



Day-ahead markets in WB6 - where do we stand?

WB6-MRC Meeting, 27 November 2018



WB6 market

Multi-Regional Coupling – 19 EU MSs

85% of EU consumption

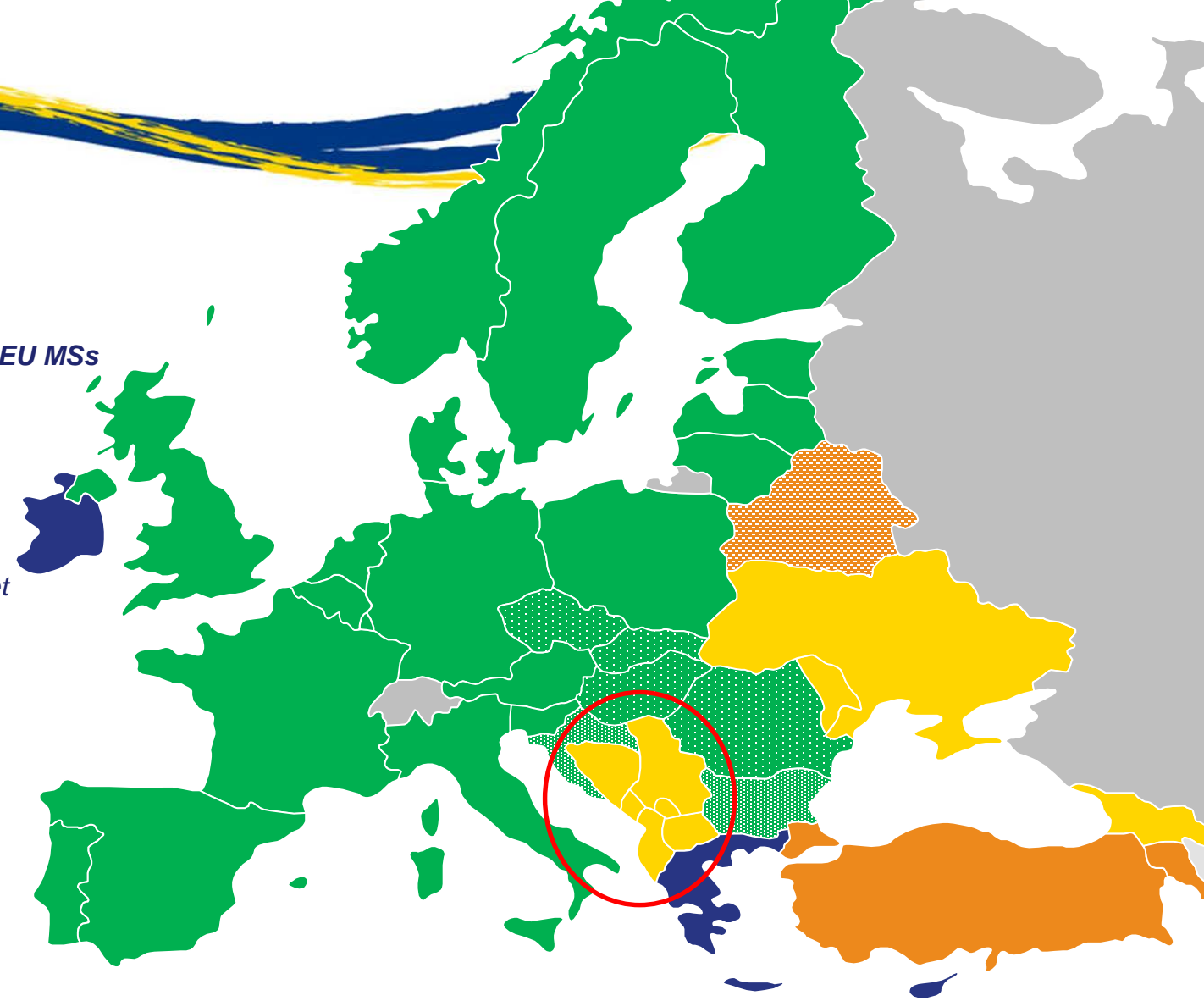
Western Balkan 6

2.5% of EU consumption

The smallest WB6 market

Montenegro with

1 % of EU consumption

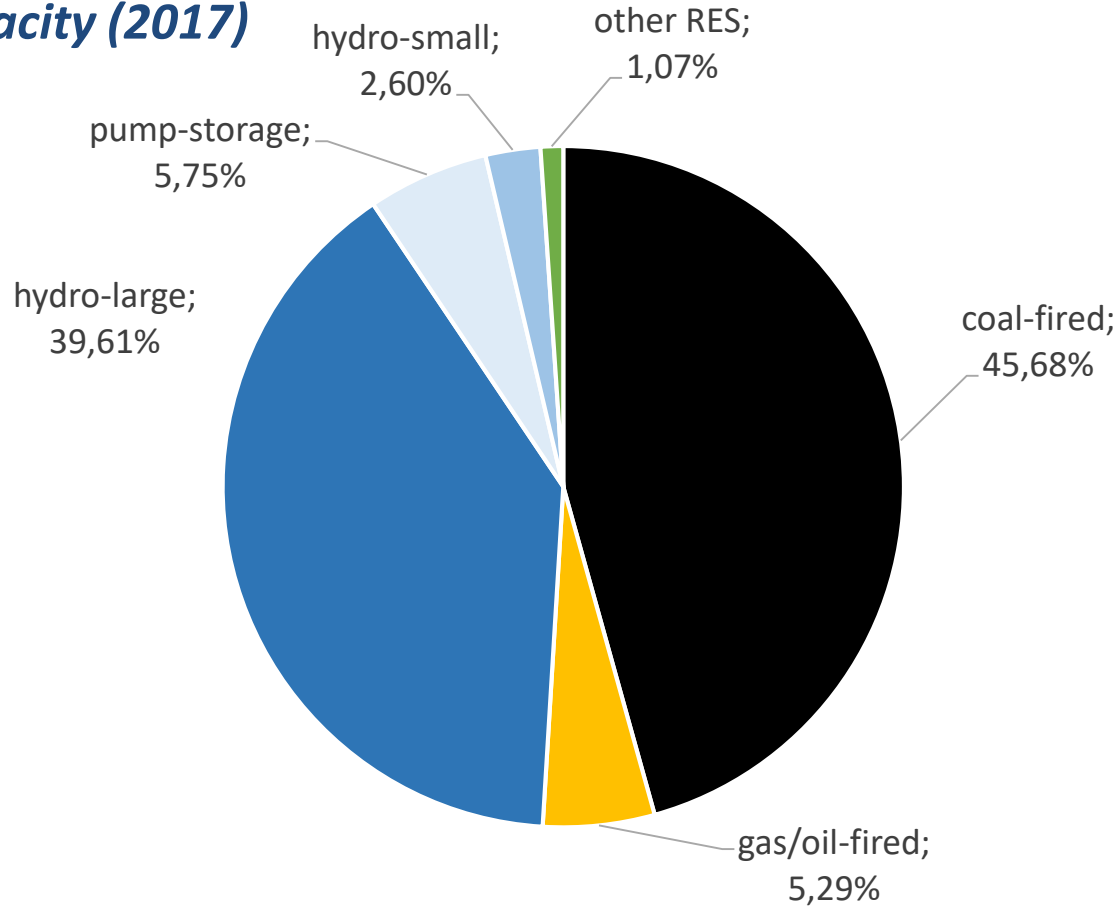


WB6 Installed production capacity (2017)

➤ Generation fleet (18 GW):

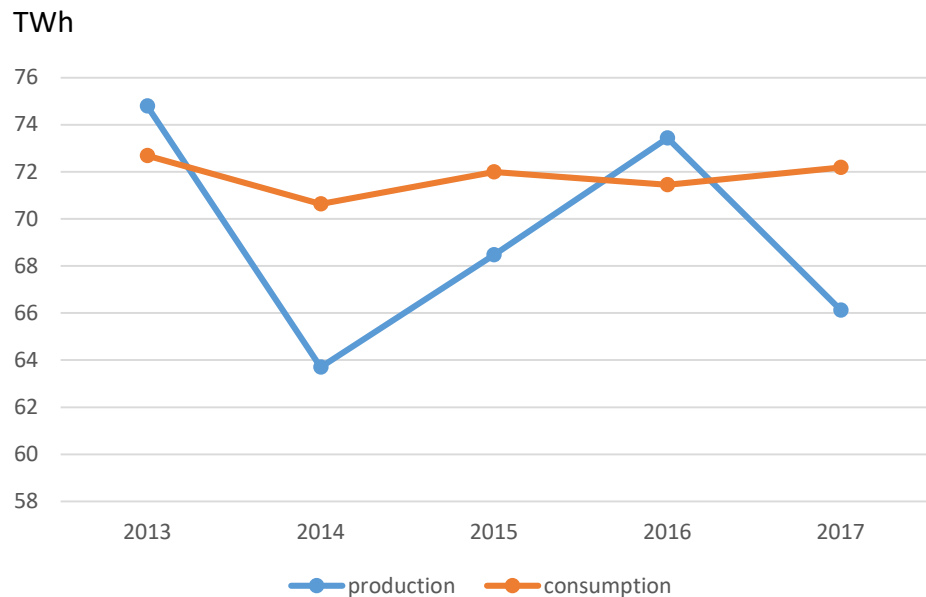
- ✓ Dominated by thermal coal-fired and large hydro generators
- ✓ Huge investments needed in large combustion plants in order to comply with environmental standards
- ✓ Part of large combustion capacities is opted-out (applicable as of 1 January 2018):
 - BA, ME, RS

➤ Penetration of producers from RES (excl. large hydro) still very modest (3.7%)

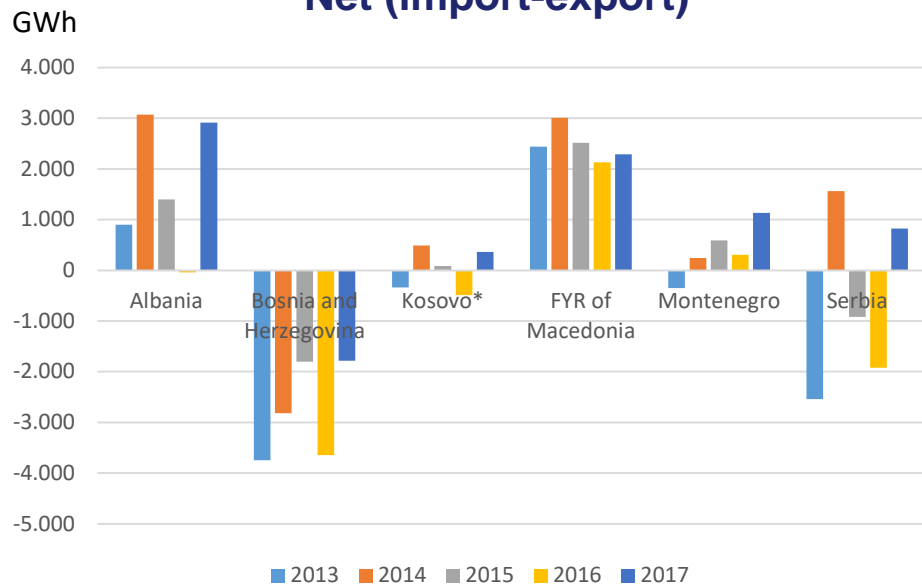




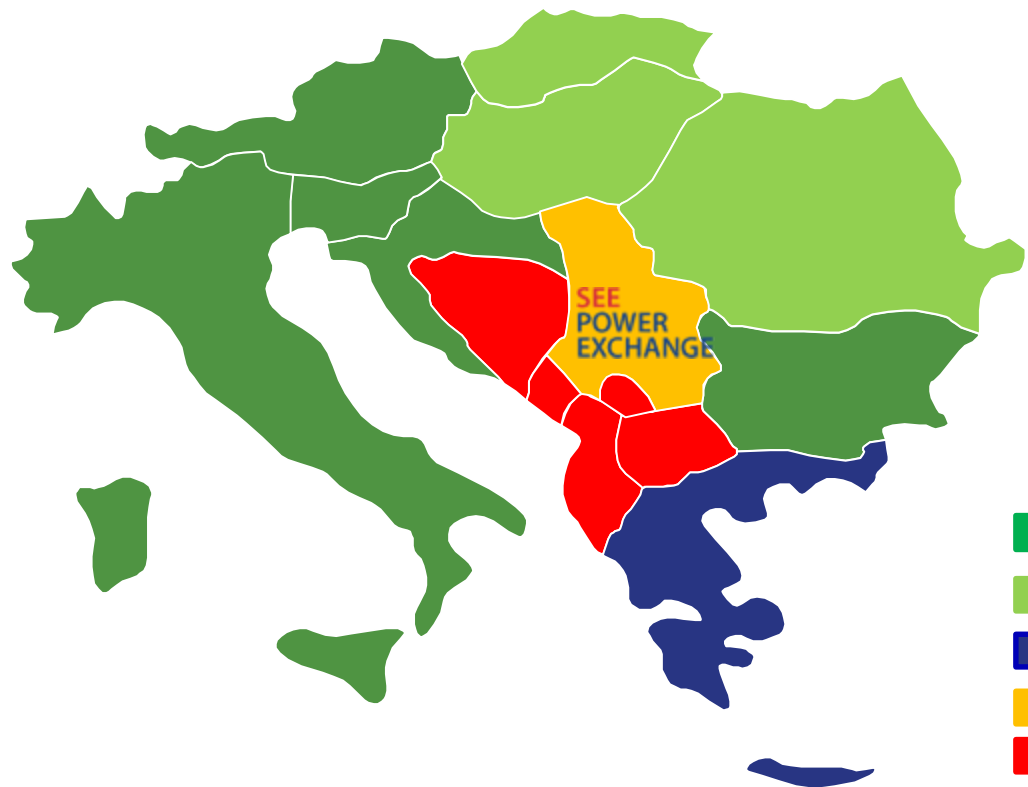
WB6 Energy Balance (2013-2017)



Net (import-export)

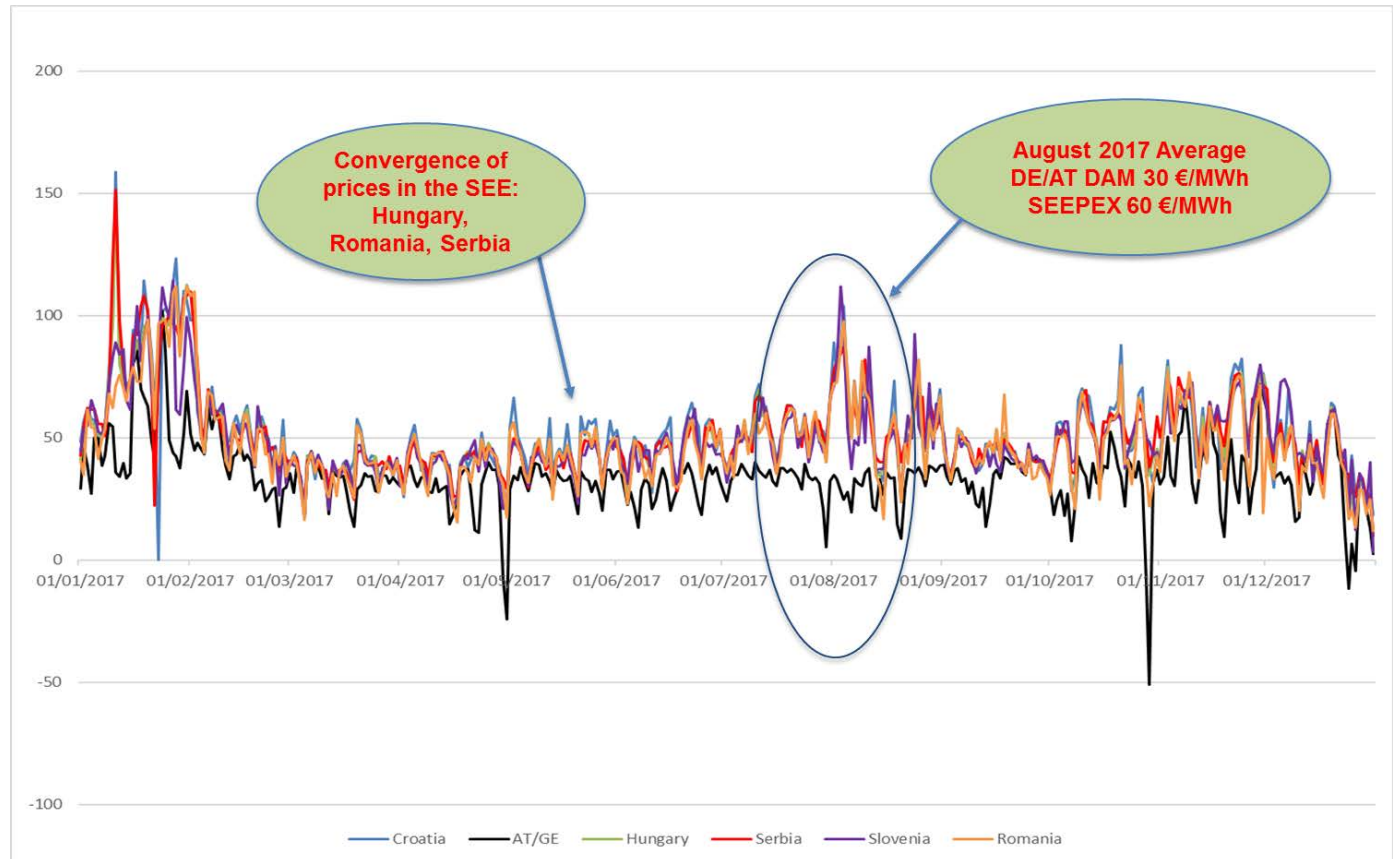


Relevant price signal needed – day-ahead market and its coupling as a solution



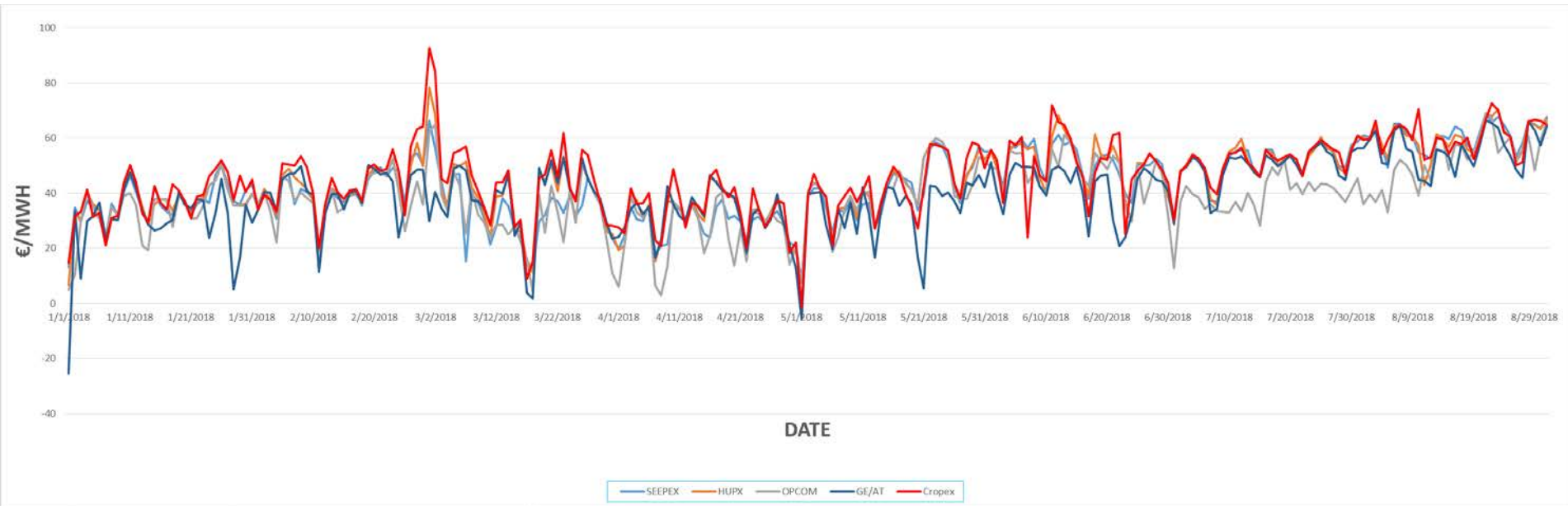
- MRC
- 4MMC
- PCR member, no MC
- DAM operational, no PCR/MC
- No DAM

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





Day-ahead market price convergence in South-East Europe (2018)





Berlin process

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 EUR 1 mill.

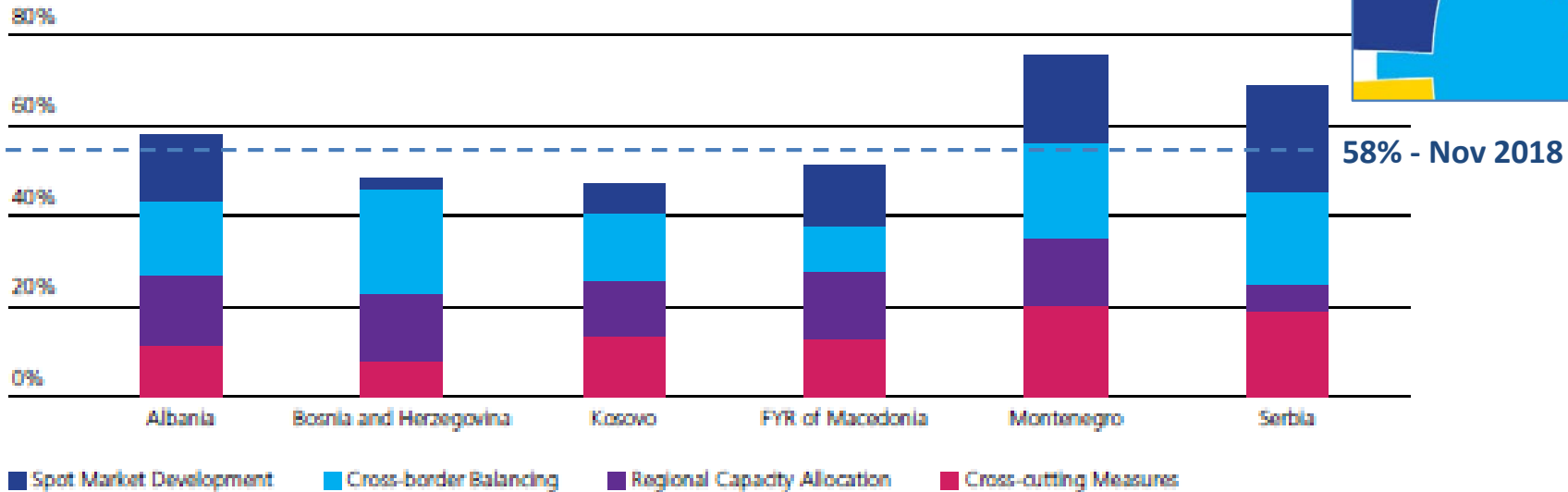
Facilitating, monitoring and reporting

Energy Community Secretariat

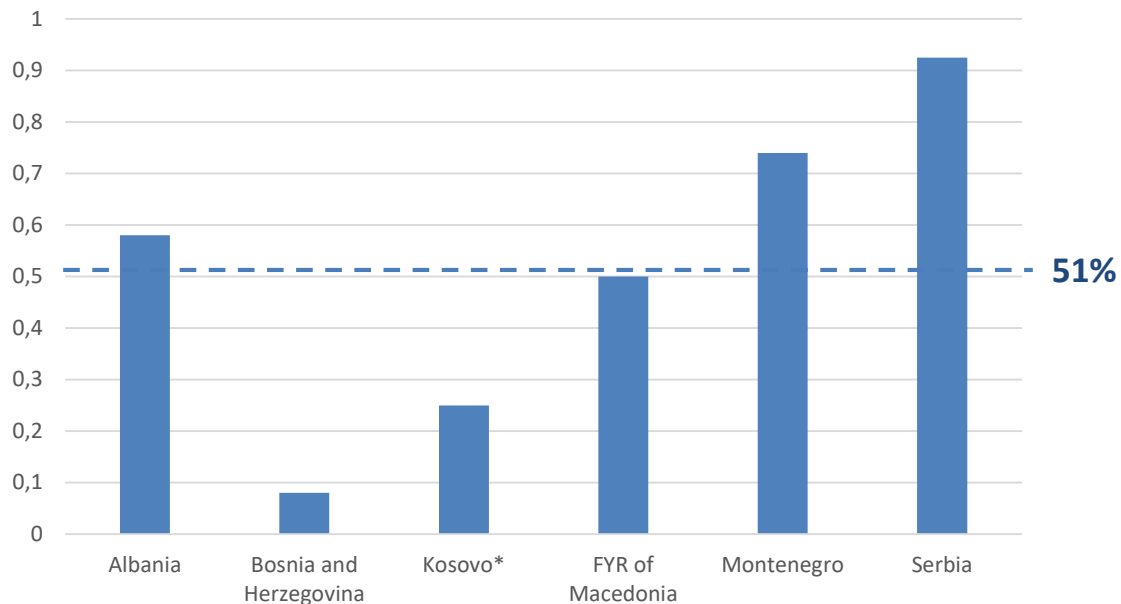
Western Balkans 6 Initiative



WB6 more than halfway through creating a regional electricity market



Day-ahead market development



DAM operational:

- ✓ **Serbia- SEEPEX (2016)**

DAM establishment ongoing:

- ✓ **Albania (Kosovo*)**
- ✓ **FYR of Macedonia**
- ✓ **Montenegro**

DAM establishment stalled:

- ✓ **Bosnia and Herzegovina**

Establishment of an Organised Day-ahead market in Montenegro

Current status: A process of selecting strategic partner is ongoing



BELEN established

Limited liability company with the task to establish a power exchange in MNE

Shareholders: the market operator COTEE, the TSO CGES and the incumbent utility EPCG

Procedure of selection of strategic partner launched

BELEN completed the first phase- Request for Information (RFI)

BELEN expected to send Request for offer (RFO) to the interested bidders;

Go-live of DAM

Depends on the agreement with a strategic partner

Establishment of an Organised Day-ahead market in Albania

Current status: *The process is delayed; CoM decision on PX is yet not adopted;*



PSL Amended

Market operator responsible for organization and operation of DAM (Albanian Power Exchange (APEX))

Market operator to be established as a joint stock company (no new deadline defined)

Council of Ministers (CoM) decision to be adopted

CoM to define:

The establishment, legal form and shareholders' structure of the market operator

The procedures for the selection of shareholders (TSOs, IFIs and experienced international MOs) and specific criteria they shall comply with

Go-live of DAM

TSO of Kosovo*, KOSTT, confirmed its intention to participate as a shareholder in APEX, expected to provide services to the Kosovo day-ahead market

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



Energy Law enforced

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

MEMO established

MEMO to become operational following issuance of license (ongoing)

Government decree on organized electricity market

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

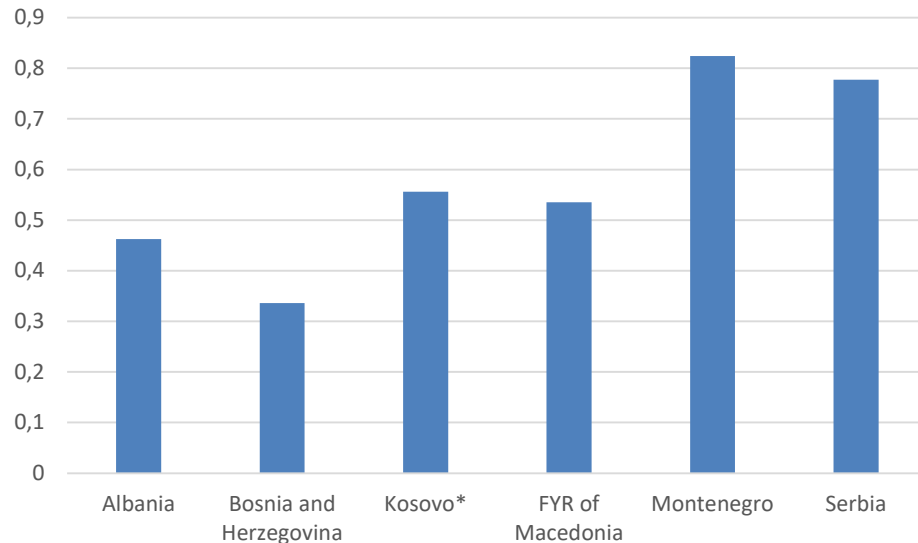
Go-live of DAM

**Based on the roadmap for BG-MK coupling*

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

Cross-cutting measures – national reforms



Crucial for development of competition and regional integration:

- **Deregulation of prices**
- **TSO unbundling**
- **DSO unbundling**
- **NRAs' independence**
- **State Aid and Competition authorities effectiveness**
- **Implementation of the Trans-European Network Regulation**



Thank you

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