THE ENERGY COMMUNITY
Electricity Market and Decarbonisation update

Janez Kopač, Director,
Energy Community Secretariat
Key priorities - integration

- Integration 1 - sewing markets
- Integration 2 – decarbonisation can be a market distortion
- Integration 3 – institutional adaptation
Integration 1 - sewing the markets

- **Day-ahead and intraday market development**
  - Only Serbia and Ukraine

- **Balancing market development**
  - Balancing markets operational in all Contracting Parties, except in Georgia and Moldova
  - Balancing capacity regulation and restrictive price caps still present in some Contracting Parties

- **REMIT** transposed and implemented only in 3 Contracting Parties

- **Cross-border capacities remain largely underutilized**

Adoption of CEP Electricity Directive and Regulation and electricity guidelines a pre-condition for upholding market integration with EU Member States – target MC 2021

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**Maximum usage of interconnectors**

### Adoption of CEP Electricity Directive and Regulation and electricity guidelines a pre-condition for upholding market integration with EU Member States – target MC 2021

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**Source:** WB6 Energy Transition Tracker Feb 2021
Decarbonisation as market distortion

Avoided costs of CO2 emissions
(at EU ETS price)

Non instalment of filters to align with Large Combustion Plants Directive
Avoided costs of CO2 emissions from fossil-fuel fired TPPs (at price of allowance in EU ETS) as % of GDP
Integration 2

- Share of coal-based capacities is decreasing due to the increased share of RES capacities 7GW from 2016-2020
- **Share of coal-based production remains constant** due to the lack of carbon pricing
  - Carbon pricing applied only in Montenegro cap and trade with minimum price of 24 EUR/t CO2 eq
  - Carbon tax of 0.34 €/tCO2

• **Roadmap**
  - **End 2021- adoption of Governance Regulation, RED II and EE Directive**
  - **Post-2021 – Introduction of carbon pricing**
  - **by end 2022- Adoption of MRR Regulation, AVR Regulation and Accreditation Regulation**
Integration 3 – institutional adaptation

- Reform of the **Energy Community Treaty** – target MC 2021
  - reciprocity clause
  - penalty fees

**Role of ACER**

**Updating the Energy Community acquis following the “Fit for 55” Package**
THANK YOU
FOR YOUR ATTENTION
janez.kopac@energy-community.org

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REMIT and Electricity Connection Codes

REMIT\text{\_light}

- Transposition deadline: 29.11. 2019
- Implementation deadline: 29.05.2020
- Infringement cases opened: against ME, UA

Electricity Connection Codes [CNC]

- Transposition deadline: 12.07.2018
- Implementation deadline: 12.07.2021
- Implementation monitoring
  - Study on non-exhaustive parameters finalized
  - 1st ECRB report end 2021 – ACER best practise used
  - ECS cooperation with ENTSO-E