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Experiences with market integration –
the bidding zones

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To start with close to real time: Good experiences from balancing integration

- Austria frontrunning or at least participating in an number of balancing projects
- Technically more complex – but at the heart of an integrated market
- Helped to reduce costs significantly
But in general: Market integration works and is beneficial!

- Day-Ahead Market Coupling – results in price convergence
- Austria coupled with Italy and Slovenia – works well!
- Needs to be complemented with Flow-Based capacity calculation
  - Creation of CORE Region is an important step for cooperation in continental Europe
- Intra-day timeframe still challenging

Source: ACER Market Monitoring Report 2015
What is a bidding zone?

Recital 11 CACM

…cornerstone of market-based electricity trading…

…defined in a manner to ensure efficient congestion management and overall market efficiency…

…prerequisite for reaching the full potential of capacity allocation methods including the flow based method….

…reflect supply and demand distribution…

…can be subsequently modified by splitting, merging or adjusting the zone borders…

…identical for all market time-frames…
Bidding zones vs capacity calculation regions

Regulation (EU) 2015/1222 establishing a guideline on capacity allocation and congestion management

Determination of capacity calculation regions by TSOs/NRAs

Review of bidding zone borders by TSOs/Member States
ACER’s CCR Decision 06/2016

ACER determines CCRs and includes a new bidding zone border between DE and AT

Questions to be clarified by the General Court....

- Can CCR decision provide for new bidding zone border? Scope of bidding zone review?

- Did ACER interfere with competences of Member States?
Outlook

• Ideal bidding zone configuration difficult to find

• Complex review procedure and political interests

• Network enforcement and development is therefore crucial for integrating the European markets

• Could the solution be a nodal system?
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