

28th Energy Community Electricity Forum

7-8 June 2023, Athens

Conclusions

Day 1

Wednesday, 7 June 2023

Panel Debate I: Follow-up of emergency measures and the need to reduce energy demand

- The Forum called on the Contracting Parties to phase out distortive market intervention measures, keep in place only measures that are compliant with the Energy Community acquis and that incentivize consumer demand reduction and ensure protection of vulnerable consumers. The discussion highlighted that the introduction of block tariffs proved as an effective instrument to incentivize demand reduction. Furthermore, the importance of the smart meter roll-out for further demand reduction and increasing awareness to consumers was recognized. The Forum noted that targeted support measures for protection of vulnerable consumers still need to be improved and comprehensively applied.
- The Forum recognized the exceptional resilience of the Ukrainian energy system following systematic destruction attacks on its electricity infrastructure. The crucial role of emergency synchronization of the control block of Ukraine and Moldova with the Continental Europe in ensuring stable and secure operation of the Ukrainian and Moldovan electricity system during the last winter as well as the diversification of electricity supply in Moldova was acknowledged. To ensure security of supply in the coming winter, the interconnection capacities between the Ukraine/Moldova control block and EU MSs shall be made available for cross-border trade. The Forum urged Ukraine and Moldova to implement joint capacity allocation on all interconnections with EU MSs as soon as possible and agree between themselves procedures on splitting of the import/export capacity made available by the Continental Europe across different interconnectors. The Forum invited the Secretariat and the European Commission to facilitate, together with ENTSO-E, the implementation of the necessary preconditions for the start of joint capacity allocation through JAO before 1 September 2023.
- The Forum acknowledged that Ukraine, under the unprecedented hard conditions during martial law made an important step to increase electricity prices for household customers to reflect actual costs. The Forum invited all Contracting Parties with regulated end-user prices below market price to ensure cost-reflectivity without any further delay.
- The Forum urged Contracting Parties to fully transpose Electricity Directive 2019/944, ACER Regulation (EU) 2019/942 and Electricity Regulation (EU) 2019/943, as well as all Network Codes and Guidelines ahead of the transposition deadline by the end of 2023.

Panel Debate II: Electricity market reforms and new design elements

- The Forum welcomed the discussions on the Commission's proposal for a electricity market reform which preserves the design of the short-term markets which proved to function well. The Forum agrees that a reform is necessary to make the electricity markets more resilient to volatile energy prices in the future by improving the liquidity of forward markets and through better protection and empowerment of customers.
- The Forum commended the Contracting Parties that have recently established organized electricity markets and invited the remaining Contracting Parties to step up the efforts to complete establishment of organized markets as a precondition for market coupling. The Forum stressed the importance of further development of short-term markets and their liquidity urgently needed to provide price signals necessary for investments in renewable energy sources.
- The Forum recognized the need to improve liquidity of forward markets in the Contracting Parties and to provide for revenue stability for producers by making use of commercial PPAs and State-backed CfDs and welcomed the Secretariat's study on Renewables Power Purchase Agreements in the Energy Community. It was highlighted that instruments such as PPAs and CfDs need to be designed in a competitive, cost efficient and targeted way and should be harmonized as much as possible to prevent market distortions across Europe.
- The Forum raised concerns that some long-term arrangements between incumbent undertakings in some of the Contracting Parties prevent the establishment of liquid and competitive electricity markets and disincentivize investments in renewables.
- The Forum mandated the Energy Community Secretariat to participate on behalf of the Energy Community in the debate on the electricity market reform in the EU.

Panel Debate III: Energy Community fit for CBAM

- The Forum anticipated that the CBAM Regulation adopted by the EU will significantly impact the discussions related to the introduction of carbon pricing and is an opportunity to accelerate the investments in new carbon neutral or low-carbon electricity generation capacities in Contracting Parties.
- The Forum called for joint effort and a regional approach for applying for exemptions from CBAM for electricity imports from the Energy Community as of 2026. In this context, the Secretariat emphasized that the informal Ministerial Council meeting at the end of June will be instrumental to give guidance on the way forward of Contracting Parties. The Secretariat was invited to coordinate the development of a CBAM roadmap and a regional approach to the fulfillment of the exemption conditions. It was furthermore highlighted that on a Contracting Party level it is important to ensure that the revenues from carbon pricing are used for social and decarbonisation objectives.
- The Forum thanked the European Union for the already provided financial support and underlined the need for increased and more tailored funding to successfully complete the energy transition in the Energy Community. The Forum reiterated the relevance of National Energy and Climate Plans as reference documents for the EU financial support.
- The Forum recognized that the key preconditions for considering an exemption of electricity import to the EU from CBAM are the completion of electricity market coupling combined with a commitment to put a price on carbon emissions equivalent to the EU ETS. The Contracting Parties and the EU MSs were urged to continue with the timely implementation of market coupling at the earliest possible date, but not later than 2025.

- Recalling that details of the practical implementation of CBAM still need to be defined by the European Commission via delegated and implementing acts, the Forum requested the close involvement of the Energy Community in the development of those acts related to electricity.

Day 2

Thursday, 8 June 2023

Panel Debate IV: The road to the European single market coupling – setting the navigation right

- On top of the full and timely transposition of the Electricity Integration package, including the adapted ACER Regulation, the need to properly address the transposition of the pan-EU terms, conditions and methodologies (TCMs) to ensure full alignment of the legal framework with the EU necessary for joint projects was highlighted. The Forum further stressed that beyond timely transposition, implementation of the electricity package by stakeholders in the Contracting Parties and the EU has to be continued in parallel following the established deadlines.
- The Forum invited the ECRB to intensify cooperation with ACER and urged the ECRB to establish procedures for regional cooperation among NRAs needed for the implementation of the package and TCMs to be approved by NRAs concerned.
- The Forum acknowledged that for the SDAC and SIDC there is currently a high number of projects still to be completed within the next years to fulfill legal deadlines in the EU. The EU stakeholders stressed that planning is essential, in particular that the SDAC and SIDC roadmaps are established up to several years in advance, resulting in the need to plan the Contracting Parties' integration well in advance.
- The Forum called upon all stakeholders to ensure predictability and commitment of all parties by means of the legally required plan on the integration of NEMOs from the Contracting Parties in the MCO functions (Article 7(3) CACM, 'MCO integration plan') which has to be submitted by all NEMOs from the Contracting Parties and the Member States by 15 December 2023.
- The Forum proposed the creation of a joint expert team which should, as a first major milestone, work on the MCO integration plan. Furthermore, the Secretariat was invited to facilitate the implementation process.
- For the establishment of the MCO integration plan, the Forum urged the NEMOs and the TSOs of the Contracting Parties to assess as soon as possible their own readiness and availability of resources to align on a joint and realistic planning. Such assessment should be facilitated on a national level by NRAs as well as the ECRB as a coordinating body.

Panel Debate V: Regional TSO cooperation – building block to Europe's security of supply

- The Forum acknowledged that the CACM as adapted and adopted by the Ministerial Council established new CCRs (Shadow SEE, ITME and EE CCRs) covering both bidding zone borders between Contracting

Parties and bidding zone borders between Contracting Parties and EU Member States. The Forum welcomed the Secretariat's clarification on the definition of CCRs in the EnC CACM.

- While the bidding zones borders between Contracting Parties and Member States are already included in the definition of EnC CCRs, the Forum welcomed ACER's proposal to include all EnC CCRs in the definition of CCRs according to Art. 15 of the EU CACM by way of an all TSOs' proposal to amend the relevant TCM.
- The Forum invited the Secretariat to assist and monitor the transposition process as a precondition for entry into force of the private law cooperation agreements between TSOs. The Forum urged the TSOs of established EnC CCRs to start working on the conclusion of the legally required cooperation agreements. For that reason, the Forum invited the Secretariat and the ENTSO-E EnC TF to provide support in drafting a template for such operational agreements.
- The Forum invited the TSOs of the established EnC SORs (Shadow SEE and EE) as well as RCCs which have to assume their role to set up a governance structure and agree on a cost-efficient operational mode as soon as possible.

Panel Debate VI: Boosting renewables – are power systems and markets ready?

- The Forum noted a modest progress in developing new production capacities from renewable energy sources and stressed that stepping up renewables generation capacities is indispensable to achieve the ambitious 2030 targets adopted on the Energy Community level for renewable energy, energy efficiency and greenhouse gas emissions.
- To accelerate deployment of renewables, the Forum called for the introduction of effective de-risking mechanisms in the form of reliable support schemes to mitigate the high capital costs of renewables. In addition, the Forum invited market operators to speed up the process of establishing intraday markets, required to ensure full market integration of renewables and enable producers to balance their positions close to real-time.
- The Forum acknowledged a significant increase of the requests from potential RES producers interested in connecting to the grids. Clear rules regarding the connection queues and neutrality/transparency related to the grid connection permits are needed to speed up the integration process.
- The Forum took note of the ongoing Secretariat's permitting study and invited the Energy Community Renewable Energy Coordination Group, to provide guidelines and recommendations on simplifying permitting procedures, including for grid connection.
- The Forum addressed the need to improve electricity balancing markets and further develop cross-border balancing cooperation in order to ensure system flexibility needed to cope with the increased production from variable renewable energy sources and the increased volatility of electricity prices. Recognising the importance of cross-border exchanges in providing additional system flexibility, the Forum called the TSOs to make available cross-zonal capacity, in line with Article 16 of the Electricity Regulation. The ongoing Secretariat's study on the 70% target indicates that the Contracting Parties will need to take further measures to remove structural congestions together with internal network reinforcements, if needed.
- The Forum reminded that the implementation of the Electricity Balancing Guideline adopted for the Energy Community is essential to enable regional balancing cooperation and the Contracting Parties' integration into European balancing platforms. The balancing market integration will provide necessary preconditions for the large-scale RES integration, which would be much more difficult if markets stayed fragmented.
- The Forum acknowledged the DSOs' role in the integration of new RES to the distribution network and the need to ensure sufficient technical, human and financial resources in cooperation with the NRA, while bearing in mind affordability for costumers.