



# European Regional Electricity Markets: European Union and beyond

3° Joint ECRB – MedRreg round table

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# Outline

- **A little story of EU Internal Electricity Market**
- **From regional to pan-European approach**
- **Effects of Regulation 2015/1222**
- **Strength and weakness points of EU model**
- **Beyond EU experience**

# **A little story of EU Internal Electricity Market**

**Once upon a time (2003)... an advisory group to EC (ERGEG) constituted by NRAs, aimed at paving the way for the IEM.**

**Its main achievements were:**

- **launching 7 Regional Initiatives (2006),**
- **Involving stakeholders through the Florence Fora,**
- **Proposing a Target Model (2009)**

**In 2011, ACER inherited the work made by ERGEG and took over the process, in line with the provisions of the 3<sup>rd</sup> package.**

**In 2015 Regulation 2015/1222 (CACM GL) entered into force.**

**The completion of the IEM is expected by 2020...**

# From regional to pan-European approach

## Regional Initiatives

- **Bottom up**
- **Voluntary cooperation**
- **Pilot projects (PCR, XBID)**
- **Stepwise approach, starting from local to go global**
- **NRAs endorsement and supervision**

## CACM GL

- **Top down**
- **Legally binding obligations**
- **Enduring EU wide solutions**
- **Simultaneous participation of all involved parties**
- **NRAs approval of terms and conditions or methodologies**

**Empirical solutions existing in some countries become reference models to be applied to all other countries**

## Effects of Regulation 2015/1222

**NRAs, TSOs, PXs are tasked with specific assignments, to be accomplished within defined time: many terms and conditions or methodologies proposed by TSO and NEMOs have to be approved by NRAs (or ACER).**

**Main topics:**

- **Governance**
- **Cost sharing (common assets)**
- **Benefit sharing (e.g. congestion income)**
- **Market microstructure (e.g. length of market sessions, products' characteristics, bidding zone configuration)**

## Strength and weakness points of EU model

| Weakness  | Strength   |
|---|--|
| It does not perfectly separate the design phase from the implementation phase   | It takes benefit both from the bottom up and the top down approach |
| Solutions implemented in one country not necessarily fit to other countries   | Relying on already implemented solutions make the process faster   |
| It lacks of measures to properly address the issue of potential conflicts among national interests (benefits and costs sharing) | It involve stakeholders' participation at any stage of the process |

## Beyond EU

**The EU model is a compromise between total standardization (same rules for everybody) and reciprocal idiosyncrasy (everyone applies his own rules): harmonization.**



**The same approach might be successfully implemented between EU and non EU countries.**