

Market integration of renewable energy

*Gabriela Cretu
Energy Community Secretariat*

*2nd RE CG meeting
Vienna, 10-11 November 2016*

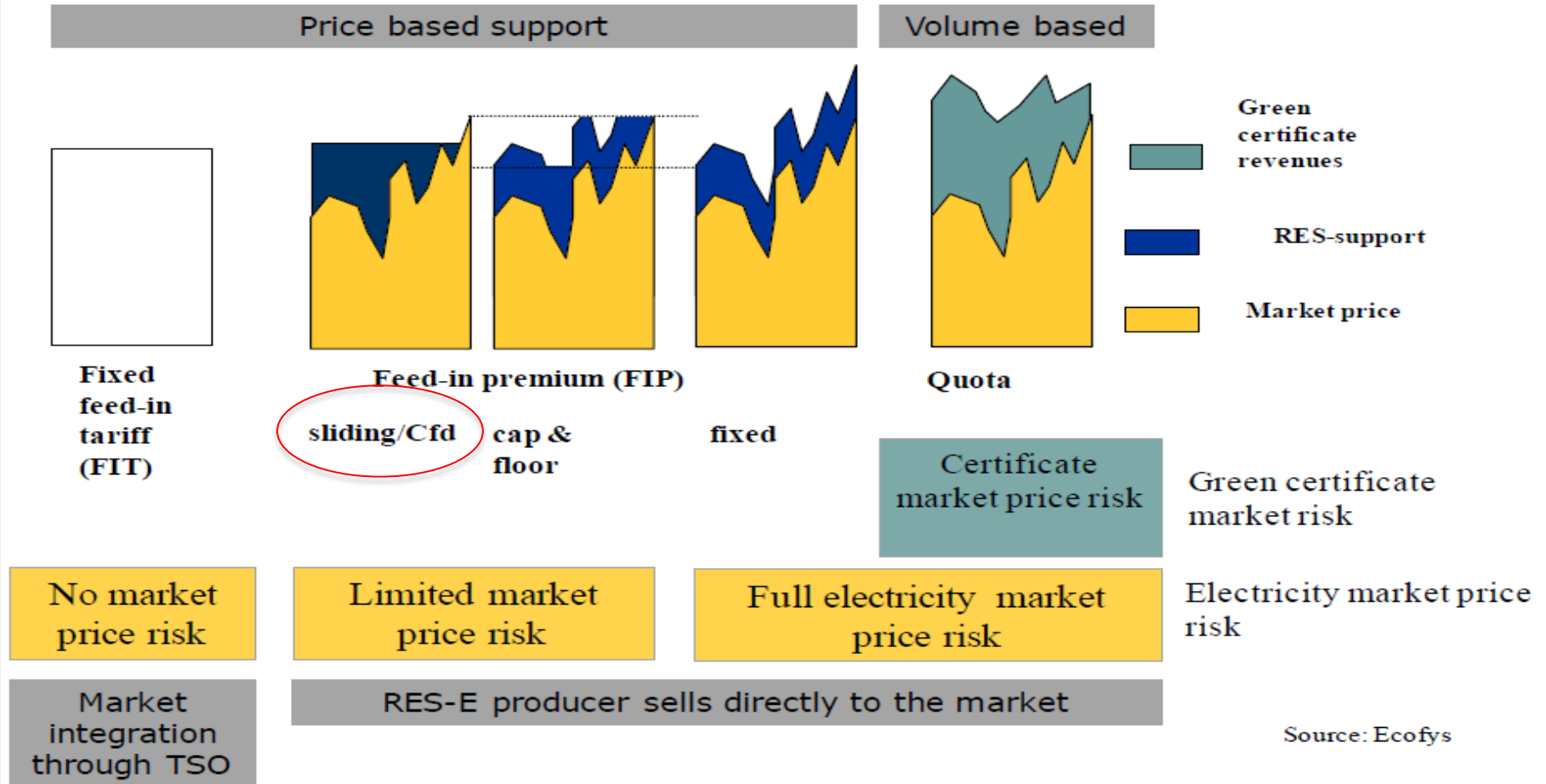
“Adapt markets to renewables and renewables to markets”



“A functioning market with appropriately defined price zones would thus signal where and when electricity should be generated from renewable sources.” (COM(2015)340)

- Investment decision → locations with best resources and low capital costs***
- Increase the market value → balanced spatial and technological RES distribution to match the loads***
- Increase the public acceptance → avoid hot spots and ensure cost-effectiveness***
- When to dispatch → whenever the electricity price is higher than the negative value of premium or green certificates)***

Introduce support scheme based on feed-in premium



Source: Ecofys

Establish a renewable energy operator to manage the support scheme



The counterparty role assigned to a renewable energy operator:

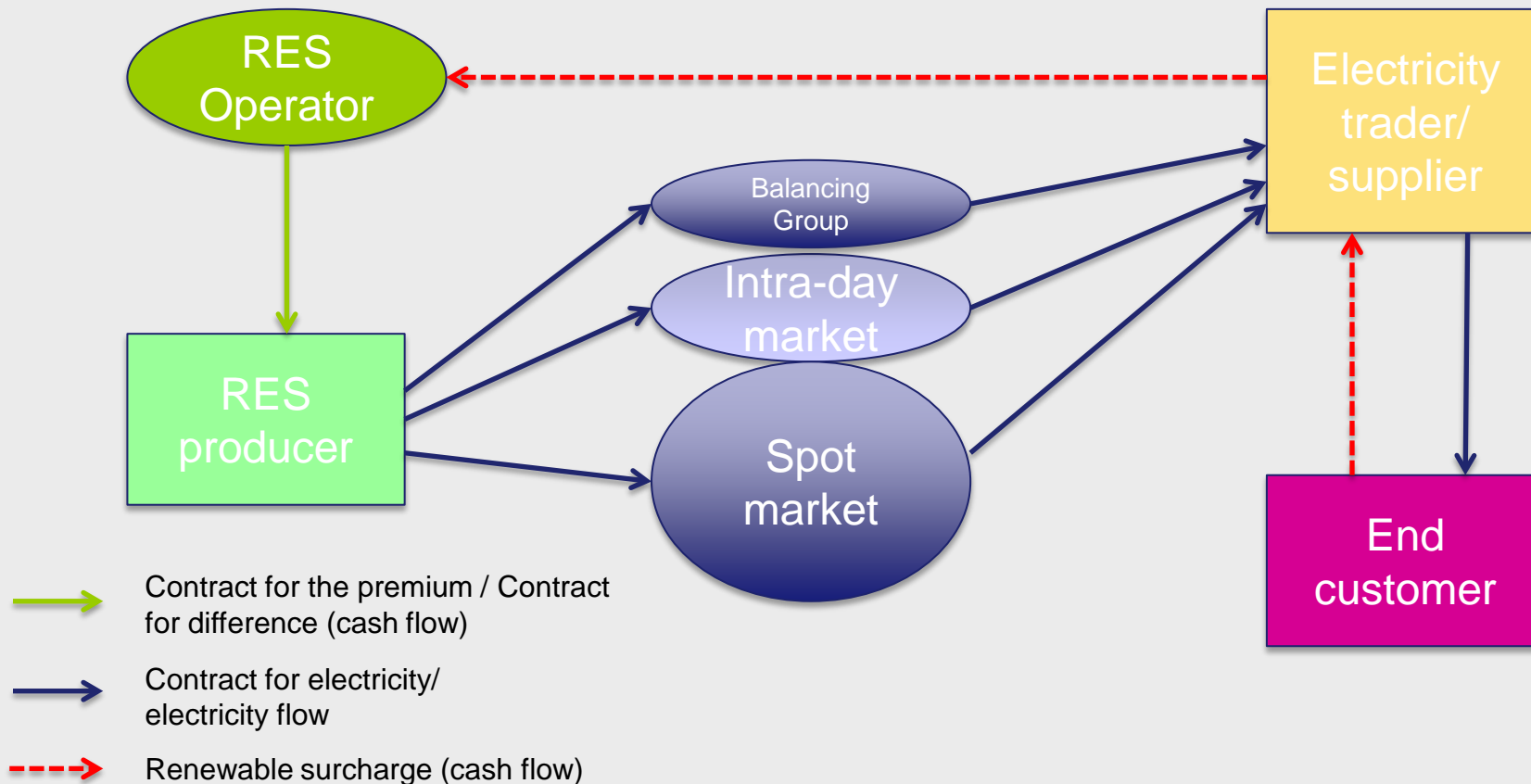
- to legally unbundle it from any other activity performed in the electricity market, or*
- to enforce the ring-fencing of financial management for the support scheme;*
- the cost of capital for renewable energy projects – influenced by the shareholder structure and credit risk of the operator;*
- to introduce an incentive mechanism to keep the variable balancing costs under control, where appropriate.*

Introduce balance responsibility for large renewable energy producers



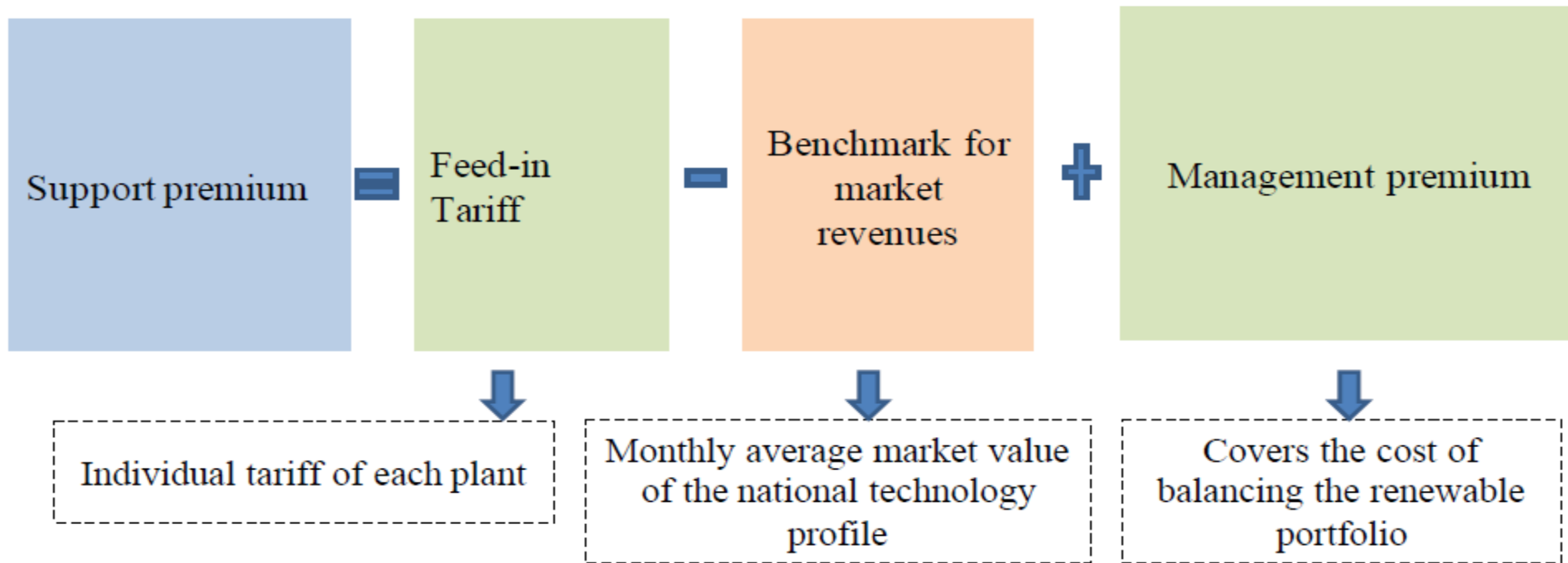
- *Standard, non-discriminatory balance responsibility introduced for medium and large renewable energy producers, unless no liquid intraday markets exist;*
- *Subject to emergence of competitive power and balancing markets in the Contracting Parties that will enable price signals from power and balancing markets to reach producers;*
- *Enabling transition to flexibility and cost-efficiency in use of the resources in a regional energy market;*
- *Gate closures times as closer to real-time and harmonised across borders;*

Market design for feed-in premium



Design of the market premium - Germany

Income = Market revenues + support premium

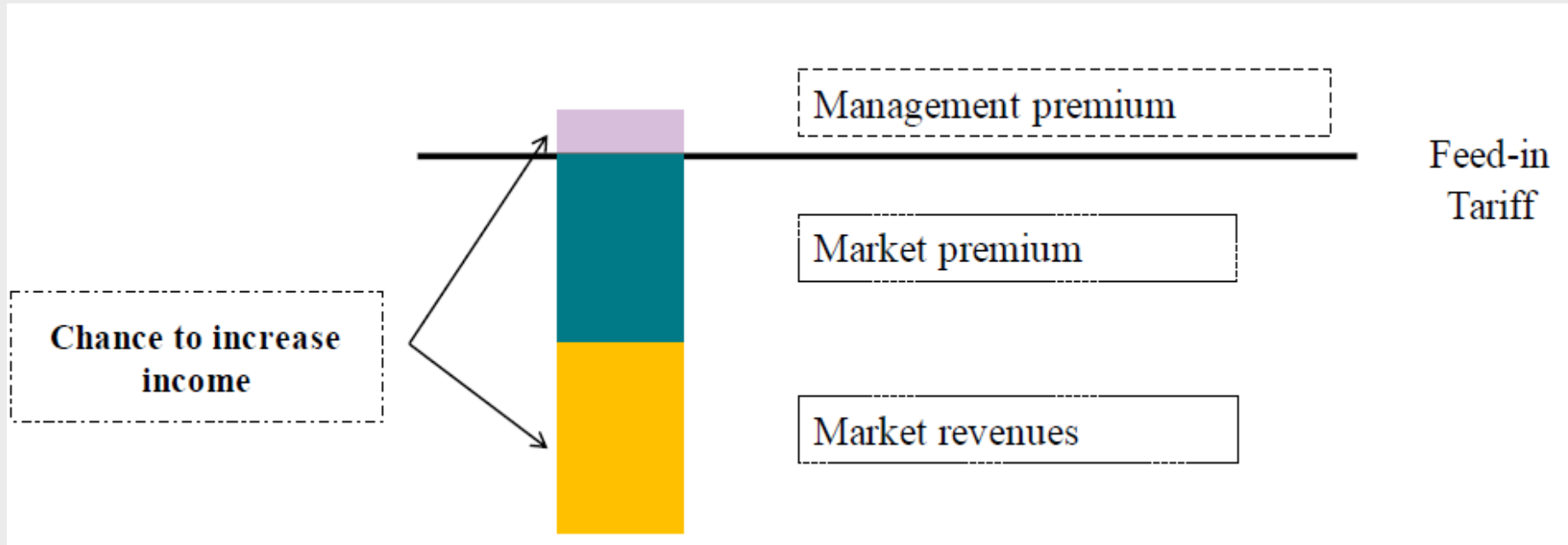


Source: Fraunhofer

Trader's perspective - Germany

Additional revenues possible if:

- spot market income is above the benchmark;
- management cost (balancing, trading) is below the benchmark



Source: Fraunhofer



Thank you!

gabriela.cretu@energy-community.org

www.energy-community.org