

24th Energy Community Electricity Forum

28 - 29 May 2019

Hotel Royal Olympics, Athens

Conclusions

1. The Forum urged Contracting Parties to rapidly prepare for the decarbonisation driven transition which will request several changes of national energy policy, primary and secondary legislation, including: phasing out of coal power plants, removal of subsidisation of coal activities as well as introduction of carbon pricing and auctioning of support for renewable energy sources (RES). The Forum emphasised that this second energy market transition does not make the first – i.e. introduction of markets and integration with neighbours – obsolete but, on the contrary, these targets are mutually reinforcing. The Forum also noted that the need to decarbonise is an additional argument to link fragmented markets, as financing backup solutions and new investments in an isolated manner in individual countries will exceed what Contracting Parties can afford.
2. The Forum deplored the lack of political support as one of the key reasons for slow progress on electricity day-ahead market integration. The Forum called upon Contracting Parties to complete the requirements for participation in the Single Day-Ahead Coupling – i.e. implementation of the Third Energy Package, adoption of CACM Regulation 1222/2015, the establishment of / service arrangement with a Power Exchange and to designate a NEMO. At the same time, efforts for go-live of early market coupling pilot projects before adoption of CACM Regulation 1222/2015 should be advanced.
3. The Forum stressed the need to harmonise value added tax rules (VAT) in Contracting Parties with VAT Directive 2006/112/EC and introduce reciprocal application of electricity market legislation between Contracting Parties and Member States.
4. Eurelectric and ENTSO-E highlighted the direct negative impact of lack of cross-border cooperation on calculating and making available interconnection capacities for the development of price convergence. The Forum therefore encouraged the Energy Community Regulatory Board (ECRB) to agree on the approach for adopting a coordinated capacity calculation in the 10th shadow capacity calculation region as a tool for early implementation of CACM Regulation 1222/2015.
5. The Forum emphasised again the problems of wholesale licencing in all Contracting Parties, the need to ease the registration processes, minimize cumulative accounting in transaction and turnover based fees and ensure a stable and predictable legal and regulatory framework for trading.
6. The Forum re-iterated that social protection schemes and energy poverty abatement schemes have to be decoupled from retail market pricing.
7. The Forum supported the introduction of trade in financial derivatives as an additional opportunity for risk mitigation, increase of liquidity of day ahead markets, trust in local markets and new market players. The Forum noted that power exchanges should be encouraged to respect Market Abuse Directive 2014/57/EU and regulatory surveillance is required to detect and prevent market manipulation.

8. The Forum emphasises that the trend towards producing electricity from renewable energy sources is not only a result of the intention to decarbonise the economy; as highlighted by several speakers, production from renewable sources has also become the most economic generation source in recent years, which will make the transition to RES production an economic necessity. Market integration of RES is recognized as a key step to re-establish a level-playing field for all market participants and elimination of RES related market distortion. Functioning and liquid short term markets are seen as a core precondition for market integration of RES. The Forum notes that new services that are necessary to implement RES effectively will only materialize in a market environment and without excessive costs. Participants also stressed that variable production requires aggregation, including across Contracting Parties.
9. The Forum welcomed the Secretariat's ongoing study on system and resource adequacy and capacity mechanisms, which on the eve of phasing out the existing coal-fired power generation and the increased deployment of intermittent renewables focuses on security of supply aspects.
10. The Forum discussed the lessons learned from designing and implementing capacity mechanisms in the European Union, as measure of last resort to ensure security of electricity supply. Due to its extraordinary interconnection capacity, the Contracting Parties have the potential to address short-term and systemic issues through integration. They have by far not exploited that potential yet. The Forum flags the risk that preferring national over regional solutions risks further fragmentation of the SEE market, which could make the way to catch up to EU impossible.
11. Contracting Parties must step up their efforts to remove distortions from energy-only market and couple them on regional basis. If capacity mechanisms are being designed, they must be in line with the Energy Community *acquis communautaire* (including on State aid) be open to foreign participants and involve alternative security services such as demand-side response and storage. The Forum expresses the expectation for the Clean Energy Package to be proposed for incorporation in the Energy Community still in 2019.
12. The Forum underlines that in an interconnected environment cybersecurity is a shared responsibility. To apply new technologies securely and reap the benefits of intelligent power grids, digitalisation of the energy system and internet of things, the Forum invites all actors to work together, exchange good practices and collaborate on the resilience and protection of their energy systems. The Secretariat shall support such cooperation through the established bodies, primarily the Cybersecurity Coordination Group, ECDSO-E and ECRB.
13. The Forum invited regulators to adequately support cybersecurity in national regulatory cost recognition practise.
14. The Forum took note of the performed work to define all aspects of quality of supply in a harmonized and coordinated manner, recalling that to achieve and maintain the required level of quality, a corresponding regulatory framework has to be in place. In this context, the Forum encourages ECDSO-E to continue its work towards developing a common position on key aspects of network operation, digitalisation, security and quality.
15. The Forum stresses that cooperation with non-EU countries is important as it allows to make use of generation potential across borders, enhancing security of supply. While participation in market coupling is not possible without implementing EU market and competition rules, the Forum notes that close cooperation is also possible on the basis of trade arrangements outside market coupling. However the

Forum notes that it is likely that imports of non-RES electricity (in particular coal-generated electricity) will see increasing opposition in future.

16. Participants agreed that sharing a certain set of common minimum legal rules also with interconnected non-Energy Community countries would be beneficial. The Forum therefore encouraged the Secretariat to further promote closer cooperation with countries and regions neighbouring the Energy Community, such as Mediterranean countries, Turkey and Azerbaijan.