

**Joint Declaration for Regional Cooperation
on Security of Electricity Supply in the Framework of the Internal Energy Market**

We are convinced

that making the most of the internal energy market will be crucial for ensuring security of supply in a cost-effective way.

We emphasise

the rules regarding the internal energy market and will work towards their full implementation.

We stress

that we will not restrict cross-border trade of electricity including in times of high prices reflecting market scarcity and we will follow EU-regulations on cross-border trade also with respect to ensuring secure system operation.

We recognise

the right of each European state to determine its own energy mix.

We acknowledge

that neighbouring states face different situations which can lead to preferences for different concepts in our energy policy, and the need, within the EU-framework, for well-targeted national regulations, taking into account national specificities, also with regard to security of supply.

We are guided

by the intention to maximise the benefits of the internal market for security of supply.

We are convinced

that an intensified regional cooperation is an important step towards further EU market integration, that it will increase energy security, reduce energy prices and costs and promote further integration of renewable energy.

We aim

at identifying common approaches (“no regrets”) even though we might not agree on all details or policy options.

We are guided

by the intention to contribute to the further European market integration. We will implement this declaration in close cooperation with the European Commission and within regional initiatives such as the Pentalateral Energy Forum and based on their valuable work and input.

We therefore agree, as a starting point, on the following “no-regrets” for regional cooperation:

- We will improve cooperation among neighbouring countries as regards the main decisions on national energy policies with potential transnational effects.
- Policy interventions for security of supply should take into account cross-border effects and minimise possible market distortion.
- While acknowledging all European states’ own responsibility as regards ensuring security of supply, we will develop a common methodology to assess generation adequacy; we will work towards further harmonisation of security of supply indicators and a common understanding of security of supply as well as towards a joint regional generation adequacy assessment, to complement the work carried out at national level.
- We will foster further market-coupling and increased cross-border trade based on flow-based capacity calculations and, as the case may be, based on Net Transfer Capacity. We will foster reinforcement of internal grid and interconnection capacity to overcome bottlenecks.
- We will not restrict cross-border trade of electricity including in times of high prices reflecting market scarcity and we will follow EU-regulations on cross-border trade also with respect to ensuring secure system operation.
- We will foster improved cross border capacity allocation and will work towards a coordinated implementation of the Regulation on Capacity Allocation and Congestion Management.
- We will foster further market integration of renewables in a coordinated way thereby also making use of different flexibility options.
- We agree that the flexibilisation of our energy system is a no-regret to cost-effectively improve energy security.
- We will analyse our new and existing national regulations, with the aim to minimise any negative impact on, and if possible increase, system flexibility (“flexibility check”).

- As a first step we agree on the following flexibility “no-regrets”:
 - we will identify barriers for flexibility of supply and demand and seek to remove them in a coordinated manner;
 - we will develop demand side response and consider the potential of demand options from other sectors, such as heating and transport into the electricity system;
 - we will work towards ensuring an adequate level of short-term products;
 - we will allow flexible prices; we will particularly not introduce legal price caps and we will avoid that national measures have the effect of indirect price caps;
 - we will make sure that there is an adequate regulatory framework in order to ensure that balancing responsible parties will comply with their balancing obligations;
 - market parties, including producers of variable renewable energy, should react to market price signals;
 - we will support the cost-effective cross border integration of markets for ancillary services (in particular balancing energy).

We invite other European states to join this declaration.

This Joint Declaration is not intended to create, modify or terminate any legally binding rights or obligations (under international law).

Switzerland reserves the endorsement of wording which explicitly refers to EU regulation until the conclusion of an electricity agreement between Switzerland and the European Union.

Signed in Luxembourg on 8 June 2015.

For the Republic of Austria

For the Kingdom of Belgium

For the Czech Republic

For the Kingdom of Denmark

For the French Republic

For the Federal Republic of Germany

For the Grand Duchy of Luxembourg

For the Kingdom of the Netherlands

For the Kingdom of Norway

For the Republic of Poland

For the Kingdom of Sweden

For the Swiss Confederation