EU Electricity Markets
- Update

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This presentation reflects solely the views of the author
1. Network Codes at full speed

=> EU Regulations on Trading and Grid Operation

• *(Difficult)* transition to *coordinated* decisions
• *Majority decisions* on key issues (e.g. opening borders)
• *First cases to be decided by Court of Justice*
• *Third country issues*
How to deal with non-EU countries connected to the EU grid?

Problem: EU changed from voluntary cooperation to legal obligations and majority decisions

- Calculation of capacity at borders?
- Participation in common platforms?
- Membership in ENTSO-E?

<table>
<thead>
<tr>
<th>Basic participation</th>
<th>Full Participation</th>
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<tbody>
<tr>
<td>Switzerland</td>
<td>Norway/EFTA</td>
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<tr>
<td>Russia/Belarus</td>
<td>Energy Community</td>
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<tr>
<td>Morocco</td>
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<td>UK?</td>
<td>UK?</td>
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2. Clean Energy ("Winter") Package

- Governance (in force)
- Efficiency (June 2020)
- RES (June 2020)
- Market Design (mid 2019-2021)

Components/entry into force
2. Clean Energy ("Winter") Package

=> Final target figures

- **2020**
  - 20% GHG EMISSIONS
  - 20% RENEWABLE ENERGY
  - 20% ENERGY EFFICIENCY
  - 10% INTER CONNECTION

- **2030**
  - 40% GHG EMISSIONS
  - 32% RENEWABLE ENERGY "EU binding Target"
  - 32.5% ENERGY EFFICIENCY "EU indicative" Target
  - 15% INTER CONNECTION

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EC Roadmap for moving to a low carbon economy in 2050

Figure 1: EU GHG emissions towards an 80% domestic reduction (100% = 1990)
INTERNATIONAL COMPARISON OF TARGETS

Based on IRENA (2016)

2030 RES share in electricity production
2030 RES share in TFEC
“Governance” has started


National Progress Reports (2021)

Monitoring by Commission (2021)

Simplification

1 Plan only
1 Report only
1 Monitoring only
Market Design
Disruptive change:

From central / base load to decentral / volatile

Old Electricity World

New Electricity World

Tag 130 00:00 Uhr
• Adapt market rules to new realities

• Reduce state interventions – use markets

• Cooperate across borders
Market Design Reform: What was NOT proposed/adopted

- Re-opening ownership unbundling provisions
- Replacing 42 EU TSOs by “EU-TSO”
- Creation of a European Energy Regulator
- Prohibition of capacity mechanisms
- EU-wide RES support scheme
Market Design Reform: What was proposed/adopted

But:

- Tendering for storage
- Reg. Coordination Centres
- ACER remains central
- New conditions for CMs
- More market-based approach

- Re-opening ownership unbundling provisions
- Replacing 42 EU TSOs by “EU-TSO”
- Creation of a European Energy Regulator
- Prohibition of capacity mechanisms
- EU-wide RES support scheme
Market Design Reform: Remarkable Policy Changes (Regulation)

- Improving the zonal congestion management model
  - Stricter / more specific conditions for closing borders
  - “Action plans” and COM decision on bidding zones (2026)
- Stricter conditions for capacity mechanisms
  - Market reform plans first
  - EU adequacy assessment must show a need
  - No CM-subsidies for coal after 1.7.2025
- Regional Coordination Centres: RSCIs => RCCs (7/2022)
- Network Codes: clarification of ENTSO-E’s role
- Coal phase-out support (Art. 4), etc…
Market Design Reform: Remarkable Policy Changes (Directive)

- New framework for **retail price regulation**
  - Transitory & proportionate (= Court jurisprudence)
  - Households & “micro-entreprises”
- New **consumer rights**
  - Dynamic prices; comparison tools; switching etc.
  - Right to produce (self production, local energy communities)
- **Fines for ENTSO-E/NEMOs/RCCs**
- **Strengthening regulatory independence**
- Etc..
New Art. 43 ACER-Regulation

Subject to the conclusion of an agreement to that effect between the Union and third countries as referred to in paragraph 1, ACER may also exercise its tasks under Articles 3 to 13 with regard to third countries, provided that those third countries have adopted and apply the relevant rules in accordance with paragraph 1 and have mandated ACER to coordinate the activities of their regulatory authorities with those of the regulatory authorities of Member States. Only in such cases the references to issues of cross-border character shall relate to borders between the Union and third countries, and not to borders between two Member States.

The agreements referred to in paragraph 1 shall provide for arrangements specifying, in particular, the nature, scope and procedural aspects of the involvement of those countries in ACER’s work, including provisions relating to financial contributions and to staff.
Link to Recast **Electricity Regulation**


Link to Recast **Electricity Directive**

Thank you very much