

A new Action Plan to achieve market integration in SEE Region



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Salvatore Lanza

Outline

- Current SEE Regional Action Plan
- Why do we need a new Action Plan?
- Which problem should be addressed?
- Possible solutions
- A proposal for a new structure for the SEE RAP

Current SEE Regional Action Plan

The SEE RAP is an ECRB-EWG and ENTSO-E RG SEE document, approved by ECRB in June 2011 and successively endorsed by the PHLG in October 2011

| Capacity Calculation | Forward capacity market | Day Ahead market | Intra Day and Balancing markets |
|--|--|--|---|
| Common grid model & Coordinated Capacity Calculation | Explicit auctions Step by step approach Final goal: regional one stop shop | Parallel development of Regional and Local Electricity Markets Nucleus approach Final goal: pan-European Market Coupling | ID: regional interim solution based on FCFS Nucleus approach Final goal: continuous trading Balancing: TSO-TSO without common merit order as interim solution Final goal: XB balancing with common merit order |

Why do we need a new action plan?

In the meantime...

- October 2011: EnC MC decides to implement the 3rd Package (deadline January 2015)
- January 2012: PHLG defines a procedure to adopt Guidelines and Network Codes developed under Regulation 714/2009 (proposal by EC is needed)
- August 2014: the Western Balkan 6 Initiative goes live in Berlin
- August 2015: Regulation 2015/1222-CACM enters into force in EU
Soft measures for the development of a regional market in WB6 countries are set out in the Vienna Summit
- April 2016: WB6 Ministries, NRAs, TSOs and PXs sign a Memorandum of Understanding for spot market integration and cross border balancing cooperation



Deep changes of scenario need to be reflected in the new SEE RAP

Which problems should be addressed?

- Lack of a common legal basis: transposition and implementation of recent EU legislation in CPs' legal framework (in particular CACM Regulation) will occur only in a later stage (when a decision body for MS-CP borders will be established)
- Lack of strong coordination between EU initiative and EnC initiative:
 - Weak participation of EU MS in the EnC process governance
 - Weak visibility of SEE CPs in the EU CACM governance process
- Lack of effective national roadmaps:
 - Local Action Plans have never been developed in the SEE Region
 - Timelines for establishment of PXs are missing

Interlink of the new SEE RAP with all other existing plans

Possible solutions

- Alignment and coordination of the SEE CACM governance structure with WB6 governance structure:
 - All stakeholders should be allowed to participate in the same common platforms (NRA Forum, NEMO Committee, ENTSO-E Task Force)
 - Reciprocity on MS-CP interconnection points has to be ensured
- Alignment and coordination of SEE CACM Roadmap with WB6 Roadmap:
 - Synergies between the two initiatives should be pursued and overlapping should be avoided
 - SEE RAP activities and timeline should be coherent with all other possible roadmaps
 - LAPs can be replaced by WB6 roadmap and MoU, including the establishment of PXs or adhesion to an existing PX



CACM Regulation is the main reference for the new SEE RAP

A proposal for a new structure for the SEE RAP

Transitional phase

(before CACM adoption in EnC)

- Establishment of PXs in each CP (creating national PXs or virtual trading hub) according to national roadmaps
- Adoption of the same market clearing algorithms used by EU NEMOs
- Participation of CP NRAs, TSOs and PXs in CACM related processes (i.e. submission and approval of terms and conditions or methodologies)
- Design of market coupling pilot projects between EU and CP markets



Operational phase

(after CACM adoption in EnC)

- Extension of EU market coupling projects to CPs and launch of common pilot projects
- Designation of NEMOs in CP jurisdictions
- Formal access of CP-NEMOs in the governance structure of EU NEMOs
- Participation of CP-NEMOs in the management of the Market Coupling Operator functions
- Adoption of EU TSOs methodology for common grid model, capacity calculation, congestion income distribution etc.

Full implementation of CACM in EU requires CACM adoption also in EnC



Thank you for the attention!

slanza@autorita.energia.it