

# ELECTRICITY

## Flow-Based Market Coupling

**For almost a year now, cross-border electricity trading has been operating under the mechanism of single electricity market coupling, using the method of optimizing the available transmission capacities, based on physical energy flows (flow-based).**

Efforts to create a single internal electricity market within the European Union member states have recently resulted in further market coupling activities, based on the provisions of Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management.

Market coupling is related to the unification of regulatory and market areas in order to exclude direct cross-border sales of electricity associated with price differences.

### **The mechanism is based on three assumptions:**

- I. a unified algorithm for calculating electricity prices,
- II. collection of data on electricity transmission capacity at interconnections,
- III. responsibility of individual power exchanges for their market area.

Participants in each market area do not book capacity on their own, but enter into sales contracts in their market, thanks to the general valuation of capacity and, consequently, the final price of electricity.

Market coupling is a scheduled model for all European Union member states, and since June 2022 it has been operating within the CORE region (Austria, Belgium, Czech Republic, Croatia, France, Germany, Hungary, Netherlands, Luxembourg, Poland, Romania, Slovakia and Slovenia).

The unified market coupling mechanism makes electricity trading more efficient (in terms of capacity utilization) and transparent, addressing, among other things, the challenges of the energy transition.

**Are you interested in this topic?  
Feel free to contact us.**

### **KONTAKT**

dr Marek Grzywacz, Counsel  
[marek.grzywacz@ngllegal.com](mailto:marek.grzywacz@ngllegal.com)