

ENERGY COMMUNITY

24th Permanent High Level Meeting

Vienna, 23 March 2012

Wholesale Market Opening **Local Action Plans TEMPLATE**

scope

Sources

- **SEE Wholesale Electricity Market Opening Study**
- **Regional Action Plan**
- Energy Community **Policy Paper** on Wholesale Market Opening

Measures

- Unbundling of the TSO
- Unbundling of the SUPPLY
- Sustainable criteria for ELIGIBILITY
- Market-based BALANCING
- Monitoring of MARKET CONCENTRATION
- Full level of TRANSPARENCY
- Establishment of a DAY-AHEAD MARKET
- Full level of COST-REFLECTIVITY

Unbundling of TSO

Target

- Functional and legal UNBUNDLING of TSO/ISO from **Supply** and **Generation**
- Increased LIQUIDITY of TSO/ISO

Actions

- *Legal enforcement* – Grid Code, cross-border capacity allocation rules, distance-independent transmission tariffs, imposed obligations (licenses), monitoring
- *Structural measures* – company operation codes, financial settlement, operation security rules, planning and investment mechanisms, effective system for data acquisition (SCADA) and IT support for congestion management and DAM operation
- *Commercial measures* – losses and ancillary services to be purchased under market-based conditions

Unbundling of Supply

Target

- LIBERALIZATION of **Supply**
- LIBERALIZATION of **Generation**

Actions

- *Legal enforcement* – Market model abandoning single-buyer option and introducing forms of spot-trading (DAM), entry of competitive supply (licensing, switching), customer support
- *Structural measures* – decompose dominant structures in the wholesale (“wholesale suppliers”), complete unbundling of remaining vertically integrated structures (distribution)
- *Commercial measures* – abolish “full supply” contracts for customers active on the market (optionally introduce transitional “base-load” contracts), reduce losses and increase collection rate

Eligibility

Target

- APPLICABLE (real-term) criteria for **eligibility**

Actions

- *Legal enforcement* – compliant eligibility threshold and scope (resellers, suppliers), restricted access to regulated supply, reverse regulatory and administrative scrutiny,
- *Structural measures* – gradual imposition of eligibility / decrease of threshold, incentives for market opening and customer support for switching (metering, settlement, transitional supply)

Balancing

Target

- MARKET-BASED conditions for **balancing**

Actions

- *Legal enforcement* – market-based balance responsibility, Market rules, methodology for costs of imbalances
- *Structural measures* – adequate metering and settlement of balance responsibility, gradual development of cross-border balancing platform

Market concentration

Target

- **SUPPRESS market concentration** and establish **MONITORING**

Actions

- *Legal enforcement* – prevention of market dominance, penalization of abuse of market power, monitoring competences and obligations, monitoring rules, transparency
- *Structural measures* – prevent possibility for abuse of market dominance by an incumbent generator, establish monitoring instruments, generation adequacy through market-based exchanges and diversification, gradual increase of virtual unbundling of generation capacity

Transparency

Target

- Establish FULL-SCALE compliance in **transparency**

Actions

- *Legal enforcement* – compliance with Regulation (EC) 1228/2003 on transparency, monitoring of transparency, acquisition and availability of data for market participants
- *Structural measures* – TSO to publish data (wholesale prices, ATC and cross-border flows, planned maintenance and outages), administrative procedures for authorization or tendering for new capacity
- *Commercial measures* – eliminate any custom or administrative fees, restrictions, reservations and/or priority rights on capacity, import or export

Day-Ahead Market

Target

- ESTABLISH or ensure REGULAR PARTICIPATION in a **DAM**

Actions

- *Legal enforcement* – market model including spot-market platforms (DAM), Market Rules allocating responsibilities for DAM operation, settlement rules, DAM monitoring rules, transmission capacity allocation rules, licenses
- *Structural measures* – establish Market Operator function, establish Settlement agent (mechanism), introduce contracts for DAM operation
- *Commercial measures* – provide initial funds and ensure sustainable operation of DAM

Cost-reflectivity

Target

- Ensure COST-REFLECTIVITY of **network tariffs**
- Introduce PHASE-OUT of **regulated supply prices**
- Introduce NON-TARIFF SUPPORT for **vulnerable customers**

Actions

- *Legal enforcement* – implement the measures indicated in the related acts – i.e. the *Report for Regulated Energy Prices in the Energy Community*

NEXT STEPS

- **CP** – Provide input on the status-quo on the individual Actions and related planned activities (as in the Template) – submit to ECS **by 16.05.2012**
- **CP** – Propose provisional deadlines for each activity

ECS is available to provide assistance and clarification to the Contracting Parties upon request.

ECS shall monitor, summarize the outcome and report to the PHLG and ECRB