



**WB6  
Regional  
Electricity  
Market**

# Market integration in SEE - where do we stand?



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23<sup>rd</sup> Energy Community Electricity Forum

07 June 2018, Athens



## ***WB6 market – a drop in the ocean***

***Multi-Regional Coupling – 19 EU MSs***

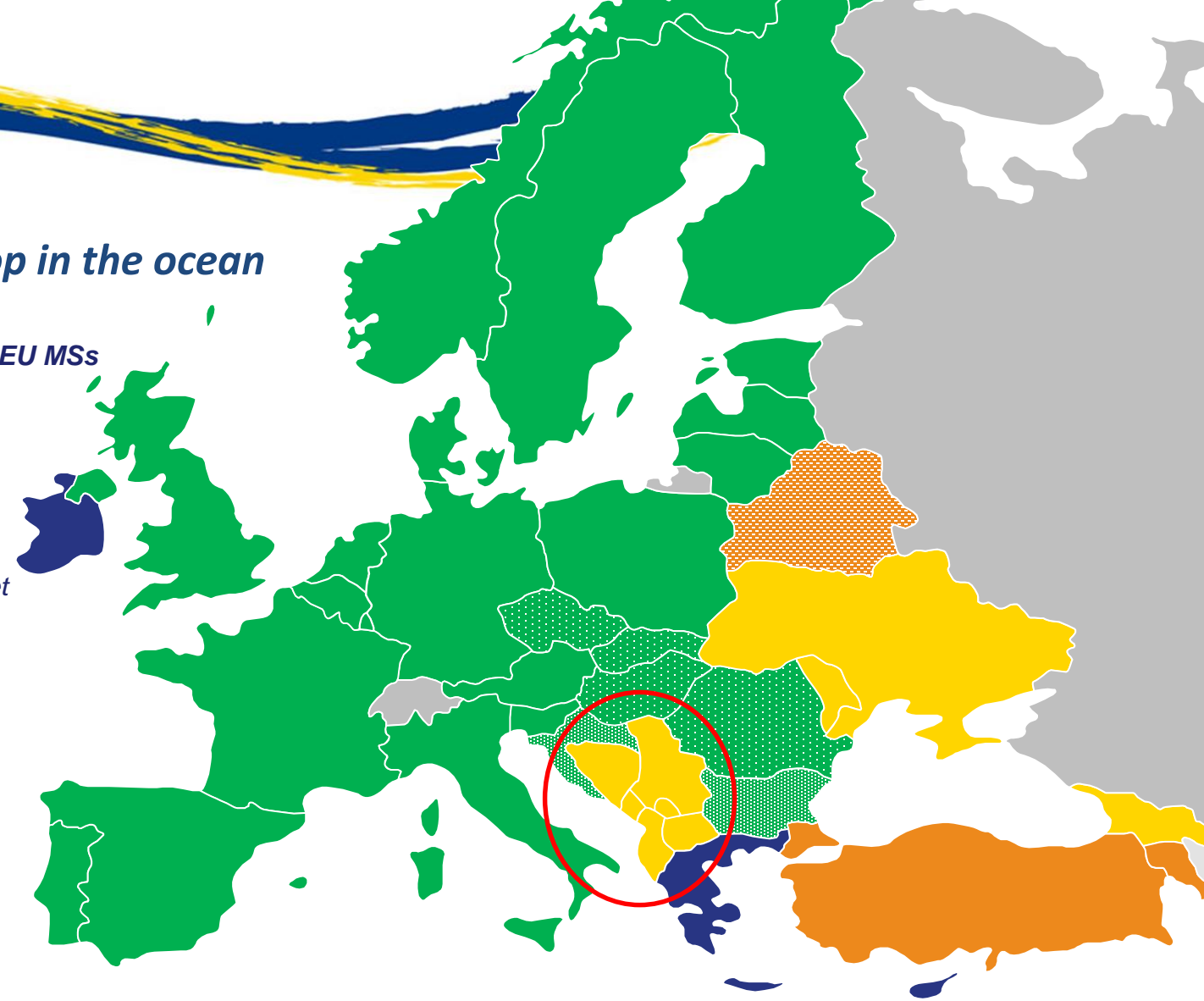
*85% of EU consumption*

***Western Balkan 6***

*2.5% of EU consumption*

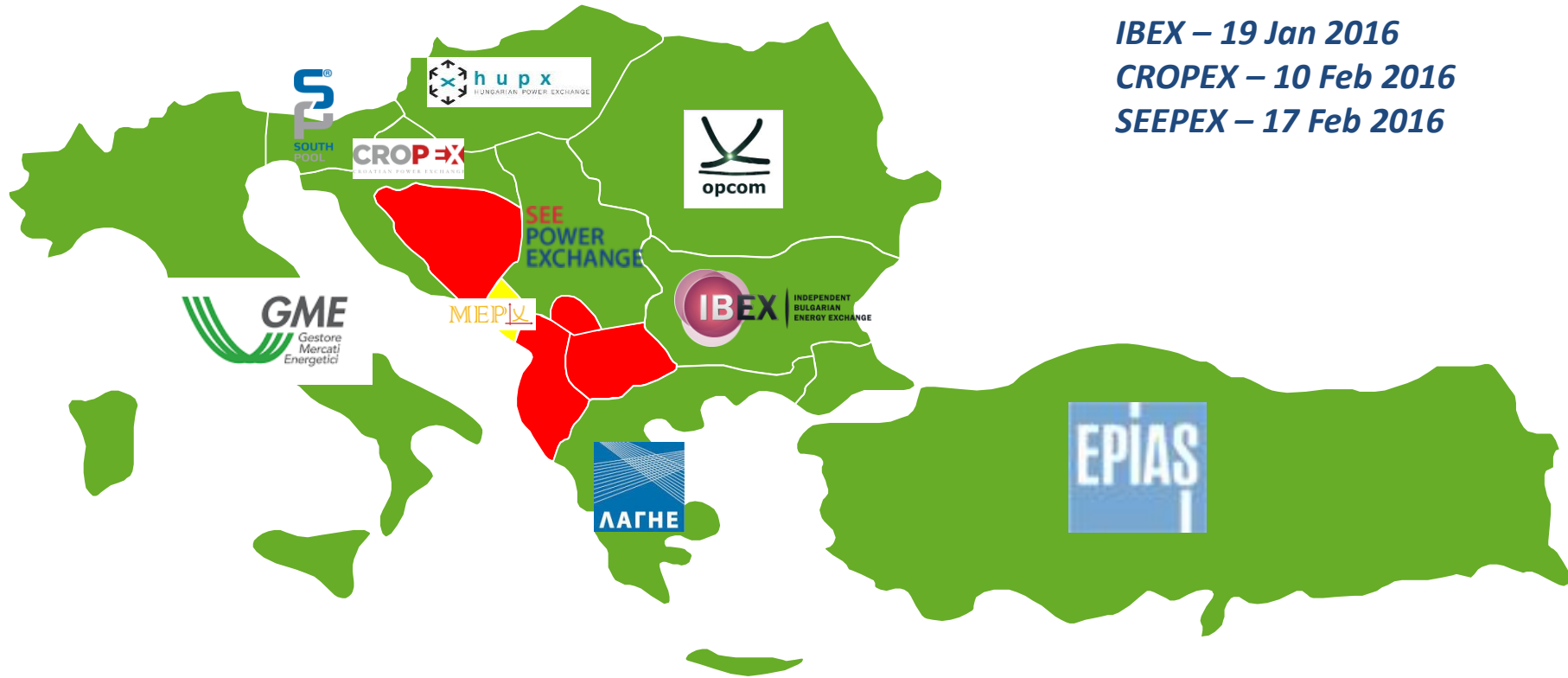
*The smallest WB6 market*

*1 % of EU consumption*





## Day-ahead markets in South-East Europe



### 2016 – PX boom

IBEX – 19 Jan 2016

CROPEX – 10 Feb 2016

SEEPEX – 17 Feb 2016

## *More than two years later...market coupling still to happen*

Croatia - Slovenia



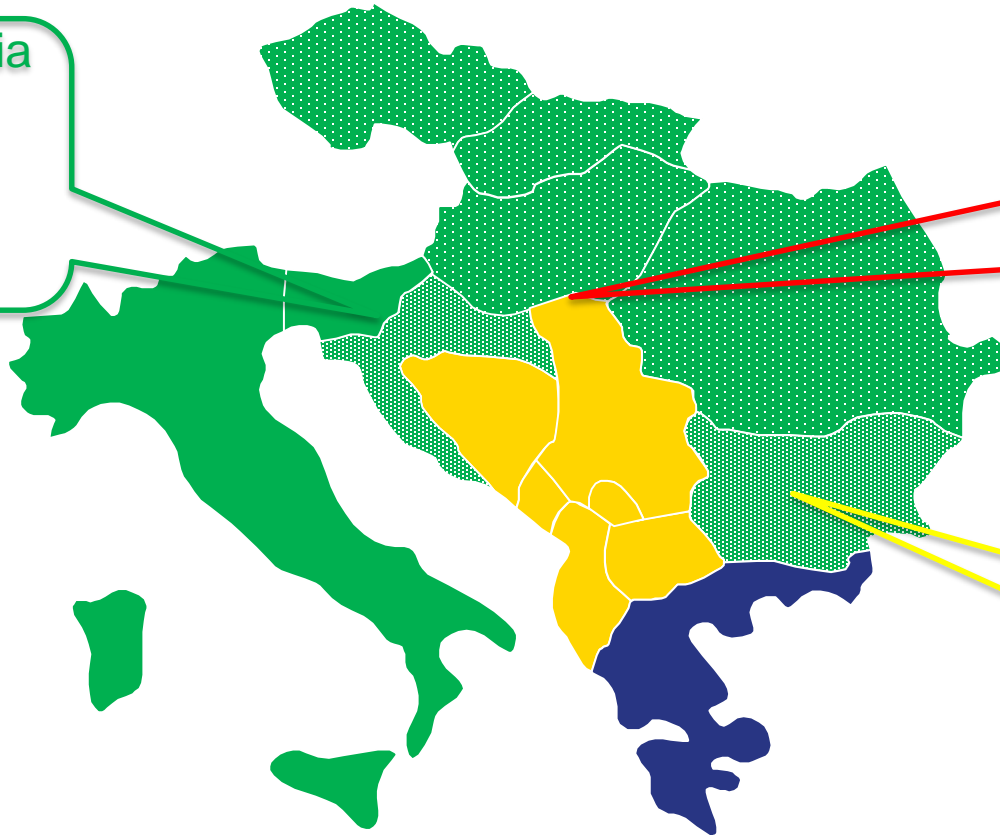
19 June 2018  
MRC MC

Serbia – 4 MMC

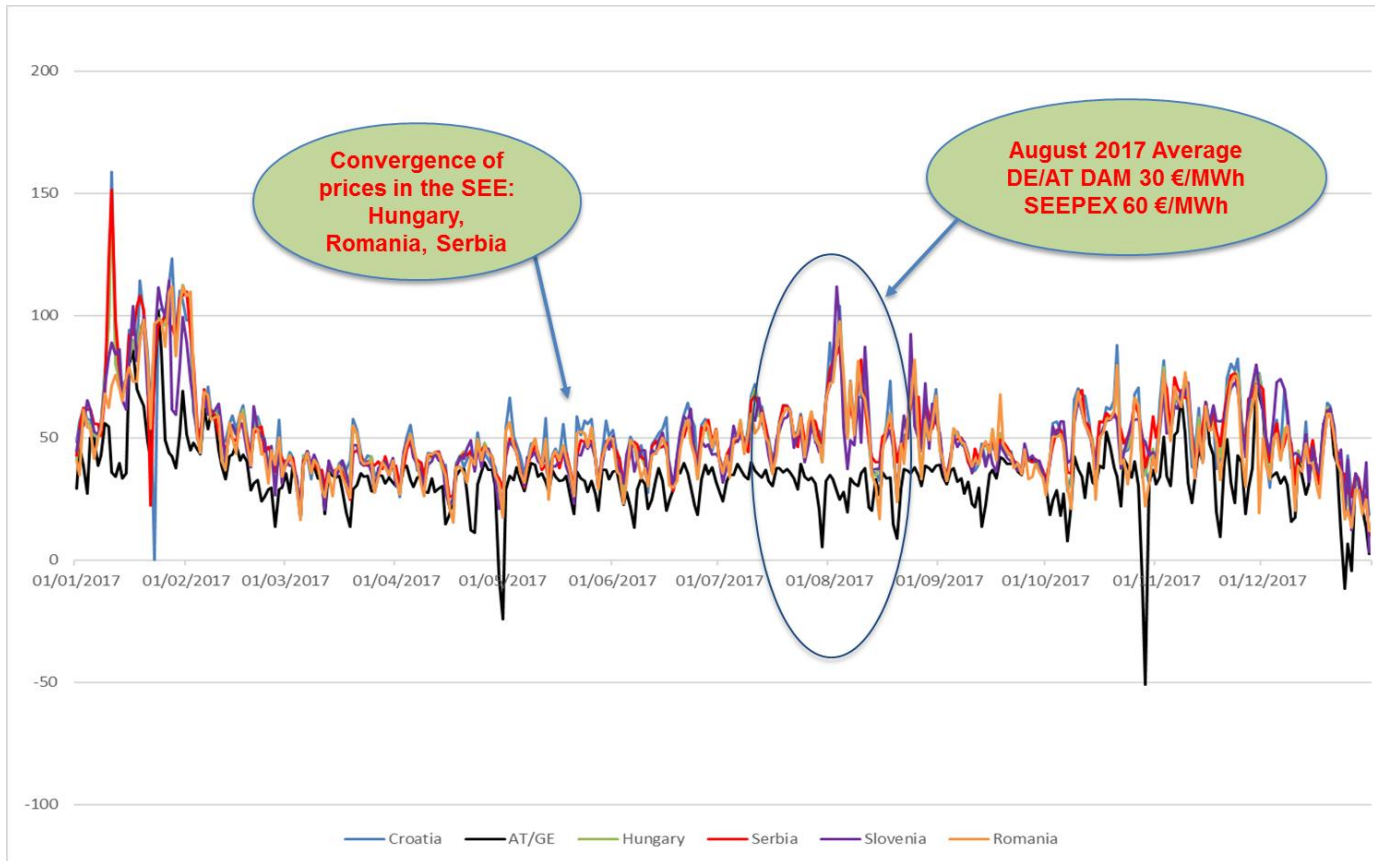


Pending since  
June 2016

Bulgaria  
No concrete  
initiative

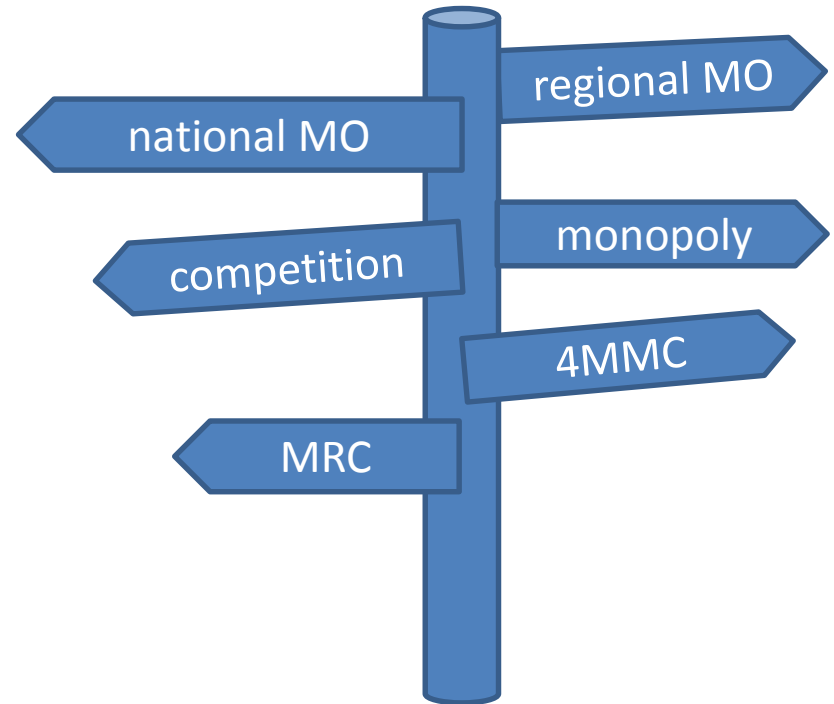


## Day-ahead market price convergence in South-East Europe (2017)



## *Market coupling as a main tool to boost liquidity in WB6 markets*

*But how to get to market coupling?*





## Western Balkans 6 Initiative – a driver of market coupling process

### **WB6 Initiative**

Political  
commitment to  
improve  
connectivity in  
Western Balkans

### **WB6 MoU on regional electricity market development**

WB6 and 15 EU  
MSs signatories

### **Grant Contract EU-ECS**

Financial  
support to  
connectivity  
measures  
EUR 1 mill.

### **Facilitating, monitoring and reporting**

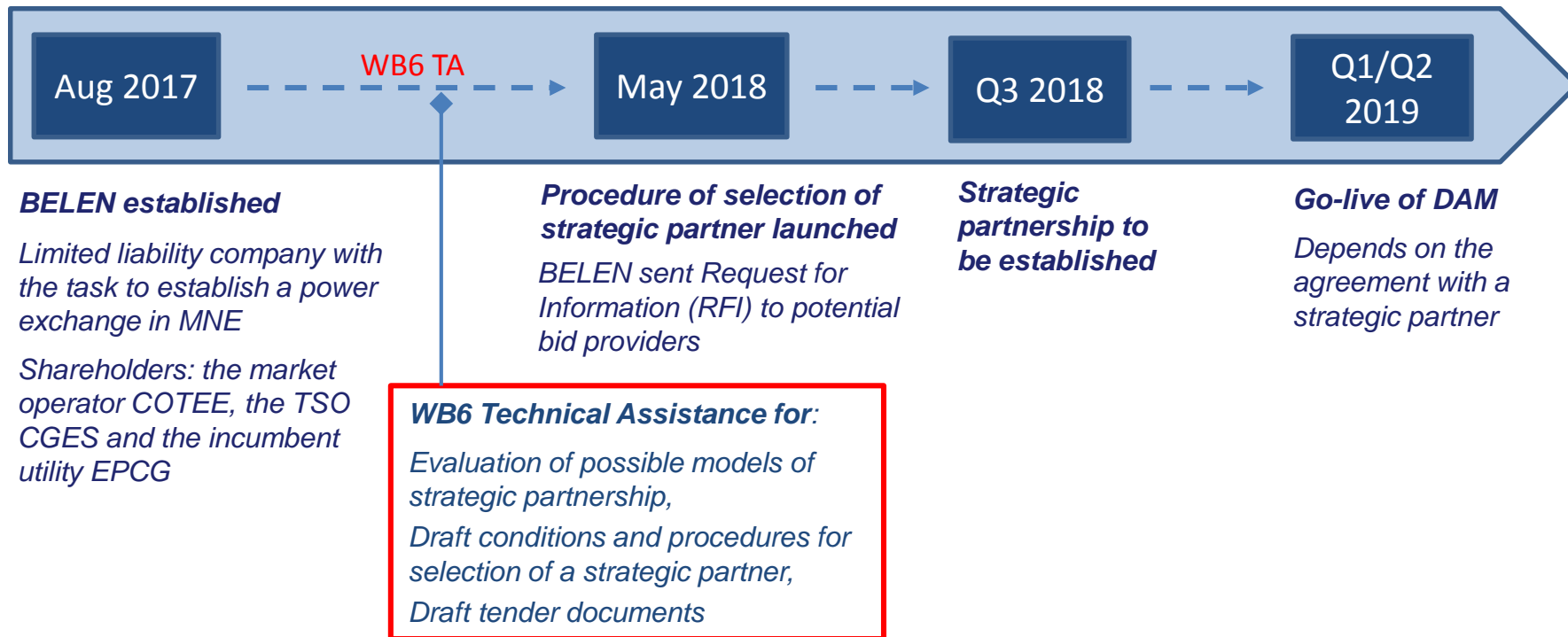
Energy  
Community  
Secretariat





## Establishment of an Organised Day-ahead market in Montenegro

*Reality check: Power exchange company to be operational by 1 October 2016, strategic partnership to be established by 1 November 2016*







# Establishment of an Organised Day-ahead market in Albania

*Reality check: The power exchange was to be fully operational as of 1 January 2018*



*In March, OST invited TSOs of Kosovo\*, FYR of Macedonia and Montenegro to join APEX*



## Establishment of an Organised Day-ahead market in FYR of Macedonia



### **Energy Law adopted**

*Government may decide, upon proposal of the NRA, and after obtaining an opinion of TSO, to appoint MO as an operator of an organised market or to launch a tender*

### **MO to be spun out of TSO**

*The Energy Law defines a deadline of three months upon adoption of the Law*

### **Government decree on organized electricity market**

*The Energy Law defines a deadline of six months upon adoption of the Law*

### **Go-live of DAM**

*\*Based on the action plan proposed by the consultant under the WB6 Technical assistance to the establishment of DAM*

### **WB6 Technical assistance to the establishment of DAM- Recommendations:**

*The PX should be small, with a thin company structure, with domestic institutional ownership without foreign capital interest (at establishment) and with a cost effective service provider*



## Establishment of an Organised Day-ahead market in Bosnia and Herzegovina

**Reality check:** The State Law on Regulator, Transmission and Power Market drafted in 2016, still not adopted

**WB6 Technical assistance to the establishment of DAM finalized – proposed roadmap:**



**WB6 Technical assistance to the establishment of DAM- Recommendations:**

A "light" and inexpensive DAM to be established, with the main functions outsourced (service provider to be selected in a tendering procedure)



## Day-ahead Market Coupling in Western Balkans

***Starting point: WB6 Memorandum of Understanding on regional electricity market development***

*Signed by WB6 ministries, transmission system operators, national regulatory authorities and power exchanges and 15 EU MSs' stakeholders from all neighbouring EU MS.*

*WB6 MoU signatories agreed on a market integration process starting with market coupling of national organised day-ahead markets with at least one neighbouring WB6' or EU MSs' market by July 2018*

*WB6 DA MI PSC adopted WB6 Day-ahead Market Integration Program Road Map, which identifies regional projects which will lead to the coupling of national organized day-ahead markets between WB6 and with EU MSs by July 2018:*

***Identified regional projects:***

- 1. Albania-Kosovo\* Market Coupling Project*
- 2. Montenegro-Serbia Market Coupling Project*
- 3. Serbia-4MMC Market Coupling Project*
- 4. Albania – Italy – Montenegro – Serbia (AIMS) Market Coupling Project*
- 5. FYR of Macedonia -Bulgaria Market Coupling Project*
- 6. Bosnia and Herzegovina Market Coupling with Croatia, Serbia and Montenegro*
- 7. Albania – Greece Market Coupling*



**WB6 Day-ahead Market  
Integration Programme Steering  
Committee Market Coupling  
Roadmap**

**Montenegro-  
Serbia**

**Serbia – 4 MMC**

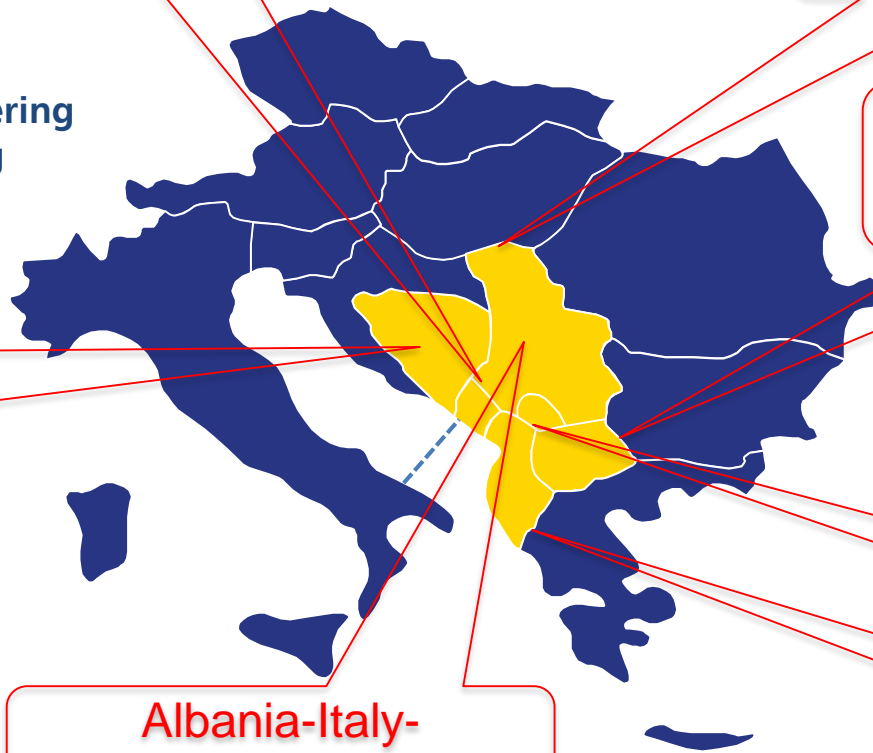
**FYR of Macedonia-  
Bulgaria**

**Bosnia and  
Herzegovina with  
HR, MN and RS**

**Albania – Kosovo\***

**Albania-Italy-  
Montenegro-Serbia**

**Albania - Greece**





## Bulgaria – FYR of Macedonia market coupling project



- ✓ **Project kicked-off as part of WB6 MoU implementation**
- ✓ **Identified as a MC project** under the WB6 Day-ahead Market Integration Program
- ✓ WB6 TA provided for the implementation of the project
- ✓ **Objective:** market coupling between Bulgaria and Macedonia
- ✓ **Flagship project** for market coupling between a EU and non EU country in general





## Bulgaria – FYR of Macedonia market coupling - Deliverables

### 2 MoUs signed:

- ✓ *MoU between stakeholders (TSOs, PXs and NRAs)*
- ✓ *MoU between Ministries*
- ✓ *The draft MoUs were developed based on MoUs used in the European coupling initiatives (CWE, CEE, 3/4MMC)*



### The MoUs:

- *Specify the targets for implementation, namely, ATC-based day-ahead electricity market coupling, with the aim to create added value for both countries' economies, and increase market efficiency*
- *Set concrete timelines for implementation*
- *Establish a project with a single governance structure*





## Bulgaria – FYR of Macedonia market coupling project

### *MoU between Ministries*

- ✓ Provides **political support** to the market coupling between Bulgaria and Macedonia
- ✓ **Emphasis on:**
  - creating a legal and regulatory framework that will allow for market coupling between Bulgaria and Macedonia
  - bridging EU-EnC gap in market coupling by linking EU MS and EnC CP
  - joining the IEM and with it, create new business opportunities
  - Important references to CACM Guideline (principles), MRC (target), implementing entities' MoU
- ✓ **Commitment to:**
  - couple day-ahead electricity markets of the Parties until Q2 2019
  - go-live of the day-ahead market in Macedonia is a prerequisite.





## **Bulgaria – FYR of Macedonia market coupling project**

### ***MoU between stakeholders (TSOs, PXs, NRAs)***

***Signatories: TSO, PX and NRA of Bulgaria and TSO and NRA of Macedonia***

### ***Aim:***

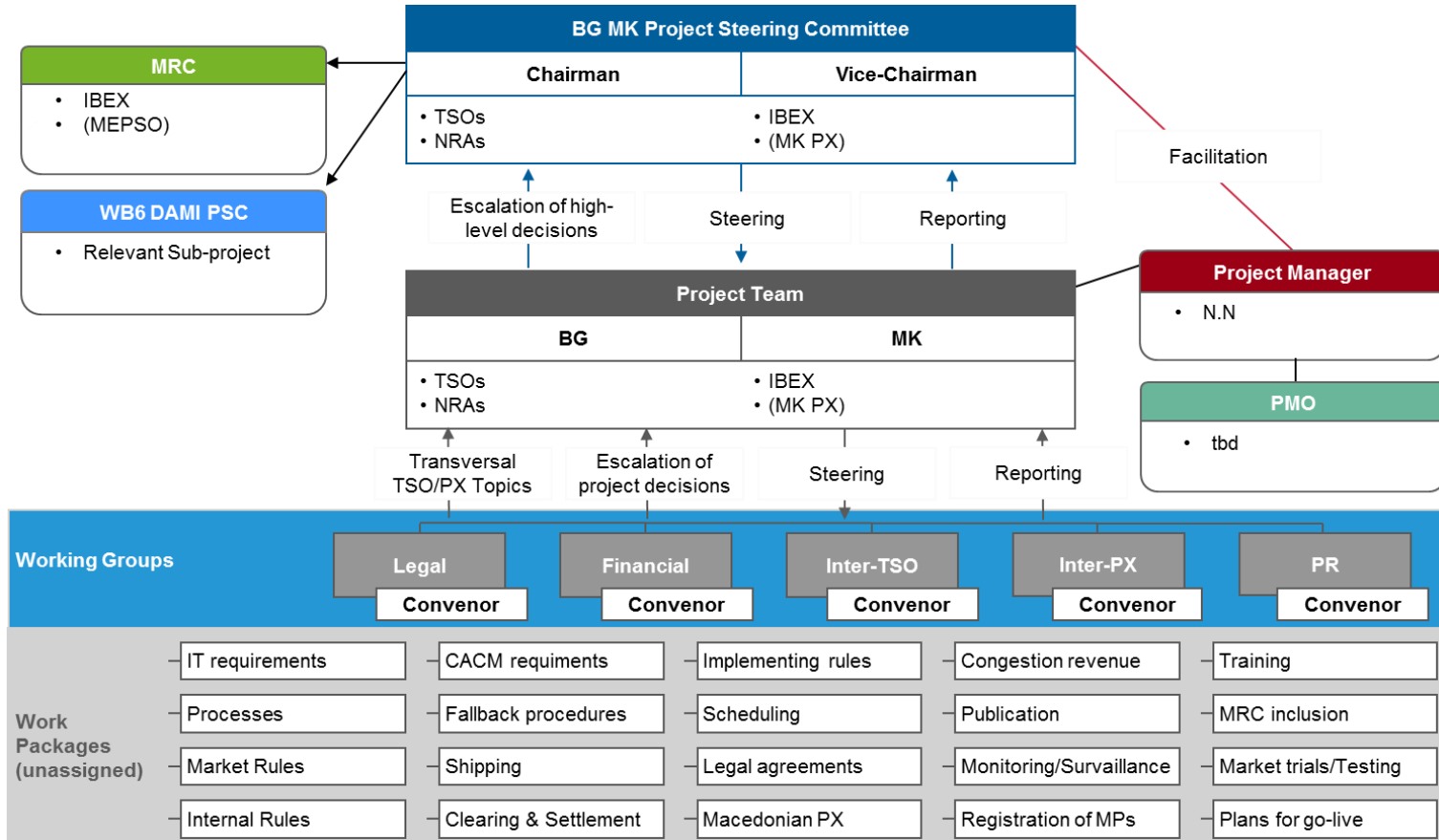
- *to couple Macedonian and Bulgarian day-ahead electricity market in an efficient and cost effective manner (The Parties have agreed to establish a project for the implementation of the goal of this MoU).*
- *to enhance the market integration in the SEE and WB6 region and to proactively apply market coupling.*

### ***Organisation of cooperation:***

- *group of high level representatives, equipped with certain delegated decision- making powers, of TSOs, NRAs and PXs (Project Steering Committee, PSC) go-live of the day-ahead market in Macedonia is a prerequisite.*
- *Project Team consisting of representatives of the TSOs, NRAs and PXs; its activities will be defined in separate “Terms of Reference” (ToR)*
- *relevant Working Groups for specific areas like technical, commercial, legal, regulatory and operational matters, based on needs defined by the Project Team.*



## Bulgaria – FYR of Macedonia market coupling project - Governance





## Bulgaria – FYR of Macedonia market coupling project - Timeline





## Albania – Kosovo\* market coupling project - ongoing

- ✓ *MoU on cooperating on the establishment and operation of APEX was signed between the Albanian and Kosovo\* Ministries responsible for energy in November 2017*
- ✓ *MoU on day-ahead market coupling between TSOs and NRAs drafted and expected to be signed; MoU envisages **market coupling to be finalized by the end of June 2019***
- ✓ *Gap analysis ongoing with the aim to identify:*
  - *gaps in Market Rules, technical rules, market participation agreements, regulatory approaches to PX operation and the organised market*
  - *what is to be introduced into KS regulatory landscape in order to reach a sufficient level of harmonisation*
  - *best approach in aligning the legal and regulatory framework of AL and KS, including how the adoption of the necessary acts and provision could be done by ERO*



## Bosnia and Herzegovina – Croatia market coupling project in the pipeline

- ✓ *Part of the project for MC of Bosnia and Herzegovina with HR, MN and RS as identified by WB6 DA MI roadmap*
- ✓ *CROPEX expressed its interest in receiving technical assistance for implementation of day-ahead market coupling between Croatia and Bosnia and Herzegovina in February 2018*
- ✓ *Service specification drafted by the consultant and submitted to the Ministry in charge of energy in BiH*
- ✓ *BiH is still considering the initiative of CROPEX*





## Albania – Greece market coupling project in the pipeline

- ✓ *No activities on AL-GR Market coupling project were launched*
- ✓ *Greece is currently finalising national electricity market reform*
- ✓ *A new company Hellenic Energy Exchange (to be owned by Hellenic Stock Exchange, ADMIE, LAGIE and other shareholders) will operate electricity day-ahead market*
- ✓ *market coupling with neighbouring countries will require full implementation of the new law adopted in the beginning of 2018*
- ✓ *Greece is considering market coupling with Italy, Bulgaria and FYR of Macedonia*

## Montenegro – Serbia market coupling project in the pipeline

- ✓ *No concrete activities on ME-RS market coupling project were reported*
- ✓ *The project launch will probably depend on the selection of strategic partner in Montenegro*







## Conclusion

A long road to market coupling, but





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**Thank you**



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