



European  
Commission



# Towards a Regional Electricity Market

Integrating the EU-EnC markets  
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## WHY INTEGRATE & UPGRADE OUR MARKET DESIGN?

THE ENERGY SYSTEM OF TOMORROW WILL LOOK VERY DIFFERENT

2030

50% of electricity to come from renewables



2050

Electricity completely carbon free



Ambitious **energy and climate commitments**

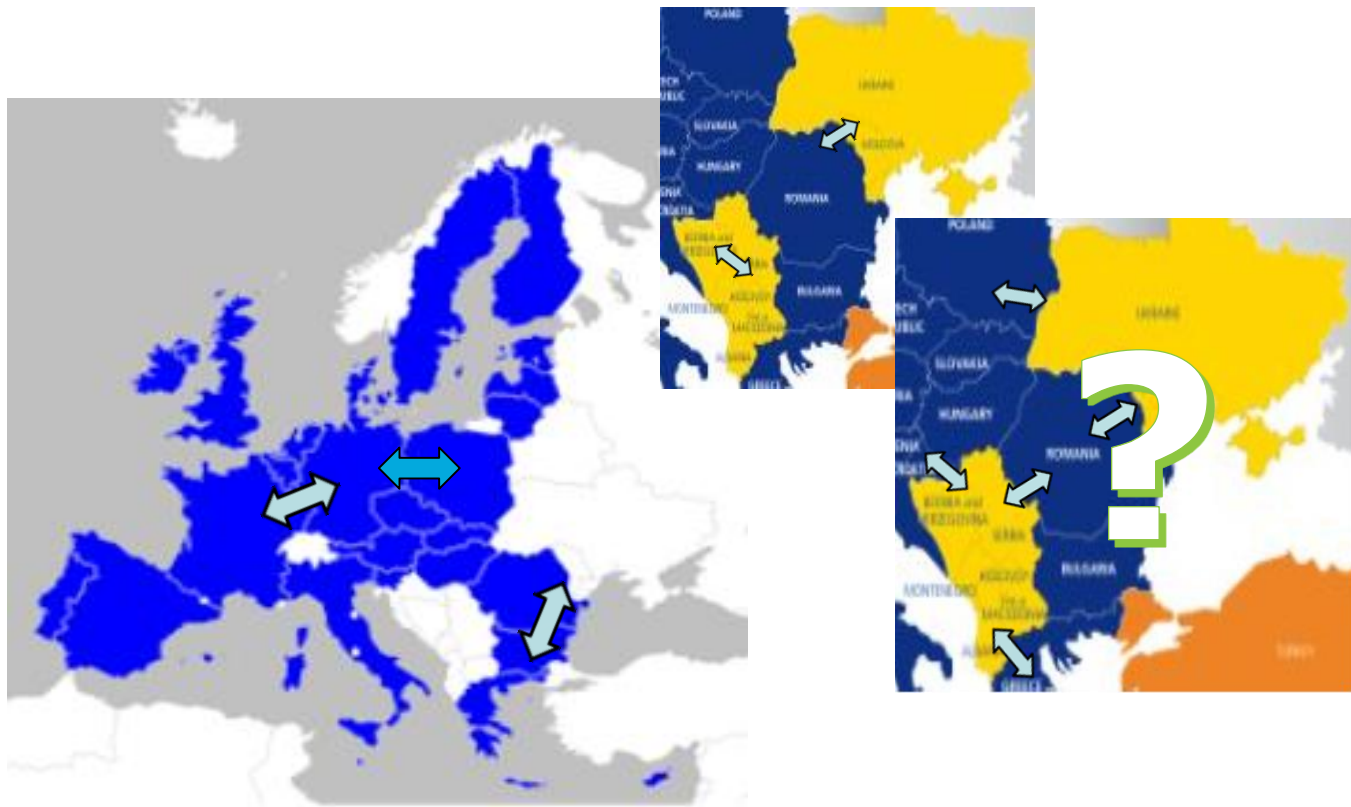


Unique opportunity to **modernise our economy** and **decarbonise our electricity system**

A fully integrated IEM will help to decarbonise our electricity sector at least cost while safeguarding security of supply

# CURRENT STATUS

## LEGAL AND TECHNICAL BARRIERS TO THE IMPLEMENTATION OF EU LEGISLATION

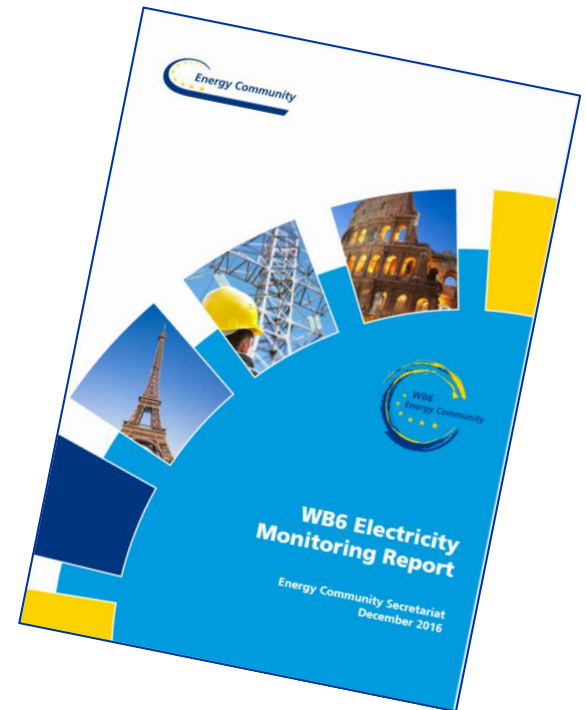


# WHAT'S THE SOLUTION?

EARLY IMPLEMENTATION > FULL MARKET INTEGRATION

## Coordinating and implementing reform measures for WB6 MoU covering:

- Establishment of Power Exchanges
- Development of trading/market coupling initiatives with EU & Energy Community neighbours under 'SEE Coupling initiative'
- Participation in coordination efforts to implement the EU regulatory framework on CACM and other trading initiatives
- Efforts to improve and measure market liquidity



## LEGAL HURDLES

### THE THIRD PACKAGE INTRODUCES NEW INSTITUTIONAL ARCHITECTURE



### ... & new legal instruments for the electricity sector:



#### Network Codes & Guidelines

Both are Commission Regulations and legally binding – roles for EntsoE & ACER in their development and monitoring

Different approach for implementation:

- Network codes implemented directly at national level (e.g., Requirements for Generators)
- Guidelines require regional rules: NRAs to approve methods proposed by TSOs and/or NEMOs. Joint decision-making & arbitration role for ACER.

## WHAT'S THE SOLUTION?

### EARLY IMPLEMENTATION > FULL MARKET INTEGRATION

Regional decisions (methodologies in Guidelines) require a mutually binding technical and legal regional framework

European Commission has been working on tackling 2 key obstacles:

- ✓ Role of ACER:
  - Art 43 of the recast Regulation gives an arbitration power to ACER where it is mandated by the CPs. This is a solution tailored to address EnC-EU issues.
- ✓ Reciprocity:
  - COM now has a mandate from Council to negotiate certain changes to the EnC Treaty to enable mutual obligations

## NEXT STEPS & TIMING

### EARLY IMPLEMENTATION > FULL MARKET INTEGRATION

Implementation of CACM in EU & Energy Community

Finalisation of Legal Framework for resolving issues on EU-EnC borders:

- Participation in ACER as observer
- Role for ACER where mandated by Contracting Parties
- EnC Treaty changes to enable mutual rights and obligations
  - expected to be completed by end 2019!

Pilot market coupling projects could go live in 2020!

## POST 2020...

### EARLY IMPLEMENTATION > FULL MARKET INTEGRATION

Longer-term vision of complete integration of EnC in EU market coupling

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





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# THANK YOU!

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