WHOLESALE MARKET OPENING IN SEE

Regional Action Plan ECRB & ENTSO-E RG SEE

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DEVELOPMENT – 1: WMO Study

Starting point

- Study *Wholesale Market Opening in South East Europe*
  - Developed by consulting consortium Pöyry/Nordpool Consulting AS with financial support of The World Bank
  - ECRB (EWG) provided substantial input / regulatory expertise
  - Finalized in June 2010

CONTENT – 2 layers:

1-Regional

- Recommendations on model for regional WMO (Regional Action Plan)

2- National

- Minimum preconditions for regional WMO on national basis (Local Action Plans)
- CP per CP analysis of gaps on Local Action Plans
THE REGIONAL ACTION PLAN (RAP)
- ECRB and ENTSO-E Regional Group SEE jointly adjusted the RAP of the Wholesale Market Opening in South East Europe study
- Final version published in Aug 2011 (PHLG material / Annex 2)

ADJUSTMENT - WHY AND HOW
- Main pillars of study left unchanged but:
  - Adaption to EU 2014 Electricity Target Model needed to ensure compatibility between 7 EU Regions and 8th Region
  - RAP now fully in line with the elements of the EU Electricity Target Model aiming for an integrated EU electricity market by end 2014

RAP RECEIVED AGREEMENT BY
- Regulators (ECRB)
- TSOs (ENTSO-E Regional Group SEE)
1. CAPACITY CALCULATION
2. FORWARD CAPACITY MARKETS
3. DAY AHEAD MARKET
4. CROSS BORDER INTRADAY MARKET AND BALANCING
5. GOVERNANCE

- These are 1:1 the elements of the EU 2014 Electricity Target Model
- The details of element 1-5 are fully in line with the EU 2014 Electricity Target Model
1. **CAPACITY CALCULATION**

- Common grid model **required by** Article 3.5 Congestion Management Guidelines annexed to Regulation (EC) 1228/2003
- Common grid model and coordinated capacity calculation method is a **prerequisite for** explicit and implicit coordinated auctions
- Goal
  - maximize the capacity available to the market
  - respecting TSOs security standards

**WHAT THE RAP CONCLUDES**

- common SEE grid model for long-term and short-term capacity calculation already exists
- **Needs to be adjusted** to the current efforts by ENTSO-E on developing EU-wide capacity single price coupling for day-ahead, and a capacity calculation mechanism based on NTC/ATC or flow based method
2. FORWARD CAPACITY MARKETS

- Congestion Management Guidelines annexed to Regulation (EC) 1228/2003 require a common model for the 8th Region
- SEE CAO discussions under discussion
  - TSOs developed documents for setting up a Project Company responsible for establishing a SEE CAO
  - TSOs involved: Albania, Bosnia and Herzegovina, Croatia, FYR of Macedonia, Greece, Montenegro, Romania, Slovenia, UNMIK

WHAT THE RAP CONCLUDES

- Support for the SEE CAO
- glide-path approach
  1. coordinated bilateral explicit auctions in SEE;
  2. multilateral coordinated (NTC based) explicit auctions on several borders;
  3. centralized multilateral coordinated (NTC-based in a first step, flow based remaining the final concept) auctions on most of SEE borders (over a single platform/single point of contact for allocation of long-term transmission rights; - CAO);
  4. Multilateral coordinated auctions on all borders within the SEE region (regional one-stop-shop and, finally, EU-wide solution).
3. **DAY AHEAD MARKET**

**WHAT THE RAP CONCLUDES**

- **Price Based Market Coupling** as Target Model for SEE
- **Staged** implementation of the Regional Day Ahead Market
  - maybe starting with a nucleus
- **Parallel** development of Regional and Local Electricity Markets
- **Integration** with neighboring regions/markets
4. CROSS BORDER INTRADAY MARKET AND BALANCING

WHAT THE RAP CONCLUDES

- need to identify the current status of intraday trade in the 8th Region and the possible needs for harmonization of national regimes

- Based on this and taking into consideration developments in the EU a common solution for coordinated cross border capacity allocation is to be developed
Moldova and Ukraine cannot meet the deadlines of the Regional Action Plan given the lack of synchronization with the ENTSO-E synchronized area and application of relevant technical standards.
WHAT IS REQUESTED FROM THE PHLG

- Adoption of the RAP
THANK YOU FOR YOUR ATTENTION

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