

27th Energy Community Electricity Forum

1-2 June 2022

Hotel Royal Olympic, Athens

Conclusions

Progress in Ukraine, Moldova and Georgia

1. The Forum welcomed the successful synchronization of Ukraine's and Moldova's network with the network of Continental Europe and the integration into the European mechanism for financial settlement of unintentional deviations.
2. The Forum acknowledged the role of the ENTSO-E and the relevant transmission system operators (TSOs) in defining the level of capacity that will be used for commercial exchanges in line with technical requirements that ensure safe and reliable operation of the system.
3. The Forum invited the Energy Community Secretariat to continue facilitation of discussion between the neighboring EU TSOs, Ukrenergo and Moldelectrica to put in place joint capacity allocation to ensure an efficient allocation and utilization process. The Forum agreed that this process should be facilitated by application of EFET trading rules.
4. The Forum acknowledged the launch of the new market model in Moldova and noted the need to quickly progress with unbundling and certification of Moldelectrica.
5. The Forum strongly supported efforts to cover the financial gaps in the energy sector resulting from war.
6. The Forum welcomed progress made and encouraged Georgia to go ahead with implementation of the day-ahead, intraday and balancing market as envisaged for September 2022 and inform the following Forum on the experience and the outcome.

Green investments and integration of renewables

7. Expert discussions highlighted that enhancement of green investments requires a predictable legal framework including grid access and permitting as well as financial certainty for investors, in particular with a phase out of feed-in tariffs. In this context, discussions identified the need for corporate PPAs based on standard contracts. Financial stability for investors would ensure long term stability of end-user prices - in particular against the background of the current price surge – and contribute to faster decarbonisation.
8. The Forum concluded that guarantees of origin can play an important role in giving consumers an active part in the energy transition. However, demand for guarantees of origin, which is rapidly growing in the EU Member States, mostly comes from international companies with targets of sourcing their electricity exclusively from renewables.
9. The Forum concluded that accelerated deployment of renewables (RES) should play a central role in achieving decarbonisation and contribute to increasing energy independence. For that, a robust legal framework and a long-term perspective are needed to provide security for green investments. Therefore, the adoption of the 2030 targets is the highest priority on the Energy Community's agenda, while the ongoing transposition of the Renewable Energy Directive II into the national legislation should provide the necessary legal framework.

10. The Forum underlined the importance of enhancing short-term markets, namely day-ahead, intraday and balancing market for scaling up RES.
11. The Forum expressed its expectation for more efficient use of existing cross-border transmission lines in line with Regulation (EU) 2019/943, once applicable in the Energy Community, and reinforcement of internal transmission networks to connect larger RES projects and avoid curtailments.
12. The Forum invited TSOs to consider different RES integration scenarios in their national TYNDPs to identify those projects that will be most beneficial for enhanced RES integration.
13. The Forum agreed that enhanced RES integration will increase flexibility needs in the Contracting Parties. The recent study on flexibility resources to support decarbonisation in the Energy Community points out that existing flexibility resources shall be capable of balancing RES until 2030, while needs for additional investments for 2040 are low. The Forum invited Contracting Parties to address flexibility needs in their National Energy and Climate Plans. The Forum acknowledged that flexibility needs are best addressed via regional market integration.
14. The Forum concluded that market development, including liquid balancing, intraday and day-ahead markets as well as regional market integration via market coupling are essential preconditions for power system flexibility and integration of RES. Market integration of regional power systems decreases the need for flexibility from storage and thermal generation, reduces CO₂ emissions, facilitates RES integration at lower costs and reduces congestions. The Forum encouraged Contracting Parties and TSOs to take further steps in achieving these goals.

Decarbonisation and price surge

15. The Forum invited Contracting Parties to take the strategic decisions necessary to modernize their energy sectors in line with the decarbonization commitments and the 2030 targets to be agreed by the Energy Community. The National Energy and Climate Plans provide the best tool to design and manage the transition. They are expected to provide certainty to investors, utilities and citizens.
16. The high electricity prices expose the weaknesses of the current energy mix and the market design in many Contracting Parties. On the other hand, it provides signals for speeding up investments in RES. It should also be used as a stimulus to integrate the markets faster rather than falling back to futile strives for autarchy. The complementarity of the energy mixes in the Energy Community and the well-developed infrastructure is an asset to overcome expected shortages in individual countries and make the Contracting Parties jointly more resilient.
17. The Forum encouraged public utilities to become more active in driving the energy transition. It recommended those utilities making windfall profits from the current high prices to reinvest them in clean modernization. Those Contracting Parties who are exposed to high import prices should ensure that any measures taken to address their social and economic impact are not intervening in the market in a disproportionate and distortive way. Regulators have a special responsibility in this regard.
18. The Forum raised concerns about liquidity decrease in the electricity market and noted that regulatory measures are needed to use the opportunities for using windfall profits for investments in decarbonized technologies for enhanced phase out of coal.

Coupling of Contracting Parties into single European market

19. The Forum encouraged Contracting Parties to adopt the Clean Energy Package Electricity Regulation; Guidelines on capacity allocation and congestion management (CACM), forward capacity allocation (FCA), electricity balancing (EB), system operation (SO); and the emergency and restoration (ER) network code at the 2022 Ministerial Council and called upon Ministries and regulators for swift implementation. Participants underlined the importance of a common legal basis for Contracting Parties

entering Single Day Ahead Coupling (SDAC) and also stressed the central role of TSOs for market integration.

20. EFET underlined the central role of market coupling for market transparency, predictability, ensuring firmness of capacity and development of liquid day-ahead and intraday markets. EFET highlighted the importance of further development of forward markets to enable effective long-term hedging against risks and to secure investments in RES.
21. The Forum welcomed the announced go-live of an intraday market in Serbia, day-ahead markets in Albania, Kosovo*, Montenegro and North Macedonia and further expected day-ahead market coupling between Albania and Kosovo*, Montenegro and Serbia, North Macedonia and Bulgaria, and invited the projects to inform on related progress at the next Forum. Contracting Parties are encouraged to establish market coupling projects at regional level and submit them to SDAC.

Integrating customers into the market

22. The Forum emphasized the need for strengthening the position of distribution system operators, as key enabler of customers' active participation in the market.
23. The Forum recognized that all relevant stakeholders should be consulted and involved in designing a smart framework where smart systems will be implemented to operate mass deployed customer installations.
24. The Forum encouraged more efficient use of the existing grid and shifting investments to digitalisation, big data management and human capital. In this context the Forum recognised the need for research and development.
25. The Forum noted that customers should be provided appropriate signals to reliably estimate possible savings and take informed decisions.
26. The Forum agreed that policy decisions and regulatory frameworks should be based on reliable studies on local specifics.