integrate transmission allocation and energy trading across different countries/regions. Thereof supported by the European Commission and based on experience in market coupling projects dating back to mid-nineties (see timeline in box 1), the EU regional initiatives and their merger into price coupling of regions (PCR) project are in a full developing phase. The process of formation of pan-European electricity market is also facilitated by the Third Package and the commitment of EU member states to accomplish the integration of the Internal Energy Market by 2014.

Slovenian organized day-ahead exchange market run by BSP stepped into international power market with introduction of market coupling on Slovenian-Italian border in 2011. Through this project Slovenian organized day-ahead exchange market gained increased liquidity (from 0,2 TWh prior market coupling to almost 6 TWh in 2013), formation of hourly price index (SIPX) and regional wide recognition.

In context of formation of pan-European electricity market a dedicated project of CSE region and its migration into price coupling of regions (PCR) project was launched by regulators of CSE region, ACER, Italian borders transmission system operators (ADMIE, APG, ELES, RTE, Swissgrid and TERNA) and power exchanges (BSP, EPEX SPOT, EXAA, GME and LAGIE) in June 2012. Based on aforementioned the relevant project parties of the SI-IT bilateral market coupling project (GME, BSP, Terna and ELES) confirmed to their respective market participants the commitment to assure the operational continuity of the day-ahead allocation process when switching from the already existing bilateral market coupling project to the pan-European electricity market through migration of CSE regional project into price coupling of regions (PCR) project.

**The PCR solution has been developed by European power exchanges to provide a single algorithm and harmonised operational procedures for efficient price calculation and use of European cross-border transmission capacity. Furthermore pre and post coupling processes need to be harmonized for a successful operational switch from the already existing bilateral market coupling project on the SI-IT border to the CSE regional initiative and furthermore pan-European electricity market. How will BSP tackle these issues?**



BSP has taken active role together with other partners of the CSE project in the formation of High Level Business Process document (document is elaborating testing procedures, operational procedures and developing the required IT changes as well as assuring that the required regulatory changes in different countries will be applied) and in the formation of detailed implementation plan, which have been both successfully approved by all the national regulatory authorities. In line with commitments made in HLBP and implementation plan BSP will assure exchange of Slovenian organized exchange market data with PCR solution through partnership with PCR power exchange, necessary adoptions in clearing system for cross border clearing functionalities and introduction of needed regulatory changes (for example: the alignment of day-ahead energy market gate closure time to 12.00 CET).

**From Market Forum of CSE project held in Rome mid July 2014, we could understand that Design Phase of CSE project has finished (upon being approved by CSE NRA's) in December 2013 and that CSE project is now in the Implementation Phase. When can we expect finalisation of the Implementation Phase and go-live of the CSE project?**

The Go-live window of the CSE project is expected to start in mid February 2015. I would like to emphasise at this point that CSE project parties have agreed at the very beginning of the project, in order to avoid delays in the regional implementation, that market coupling might be implemented progressively on the different Italian borders depending on their respective technical readiness. The list of borders starting first and final Go-live window will be communicated to the market participants and general public in October and November 2014.

**In addition to the project of CSE region BSP is involved also in the project of CEE region and its migration with NWE region, which was launched by joint declaration of regulators of CEE region and ACER in May 2012. Austrian-Slovenian border is part of this project. In what stage is the CEE project? Will be Slovenian organized exchange market coupled on this border in parallel with CSE project go-live?**

The transmission system operators, power exchanges and national regulatory authorities of CEE region together with ACER have signed in February 2014 a joint Memorandum of Understanding for the CEE project. Based on MoU the countries' markets (Austria, Czech Republic, Germany, Hungary, Poland, Slovakia and Slovenia) shall be coupled by using a flow-based method for calculating the capacities on the cross-border electricity interconnectors and by implicitly allocating these capacities based on the price coupling of regions (PCR) project solution. Furthermore the MoU expresses the intention of the concerned TSOs and PXs to continue and intensify their cooperation in the Central-Eastern Europe (CEE) region. The Go-live of CEE project will be assessed in the implementation plan prepared within the Design Phase of the CEE project. Upon being approved by the CEE project parties the expected Go-live date will be communicated to the market participants. The timeframe of Go-live window for CEE project might not overlap with the Go-live window of CSE project, but we have to take into consideration that we are discussing two separate EU Regional Initiatives, which necessarily implies that there might be some mismatch in timings of their integration into pan-European electricity market. Nevertheless as mentioned before the signed MoU expresses the intention of the concerned TSOs and PXs to intensify the CEE project by which the mismatch in timings shall be reduced to the higher possible degree.

## Third formal Members Chamber Meeting of BSP SouthPool

The third formal Members Chamber Meeting took place on 23<sup>rd</sup> of May 2014 in Portorož. The new Exchange Bodies within the Member Chamber were elected.

The outcome of the elections:

**Chairman of the Members Chamber:**

Mr. Paolo Carabelli, Electrade SpA

**Vice-Chairwoman of the Members Chamber:**

Mrs. Andreja Zupan, GEN-I d.o.o.

**Chairman of the Slovenian Market Committee:**

Mr. Tomaž Končina, HSE d.o.o.

**Vice-Chairman of the Slovenian Market Committee:**

Mr. Claudio Zumerle, Europe Energy SpA

**Elected Representatives of Exchange Council:**

Mr. Matteo Calvi, Edelweiss Energia SpA

Mr. Ignacij Kastelic, Energetika Ljubljana d.o.o.

Mr. Edin Lakić, BSP SouthPool



Representatives of the Members Chamber also discussed several actual topics:

- Changing of day-ahead energy market gate closure time to 12.00 CET.
- Introduction of negative prices and block products in the Day-ahead market.
- Setup of long term products on Slovenian Market – OTC and financial products.

## Trader's party

On Friday 23<sup>rd</sup> May the traders and other BSP SouthPool partners had opportunity to meet each at the BSP Traders' Party at Club Pergola in Portorož.



## Training Course

On the 5<sup>th</sup> of June BSP organized the Exchange Trader Training Course. Two participants were attending the course - one from HEP-OPSKRBA d.o.o. and one individual participant. During the course participants were addressed with information on the BSP power exchange rules, clearing and trading platform.

The next Exchange trader training course will take place on the 4<sup>th</sup> of September 2014. All details about the training are available on our web page.

## UNITRADING ENERGIA SRL is a new member of BSP SouthPool

BSP Regional Energy Exchange has 49 members at the moment: Alpiq Energy, Axpo Trading AG, Borzen, CNR, Dans Energy, Danske Commodities, DuffEnergy Trading, Edelweiss Energia, EDF Trading, Electrade, Elektro Slovenija, Edison Trading, Elektro Energija Celje, Elektro Energija, Elektro Maribor Energija Plus, Energija Naturalis Int., E3, Elektro Prodaja E.U., Enel Trading, Energi Danmark, Energy Financing Team, ENOI Power, Europe Energy SpA, EVN Trading South East Europe, Ezpada, GALA, Gazprom Marketing & Trading, GDF SUEZ Energia Holding Hungary Zrt., Gen-I, HEP - Trgovina, Holding Slovenske elektrarne, Interenergo, JAS Energy Trading, JP Elektroprivreda Srbije, MVM Partner ZRt., Petrol d.d., Petrol energetika, Repower Trading, Rudnap Group, Statkraft Markets, TEL Deutschland, Termoelektrarna toplarna Ljubljana, Tradition Financial Services (TFS), UNITRADING ENERGIA SRL, Vattenfall Energy Trading, Verbund, Virtuse energija and Vitol.

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BSP Regional Energy Exchange

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