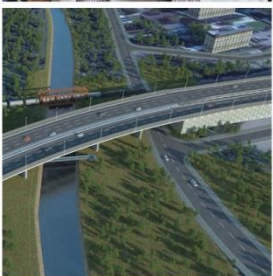
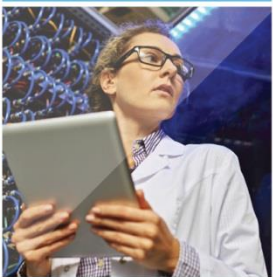




European
Commission



EU Electricity Markets - Update

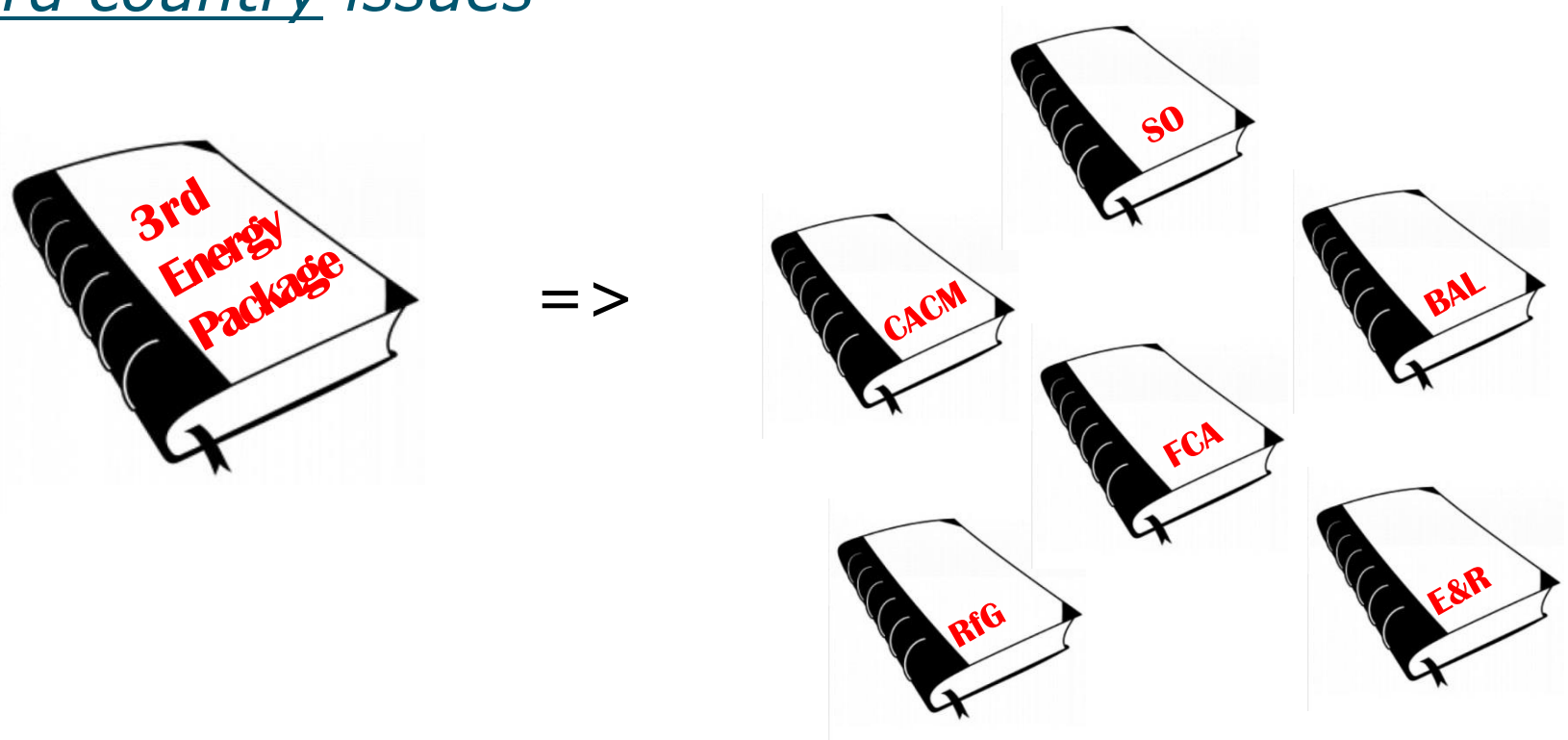
Oliver Koch, European Commission

This presentation reflects solely the views of the author

1. Network Codes at full speed

=> **EU Regulations on Trading and Grid Operation**

- (Difficult) transition to coordinated decisions
- Majority decisions on key issues (e.g. opening borders)
- First cases to be decided by Court of Justice
- Third country issues



How to deal with non-EU countries connected to the EU grid?

Problem: EU changed from voluntary cooperation to legal obligations and majority decisions

- **Calculation of capacity at borders?**
- **Participation in common platforms?**
- **Membership in ENTSO-E?**



Basic participation

Switzerland

Russia/Belarus

Morocco

UK?

Full Participation

Norway/EFTA

Energy Community

UK?

UK?

2. Clean Energy (“Winter”) Package => Components/entry into force



Governance

(in force)



Efficiency

(June 2020)



RES

(June 2020)



Market Design

(mid 2019-2021)



2. Clean Energy ("Winter") Package

=> *Final target figures*

2020

-20%
GHG
EMISSIONS

20%
RENEWABLE
ENERGY

20%
ENERGY
EFFICIENCY

10%
INTER
CONNECTION

2030

-40%
GHG
EMISSIONS

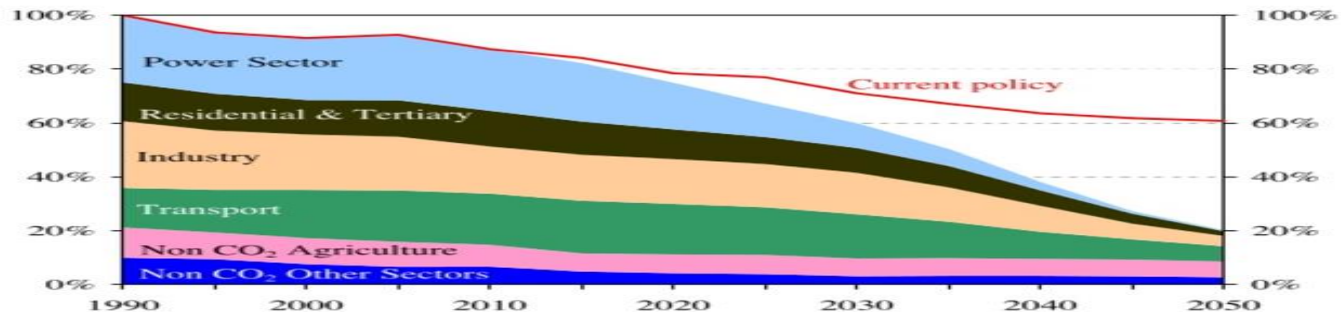
32%
RENEWABLE
ENERGY
"EU binding
Target"

32,5%
ENERGY
EFFICIENCY
"EU indicative"
Target

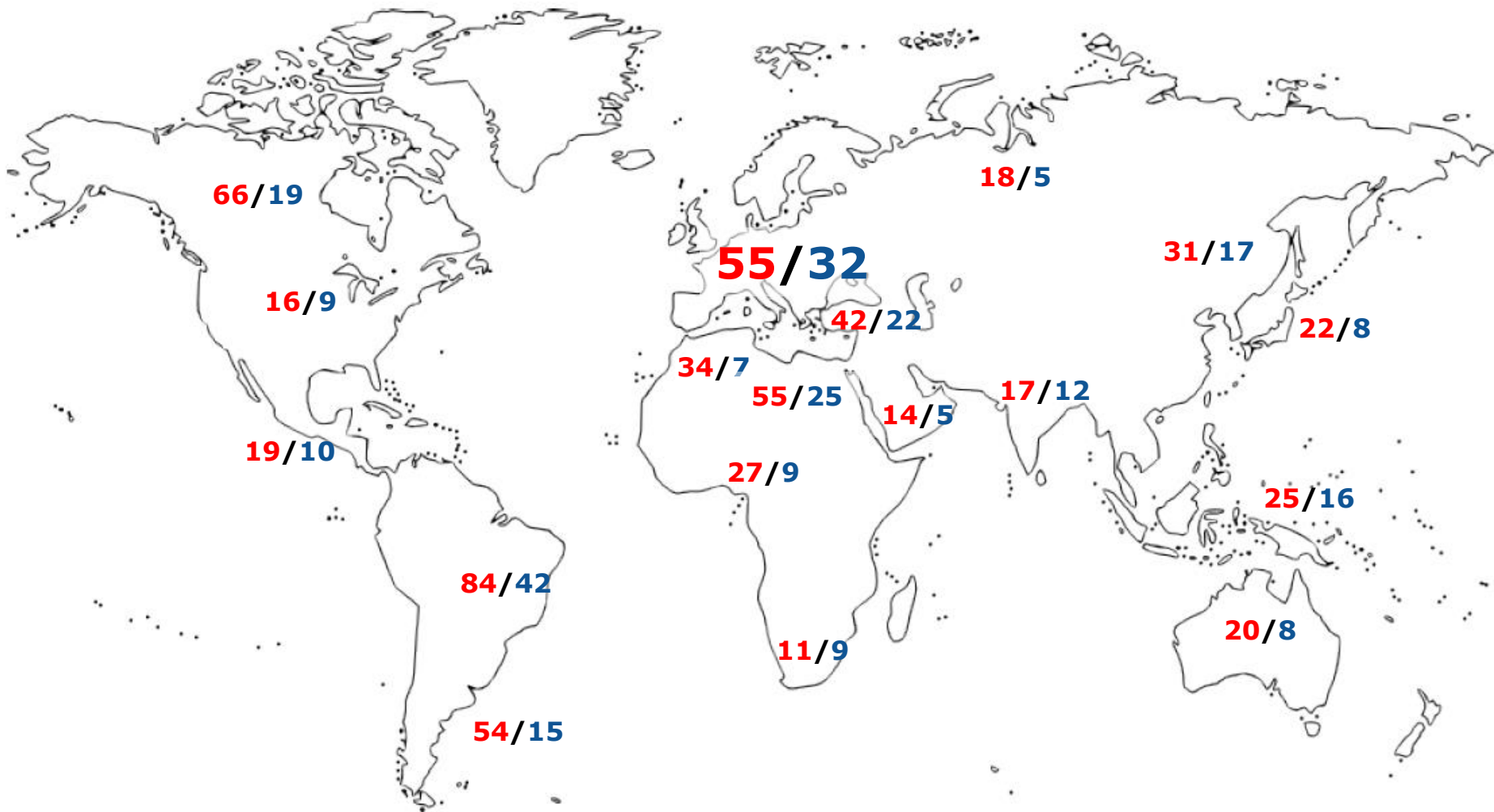
15%
INTER
CONNECTION

EC Roadmap for moving to a low carbon economy in 2050

Figure 1: EU GHG emissions towards an 80% domestic reduction (100% =1990)



INTERNATIONAL COMPARISON OF TARGETS

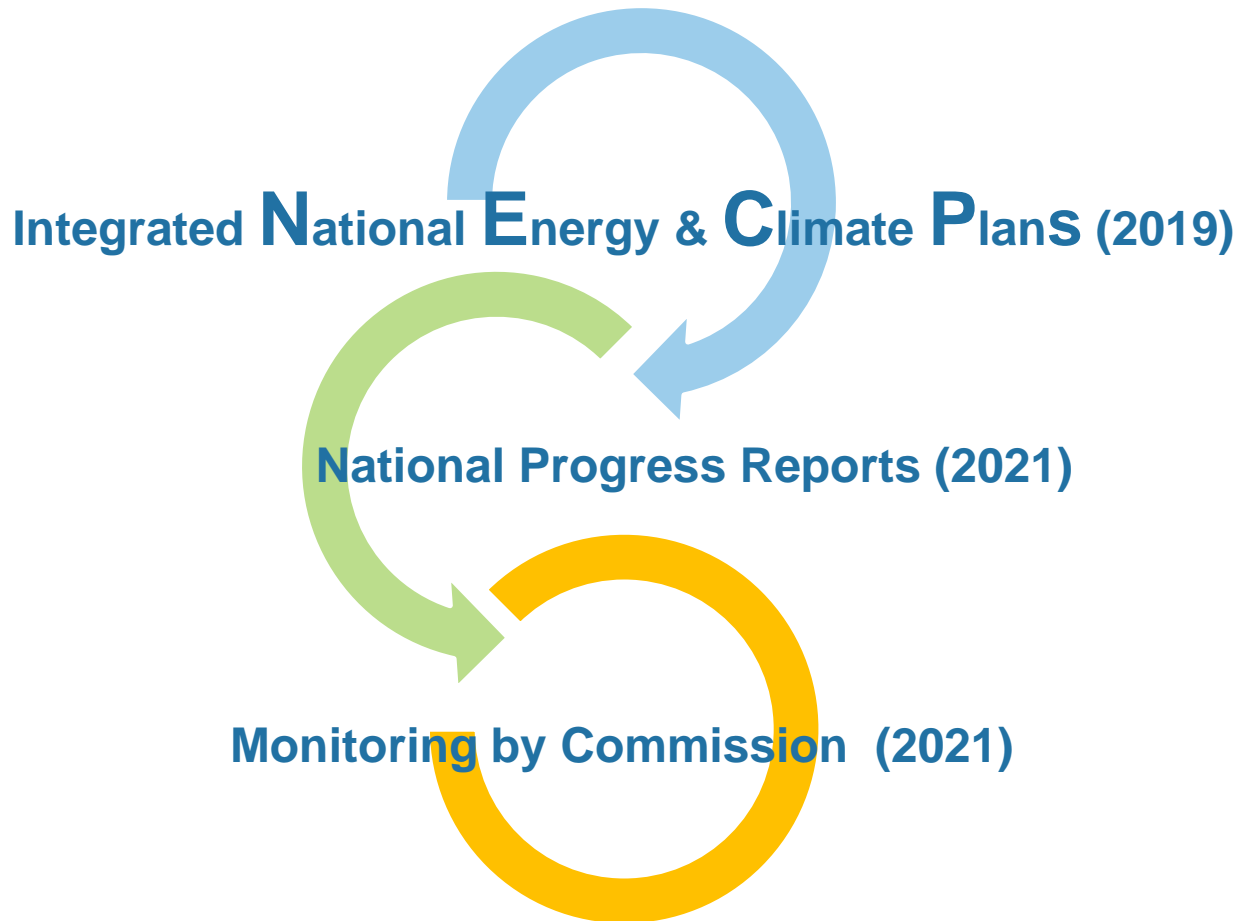


Based on IRENA (2016)

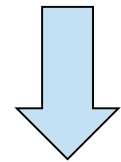
2030 RES share in electricity production
2030 RES share in TFE

“Governance” has started

Core Elements of EU Governance Regulation



Simplification



1 Plan only
1 Report only
1 Monitoring only

Market Design

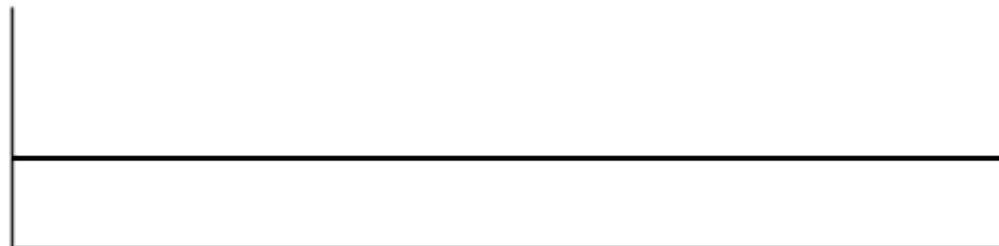


Disruptive change:

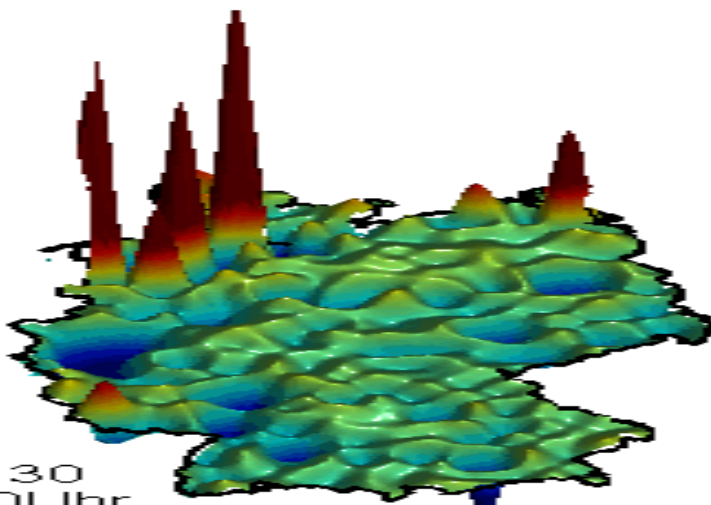


From central / base load to decentral / volatile

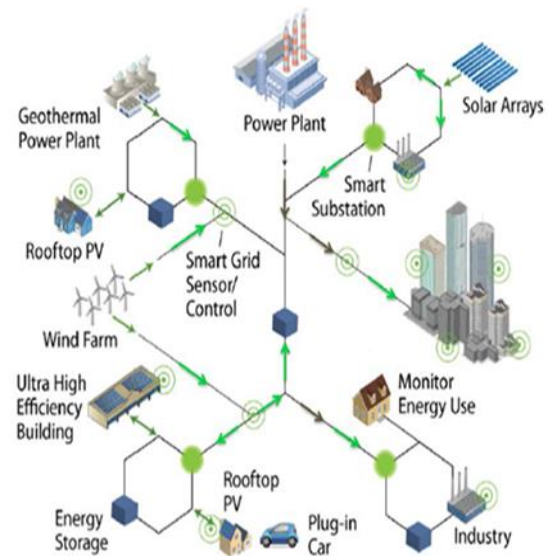
Old Electricity World



New Electricity World

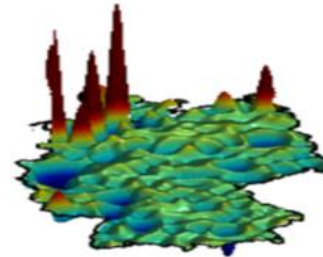


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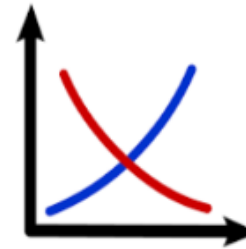


Competition

- Adapt market rules to new realities



- Reduce state interventions – use markets



- Cooperate across borders



Competition



Market Design Reform: *What was NOT proposed/adopted*

- *Re-opening **ownership unbundling** provisions*
- *Replacing 42 EU TSOs by "**EU-ISO**"*
- *Creation of a **European Energy Regulator***
- ***Prohibition of capacity mechanisms***
- ***EU-wide RES support scheme***

Market Design Reform: *What was proposed/adopted*

- 
- ~~Re-opening **ownership unbundling** provisions~~
 - ~~Replacing 42 EU TSOs by "**EU-TSO**"~~
 - ~~Creation of a **European Energy Regulator**~~
 - ~~**Prohibition of capacity mechanisms**~~
 - ~~**EU-wide RES support scheme**~~

But:

- **Tendering** for storage
- **Reg. Coordination Centres**
- **ACER remains central**
- **New conditions** for CMs
- **More market-based approach**

Market Design Reform:

Remarkable Policy Changes (Regulation)

- *Improving the zonal **congestion management** model*
 - Stricter / more specific **conditions for closing borders**
 - “**Action plans**” and COM decision on bidding zones (2026)
- *Stricter conditions for **capacity mechanisms***
 - **Market reform plans** first
 - **EU adequacy assessment** must show a need
 - No **CM-subsidies for coal** after 1.7.2025
- ***Regional Coordination Centres: RSCIs => RCCs (7/2022)***
- *Network Codes: clarification of **ENTSO-E’s role***
- ***Coal phase-out support (Art. 4), etc...***

Market Design Reform:

Remarkable Policy Changes (Directive)

- *New framework for **retail price regulation***
 - **Transitory & proportionate** (= Court jurisprudence)
 - **Households** & “micro-entreprises”
- *New **consumer rights***
 - **Dynamic prices; comparison tools; switching etc.**
 - Right to produce (self production, local energy communities)
- ***Fines for ENTSO-E/NEMOs/RCCs***
- ***Strengthening regulatory independence***
- ***Etc..***

New Art. 43 ACER-Regulation

Subject to the conclusion of an agreement to that effect between the Union and third countries as referred to in paragraph 1, ACER may also exercise its tasks under Articles 3 to 13 with regard to third countries, provided that those third countries have adopted and apply the relevant rules in accordance with paragraph 1 and have mandated ACER to coordinate the activities of their regulatory authorities with those of the regulatory authorities of Member States. Only in such cases the references to issues of cross-border character shall relate to borders between the Union and third countries, and not to borders between two Member States.

The agreements referred to in paragraph 1 shall provide for arrangements specifying, in particular, the nature, scope and procedural aspects of the involvement of those countries in ACER's work, including provisions relating to financial contributions and to staff.

Link to Recast **Electricity Regulation**

www.europarl.europa.eu/doceo/document/TA-8-2019-0227_EN.pdf

Link to Recast **Electricity Directive**

http://www.europarl.europa.eu/doceo/document/TA-8-2019-0226_EN.pdf



Thank you very much

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