



European Market Integration - Industry Perspective

24th Energy Community Electricity Forum: Panel Debate I
– A Herculean Task: Integration of Electricity Markets

28th May 2019

Ioannis Retsoulis – Senior Advisor Wholesale Markets & Network Codes

Eurelectric - Who we are

200,000,000

Customers



€200 billion

Annual industry turnover



800,000

Employees



2,400

Distribution Companies

3,500

Companies



59%

Carbon free electricity

1,100 GW
Capacity



100,000

Electric Vehicle charging stations

34%

Renewables Production Rate



22%

Electrification Rate



3,500 TWh

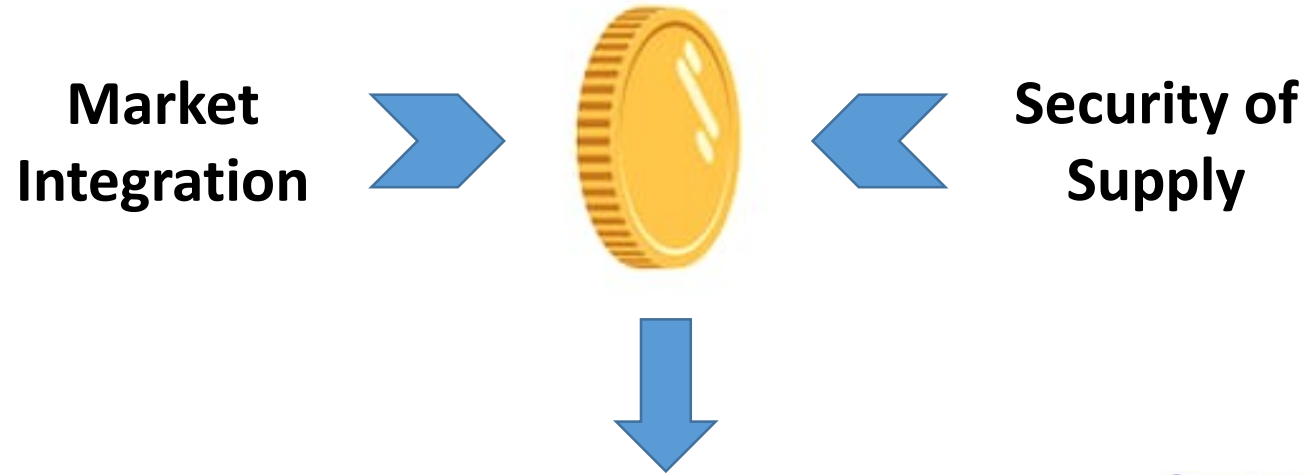
Generation annually



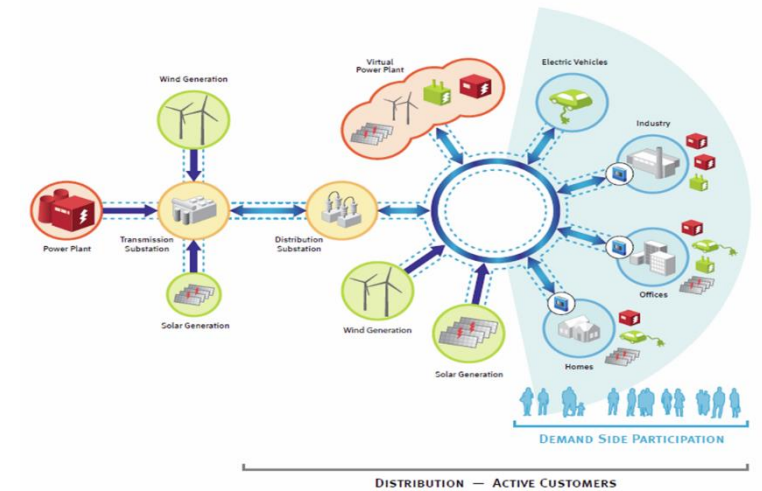
Outlines – content of presentation

- **Why is Market Integration needed?**
- **Lessons learnt at EU level (for proactive consideration at EnC level)**
 - **Seeing the bigger picture – Status of EU market integration**
 - **What are the challenges and what needs to be done?**
- **Overall status at EnC level, and recommended points of attention**

Market Integration is a pre-requisite for the Energy Transition

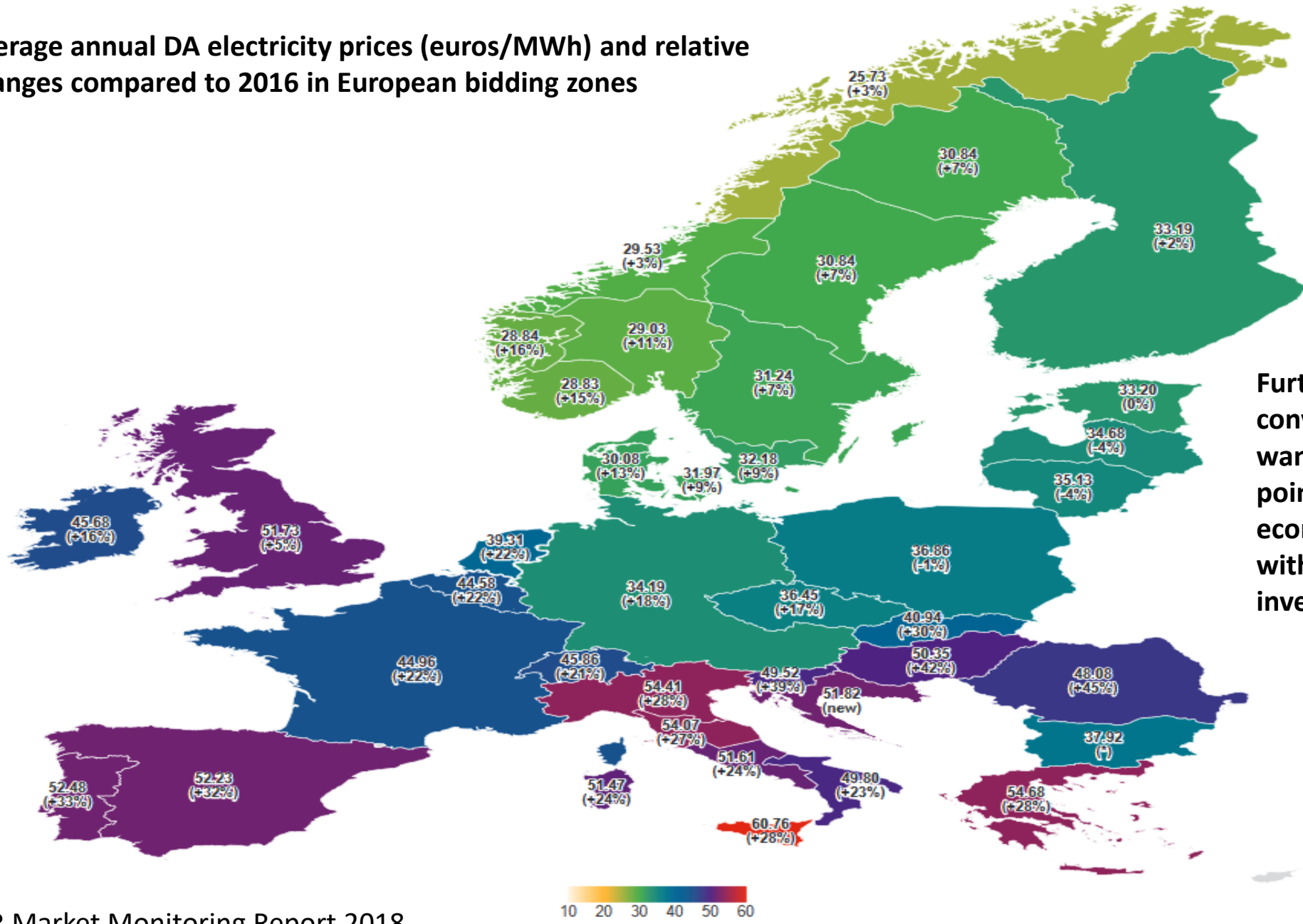


Smart system of TOMORROW

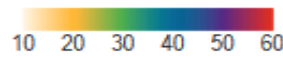


Seeing the bigger picture – Status of EU market integration

Average annual DA electricity prices (euros/MWh) and relative changes compared to 2016 in European bidding zones



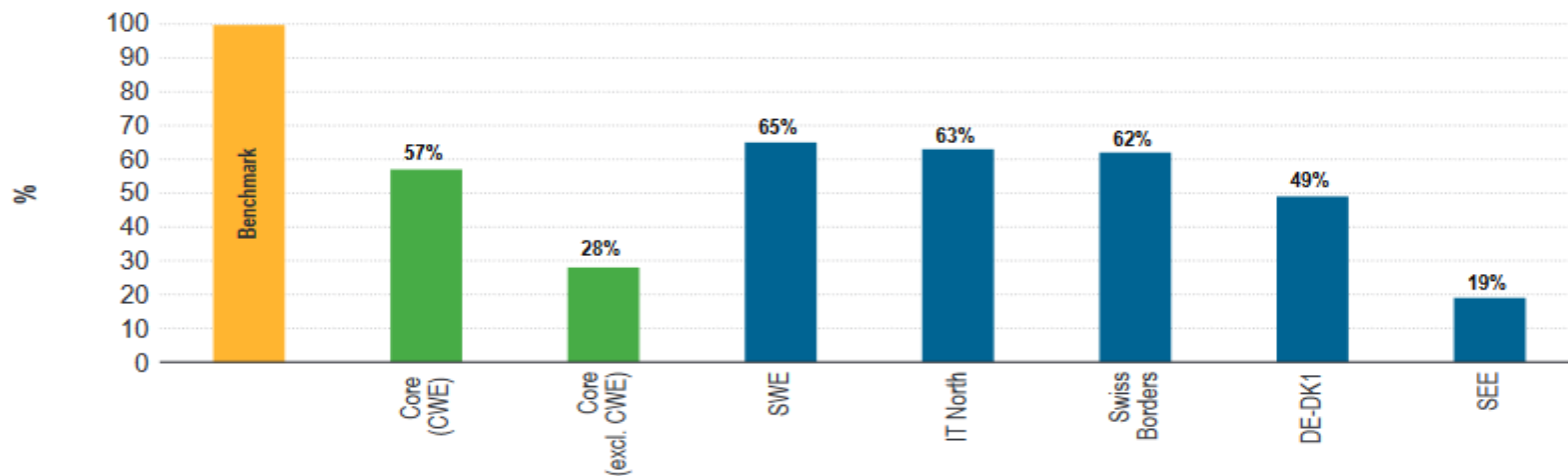
Further price convergence is wanted, up to the point of being economic efficient, without over-investing



Challenges - Tradable cross-border capacities continue to be limited below economically-efficient levels

Ratio of available tradable capacity to benchmark capacity on HVAC borders per CCR – 2017 (%)

Green – FB; Blue – CNTC



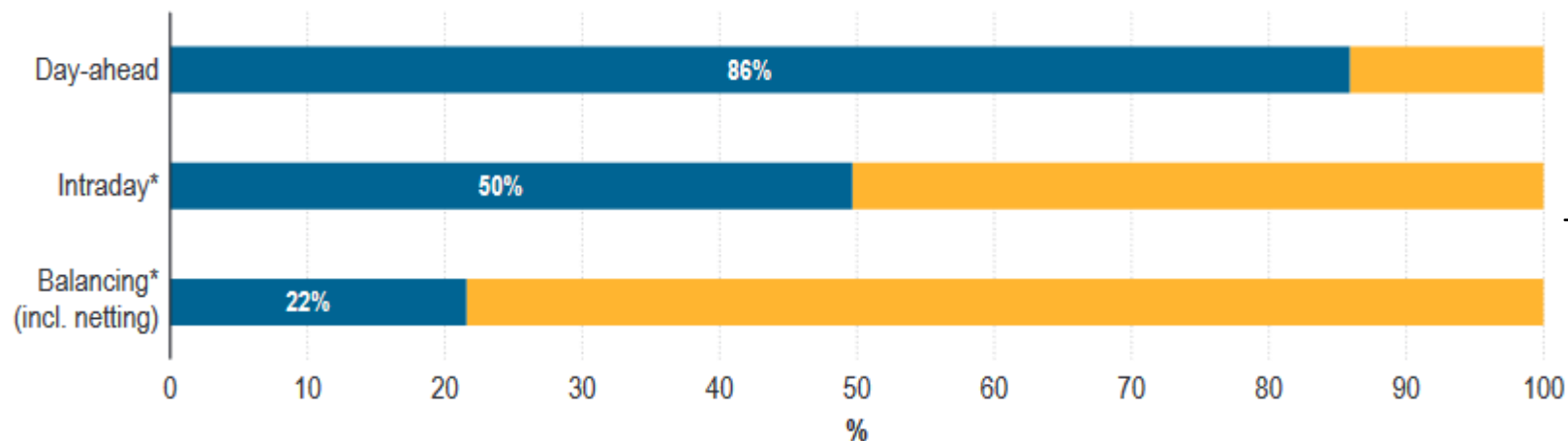
- In Europe on average **85% of HVDC and only 49% of HVAC interconnector's** physical capacity is available for trading;

- Ensuring no undue discrimination between exchanges within & between bidding zones and increasing the level of **TSO coordination** are utmost priorities;

- TSOs should be given the **right tools and incentives**, to **maximize regional overall welfare**, and have access to all **costly remedial actions on equal basis if economically efficient**; The role of NRAs is crucial to this end.

- **CCMs are the key**; They don't yet meet stakeholders' expectations, they lack ambition & transparency;

Level of efficiency in capacity allocation in Europe in the different timeframes (% use of available commercial capacity in the 'right economic direction') – 2017



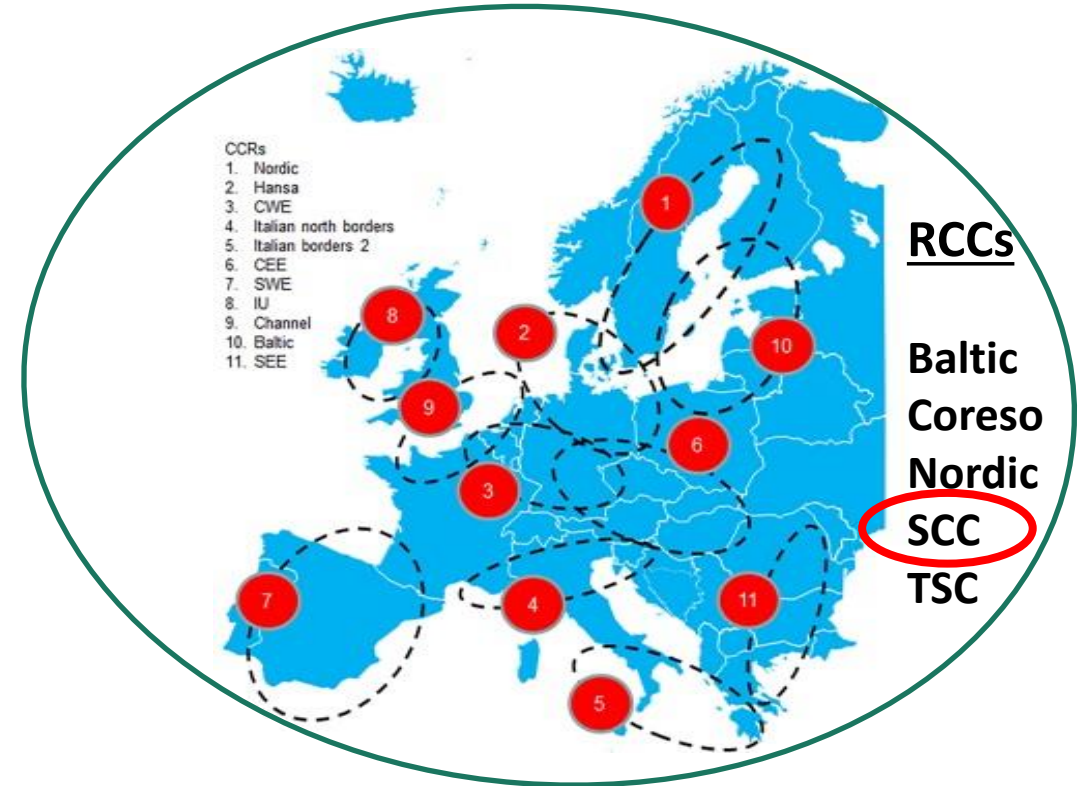
Enhance further the regional approach to cross-border capacity calculation

Past



From uncoordinated calculations

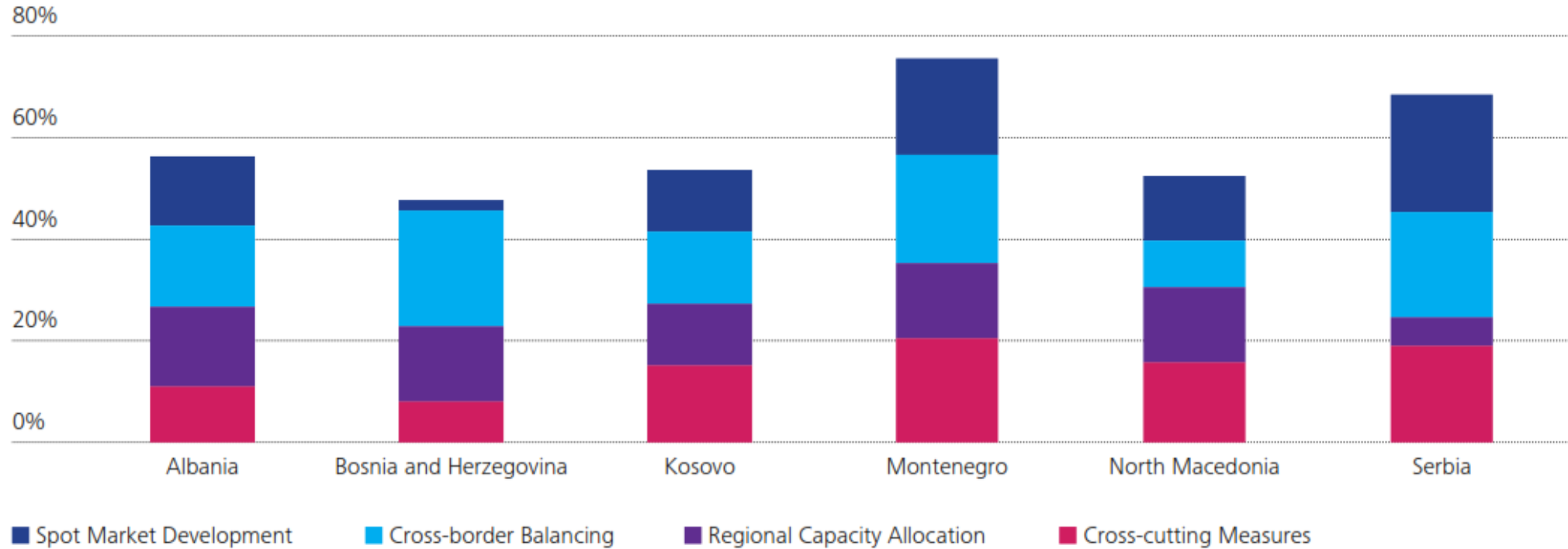
Present



To regional coordination ... but still improvements to be made

Status at EnC level

Overall Implementation of Soft Measures

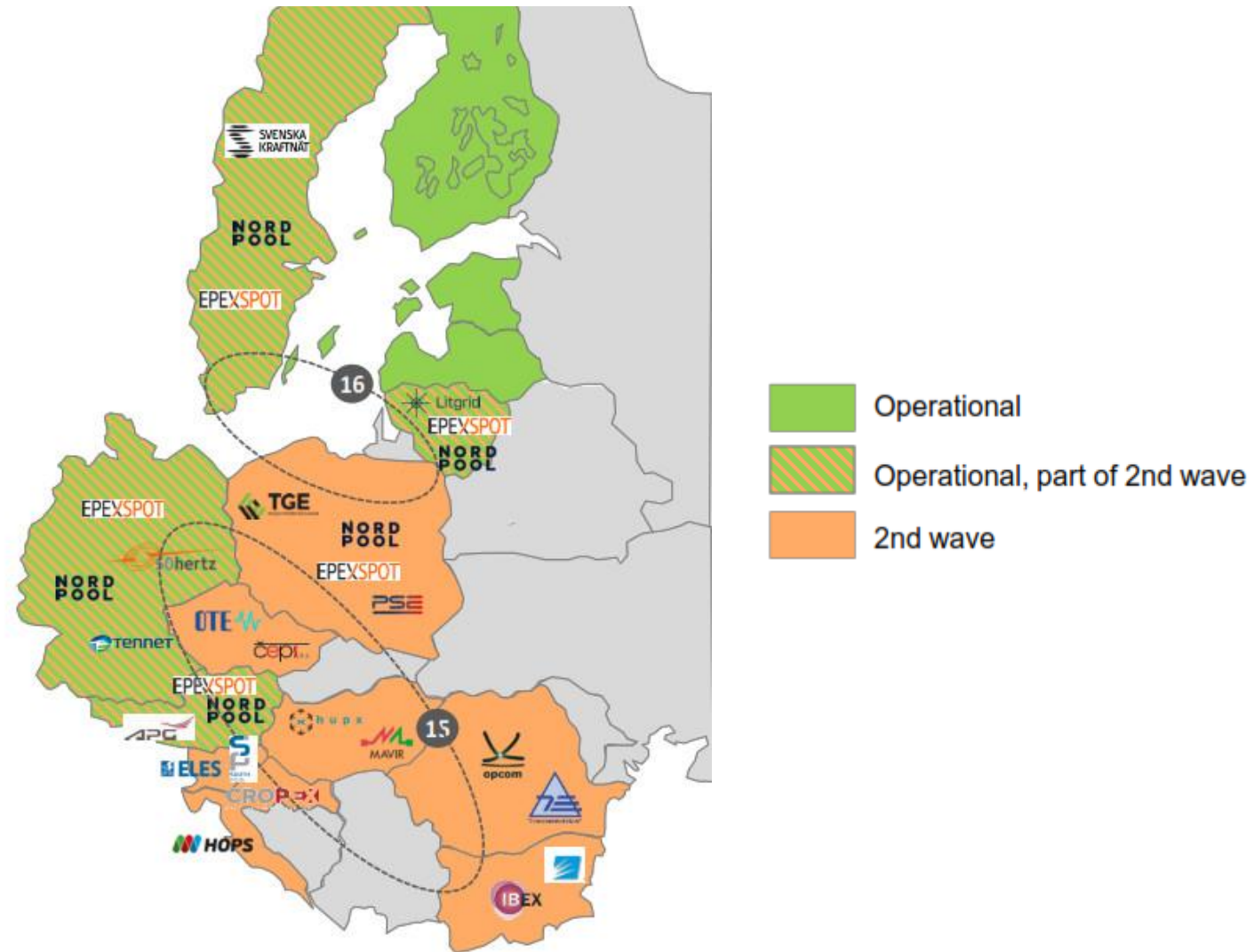


Recommended points of attention

- Priority on having the grid allocated to the market;
 - Focus on day-ahead coupling;
 - Implicit coupling is indeed the end-target (being more efficient), with a stepwise approach where needed;
 - Forward time-frame should not be ignored (need to have fwd hedging tools as well).
- The grid is **interconnected** and hence it should be effectively **managed as one** (single cooperation necessary).

Keep in mind the Intraday, with XBID in its 2nd stage currently

Overview 2nd wave LIPs and parties involved



European Market Integration - Challenges and Opportunities

Challenges are real

- A changing market;
- In a changing market environment;
- Adding complexity;
- With a heavy and fast-paced implementation track;

Opportunities are most promising

- Broader market & participation;
- Increased liquidity;
- Increased security of supply via the creation of a balancing market;
- Level playing field;
- Market-integration of new technologies;



Thank you!

Ioannis Retsoulis

iretsoulis@eurelectric.org



Follow us on twitter
[@eurelectric](https://twitter.com/eurelectric)



www.eurelectric.org

eurelectric

