



WHOLESALE MARKET OPENING IN SEE

Regional Action Plan ECRB & ENTSO-E RG SEE

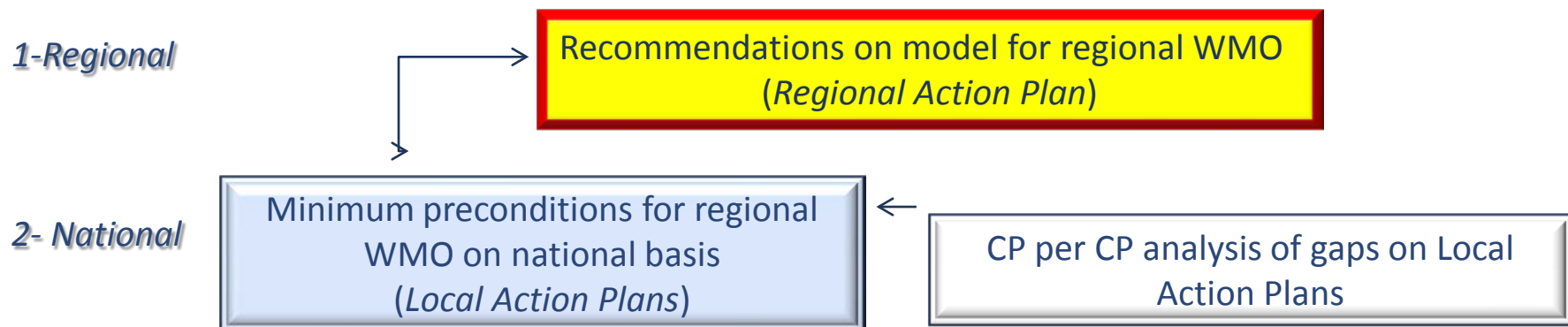
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DEVELOPMENT – 1: WMO Study

Starting point

- ▶ Study *Wholesale Market Opening in South East Europe*
 - ▶ Developed by consulting consortium Pöyry/Nordpool Consulting AS with financial support of The World Bank
 - ▶ ECRB (EWG) provided substantial input / regulatory expertise
 - ▶ Finalized in June 2010
 - ▶ CONTENT – **2 layers**:



DEVELOPMENT – 2: ECRB / ENTSO-E RG SEE

THE REGIONAL ACTION PLAN (RAP)

- ▶ ECRB and ENTSO-E Regional Group SEE jointly **adjusted the RAP** of the *Wholesale Market Opening in South East Europe* study
- ▶ Final version published in Aug 2011 (*PHLG material / Annex 2*)

ADJUSTMENT - WHY AND HOW

- ▶ Main pillars of study left unchanged but:
- ▶ Adaption to EU 2014 Electricity Target Model needed to **ensure compatibility between 7 EU Regions and 8th Region**
- ▶ RAP now fully in line with the elements of the EU Electricity Target Model aiming for an integrated EU electricity market by end 2014

RAP RECEIVED AGREEMENT BY

- ✓ Regulators (ECRB)
- ✓ TSOs (ENTSO-E Regional Group SEE)

CONTENT – 1: The Key Elements

- 1. CAPACITY CALCULATION**
- 2. FORWARD CAPACITY MARKETS**
- 3. DAY AHEAD MARKET**
- 4. CROSS BORDER INTRADAY MARKET AND BALANCING**
- 5. GOVERNANCE**

- ▶ These are 1:1 the elements of the EU 2014 Electricity Target Model
- ▶ The details of element 1-5 are fully in line with the EU 2014 Electricity Target Model

CONTENT – 2: More in Detail...

1. CAPACITY CALCULATION

- ▶ Common grid model **required by** Article 3.5 Congestion Management Guidelines annexed to Regulation (EC) 1228/2003
- ▶ Common grid model and coordinated capacity calculation method is a **prerequisite for** explicit and implicit coordinated auctions
- ▶ **Goal**
 - ▶ maximize the capacity available to the market
 - ▶ respecting TSOs security standards

WHAT THE RAP CONCLUDES

- ▶ common SEE grid model for long-term and short-term capacity calculation **already exists**
- ▶ **Needs to be adjusted** to the current efforts by ENTSO-E on developing EU-wide capacity single price coupling for day-ahead, and a capacity calculation mechanism based on NTC/ATC or flow based method

CONTENT – 2: More in Detail...

2. FORWARD CAPACITY MARKETS

- ▶ Congestion Management Guidelines annexed to Regulation (EC) 1228/2003 **require** a common model for the 8th Region
- ▶ SEE CAO discussions under discussion
 - ▶ TSOs developed documents for setting up a Project Company responsible for establishing a SEE CAO
 - ▶ TSOs involved: Albania, Bosnia and Herzegovina, Croatia, FYR of Macedonia, Greece, Montenegro, Romania, Slovenia, UNMIK

WHAT THE RAP CONCLUDES

- ▶ **Support for the SEE CAO**
 - ▶ **glide-path approach**
 1. coordinated bilateral explicit auctions in SEE;
 2. multilateral coordinated (NTC based) explicit auctions on several borders;
 3. centralized multilateral coordinated (NTC-based in a first step, flow based remaining the final concept) auctions on most of SEE borders (over a single platform/single point of contact for allocation of long-term transmission rights; - CAO);
 4. Multilateral coordinated auctions on all borders within the SEE region (regional one-stop-shop and, finally, EU-wide solution).
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CONTENT – 3: More in Detail...

3. DAY AHEAD MARKET

WHAT THE RAP CONCLUDES

- ▶ **Price Based Market Coupling** as Target Model for SEE
- ▶ **Staged** implementation of the Regional Day Ahead Market
 - ▶ maybe starting with a nucleus
- ▶ **Parallel** development of Regional and Local Electricity Markets
- ▶ **Integration** with neighboring regions/markets

CONTENT – 4: More in Detail...

4. CROSS BORDER INTRADAY MARKET AND BALANCING

WHAT THE RAP CONCLUDES

- ▶ need to identify the current status of intraday trade in the 8th Region and the possible needs for harmonization of national regimes
- ▶ Based on this and taking into consideration developments in the EU a common solution for coordinated cross border capacity allocation is to be developed

Moldova and Ukraine **cannot meet the deadlines** of the Regional Action Plan given the lack of synchronization with the ENTSO-E synchronized area and application of relevant technical standards.

WHAT IS REQUESTED FROM THE PHLG

- ▶ **Adoption of the RAP**

THANK YOU FOR YOUR ATTENTION

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