

THE ENERGY COMMUNITY

Electricity Market and Decarbonisation update

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Key priorities - integration

- Integration 1 - sewing markets
- Integration 2 – decarbonisation can be a market distortion
- Integration 3 – institutional adaptation

Integration 1 - sewing the markets

☀ Day-ahead and intraday market development

- Only Serbia and Ukraine

☀ Balancing market development

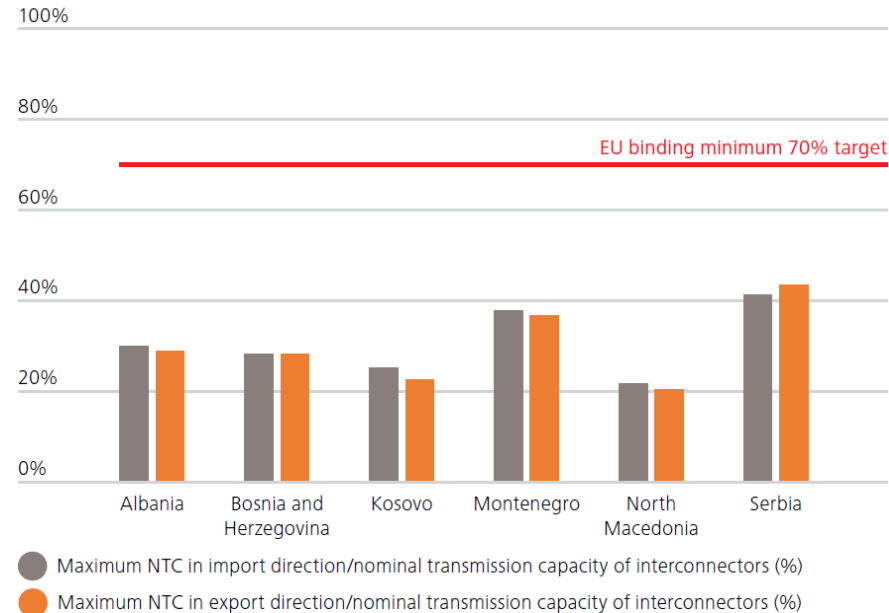
- Balancing markets operational in all Contracting Parties, except in Georgia and Moldova
- Balancing capacity regulation and restrictive price caps still present in some Contracting Parties

☀ REMIT transposed and implemented only in 3 Contracting Parties

☀ Cross-border capacities remain largely underutilized

Adoption of CEP Electricity Directive and Regulation and electricity guidelines a pre-condition for upholding market integration with EU Member States – target MC 2021

Maximum usage of interconnectors

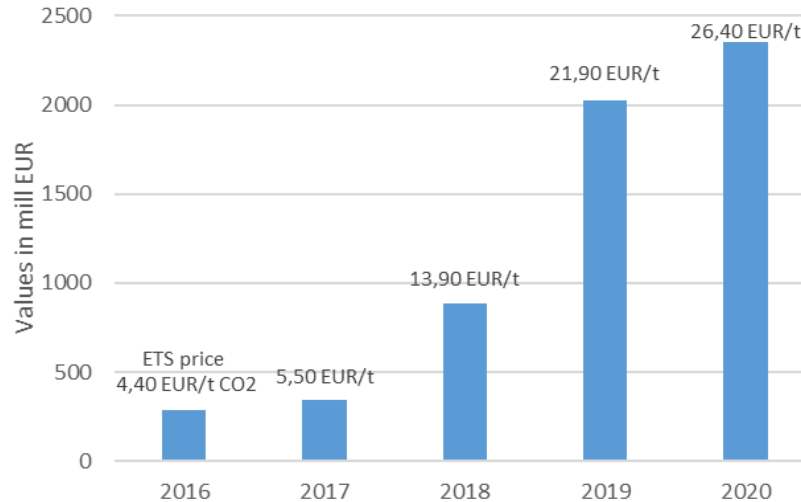


Source: Ten Year Network Development Plan 2020: Regional investment plan Continental South East, updated by KOSTT, OST, EMS and NOS BIH in December 2020/January 2021

Source: WB6 Energy Transition Tracker Feb 2021

Decarbonisation as market distortion

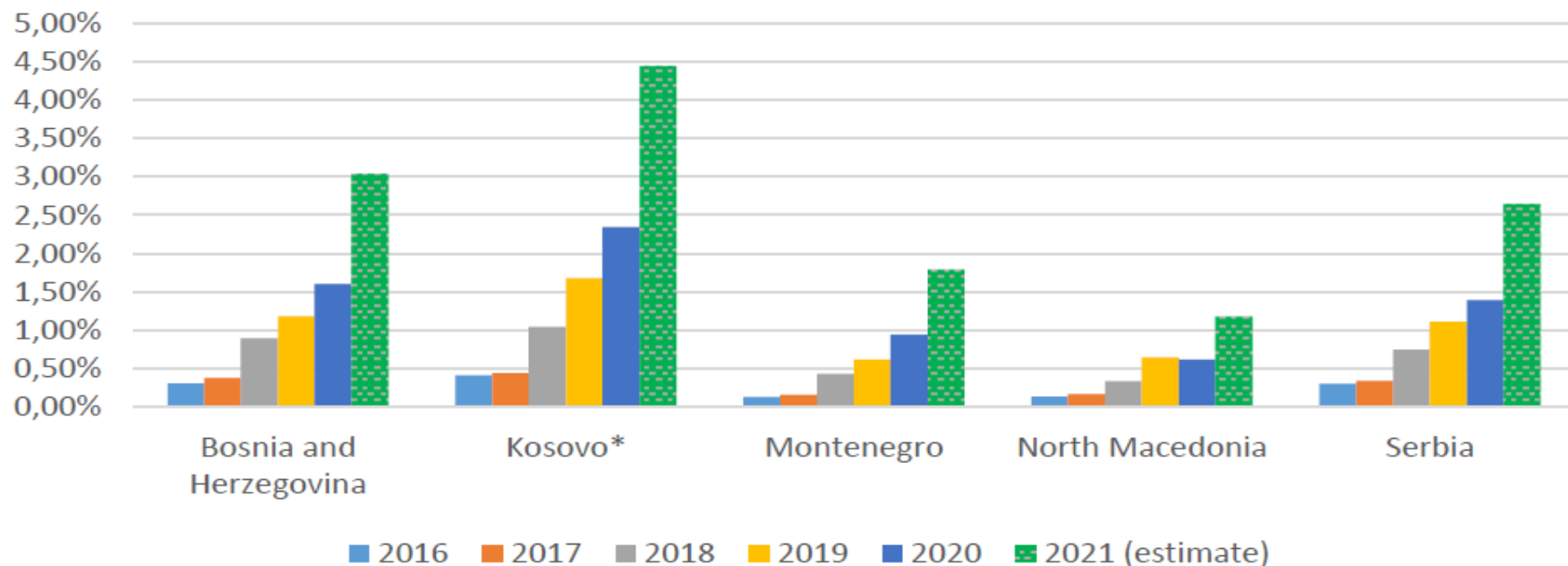
Avoided costs of CO₂ emissions
(at EU ETS price)



+

Non instalment of
filters to align with
Large
Combustion
Plants Directive

Avoided costs of CO₂ emissions from fossil-fuel fired TPPs (at price of allowance in EU ETS) as % of GDP



Integration 2

- Share of coal-based capacities is decreasing due to the increased share of RES capacities 7GW from 2016-2020
- Share of coal-based production remains constant due to the lack of carbon pricing
 - Carbon pricing applied only in Montenegro cap and trade with minimum price of 24 EUR/t CO₂ eq and Ukraine carbon tax of 0.34 €/tCO₂
- **Roadmap**
 - **End 2021- adoption of Governance Regulation, RED II and EE Directive**
 - **Post-2021 – Introduction of carbon pricing**
 - **by end 2022- Adoption of MRR Regulation, AVR Regulation and Accreditation Regulation**

Integration 3 – institutional adaptation

- Reform of the **Energy Community Treaty** – target MC 2021
 - reciprocity clause
 - penalty fees

Role of ACER

Updating the Energy Community acquis following the “Fit for 55” Package



THANK YOU
FOR YOUR ATTENTION

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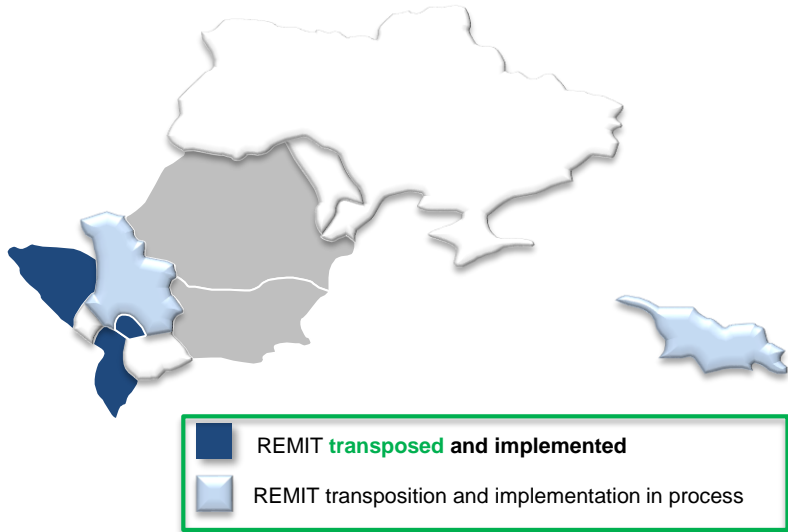
 [/company/energy-community](https://www.linkedin.com/company/energy-community)

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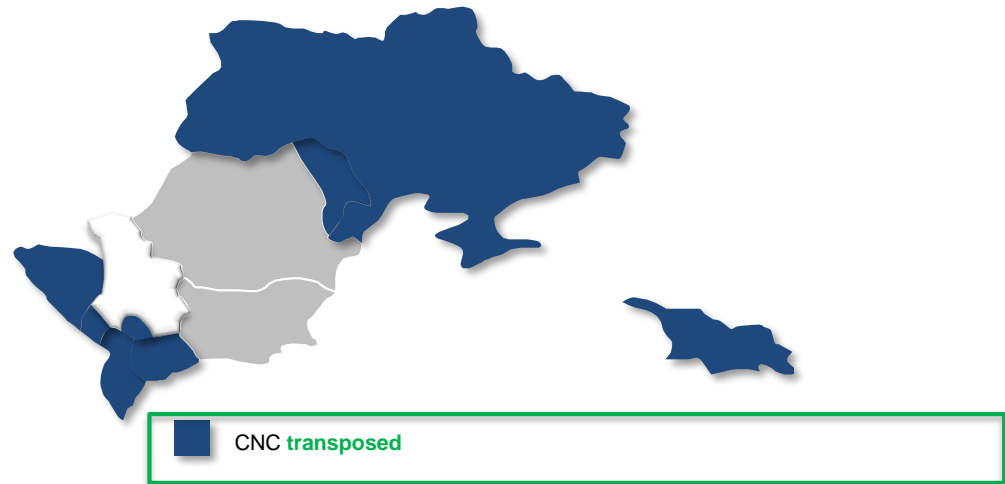
 [/EnergyCommunityTV](https://www.youtube.com/EnergyCommunityTV)

REMIT and Electricity Connection Codes

REMIT _{light}



Electricity Connection Codes [CNC]



- Transposition deadline: 29.11. 2019
- Implementation deadline: 29.05.2020
- Infringement cases opened: against ME, UA

- Transposition deadline: 12.07.2018
- Implementation deadline: 12.07.2021
- Implementation monitoring
 - Study on non-exhaustive parameters finalized
 - 1st ECRB report end 2021 – ACER best practise used
 - ECS cooperation with ENTSO-E