



Communication to Market Participants

24 September 2014

## Central Western Europe Flow-Based Market Coupling (CWE FB MC)

**Subject:** Updated project planning with target go-live date 31 March 2015 (subject to final confirmation with regulators on 25 September)

Dear Market Participant,

After the summer period, the NRA public consultation in June and the submission of the final NRA approval package in August, the CWE project partners would like to provide you with further information concerning the CWE Flow-Based MC target go-live.

Elia has informed the project about the specific situation for Belgium this winter given the unexpected unavailability of a third of centralised generation capacity and the risk of load shedding. While this risk exists even under normal winter conditions, it significantly increases in a scenario of extreme meteorological conditions. The Belgian market will therefore need to cope with an unprecedented situation leading to potential price spikes and even curtailment.

In the context of this exceptional outlook, the Flow-Based Go-Live foreseen for November has been reconsidered within the project as the implementation of a fundamentally new capacity allocation methodology generally contains a risk, even if thoroughly prepared and tested.

As the Belgian market will already face a stressed operational situation related, for the first time, to generation adequacy, any additional factor increasing the uncertainty needs to be avoided. Therefore, CWE project parties have decided to “jump over” the winter 2014/2015 and to foresee a go-live of Flow-Based on 31 March.

The winter period will demonstrate how the market will behave in this specific scarcity situation. At the same time, the project partners and Market Parties will gain further experience with the behavior of Flow-Based thanks to the extension of the daily parallel run. This additional period will provide further winter simulation results, possibly including winter days with more extreme conditions, which did not occur in the “soft” winters 2012/2013 and 2013/2014. In line with Market Parties’ request expressed during the NRA public consultation, the project partners are convinced that the additional simulation results will foster Market Parties’ confidence in the Flow-Based solution.

While the parallel run will be continued over the winter, the technical implementation will be achieved by November. It also remains in the planning to get the formal NRA approval by end of November/ beginning of December. The project partners will also update the go-live criteria related to the Flow-Based methodology and stakeholders’ acceptance, as presented during the CWE Market Forum on 23 June and ensure that all these criteria are met in due time.



The project partners therefore confirm the technical readiness target date by the end of November 2014 and expect that Market Parties will also have prepared their internal processes and systems by the end of the year to ensure the actual Flow-Based go-live on 31 March 2015.

Best Regards,

**The CWE Flow-Based Market Coupling project partners**