

FOR IMMEDIATE RELEASE

Strong Support for Power Market Coupling, Survey Shows

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AMSTERDAM/LONDON 21 November 2007 - The vast majority of market participants believe that the EU Commission's third energy market liberalisation package will improve market competition and that full ownership unbundling of TSO gas and power networks is the best solution.

Current initiatives to improve market integration, in particular power market coupling to reduce cross-border congestion, also receive strong market support.

These are the main conclusions of the latest European Energy Trends survey published today in APX's Viewpoints quarterly bulletin.

The survey (**see notes to Editors**) canvassed views on market reform and market coupling across the EU. The key findings were:

On market reform:

- A vast majority (83%) of respondents agree that the package as a whole will improve market competition
- 70% of respondents believe that full ownership unbundling of TSO networks is the best solution
- Just over half (53%) of respondents agree that the ISO solution is a compromise but a workable alternative
- Almost all (93%) respondents agree that greater wholesale market transparency will increase market-liquidity

On market coupling:

- 61% of respondents agree that market coupling is the best solution for congestion management

- Just under half (48%) of respondents agree that implicit auctions of capacity are more efficient than explicit auctions
- Almost 80% of respondents agree that market coupling works best where there is a day-ahead power exchange
- 41% of respondents agree that spot market coupling does not allow market participants to hedge transmission price cost
- The vast majority of respondents (81%) agree that market coupling is not a substitute for more fundamental reforms (e.g. OU of TSOs and co-operation between regulators)

Commenting on The Results of The Survey, Bert den Ouden, CEO of APX Group said:

"Effective unbundling may well be a necessary condition for market liberalisation but it should not obscure or hinder progress that is being made to integrate markets. Our latest survey of market participants reveals that market coupling is the best solution for congestion management and works best where there is a day-ahead power exchange.

APX has consistently promoted and initiated market coupling over the course of many years, leading of course to the trilateral market coupling between France, Belgium and the Netherlands. TLC has led to dramatic improvements in capacity usage and market quality, and it is good to see that many parties agree this to have been a success. More market coupling is likely in the future, including the Danish-German border, the Central West European region (linking together France, Germany and Benelux), NorNed and BritNed. One could also foresee linking between France and Spain, as well as the linking of west European markets with central European markets.

There remain significant challenges – how, for example, do all these localised initiatives come together to create a single electricity market? My current preference would be to implement an inter-regional "dome" solution that connects the regions on a flexible, volume-based manner, while allowing some diversity in how different regions operate internally."

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Notes to Editors – About APX Group

The APX Group is Europe's premier provider of power and gas exchanges for the wholesale market, providing transparent markets for short term trading in the Netherlands, the United Kingdom and Belgium. Established in 1999, the APX Group provides exchange trading, central clearing & settlement and data distribution services. APX Group has over 120 different members from 15 different countries. APX Group offers benchmark data and provides industry indices. APX Group offices are located in Amsterdam, London and Nottingham.

For more information please visit www.apxgroup.com

Notes to Editors – About APX Energy Viewpoints

This regular survey, published by APX, is run in association with **EFET** (the European Federation of Energy Traders) and is conducted by **Moffatt Associates**, an independent market research and business strategy consultancy based in London.

The objectives of this research programme are to canvass views on trends in market prices and energy market developments such as liberalisation, and to monitor changes in market perceptions over time.

Results are based on the views of an established Panel of leading market participants and policy influencers. The survey itself consists of a detailed telephone interview, and is conducted on a strictly confidential and non-attributable basis. Respondents were interviewed in July 2007.

This quarter there were contributions from 33 senior market participants from 13 European countries (Austria, Belgium, Denmark, Finland, France, Germany, Italy, the Netherlands, Norway, Poland, Spain, Switzerland and the UK).

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