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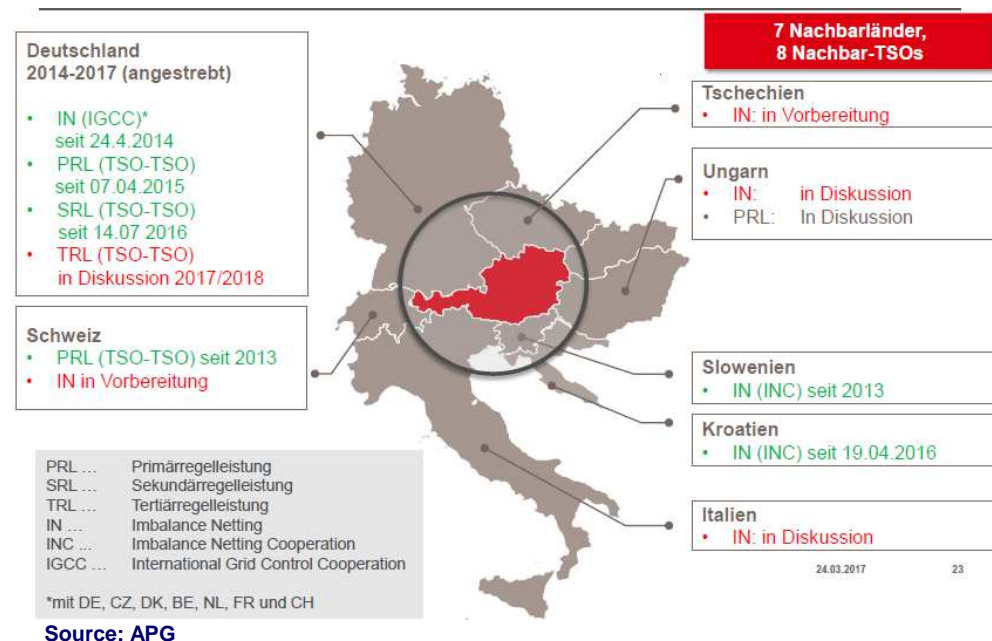


Experiences with market integration – the bidding zones

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5th Vienna Forum on European Energy Law

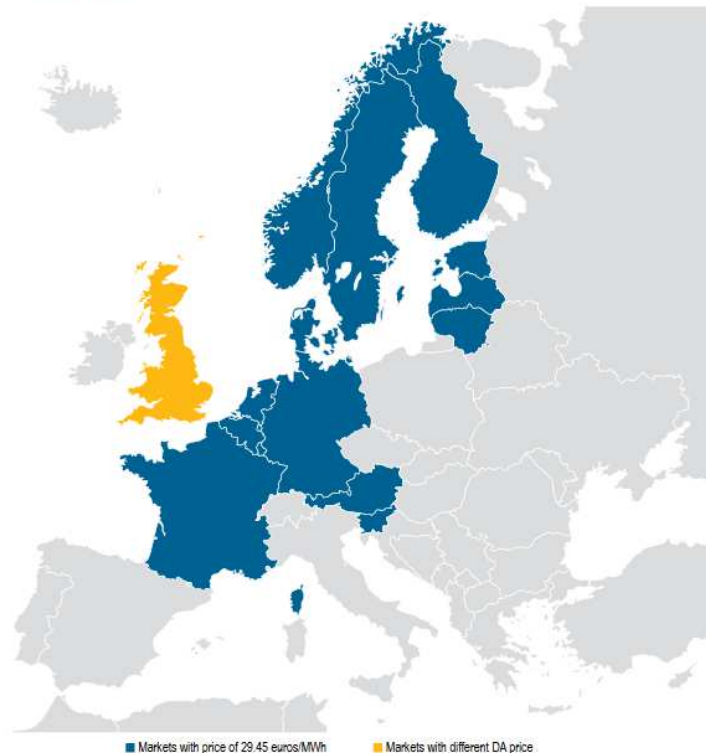
To start with close to real time: Good experiences from balancing integration

- Austria frontrunning or at least participating in a number of balancing projects
- Technically more complex – but at the heart of an integrated market
- Helped to reduce costs significantly



But in general: Market integration works and is beneficial!

Figure 79: Markets with equal DA wholesale prices in NWE countries – hour three on 11 February 2014 (euros/MWh)



Source: EMOS, Platts, PXs and data provided by NRAs through the ERI (2015).

Source: ACER Market Monitoring Report 2015

- Day-Ahead Market Coupling – results in price convergence
- Austria coupled with Italy and Slovenia – works well!
- Needs to be complemented with Flow-Based capacity calculation
 - Creation of CORE Region is an important step for cooperation in continental Europe
- Intra-day timeframe still challenging

What is a bidding zone?

Recital 11 CACM

...reflect supply and demand distribution...

....cornerstone of market-based electricity trading...

....prerequisite for reaching the full potential of capacity allocation methods including the flow based method....

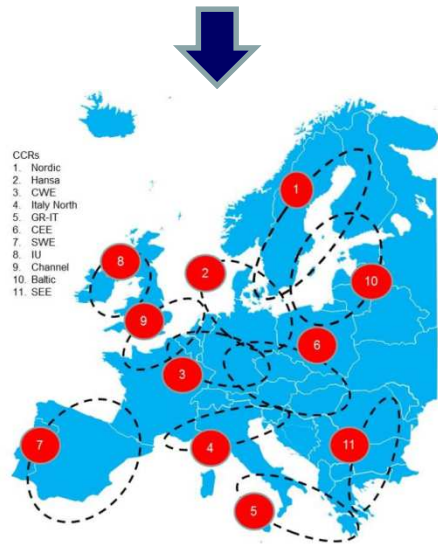
...defined in a manner to ensure efficient congestion management and overall market efficiency...

...can be subsequently modified by splitting, merging or adjusting the zone borders...

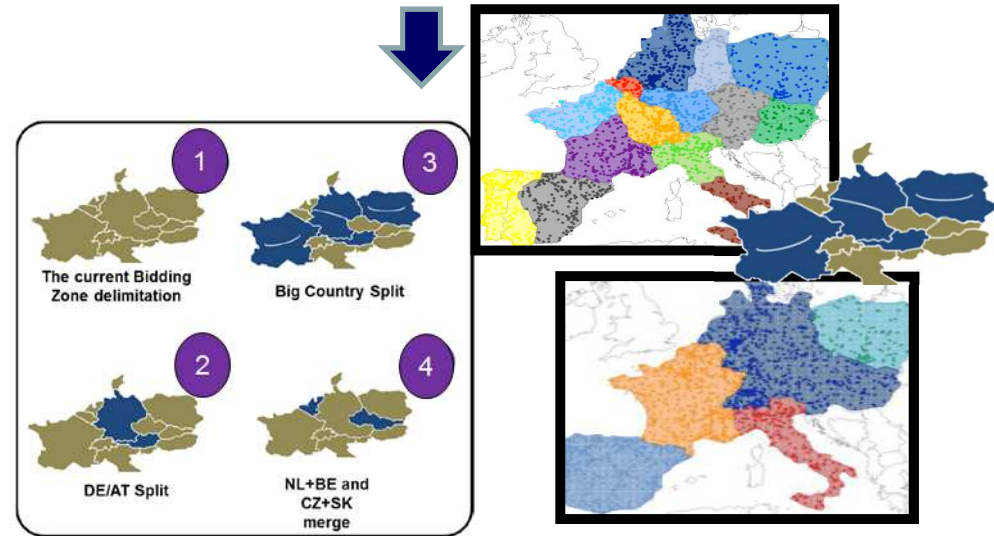
...identical for all market time-frames...

Bidding zones vs capacity calculation regions

Regulation (EU) 2015/1222 establishing a guideline on capacity allocation and congestion management



Determination of capacity calculation regions by TSOs/NRAs



Review of bidding zone borders by TSOs/Member States

ACER's CCR Decision 06/2016

ACER determines CCRs and includes a new bidding zone border between DE and AT

Questions to be clarified by the General Court....



Can CCR decision provide for new bidding zone border? Scope of bidding zone review?



Did ACER interfere with competences of Member States?

Outlook

- Ideal bidding zone configuration difficult to find
- Complex review procedure and political interests
- Network enforcement and development is therefore crucial for integrating the European markets
- Could the solution be a nodal system?



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