

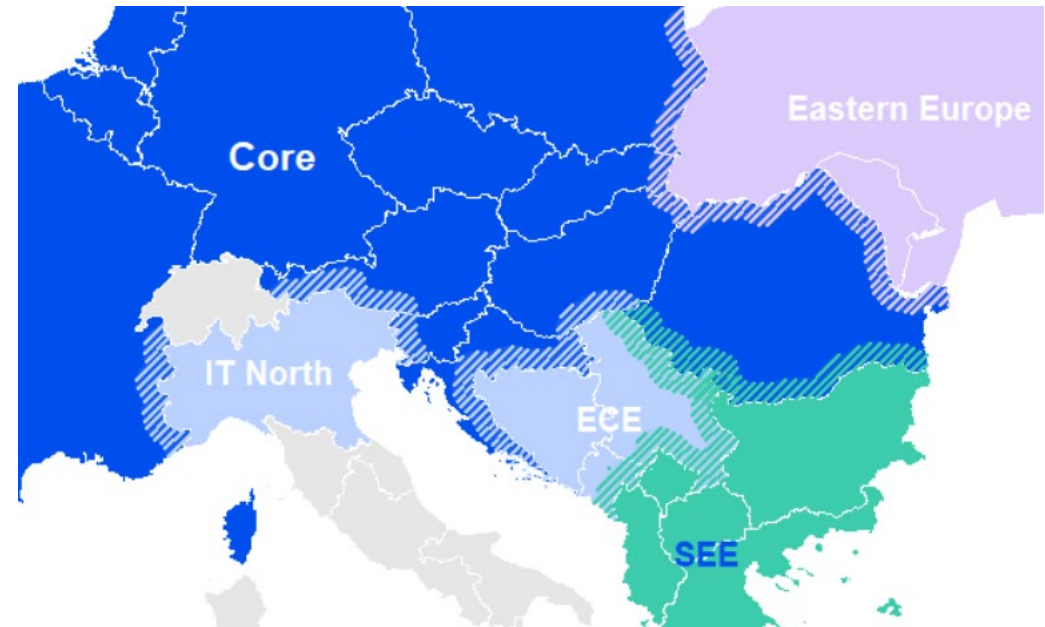


European Union Agency for the Cooperation
of Energy Regulators

EU market integration & South East Europe

Athens Forum
Mathieu Franssen
3-4 June 2026

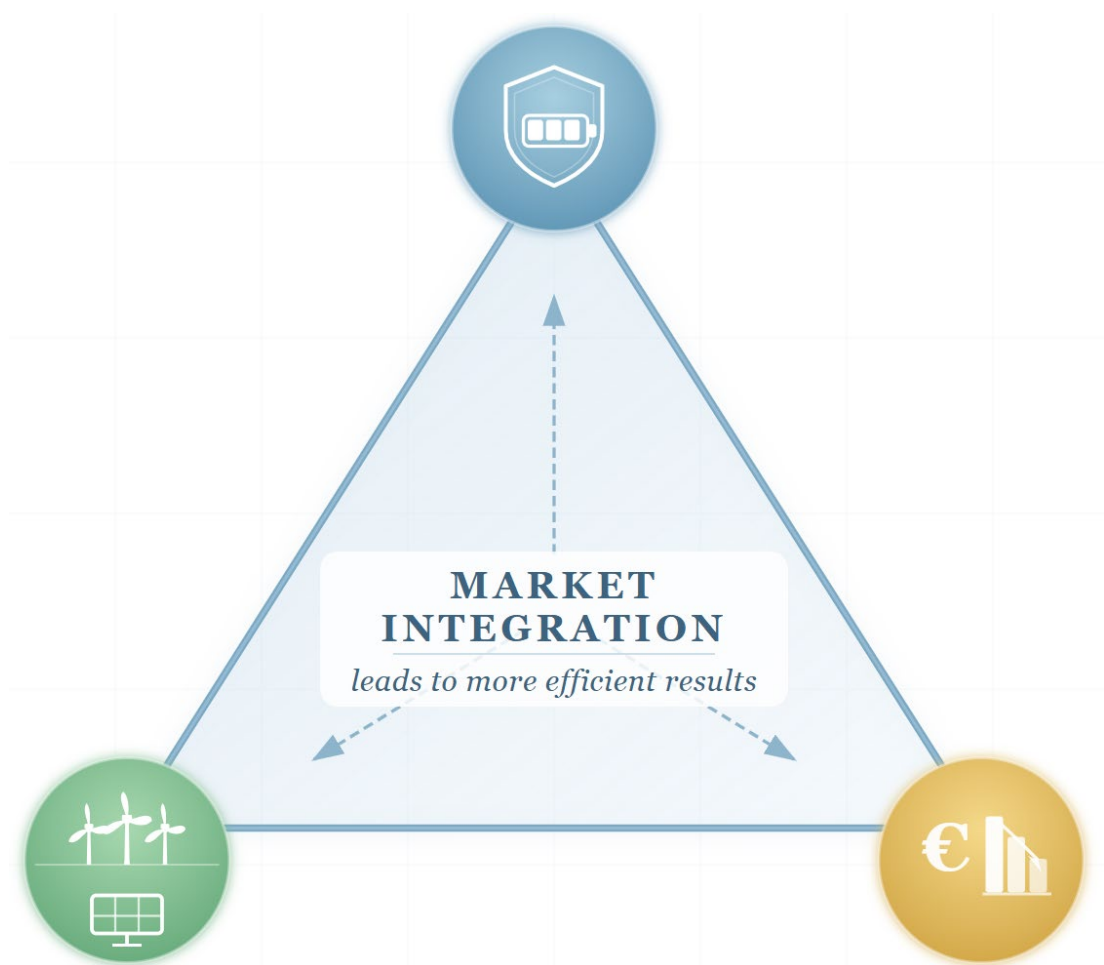
- Implementation of network codes: unlocking welfare gains through market integration
- ACER Report to the Energy Union Task Force: *Increasing cross-zonal capacity and flexibility in South-East Europe*



Implementation of network codes: unlocking welfare gains through market integration

The European market integration process: a keystone of affordable and resilient electricity

- In recent years, EU electricity markets have faced multiple challenges, from geopolitical crises to the pandemic, yet have demonstrated strong resilience
- Market integration has played a key role in mitigating these impacts by:
 - supporting **energy affordability**
 - advancing **sustainability** goals
 - strengthening **security of supply**
- Further unlocking the **potential of market integration** will enhance the efficiency and performance of EU electricity markets



Interpreting socio-economic welfare values

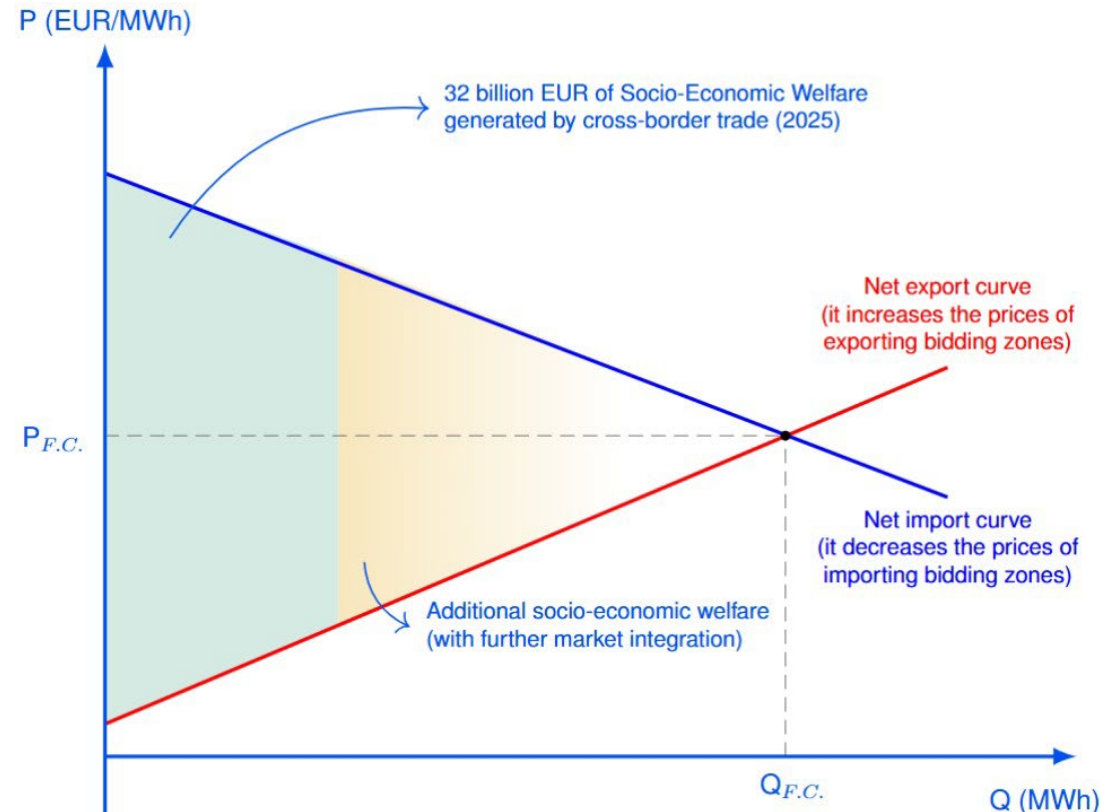
The socio-economic welfare generated by cross-border trade was approximately **32 billion EUR** (in 2025)

- According to ACER's assessment, the 10 analysed projects generate approximately 5 billion EUR (~15% of the total value of cross-border trade)

The total value cleared by SDAC (in the order of magnitude of **4 trillion EUR**) is not a meaningful comparison with the value generated by cross-zonal trade

- Most value in SDAC is generated by matching inflexible consumption and generation, which bid at the cap and floor respectively
- As an example, an increase (or decrease) in the maximum (or minimum) clearing price will increase the total value cleared by SDAC, without a material impact on the price formation or the quantity exchanged

Explanatory figure: socio-economic welfare stemming from cross-border trade and market integration

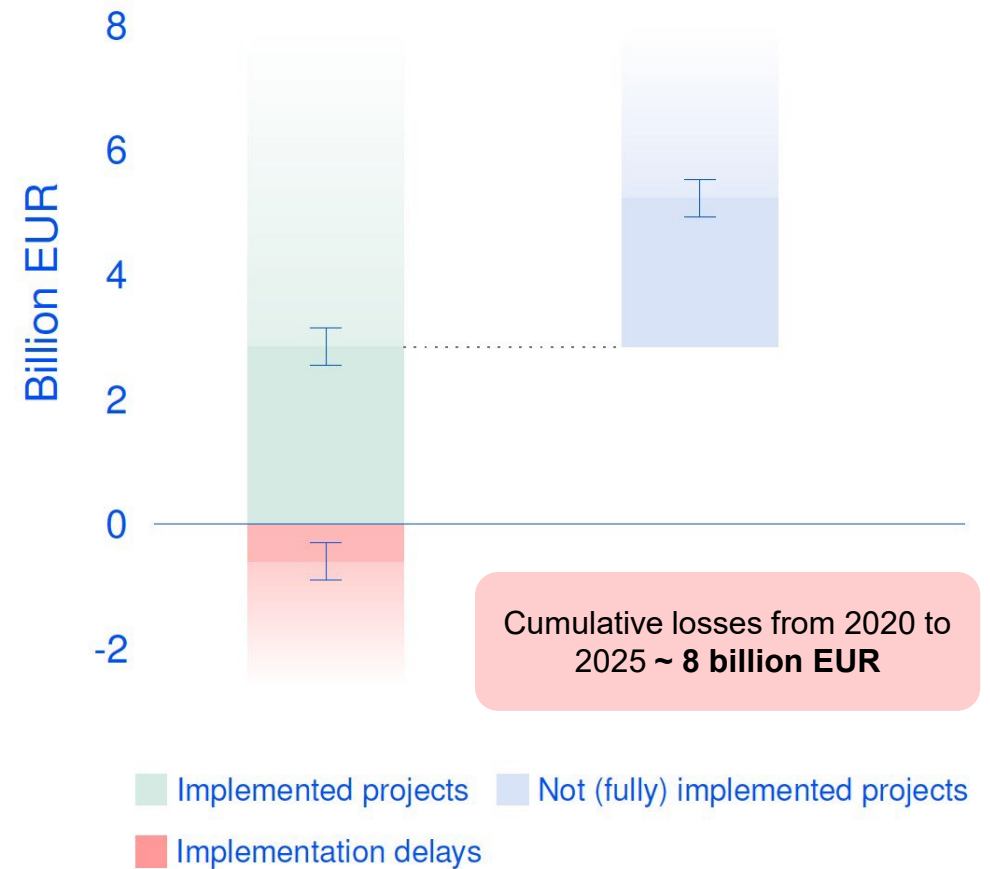


Source: ACER
Note: F.C. stands for Full Convergence

Further unlocking the potential of market integration

- Over the past years, **a multitude of market integration projects have been delivered**, and generate significant benefits every year
- On the other hand, **implementation delays** cause substantial losses, and slow down the market integration process. Prompt implementation of projects is key to avoid welfare losses
- There are **several projects that are expected to go-live** in the upcoming future, which will bring additional benefits and further strengthen the efficiency of the EU internal electricity market

Socio-economic welfare stemming from market integration (10 projects only) – 2025 (billion EUR)



Source: ACER

Note: Calculations are based on assumptions, subject to limitations, and are intended to provide only an indicative estimate. Ongoing methodological improvements may result in revisions in future assessments. Moreover, please note that socio-economic welfare is a metric for market efficiency expressed in monetary units and should not be interpreted as actual monetary gains (or losses).

List of market integration projects

10 market integration projects considered:

1. Nordic flow-based in SDAC
2. Core flow-based in SDAC
3. TSOs accession to IGCC
4. Market-based allocation (Nordic CCR)
5. 70% requirement (estimate for Core CCR only)
6. TSOs accession to MARI
7. TSOs accession to PICASSO
8. ROSC-RDCT (Central Europe CCR)
- 9. Integration of Energy Community in SDAC**
10. Italy North flow-based in SDAC (Central Europe CCR)

The actual list of market integration projects is much longer:

- Long-term flow-based (Core CCR)
- Advanced hybrid coupling (Core CCR)
- 15-minute MTUs
- Coordinated validation (Core CCR)
- ...

Socio-economic welfare stemming from market integration – 2025 (billion EUR)



Source: ACER

Increasing cross-zonal capacity and flexibility in SEE

ACER Report to the Energy Union Task Force

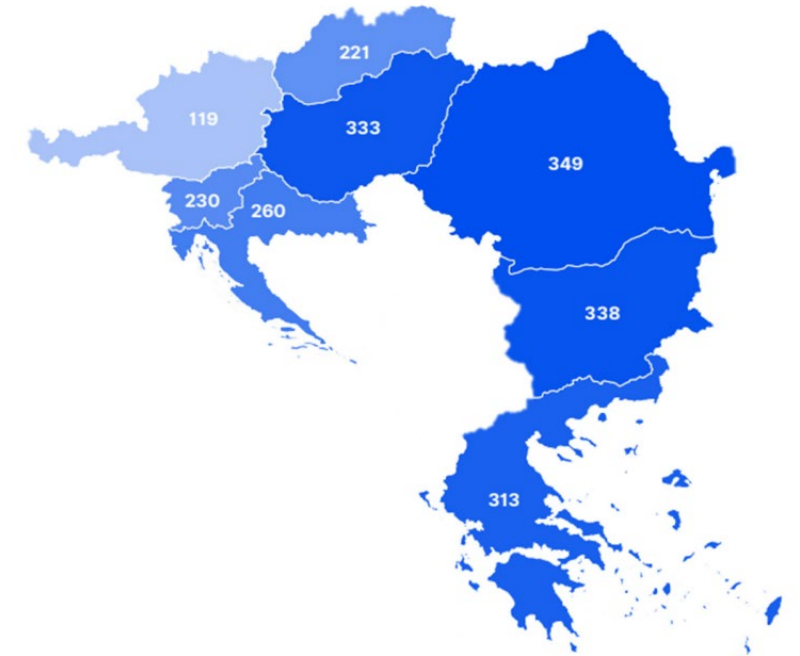
ACER was tasked by the Energy Union Task Force in October 2025 to **explore the drivers for price spikes** in SEE during Summer 2024 and to **investigate measures to mitigate these price** developments in the future.

Over the last few months, ACER has been exchanging with TSOs, RCCs and NRAs to **identify best practices potentially implementable across Central and Southeast Europe.**

Main **underlying drivers** for the 2024 price spikes:

- **insufficient flexible resources** to replace solar generation in the evening hours, during periods of high demand
- **limited cross-border capacity**, including due to planned outages, reduced the region's ability to import lower-priced electricity from the rest of the EU

While prices in 2025 did not reach the same levels as in summer 2024, the **price gap between Southeast and Central Europe persisted into early 2026**, highlighting structural challenges in the region.

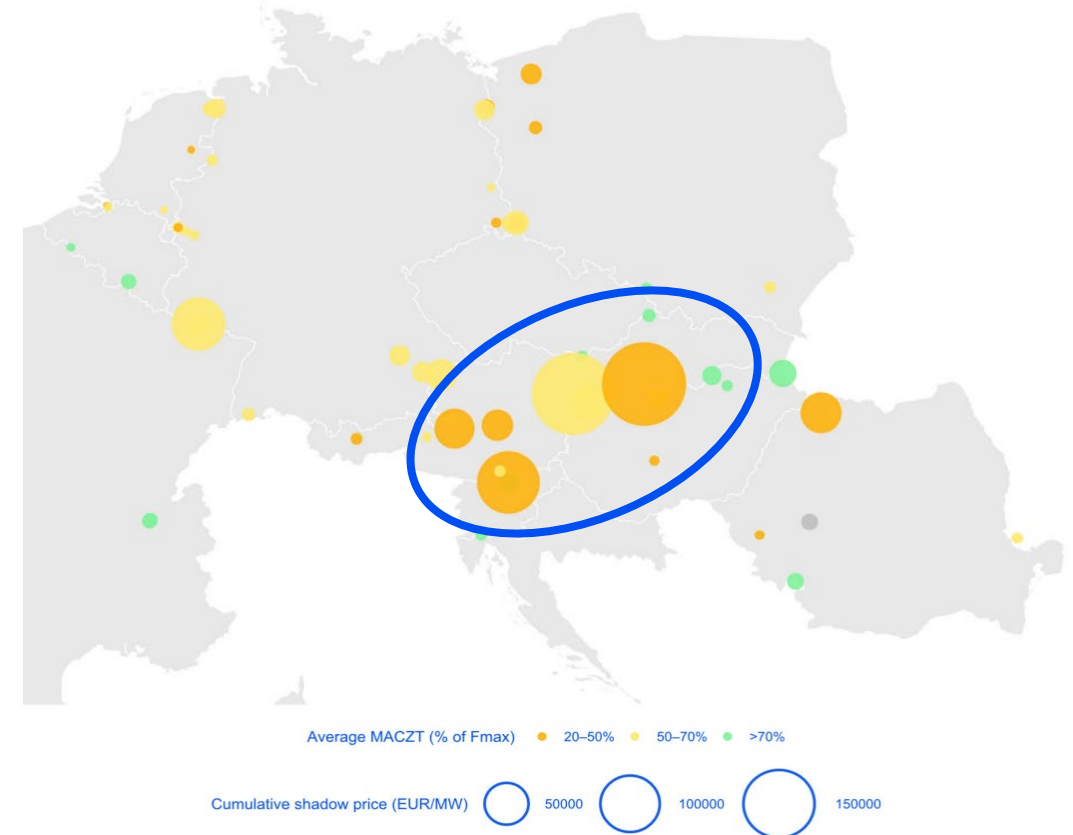


Average day-ahead prices in Southeast Europe at 19:00 CEST – July to September 2024 (EUR/MWh)

Proposed measures to increase cross-zonal capacity and system flexibility in SEE:

- Faster deployment of **grid-enhancing technologies**:
 - dynamic line rating
 - advanced line conductors (HTLS)
- Improved **regional coordination**:
 - More effective outage planning coordination
 - wider consideration of curative remedial actions in capacity calculation
 - Improvements in grid modelling for capacity calculation
- Continued implementation of **EU market integration rules**:
 - minimum 70% cross-zonal capacity requirement
 - flow-based approach across Southeast and Eastern Europe
 - market coupling with non-EU neighbours
- **Accelerated network investment projects** to strengthen interconnectivity of Southeast Europe.
- Unlock system flexibility by **removing market barriers**.

Network elements most limiting cross-zonal trade in the evening hours of Summer 2024



Expanding market coupling & flow-based approach

Prices in Southeast Europe are influenced by electricity exchanges within the EU and with non-EU neighbours

Increasing efficiency of cross-border trade: leading to more regional competition and stronger price signals

Extension of market coupling to Energy Community bidding zones

- Increasing the size of the market in SEE
- Prerequisite: full transposition of the EU acquis at EnC contracting parties

Extension of flow-based approach to Southeast and East Europe →

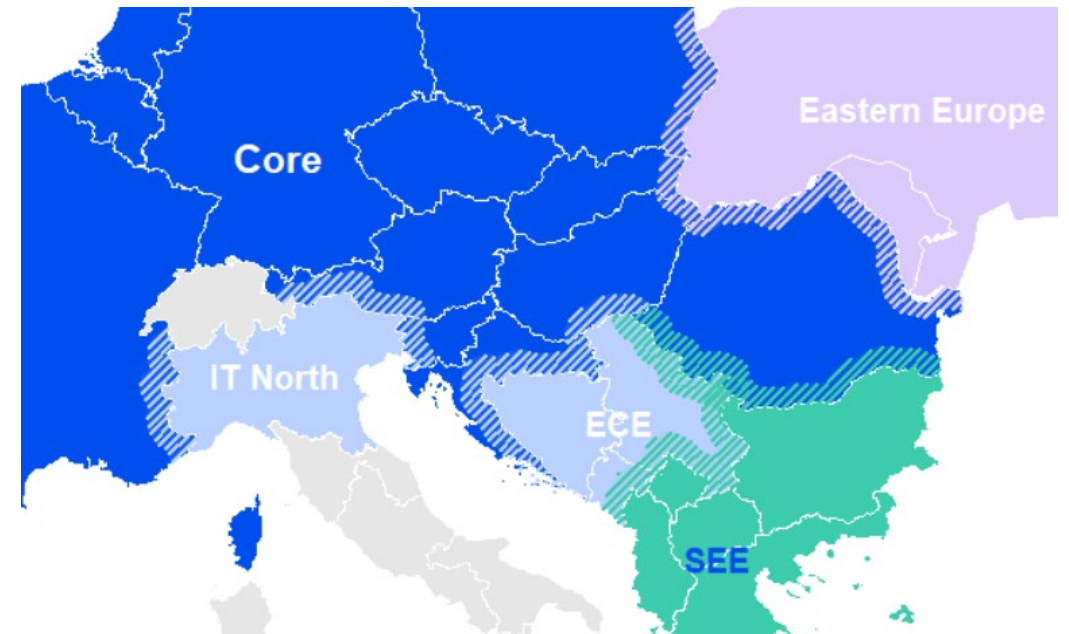
- Ensures the most efficient allocation for highly meshed networks

Extension of flow-based approach to intraday and balancing

(valid for entire EU and for non-EU neighbours)

- Improves allocation of capacity particularly scarce close to real time
- Important improvement for all flow-based regions

Newly established capacity calculation regions in Central and Southeast Europe



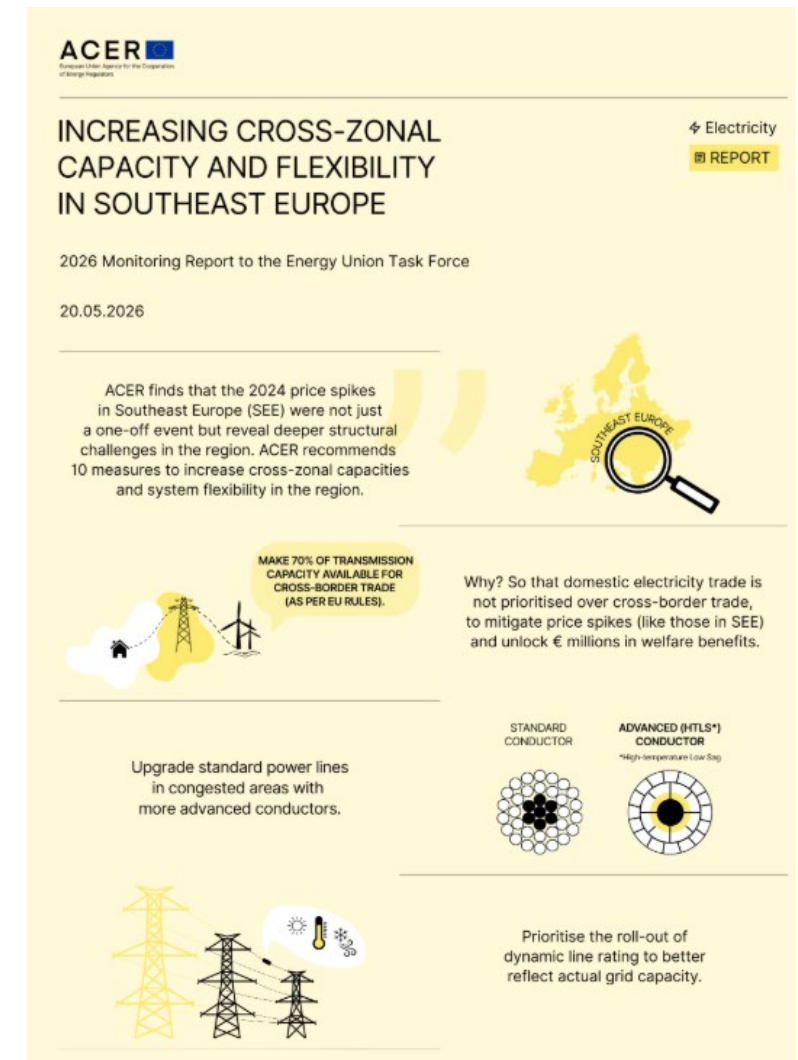
- Core + IT North ⇒ Central Europe
- SEE (extended)
- Eastern Europe
- ECE

ACER report was **endorsed by the ACER Board of Regulators** on 8 May 2026 and **submitted to the Energy Union Task Force** on 13 May.

The report is **available in ACER's website** since 20 May 2026:

[After the 2024 electricity price spikes in Southeast Europe, ACER recommends measures to mitigate future periods of system stress in the region | www.acer.europa.eu](https://www.acer.europa.eu)

ACER will continue engaging with the Energy Union Task Force to **closely monitor price developments in Southeast Europe** over the upcoming summer and the implementation of the proposed measures.



ACER
European Union Agency for the Cooperation
of Energy Regulators

**INCREASING CROSS-ZONAL
CAPACITY AND FLEXIBILITY
IN SOUTHEAST EUROPE**

↔ Electricity
REPORT

2026 Monitoring Report to the Energy Union Task Force

20.05.2026

ACER finds that the 2024 price spikes in Southeast Europe (SEE) were not just a one-off event but reveal deeper structural challenges in the region. ACER recommends 10 measures to increase cross-zonal capacities and system flexibility in the region.

**MAKE 70% OF TRANSMISSION
CAPACITY AVAILABLE FOR
CROSS-BORDER TRADE
(AS PER EU RULES).**

Why? So that domestic electricity trade is not prioritised over cross-border trade, to mitigate price spikes (like those in SEE) and unlock € millions in welfare benefits.

Upgrade standard power lines in congested areas with more advanced conductors.

**STANDARD
CONDUCTOR**

**ADVANCED (HTLS*)
CONDUCTOR**
*High-temperature Low-Sag

Prioritise the roll-out of dynamic line rating to better reflect actual grid capacity.



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