

The background is a dark blue globe showing the outlines of continents. Overlaid on the globe are numerous glowing blue lines that represent energy transmission paths, connecting various points across the globe in a network-like structure.

Prospects for Ukraine and Moldova – Market Integration

Athens Forum – 1 June 2016



Main Message

Couple markets where possible, and reasonable: Between Ukraine and Moldova & between Burshtyn Island and the neighbouring organised markets

A coordinated endeavour is needed

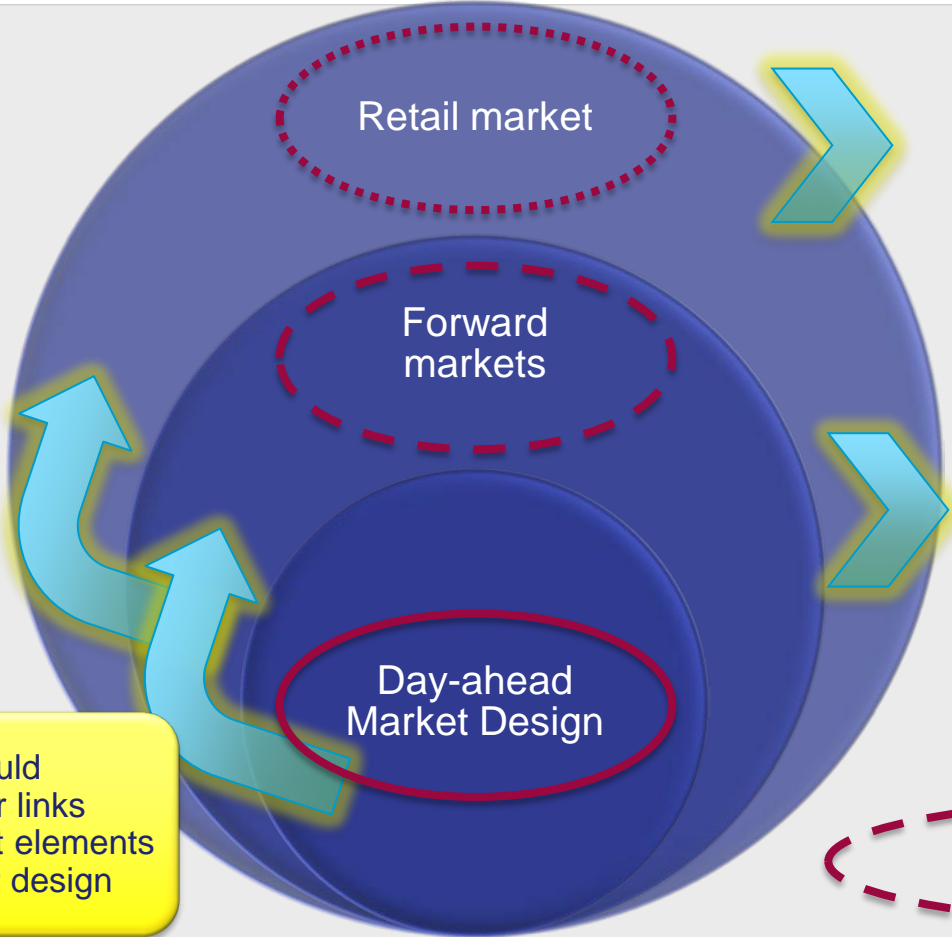
- Multitude of initiatives on electricity market reform: Threat that too many cooks spoil the broth
- Concrete commitment & ownership from both governments needed
- Vast & diverse industry with various external and internal players that will need to cooperate
 - Both Finance & commerce: IFIs, investors and companies
 - Politics: separatist conflicts
 - Kirchhoff: Interconnected Grid Operators in IPS system

Successful market reform requires a coherent design

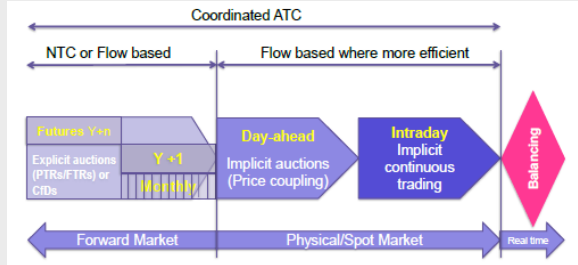
- Compatible across different trading timeframes
- Linking retail and wholesale markets
- Market reform is not one but many projects, requiring a central vision ensuring compatibility and consistency



Focus on the Essentials: the Day-ahead Market



e.g. through a retail price hedging fund



Liquid & competitive DA market as underlying for all other markets

+ functional links to other segments

A central vision should provide solutions for links between all relevant elements of an overall market design



Starting Point:

- The Moldovan market is none, and can operationally hardly be lonestanding
- Ukraine is split into two synchronously operated areas, which are not interconnected

A Double Coupling Model as Bridge Model

- between today (vast national reform endeavour) and tomorrow (after synchronous interconnection).
- For interim period, this model fits the purpose of all potential stages on the way forward:
 - improved AC interconnection between Continental Europe and UAMD
 - additional DC interconnection between Continenal Europe (incl. Burshtyn Island) and UAMD

Target Design – The Double Coupling Model

