

**POLITICAL DECLARATION
OF THE PENTALATERAL ENERGY FORUM**

The Ministers of the Pentalateral Energy Forum, consisting of Austria, Belgium, France, Germany, Luxembourg, the Netherlands and Switzerland,

WELCOMING

The Pentalateral Energy Forum as a relevant framework for regional cooperation toward the improvement of electricity markets integration and security of supply;

The successful implementation of market coupling on the 9th of November 2010 as an essential step toward a more transparent and efficient market with converging prices and a more efficient use of capacities;

The significant progress made regarding security of supply and coordination between Transmission System Operators (TSOs), and particularly the implementation of coordination platforms improving the ability of TSOs for anticipating critical network configuration;

The accession of Austria as a full member of the Pentalateral Energy Forum and of Switzerland as an observer since the ministerial meeting the 28th of February 2011;

CONSIDERING THAT

The implementation of a flow based market coupling, which will improve market integration with a better cross border capacity allocation, has to be finalized;

A better coordination between TSOs at several time scales is necessary to share a common vision of risk situations with potential impact on several countries and to cope with the integration of renewable energy;

The massive integration of renewable energy sources on the grid will imply a common vision of the future needs in network infrastructures in the coming years;

In the context of the energy transition, the Pentalateral Energy Forum, based on its experience, remains a relevant framework in Europe for exchanging information and enhancing cooperation at the regional level on security of supply issues;

The remaining commitments on flow-based market coupling and new issues arising regarding security of supply impose a new roadmap and a new governance scheme for the Initiative;

DECIDE TO

- 1. Set as an objective the implementation of the working program set out in the Annex 1.**
- 2. Cooperate to this end, in coherence with the governance rules set out in the Annex 2.**
- 3. Regularly review and support the process and help resolve upcoming issues, especially as regards system adequacy, market integration and grid development.**

Done at Luxembourg on the seventh day of June in the year two thousand and thirteen.

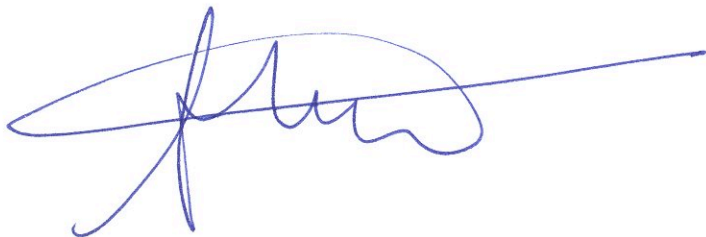
For the Kingdom of Belgium

A handwritten signature in blue ink, consisting of a stylized initial 'P' followed by a long horizontal stroke and a smaller signature element.

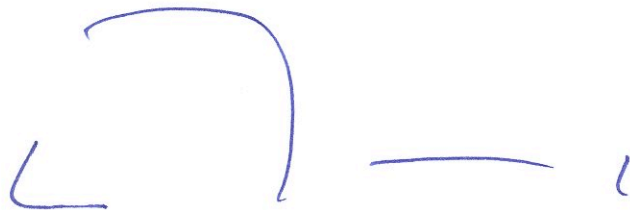
For the Federal Republic of Germany

A handwritten signature in blue ink, featuring a large, stylized initial 'S' followed by a long horizontal stroke.


For the French Republic

A handwritten signature in blue ink, featuring a large, stylized initial 'A' followed by a long horizontal stroke.

For the Grand Duchy of Luxembourg

A handwritten signature in blue ink, consisting of a large, stylized initial 'L' followed by a horizontal stroke and a small flourish.

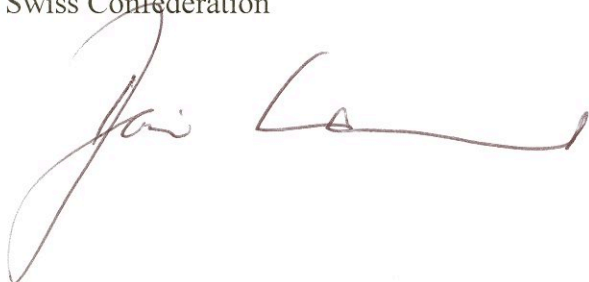
For the Kingdom of the Netherlands

A handwritten signature in blue ink, consisting of a large, stylized initial 'D' followed by a long horizontal stroke.

For the Republic of Austria

A handwritten signature in blue ink, appearing to be 'F. Piller' with a long, sweeping tail.

For the Swiss Confederation

A handwritten signature in brown ink, appearing to be 'Jai L...' with a long, sweeping tail.

Annex 1 : Working program

Market integration

1. The implementation of implicit flow based market coupling in the region regrouping Austria, Belgium, France, Germany, Luxembourg and the Netherlands remains the first priority. All relevant stakeholders of the Central West European (CWE) region shall align their efforts to a coordinated implementation in the first quarter of 2014.
2. The flow based market coupling in the CWE region should be compatible with wider European integration:
 - a) Without prejudice to the commitment of Q1 2014, the CWE parties will do all their best to ensure compatibility of the flow based method with methods from other regions,
 - b) In particular, the CWE TSOs will collaborate closely with Central Eastern European TSOs to seek compatibility of flow based methods,
 - c) When the resolution of possible incompatibilities may result in a significant delay regarding the commitment of Q1 2014, CWE TSOs should inform as soon as possible the Coordinators of the Pentalateral Energy Forum.
3. Coordinators will monitor the process of implementing implicit flow based market coupling in the CWE region and of ensuring compatibility with other regions. All relevant stakeholders of the CWE region will regularly inform the Coordinators about the progress achieved and potential obstacles to a timely and compatible implementation.
4. Some specific issues will need specific assessments during the process such as:
 - the good integration of the Nordic borders;
 - the full integration of the Austrian TSO and the Energy Exchanges active in the Austrian Market into the CWE project structure as a consequence of full membership of Austria in the Pentalateral Energy Forum,
 - the extension to Swiss borders on the basis of a preliminary impact assessment. Its implementation will be managed in coordination but without delaying the implementation of the flow based solution for the CWE region.
5. Coordinators will monitor and support the process of building a cross-border intraday market.

Security of supply

6. The Pentalateral Energy Forum is well placed to assess the generation adequacy at regional level and integrate this work with network development planning.

The Pentalateral Energy Forum will therefore:

1. focus on the security of the supply-demand balance and on its consequences on the network infrastructures,
2. allow the exchange of information on future needs in new infrastructures and on the management of possible bottlenecks,
3. allow a regular exchange of information on scenarios for generation and demand during Ministerial meetings,
4. exchange and work on generation adequacy assessments, implications for national responsibilities for security of supply and study how different tools like capacity mechanisms and support schemes implemented at national level interact with one another,
5. work and reflect on other issues related to security of supply such as the impact on grid stability and cross-border trade of unplanned flows, of storage and of intermittent generation.

7. TSOs realised significant efforts in order to create common coordination platforms improving their ability for anticipating critical network configuration. Three coordination platforms currently cover the CWE region and significant progress could be achieved regarding security of supply by further developing the already existing communication and cooperation between platforms. The Forum will support TSOs in their efforts to continue and strengthen the regular exchange of information necessary to share a common vision of risk situations detected in D-1 with potential impact on several countries.

Concrete proposals from TSOs are expected by the end of 2013 regarding:

- the reinforcement of the harmonization of communication process between platforms in order to improve risk management through appropriate and coordinated remedial actions,
- further developments of coordination process and tools at a D-2 time scale in order to benefit from coordinated grid solutions in the whole area,
- the development of data exchange and coordination process at an intraday time scale in order to cope with the massive integration of renewable energy.

Annex 2 : Governance

1. The Ministerial Conference is the governing body of the Forum. The Ministers decide on the main goals of the Forum and review its progress. Decisions are taken by consensus. Its work is prepared and supported by a Coordinators Committee representing all Parties and two Support Groups consisting of representatives of the Ministers and experts from Regulators, TSOs, Power Exchanges and other market participants.
2. Coordination and monitoring of the overall process are performed by a Coordinators Committee composed of the representatives of the Ministers. The Coordinators Committee will meet at least twice a year. Where appropriate, the Committee can invite experts from other Member States to discuss specific issues.
3. The Secretariat general of Benelux will support the work of the Forum and shall ensure continuity of the overall process.

Annex 3 : Disclaimer

1. This Political Declaration does not create any rights or obligations under international law.