

The background of the slide is a stylized image of the Earth from space, with glowing blue lines representing energy or power grids connecting various points across the globe.

*The new Electricity Integration Package
in the Energy Community*

Regional Training – EU4E

27 July 2023, Batumi, Georgia

Agenda

- ✓ **Procedural Act on Regional Market Integration**
- ✓ **Electricity Directive (recast)**
- ✓ **Electricity Regulation**
- ✓ **ACER Regulation**
- ✓ **Risk Preparedness Regulation (recast)**
- ✓ **Network Codes and Guidelines**
 - **General functioning of Network Codes and Guidelines**
 - **Forward Capacity Allocation Guideline**
 - **Capacity Allocation and Congestion Management Guideline**
 - **Electricity Balancing Guideline**
 - **System Operation Guideline**
 - **Network Code on Emergency & Restoration**

Legal framework and relevant links

2021

[Decision 2021/13/MC-EnC](#)

[Directive \(EU\) 2019/944
\(Electricity Directive\)](#)

[Regulation \(EU\) 2019/941
\(Risk Preparedness\)](#)

2022

[Decision 2022/03/MC-EnC](#)

[Procedural Act 2022/01/MC-EnC on Regional
Market Integration](#)

[Regulation \(EU\) 2019/943 \(Electricity
Regulation\)](#)

[Regulation \(EU\) 2019/942 \(ACER Regulation\)](#)

[Regulation \(EU\) 2016/1719 \(FCA\)](#)

[Regulation \(EU\) 2015/1222 \(CACM\)](#)

[Regulation \(EU\) 2017/2195 \(EB GL\)](#)

[Regulation \(EU\) 2017/1485 \(SO GL\)](#)

[Regulation \(EU\) 2017/2196 \(E&R NC\)](#)

[Energy Community Acquis in force](#)

The new EnC Electricity Package – main features



Full market integration of EnC CPs into the EU internal electricity market enabled

- Reciprocity between EnC CPs and neighbouring EU MSs ensured
- ACER mandated to take decisions on interconnections between EU MSs and EnC CPs
- Scope: binding on CPs and EU MSs defined in Article 27 of the Energy Community Treaty (CPs and neighboring EU MSs)
- Deadline for transposition of the new package: 31 December 2023
- Implementation in parallel (some deadlines are due even before 31 December 2023)
- Market coupling is precondition for exemption from CBAM for CPs

Procedural Act on Regional Market Integration

Procedural Act on Regional Market Integration

- ✓ **Ensures integration of regional energy markets between CPs and EU MSs**
 - level-playing field to be created by reciprocity of rights and obligations
 - cross-border cooperation among regulatory authorities
 - ACER to take decision-making on cross-border issues
 - ENTSO-E to assume similar role for the Contracting Parties as in the EU MSs to ensure coherence and consistency

- ✓ **Reciprocity**
 - energy sector stakeholders from both Contracting Parties and EU MSs: regulatory and other designated authorities, TSOs, DSOs, NEMOs, RCCs
 - based on a Ministerial Council or PHLG decision under Title II and Title III

- ✓ **Scope of the new electricity acquis**
 - binding on CPs and EU MSs defined in Article 27 of the Energy Community Treaty (neighboring MSs)

Electricity Directive (recast)

Electricity Directive

This Directive establishes common rules for

the generation, transmission, distribution, energy storage and supply of electricity, consumer protection with a view to creating truly integrated competitive, consumer-centred, flexible, fair and transparent electricity markets

Customer empowerment

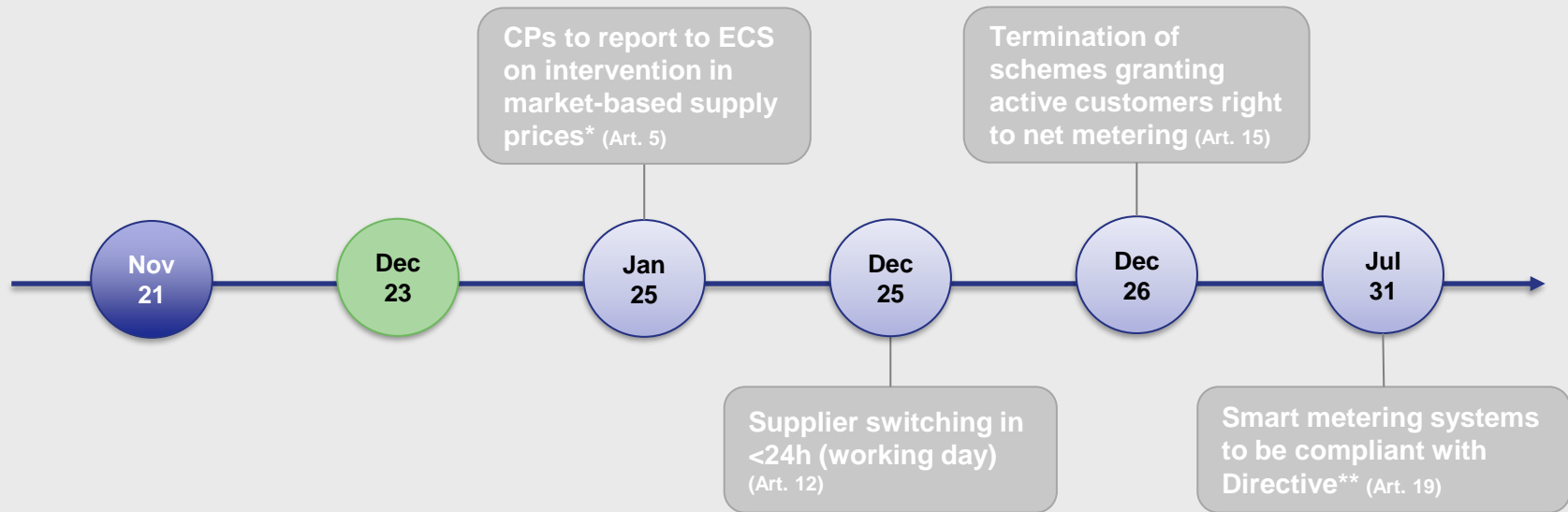
- provides consumers with more tools for active participation in the energy market,
- introduces measures to improve retail market competition and
- enabling dynamic pricing and customer engagement.

Smart metering and data management

- ensure that smart meters are deployed with positive cost/benefit analysis,
- sets out principles to ensure that aggregators can fulfil their role as intermediaries between customers and the wholesale market

() The Secretariat performed a gap analysis on the CPs' transposition of the Directive which was shared with the respective parties.*

Important milestones Electricity Directive



● MC Decision on adoption ● Deadline for transposition

(*) to be repeated in 2028; (**) applicable for systems in operation before Nov 21

Electricity Regulation

Electricity Regulation

- ✓ **Focus on**
 - regional cooperation
 - inclusion of Contracting Parties in EU processes (ex. TYNDP, European resource adequacy assessment, BZR)
 - recognition of EnC's existing bodies (ex. Coordination Group of EnC DSOs)

- ✓ **New provisions**
 - stricter rules for capacity mechanisms with compulsory adequacy assessment
 - deadline for achieving 70% available cross-zonal capacity (use of derogations and action plans if applicable)

- ✓ **Enabling regional cooperation**
 - to facilitate emergence of well-functioning and transparent wholesale markets
 - RCCs and SORs in Annex as default rules

SORs and RCCs

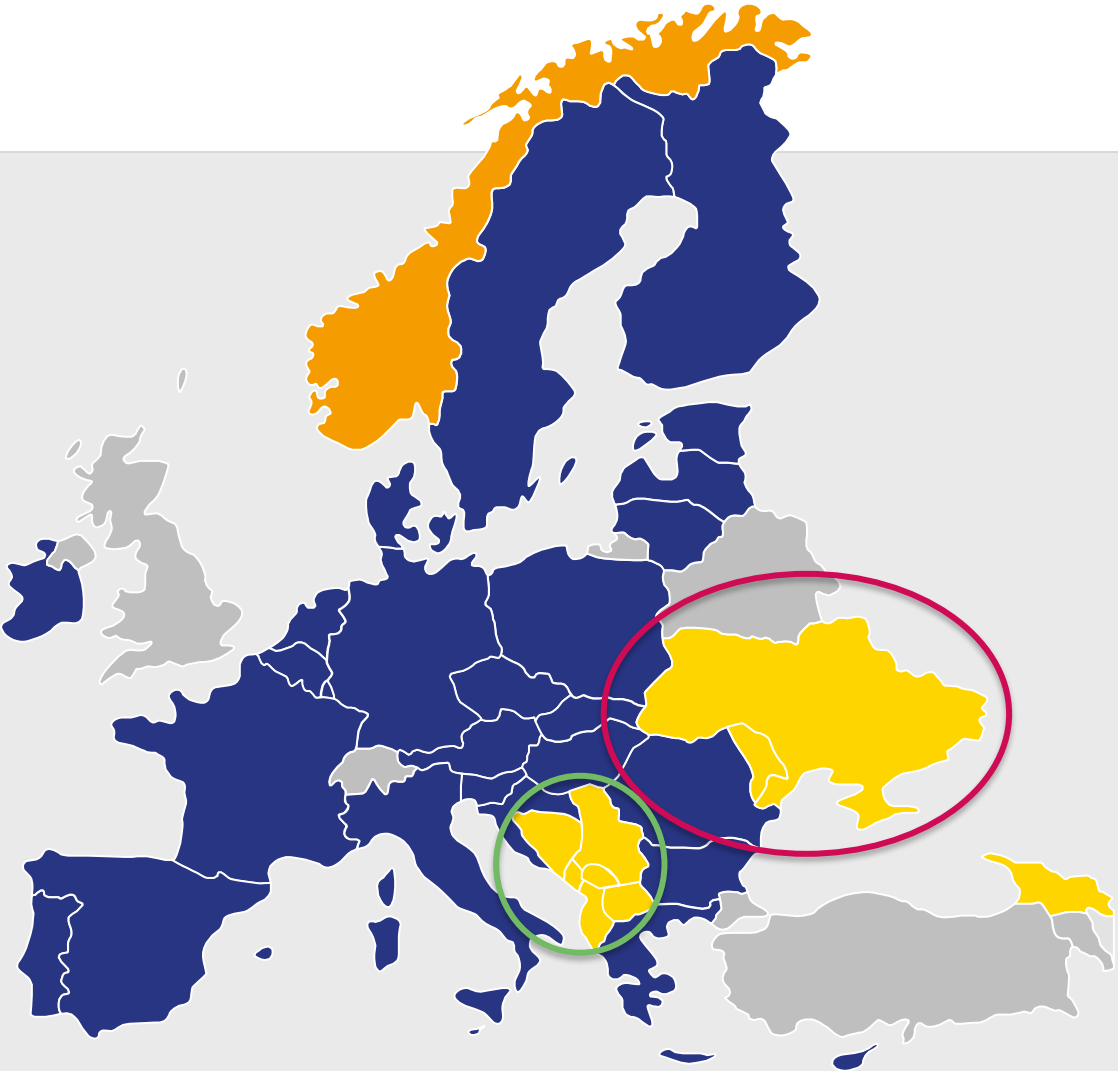
Shadow SEE SOR

Eastern Europe SOR

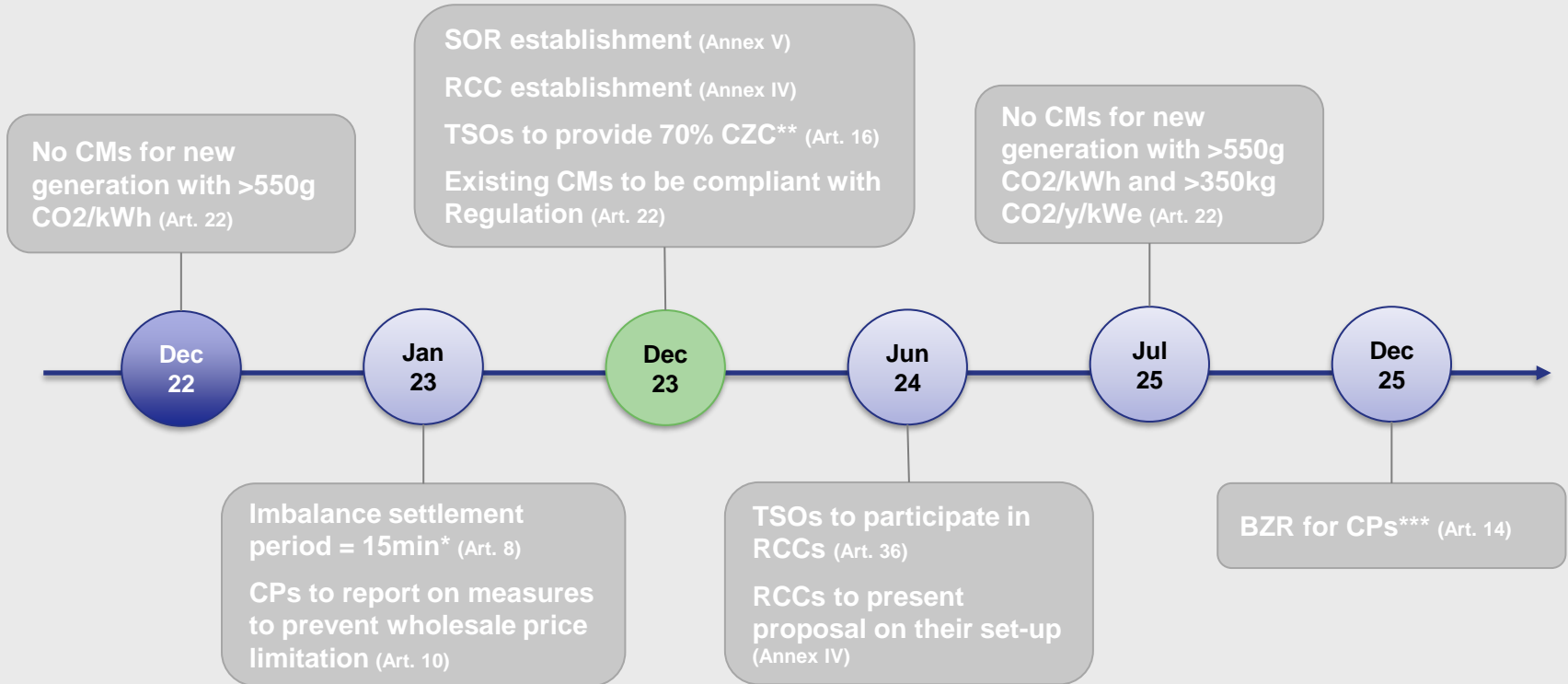
RCCs

- Independent from TSOs and national interests
- RCC for Shadow SEE SOR – seat decided by MC
- RCC for EE SOR = RCC for Central Europe SOR

- European Union
- Contracting Parties



Important milestones Electricity Regulation



● MC Decision on adoption ● Deadline for transposition

(*) unless derogation is granted (latest Dec 24); (**) unless derogation is granted/action plan is applied (latest Jan 28); (***) 6 months after ENTSO-E report or latest Dec 25

ACER Regulation

Key elements

- ✓ **Electricity market integration between Contracting Parties and EU Member States promoted by Decision 2022/03/MC-EnC**
 - Requires **reciprocal application** of the electricity package adopted by Decision 2022/03/MC-EnC between CPs and EU MSs
 - Ensure a **single decision-making institution** for interfaces between CPs and EU MSs
 - Complementing the role of ECRB for CP-CP interfaces
 - Cooperation arrangements between ECRB and ACER needed
 - Reciprocal obligations for **all stakeholders**
 - Interest of stakeholders

Risk Preparedness Regulation (recast)

Risk Preparedness Regulation

- ✓ **Risk-preparedness in the electricity sector in EnC**
 - MC adopted decision to incorporate Regulation (EU) 2019/941 in the EnC acquis Communautaire and amendments to Procedural act on the establishment of a SoS CG
 - Recast of the Regulation was adopted by the MC Decision 2022/03/MC-EnC → taking into account adoption of the Electricity Regulation (e.g. definition of region = group of CPs with TSOs having same RCC as defined in Annex IV Electricity Regulation)

- ✓ **Scope**
 - Cooperation between Contracting Parties with a view to prevent, prepare for, manage, evaluate and monitor electricity crisis
 - Derogation for Georgia from Articles 6, 12 and para 2 to 9 of Article 15 until directly connected with another CPs

- ✓ **Competent authority**
 - CPs to designate national governmental/regulatory authority ASAP & notify ECS/SoS CG

Risk Preparedness Regulation

Risk assessment

- Identification of regional electricity crisis scenarios (ENTSO-E)
- Identification of national electricity crisis scenarios (competent authority)
- Methodologies for identifying regional crisis scenarios, short-term and seasonal adequacy assessment developed under Regulation (EU) 2019/941

Risk-preparedness plan

- Based on regional/national electricity crisis scenarios competent authorities establish risk-preparedness plans
- Plans shall consist of national measures, regional and, where applicable, bilateral measures to prevent, prepare for and mitigate electricity crisis
- First risk-preparedness plans shall be adopted and published by 5 January 2025

Managing electricity crisis

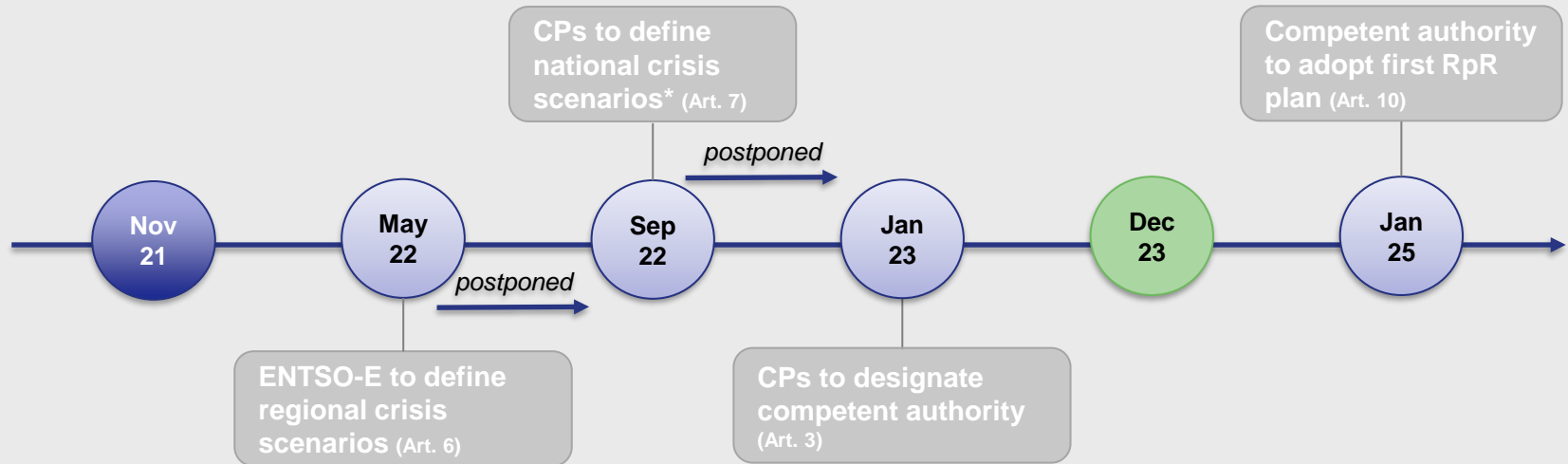
- Early warning if seasonal assessment or other sources provide info that electricity crisis may occur
- Declaration of an electricity crisis when confronted with the crisis
- Cooperation and assistance among CPs (regional or bilateral measures) in a spirit of solidarity
- Market-based measures to be applied, non-market-based measures only as a last resort option

Evaluation and monitoring

- Ex-post evaluation report after the end of the crisis to be provided by the competent authority to the ECS and SoS CG ASAP and max three months after crisis
- Monitoring roles of SoS CG, ECRB and ECS defined

() The Secretariat performed a gap analysis on the CPs' transposition of the Directive which was shared with the respective parties.*

Important milestones RpR Guideline



● MC Decision on adoption ● Deadline for transposition

(*) 4 months after regional scenarios

Network Codes and Guidelines

Structure and functioning of Network Codes/Guidelines

- NCs and GLs include general provisions and terms, conditions and methodologies (TCMs) to be developed by TSOs/NEMOs
- After first submission of TCMs by parties concerned, NRAs/ECRB/ACER can ask for and TSOs/NEMOs can submit amendments at any time

Pan-EU TCMs

- developed by all NEMOs/all TSOs in EU MSs
- decided upon by ACER
- “take it or leave it” for CPs - application of existing and future TCMs incl. amendments

Regional TCMs

- any TCM concerning more than one TSO of CP/MS
- voting of CP/EU MS TSOs (consensus if less than five CPs/MSs)
- escalation to ECRB or ACER

National TCMs

- NRA deciding nationally
- governed by applicable national rules for NRA decision-making

Application of pan-EU TCMs

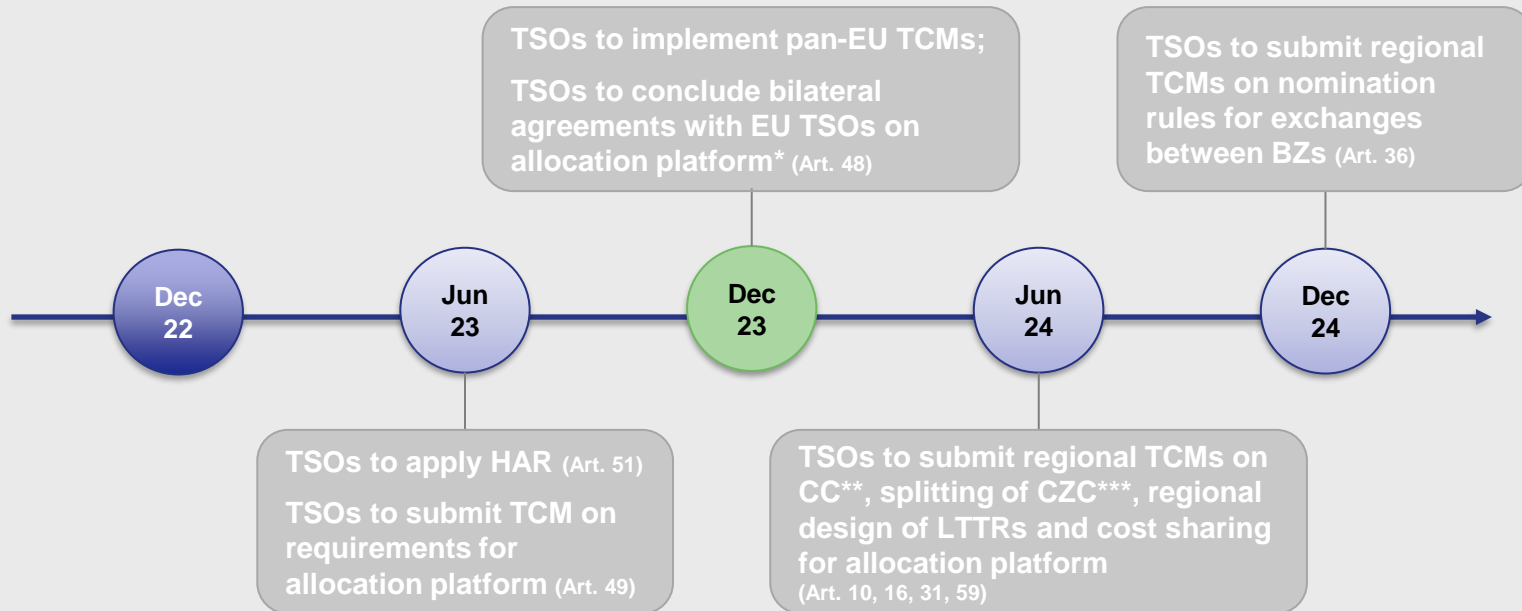
- Different to EU Regulations/Directives, TCMs are very dynamic → regular adoption of ACER decisions on pan-EU TCMs and amendments thereof
- ACER decisions have different timelines for implementation, often (parts) are applicable directly after adoption
- EU MSs: ACER decisions are directly applicable with enforcement by NRAs
- CPs: need to make sure that pan-EU TCMs are applied/implemented in accordance with stipulated deadlines and with adherence to EU processes (e.g. market coupling) at the same speed as EU MSs

() All ACER decisions on pan-EU TCMs are published on their webpage. The main decision document has several annexes - Annex I is the applicable methodology. Example on CCR definition [13 CCR | www.acer.europa.eu](http://www.acer.europa.eu)*

FCA Guideline

- ✓ **Focus on cross-zonal capacity calculation and allocation in the forward timeframe**
- ✓ **Forward calculation of capacities between bidding zones**
 - Coordinated calculation for CCRs for the year- and month-ahead time frames
- ✓ **Establishment of a single regional capacity allocation platform for forward capacities**
 - Obligatory for all CPs; MS and third countries may join
 - Application of harmonized allocation rules
 - To-be-appointed platform has to comply with the FCA criteria
 - For interconnections between CPs and EU MSs, respective TSOs shall conclude bilateral agreements on whether JAO or regional platform is used (if no agreement, JAO shall be used)

Important milestones FCA Guideline

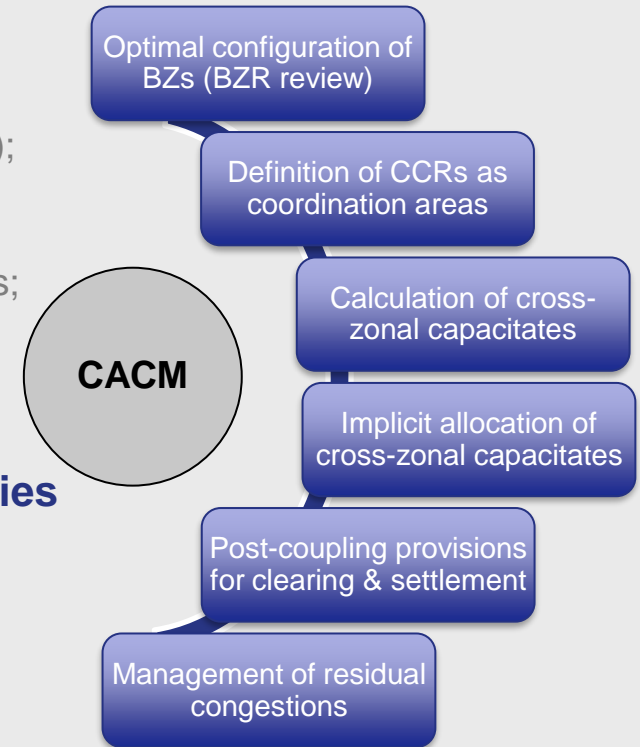


● MC Decision on adoption ● Deadline for transposition

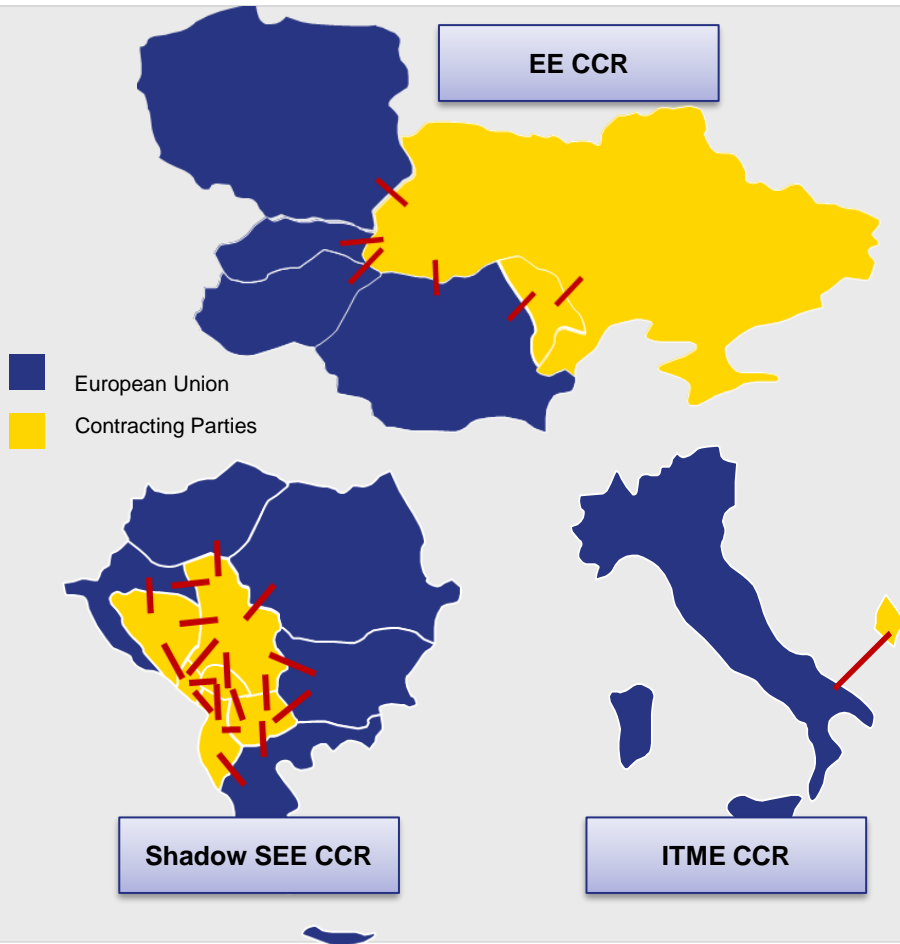
(*) if no agreement, integration in EU SAP; (**) 6 months after CCM CACM is approved; (***) no later than CCM submission

CACM Guideline

- ✓ **Regulation 2015/1222 establishing a guideline on capacity allocation and congestion management (CACM)**
 - governs single day-ahead and intraday coupling (SDAC/SIDC);
 - defines new role of ‘nominated electricity market operator’ (NEMO) as designated entity to provide DA/ID trading services;
 - defines NEMOs’ and TSOs’ tasks in SDAC and SIDC (incl. pan-EU and regional TCMs).
- ✓ **SDAC/SIDC implicitly allocates cross-zonal capacities through common algorithms to maximize social welfare.**
- ✓ **CACM Guideline aims at a fully integrated and interconnected European electricity market for DA and ID → Integration of EnC Contracting Parties**

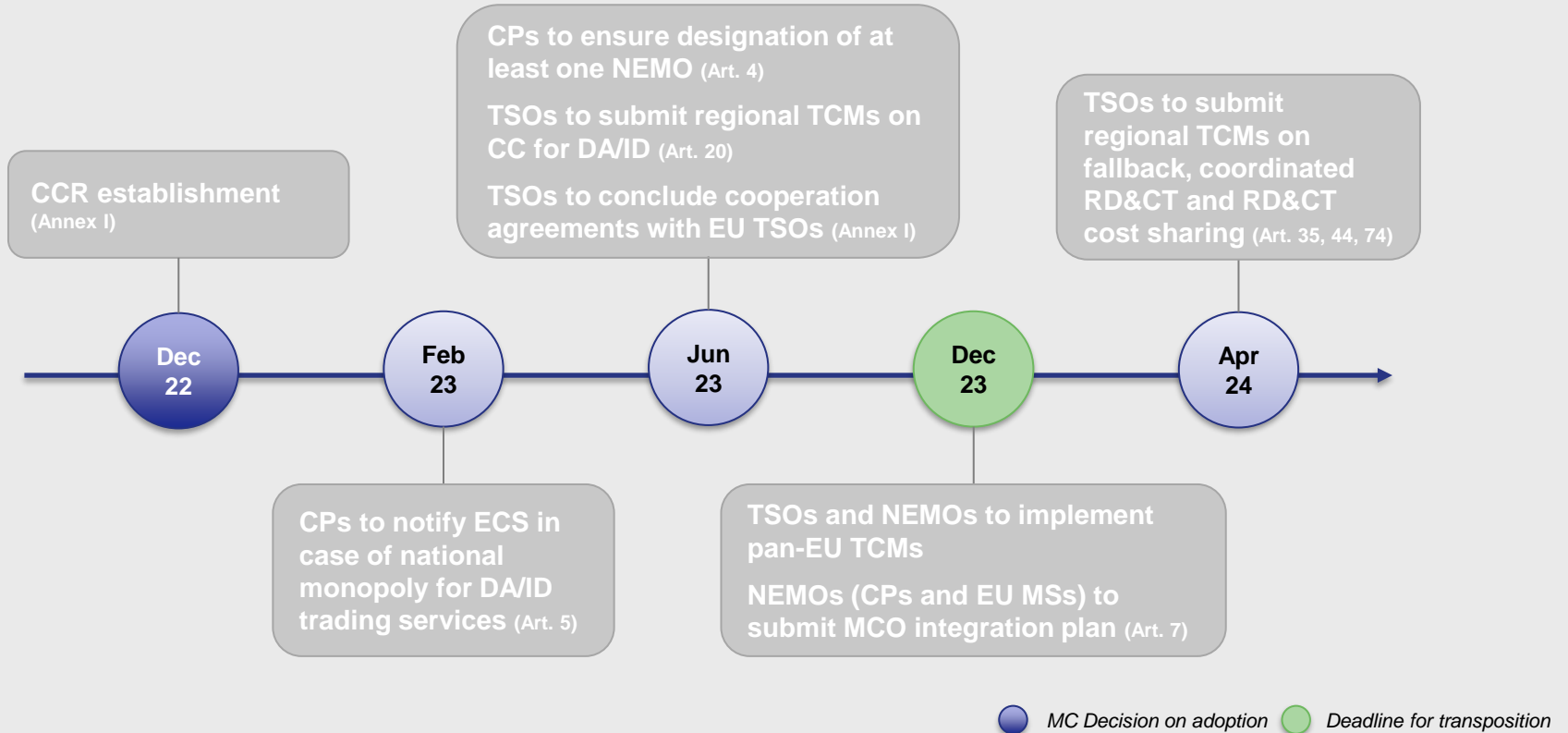


Capacity calculation regions (CCRs)



- CCRs group bidding zone borders among which capacity calculation is coordinated
- CCRs are established by Annex I EnC CACM
- Art. 3 and 5 of Annex I to EnC CACM: CPs of Shadow SEE and EE CCR to conclude cooperation agreements with neighboring TSOs of MSs by 6 months after entry into force (= 15 June 2023)

Important milestones CACM Guideline

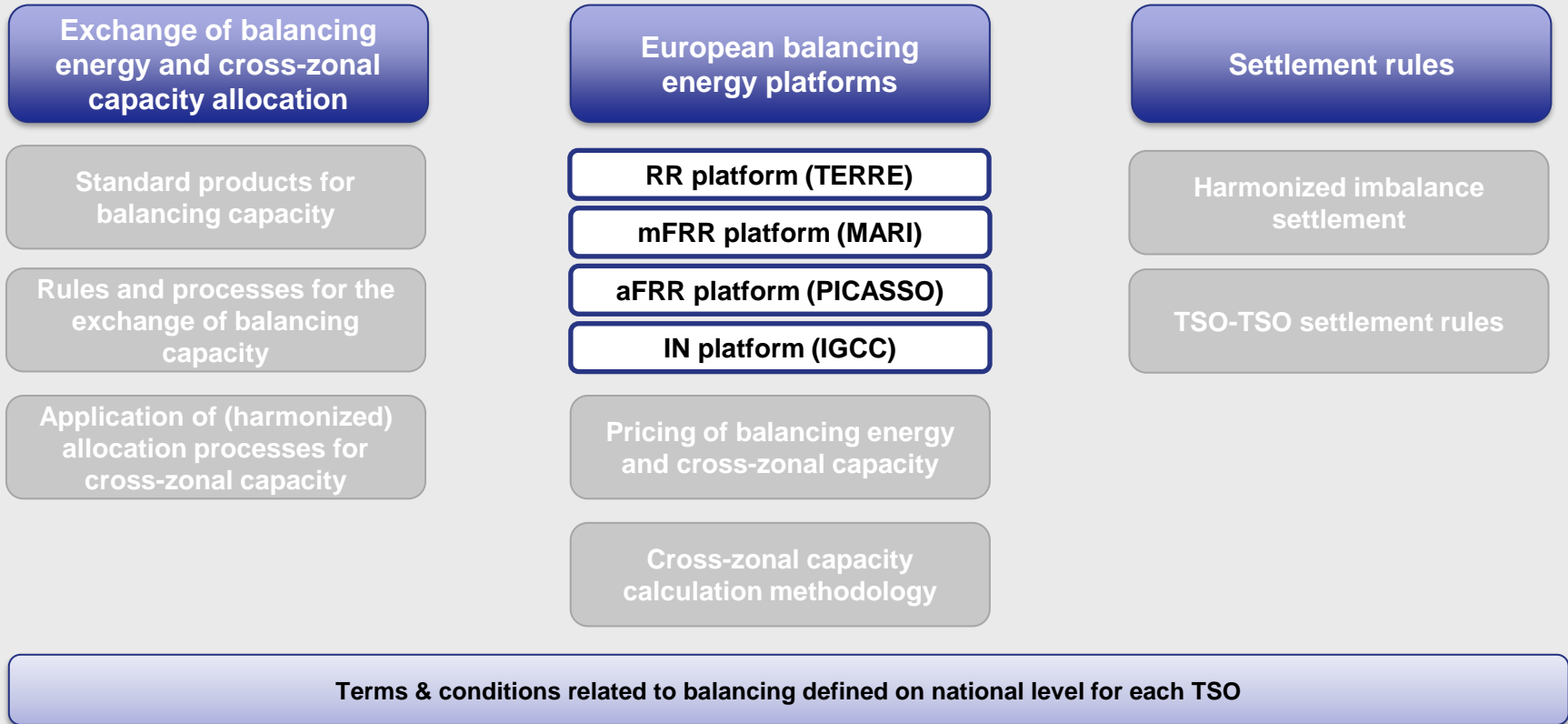


Electricity Balancing Guideline

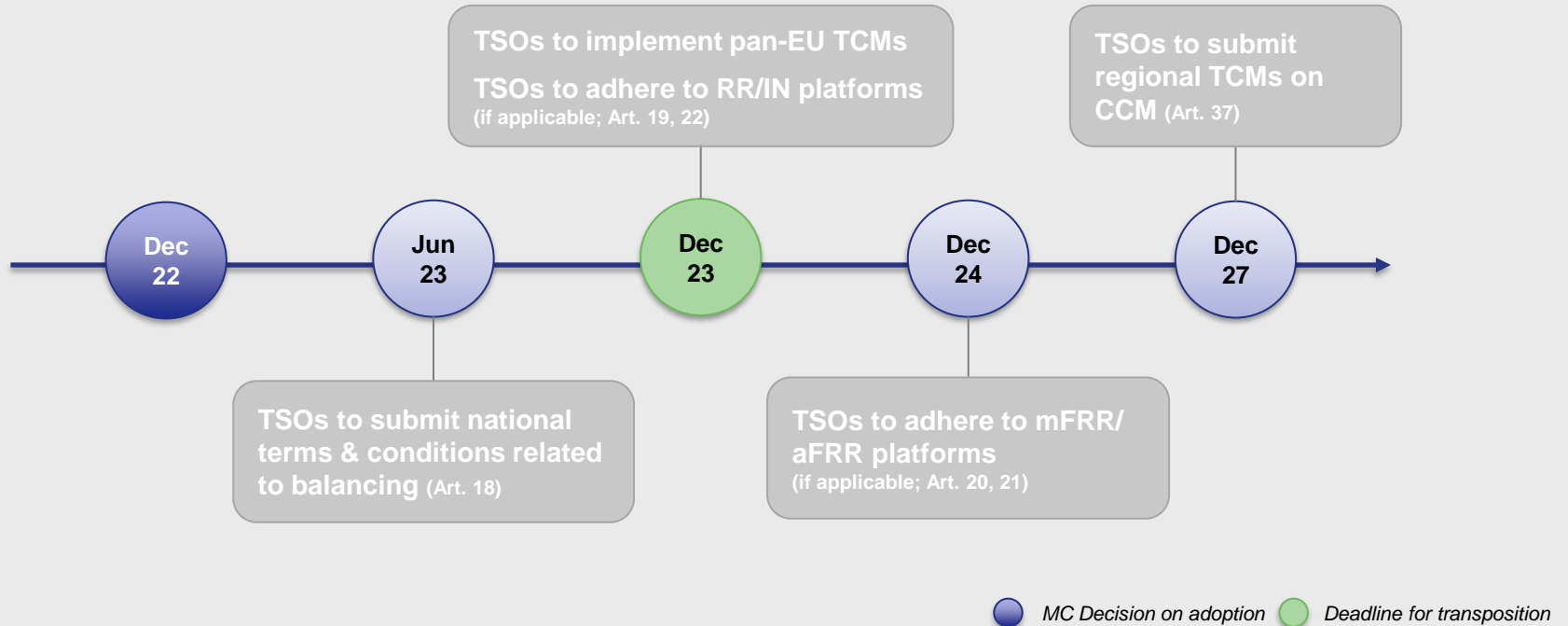
- ✓ Regulation 2017/2195 establishing a guideline on electricity balancing (BAL) defines common principles for procuring, activating and exchanging of balancing services.
- ✓ By that, the EB GL aims at a well-functioning integrated European electricity market in the balancing timeframe → Integration of EnC Contracting Parties



Core elements of EB Guideline



Important milestones EB Guideline



System Operation Guideline

The underlying goal

clear legal framework with a consequent easier electricity trade and a high level of operational security

The System Operation Guideline specifies what transmission system operators should do in **managing their grid** and allows for a **gradual harmonization** of transmission system operation in the EU.

General provisions

The framework of the SO GL, the cooperation of the TSOs, NRAs and ENTSO-E, monitoring, reporting

Operational security

Network states, remedial actions, operational security limits, voltage control, short-circuit, power flows management, network protection, data exchange, testing etc.

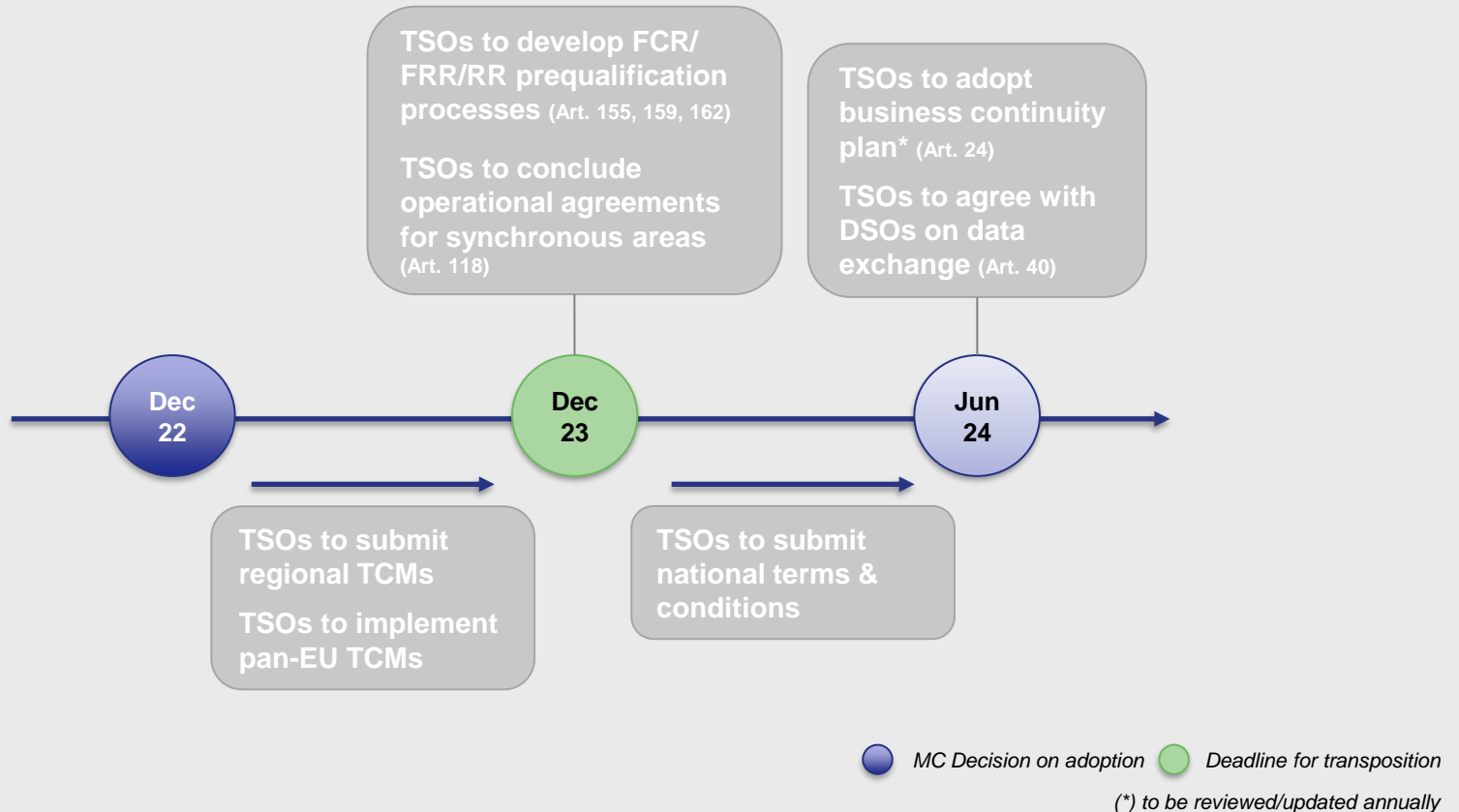
Operational planning

Load and frequency control and reserves

Network models, planning scenarios, security analysis, outage coordination, adequacy assessment, ancillary services, scheduling

Operational agreements, frequency quality, LFC structure, operation of the LFC, reserves

Important milestones SO Guideline



Network Code on Electricity Emergency & Restoration

The underlying goal

safeguarding operational security, preventing the propagation or deterioration of an incident to avoid a widespread disturbance and the blackout state as well as to allow for the efficient and rapid restoration of the electricity system

The Emergency and Restoration network code lays down the requirements on the management by TSOs of the emergency, blackout and restoration states and the coordination of system operation across the Energy Community in the emergency, blackout and restoration states.

Scope

Apply to all transmission systems, distribution systems and interconnections in the Energy Community except transmission systems and distribution systems of Contracting Parties of which the systems are not operated synchronously with Continental Europe

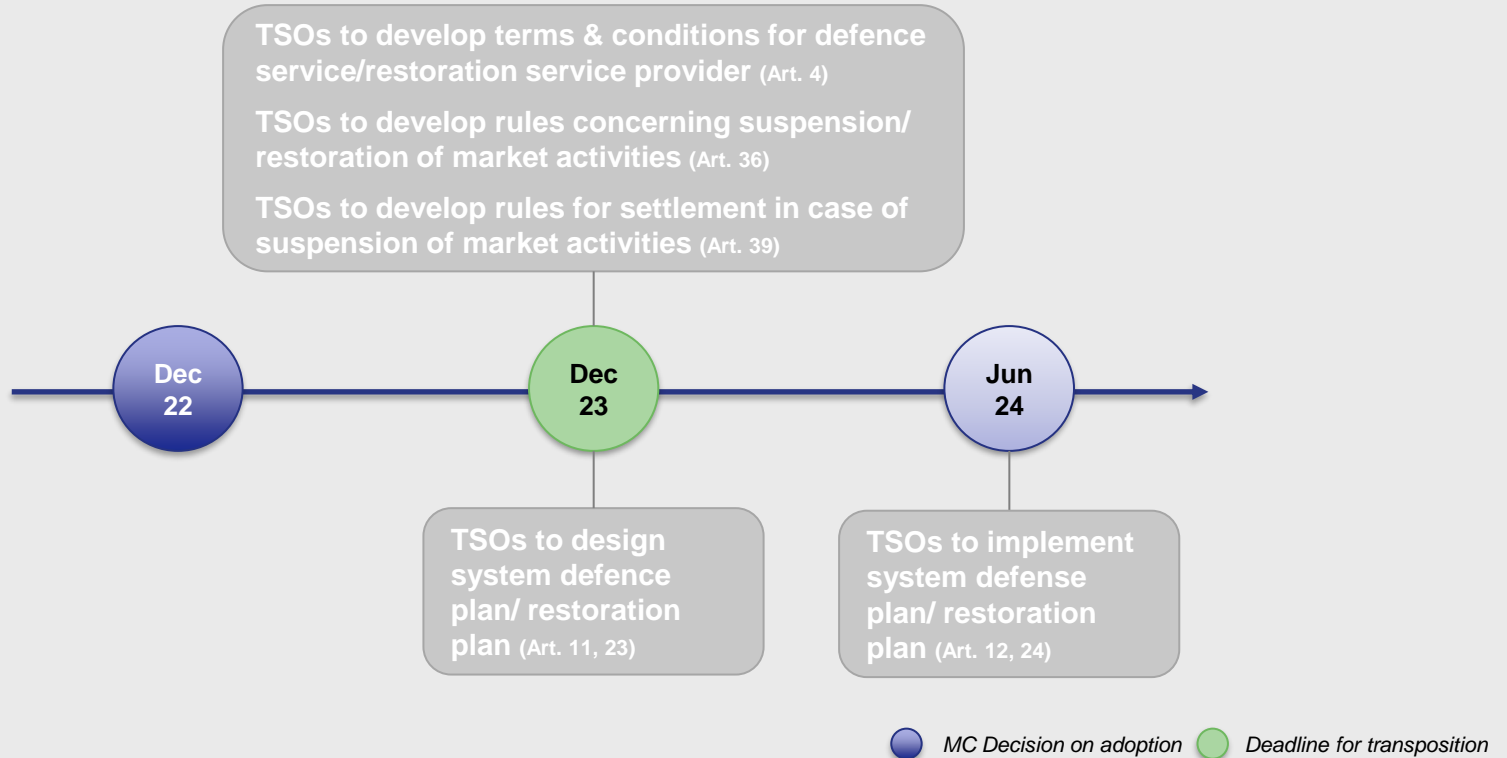
Subject

System defence plan, Restoration plan, market interactions, information exchange and communication, tools and facilities, compliance, review, monitoring

Principles

Transparency, proportionality, non-discrimination, market-based mechanisms, European standards and technical specifications respect technical, legal, personal safety and security constraints, respect the responsibility assigned to the relevant TSO in order to ensure system security, including as required by national legislation, consult with relevant DSOs

Important milestones NC on E&R



A background image of the Earth from space, with glowing blue lines representing a global network or energy grid connecting various points across the continents.

*Thank you
for your attention!*

<https://www.energy-community.org>

Lisa-Marie.Mohr@energy-community.org