

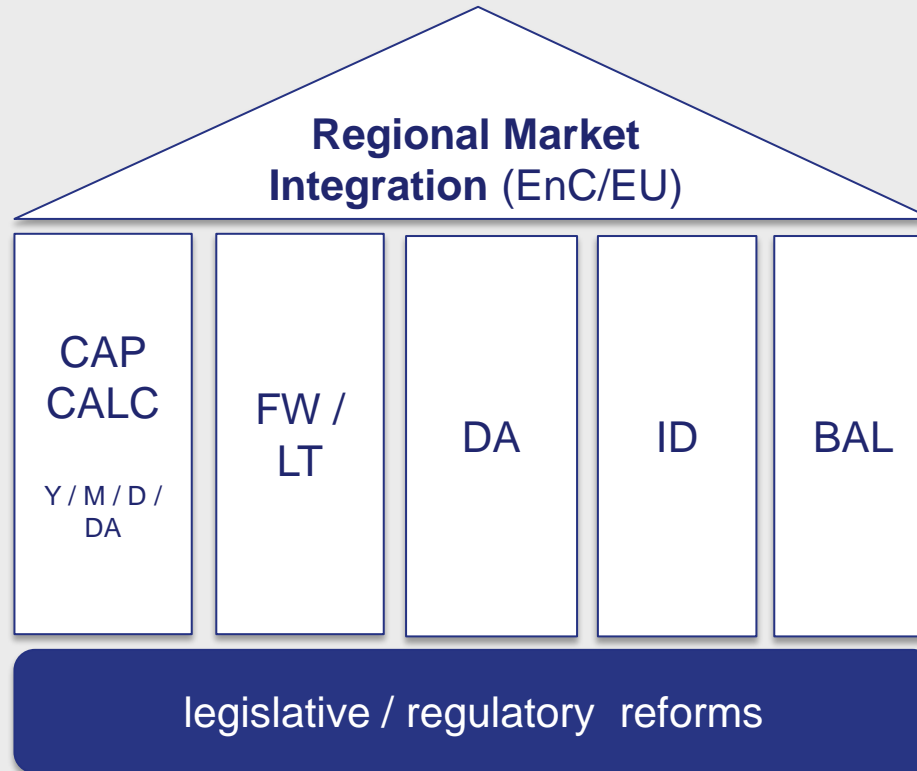


Regional Power Exchange

Spot Market & CAO

Nina Grall

EnC Electricity Target Model – “RAP”



1 – LONG TERM / FORWARD CAPACITIES

CAO

Status Quo & Outlook – Capacity Allocations

BA, HR,
MN

- 27/28 Nov: First **Yearly** Capacity Auction
- 15 Dec 2014: First **Monthly** Capacity Auction
- 31 Dec 2015: First **Daily** Capacity Auctions

+ AL, GR,
TR, KS

- Additional borders under preparation
- Expected sequence: **MN-AL** (allocation April for May) , AL-GR, GR-TR, KS

Others

- **RS**: discussions about CAO servicing ongoing
- **MK**: infringement case opened
- **RO**: solution depending on RS / BG
- **BU**: complaint forwarded to EC

EnC-wide

- Process of creating Harmonised Auction Rules (HAR) for **all** auction offices initiated by ENTSO-E (for 2016)
- FCA Network Code requirement: Single Platform for Forward Capacity Allocation → Merging of all remaining AOs in the mid-term future

2 – SPOT MARKETS

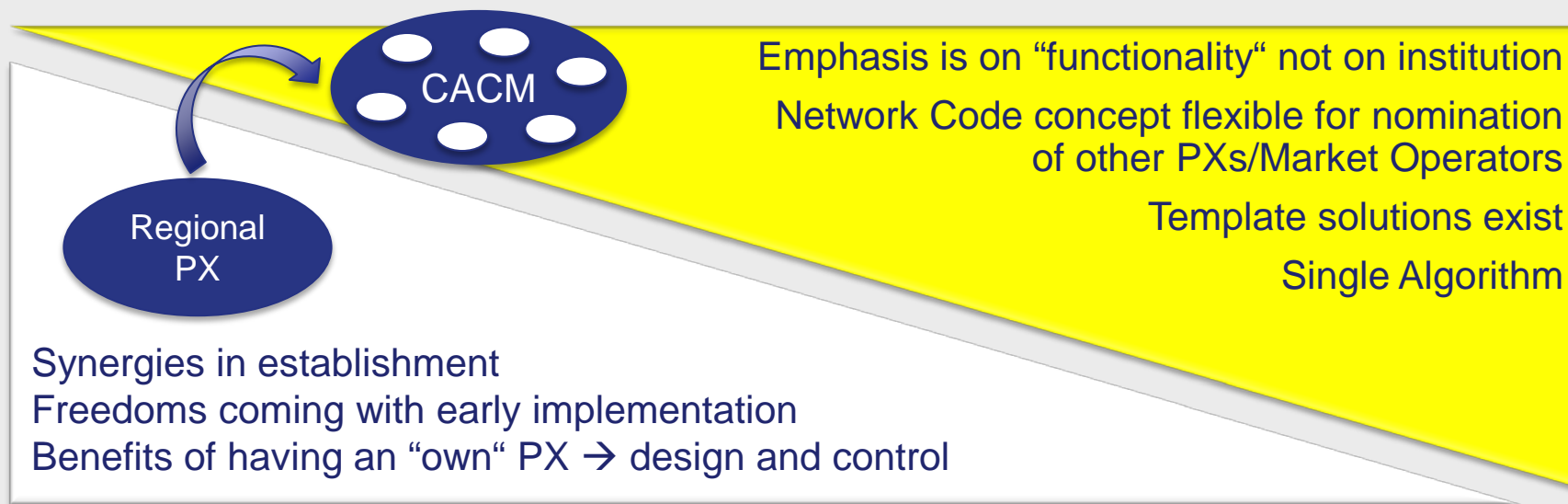
DAY AHEAD MARKETS, PXs, MARKET COUPLING

- **Starting point** for establishing integrated organised market in SEE / 8th Region **is heterogeneous**
 - Some organised markets exist (SI,IT,RO,HU,GR)
 - Some initiatives were launched (HR,RS,MK,BU,TR)
 - Others are at the very beginning (UA,MD,BA, KS, AL)

☞ **But:** only a few components are crucial to ensure the inter-operability

Developments Require Adaptations

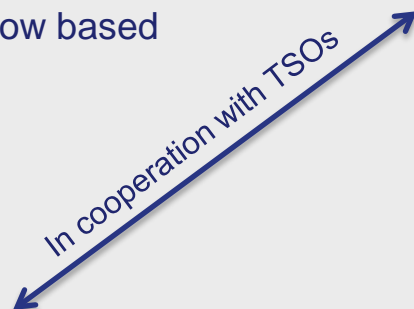
Paradigm of having a national/regional PX changed



Calculation of available grid capacities

- ☞ (normally) flow based

TSOs



Performing DA | ID MC

- ☞ Matching bids and offers
- ☞ Informing market participants about MC results

Nominated El. Market Operator

NEMOs

Implicit allocation (capacity & energy)

- ☞ **Each TSO individually**
- ☞ **Based on a common grid model**
 - For DA & ID
 - At least regionally common
 - Capacities to be firm
 - Based on estimates on generation | load | network status per hour
- ☞ **Market Operator**
- ☞ **PX function**
- ☞ **Interface between national MCO** if any | by bidding zone
- ☞ **Single algorithm** for matching bids & offers
- ☞ **To be appointed nationally (NRA)** 4 years – one or more but at least 1 per bidding zone
- ☞ **Domestic or non-domestic**

Key Priorities for a Regional Approach



1. Identify single **copy-and-paste approach** for central functionalities
 - Flexibility in implementation
 - Critical standards are to be followed – institutions | functionalities | algorithm
2. Make best use of the **solutions that are already developed**
 - Compability
3. Focus on **being ready for MRC enlargement**
 - Allowing regional and European Integration
 - Abandoning of barriers to integration | reduce regulatory barriers
 - Micro-market structures with dominant players (one PX per dominant player) no long-term option



Policy Guideline

- containing the minimum set of required elements for each implementation project to ensure long-term compatibility and consistence for the fastest possible integration
- performed by ad-hoc working group comprising all entities establishing or operating organised market in SEE
- Presentation / discussion of draft at Athens Forum
- Consultation on draft guidelines post Athens Forum
- Finalisation in autumn 2015 (target)

Some Elements – e.g.

- **Appoint NEMO**
 - Institution to match bids & offers | inform about results
 - Domestic or non-domestic market operator may be designated
- **Harmonisation**
 - Common algorithm for matching bids & offers | by bidding zone
 - Common grid model for TSO capacity calculation (DA | ID – firm – flow based)
 - Gate closure
 - Products traded
- **Risk control for clearing and settlement?**
 - Bank guarantees | IFIs
- **IT interfaces**

3 – 8TH REGION

- **Regulation (EC) 1228/2003 repealed by Regulation (EC) 714/2009**
 - Including Annex Article 3 (2) – related to 7 Regions
 - **MC Decision 2011/02 on Third Package**
 - does not specifically adapt Annex, Article 3 (2) in terms of the 8th Region
 - **MC Decision 2008/02 on 8th Region**
 - Still in force
 - **But** refers to a Regulation that has already been repealed!
 - Article 4 allows for review of MC Decision 2008/02 „where necessary“
- ☞ **MC to amend Decision 2008/02 with a reference to Regulation (EC) 714/2009**
- *Alternative:* interpretation under Article 94 EnC Treaty



**Thank you very much for
your attention!**

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