EnC Electricity Target Model – “RAP”

Regional Market Integration (EnC/EU)

- CAP CALC
- FW / LT
- DA
- ID
- BAL

legislative / regulatory reforms
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

PHLG – 26 March 2015, Vienna
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)

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**But:** only a few components are crucial to ensure the inter-operability
Developments Require Adaptations

Paradigm of having a national/regional PX changed

- Emphasis is on “functionality” not on institution
- Network Code concept flexible for nomination of other PXs/Market Operators
- Template solutions exist
- Single Algorithm

**CACM**

- Regional PX

Synergies in establishment
Freedoms coming with early implementation
Benefits of having an “own“ PX → design and control
**Key Functionalities**

**Calculation of available grid capacities**
- (normally) flow based

**Performing DA | ID MC**
- Matching bids and offers
- Informing market participants about MC results

**Implicit allocation** (capacity & energy)

**TSOs**
- 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

**NEMOs**
- Matching bids and offers
- Informing market participants about MC results

**Nominated El. 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**
   - Compatibility

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
**Way Forward**

**Policy Guideline**

- containing the minimim 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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