General situation under current ECT

Implementation of EU acquis through Measures of Ministerial Council

Contracting Party

binding effect

Secretariat

Contracting Party
Reciprocity Mechanism under new Art. 25’ ECT

Information Exchange (New Procedural Act)

Reciprocity Mechanism (new Art. 25’ ECT)
- “mutual rights and obligations”
- specific provisions in new Annex V to the ECT that meet the requirements of new Art. 25’ (1) ECT

Safeguards (new Art. 25’ (3) - (5) ECT)
- Unilateral EU decision to “switch on” / “switch off” mutual rights and obligations defined in Ministerial Council Decision

Implementation of EU acquis through Measures of Ministerial Council

Contracting Party

Secretariat

Contracting Parties

Blue: general situation under current ECT
Red: new reciprocity mechanism
Creating the basis for a new reciprocity mechanism under the Treaty regime:
Adoption of amendments to ECT (especially new Art. 25'(1) and Annex V)

**MC Decision**
- EU Proposal to the MC for a Decision (provisions listed in new Annex V to the ECT and fulfilling the requirements of new Art. 25'(1) ECT), see new Art. 81’ ECT
- MC Decision under new Art. 25'(1) ECT defining mutual rights and obligations based on these provisions (EU positive vote required, see amended Art. 81 ECT)

**Safeguards**

**“Switch on”**
- COM Proposal to the Council (EU) to enact mutual rights and obligations defined in the MC Decision
- EU Decision to enact, see new Art. 25'(3) and (5) ECT

**“Switch off”**
- COM Proposal to the Council (EU) to suspend EU obligations
- Advance notice to the CP concerned and the Secretariat (except in cases of urgency), see new Art. 25'(4) ECT
- EU Decision to suspend, see new Art. 25'(4) and (5) ECT

**Procedural details in a new Procedural Act**

“Specific provisions listed in new Annex V to the ECT shall be binding between CP and the EU”
Reminder: Why needed?

Important Example

- **Western Balkan countries physically integrated with South East European countries** => effective market coupling in the EU requires cooperation with Energy Community (see Regulation 1225/2015)

- **No meaningful energy transition** possible in Western Balkans without effective cross-border electricity trade (=> allows sharing backup energy)

**Problem**

- Currently **not possible to integrate Energy Community** into Market Coupling /risk preparedness

- Market coupling requires **regionally agreed solutions** (e.g. capacity calculation); regional regulators to agree; ACER to decide in case of disagreement (in consultation with ECRB)
EU-wide Market Coupling is a Reality

2014: (almost) EU-wide day-ahead market coupling (85% of EU)

2018: EU intraday market coupling (10 countries)

CACM:
- Market coupling as new form of effective C/B trading across EU
- New framework for regional TSO/Regulatory cooperation

In whole Europe? Not really...
EU-EnC Cooperation was agreed by Member States in 2015 (Regulation 2015/1222 – “CACM“)

**CACM, Art 20(4)**

Capacity Calculation

4. No later than six months after at least all South East Europe Energy Community Contracting Parties participate in the single day-ahead coupling, the TSOs from at least Croatia, Romania, Bulgaria and Greece shall jointly submit a proposal to introduce a common capacity calculation methodology using the flow-based approach for the day-ahead and intraday market time-frame.

**Future Market Coupling Region “South-East-Europe“:**

Figure 11: Bidding zones of the CCR SEE (HU-RO and HU-HR bidding zone borders are not part of this CCR).

See ENTSO-E, CCR proposal 2015