

The BritNed joint venture aims to form electricity trade links between Great Britain and the Netherlands. APX-ENDEX Chief Executive Officer Bert den Ouden talks about the company's role and how the project will impact positively on both markets

BRITNED PROJECT CONNECTS EUROPEAN POWERS

In 2009, APX-ENDEX increased trade volumes, reduced fees on gas spot transactions and continued with plans to further European gas and power market integration. How was 2010?

Bert den Ouden (BDO), Chief Executive Officer, APX-ENDEX: Last year was very exciting for APX-ENDEX as a number of key milestones were achieved. The total volumes of the exchange experienced 15% growth and the memberships of the exchange also had significant growth, reaching 396.

Many products and initiatives were launched, such as the Central-West European (CWE) Market Coupling, the market coupling on the Dutch-Norwegian cable and a number of improvements on the Title Transfer Facility (TTF) gas futures market. APX-ENDEX also merged with the Belgian Power Exchange, Belpex, in October 2010.

BritNed is a joint venture between National Grid and TenneT to construct and operate an electricity link between Great Britain and the Netherlands. What is the role of APX-ENDEX?

BDO: APX-ENDEX is the designated exchange, chosen by BritNed, to implement and operate an implicit auction between our Dutch and British markets. We will provide the market coupling solution and day-ahead market on both sides of the cable. The APX-ENDEX trading platform EuroLight® provides

members with an integrated trading solution with everything from auction matching to notification, credit management and financial settlement. The trading system is already operational in both countries with more than 60 members.

In the implicit auction, traders bid into their local market without needing to purchase cross-border capacity. The market coupling algorithm then establishes the market clearing prices and volumes in each market, and the resultant flows over the cable. The British auction will run at the same time as the rest of the CWE region (12:00 Central European Time). Our members trading on the Dutch and British markets automatically have access to the auctions over the BritNed cable at no extra cost.

What does the BritNed project aim to achieve and what are the key benefits you expect it to deliver?

BDO: The coupling process will integrate the British market into the liquid CWE and Nordic markets, accessing the liquidity pool of the wider North-West Europe (NWE) market. There are many benefits for the British market as the CWE and Nordic markets act as a market-maker. It will help to create a robust and reliable price index and, most importantly, will increase liquidity and volumes traded in the British electricity wholesale market. BritNed is a significant step forward in the process of integrating Great Britain into the NWE electricity markets.

What you need to know about BritNed

- 260km long high-voltage direct-current electricity interconnector
- Capacity of 1,000MW between Great Britain and the Netherlands
- There are different options to trade over the cable: by purchasing physical transmission rights in explicit auctions; or trade on implicit day-ahead actions operated by APX-ENDEX
- Minimum 30% of capacity is reserved for implicit day-ahead auction
- APX-ENDEX runs daily implicit auctions in both Great Britain and the Netherlands while BritNed provides transmission capacity
- British market trades in sterling and the Netherlands in euro – the trading system implements the conversion
- The project will go live on March 31, 2011 for delivery on April 1, 2011
- Advantages include increased liquidity and trading volume, robust and reliable price indexes and strengthened competition



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