

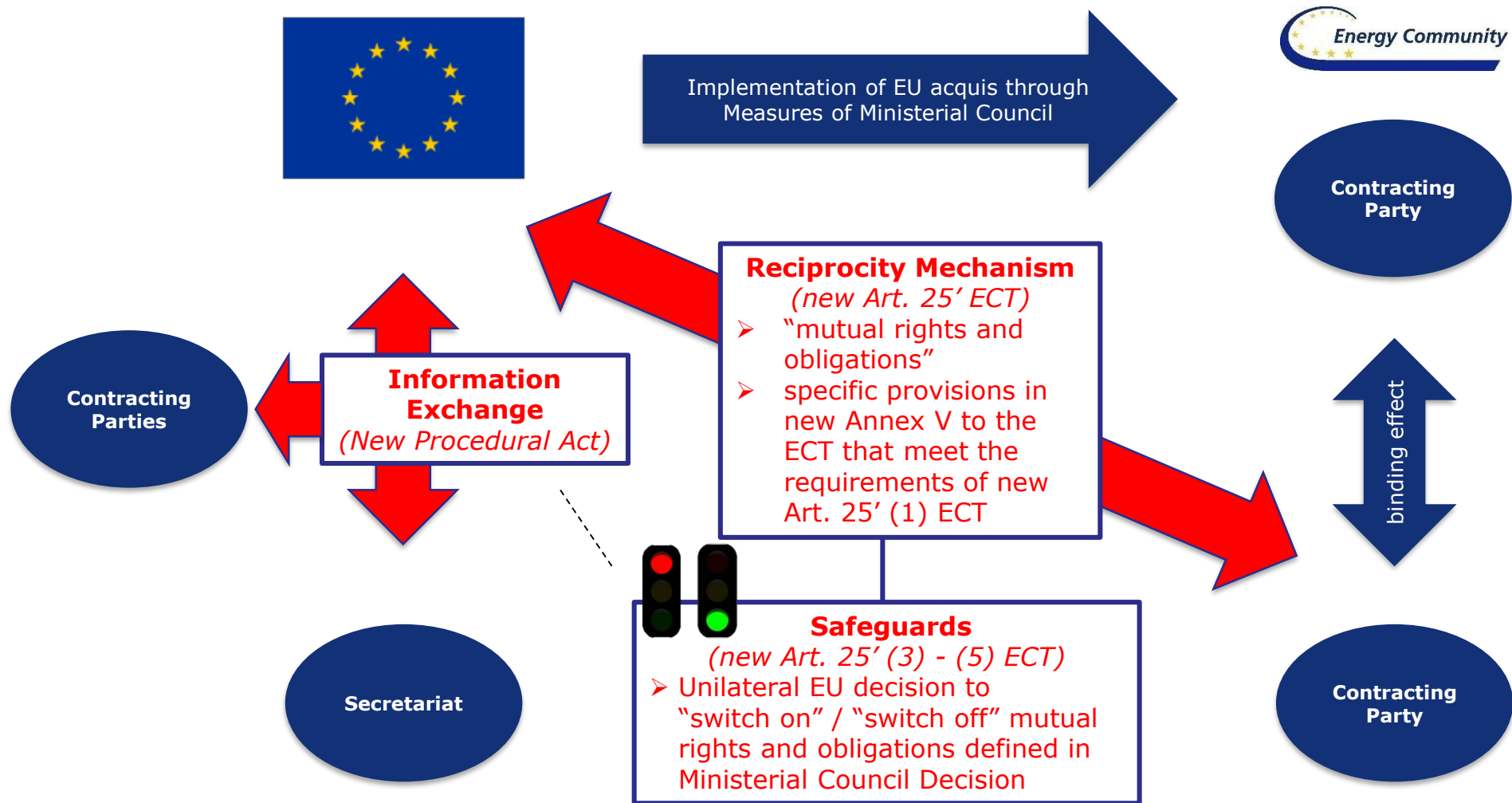


Reciprocity Mechanism under new Art. 25' ECT

General situation under current ECT

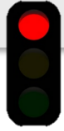


Reciprocity Mechanism under new Art. 25' ECT



Blue : general situation under current ECT
Red : new reciprocity mechanism

MC Decision



"Specific provisions listed in new Annex V to the ECT shall be binding between CP and the EU"

EU Proposal to the MC for a Decision (provisions listed in new Annex V to the ECT and fulfilling the requirements of new Art. 25'(1) ECT), see new Art. 81' ECT



MC Decision under new Art. 25'(1) ECT defining mutual rights and obligations based on these provisions (EU positive vote required, see amended Art. 81 ECT)



Safeguards



"Switch on"



COM Proposal to the Council (EU) to enact mutual rights and obligations defined in the MC Decision



EU Decision to enact, see new Art. 25'(3) and (5) ECT



EU assessment: CP not implementing and enforcing effectively its obligations



"Switch off"



COM Proposal to the Council (EU) to suspend EU obligations



Advance notice to the CP concerned and the Secretariat (except in cases of urgency), see new Art. 25'(4) ECT



EU Decision to suspend, see new Art. 25'(4) and (5) ECT

EU assessment: CP sufficiently demonstrating effective implementation and enforcement of its obligations



Creating the basis for a new reciprocity mechanism under the Treaty regime: Adoption of amendments to ECT (especially new Art. 25' and Annex V)

Procedural details in a new Procedural Act

Reminder: Why needed?

Important Example

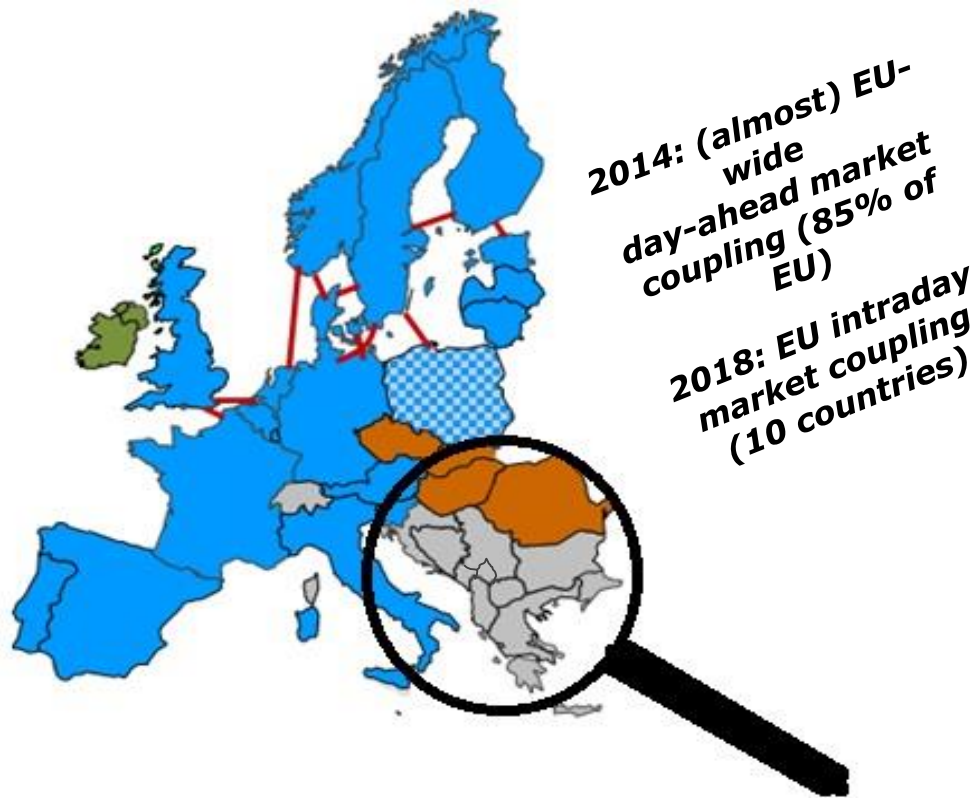
- *Western Balkan countries **physically integrated with South East European countries** => effective market coupling in the EU requires cooperation with Energy Community (see Regulation 1225/2015)*
- ***No meaningful energy transition** possible in Western Balkans without effective cross-border electricity trade (=> allows sharing backup energy)*

Problem

- *Currently **not possible to integrate Energy Community** into Market Coupling /risk preparedness*
- *Market coupling requires **regionally agreed solutions** (e.g. capacity calculation); regional regulators to agree; ACER to decide in case of disagreement (in consultation with ECRB)*



EU-wide Market Coupling is a Reality



CACM:

- Market coupling as new form of effective C/B trading across EU
- New framework for regional TSO/Regulatory cooperation

**In whole Europe?
Not really...**

EU-EnC Cooperation was agreed by Member States in 2015 (Regulation 2015/1222 – “CACM”)

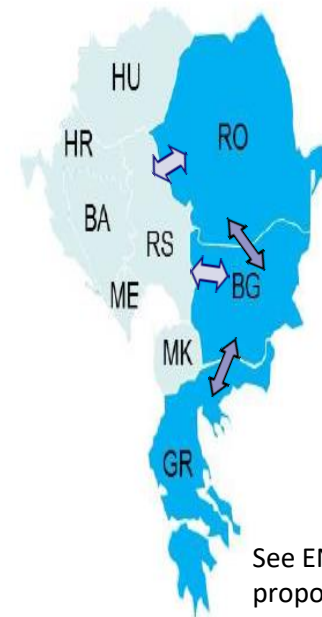
CACM, Art 20(4)

Capacity Calculation

4. No later than six months after at least all South East Europe Energy Community Contracting Parties participate in the single day-ahead coupling, the TSOs from at least Croatia, Romania, Bulgaria and Greece shall jointly submit a proposal to introduce a common capacity calculation methodology using the flow-based approach for the day-ahead and intraday market time-frame.

Future Market Coupling Region "South-East-Europe":

Figure A11: Bidding zones of the CCR SEE (HU-RO and HU-HR bidding zone borders are not part of this CCR)



See ENTSO-E, CCR
proposal 2015