


ACER

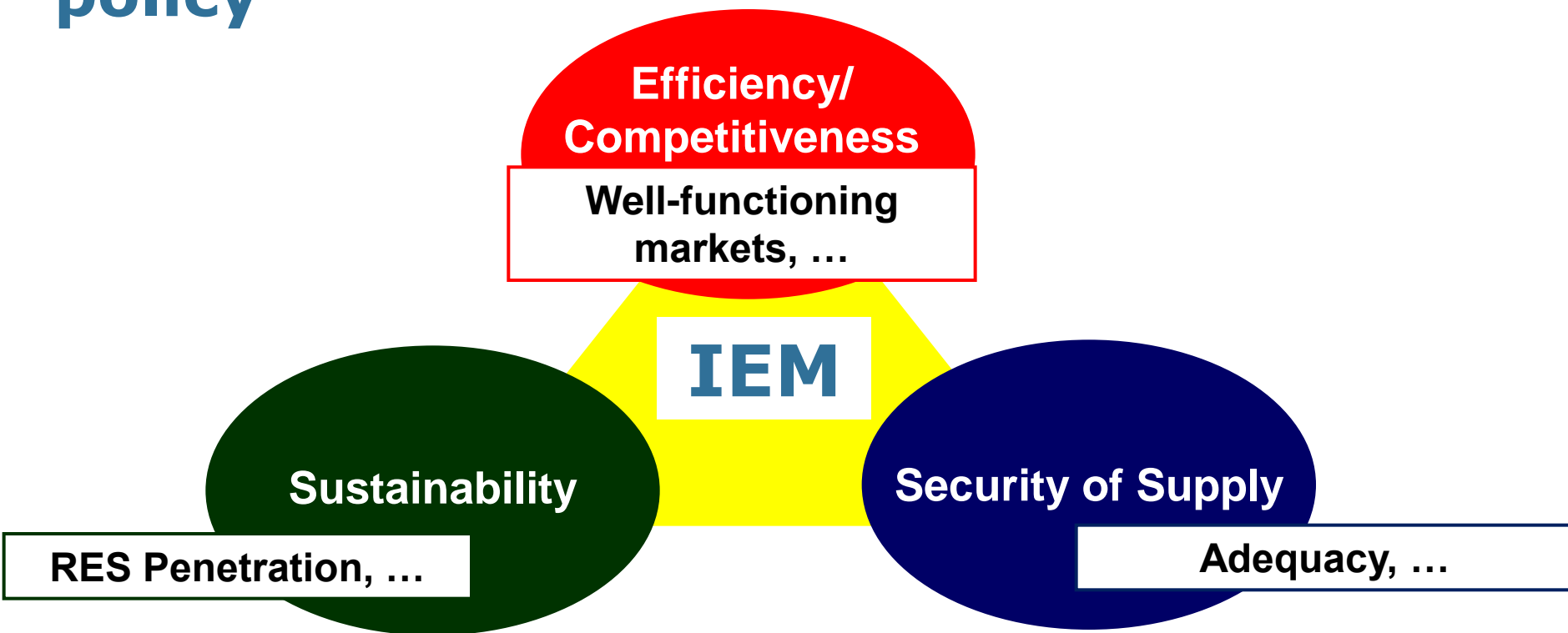
 Agency for the Cooperation
of Energy Regulators

The integration of electricity markets across the EU: objectives, tools, progress

Alberto Pototschnig
Director

**Future Trading Arrangements Forum
OFGEM - London, 30 September 2013**

The completion of the IEM is strategic in pursuing the three pillars of EU energy policy



A strong momentum for the completion of the Internal Electricity Market ...

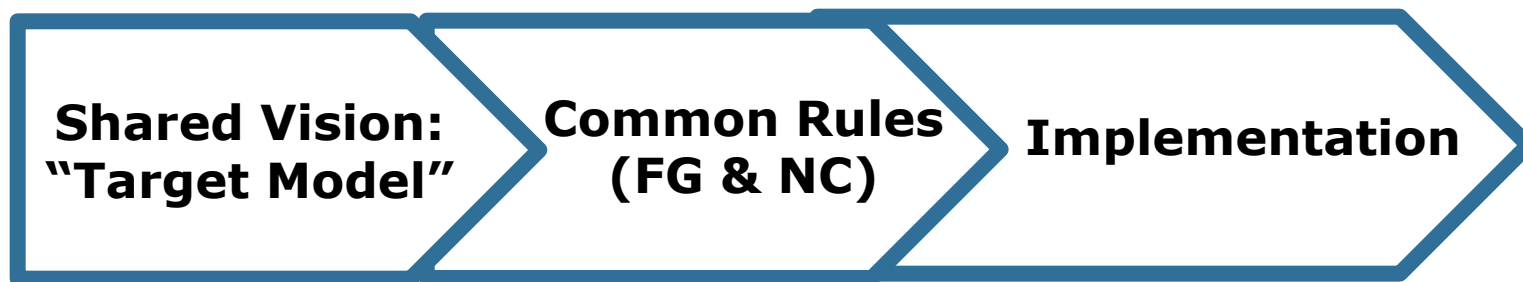
European Council - 4 February 2011 - Conclusions on Energy (paragraph 4)

"The internal market should be completed by 2014 so as to allow gas and electricity to flow freely."

The European Council reaffirmed this objective in the Conclusions (§1) of its meeting on 22 May 2013

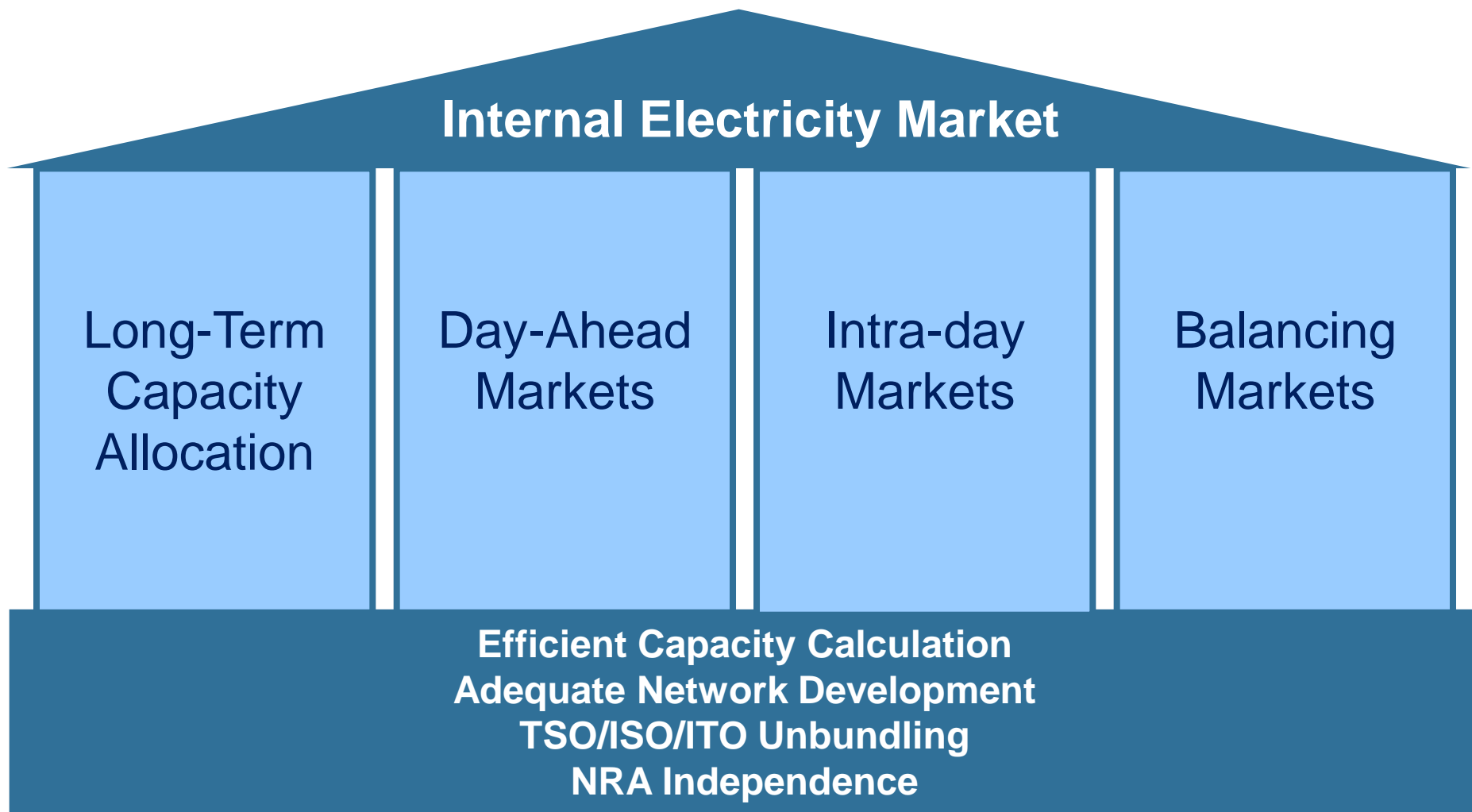
... a clear Target

- The completion of the Internal Energy Market in 2014 should deliver tangible benefits to European consumers:
 - More choice of suppliers/offers
 - “Better” prices, reflecting the demand/supply fundamentals



- It would be difficult to claim that the Internal Energy Market has been completed if the Target Model/Rules had not been implemented

The IEM Vision: the Target Model



Wholesale and Retail Markets

Wholesale Electricity Market Integration

- **Better Use of Cross-Border Capacity**
- **Greater Liquidity in Markets**
- **Greater Price Responsiveness to promote Efficiency**
- **Easier Entry into Markets**

**Greater Choice and Better
Prices for Electricity
Consumers**

Completing the Internal Electricity Market by 2014

Formal Framework Guidelines / Network Codes process

FG/NC on Electricity Grid Connection

FG/NC Capacity Allocation and Congestion Management

FG/NC on System Operation

FG/NC on Electricity Balancing

Voluntary Coordinated Implementation of the Target Model

Agency Electricity Stakeholders Advisory Group (AESAG)

Regional and Cross-Regional Roadmaps

Capacity calculation

Long-term capacity allocation

Day-ahead capacity allocation

Intra-day capacity allocation

Pilot projects on Balancing

Progress in Network Codes Development Electricity

2011

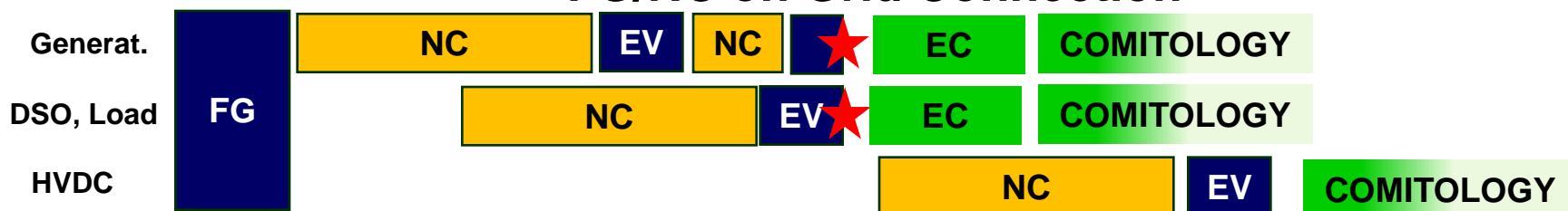
2012

2013

2014

2015

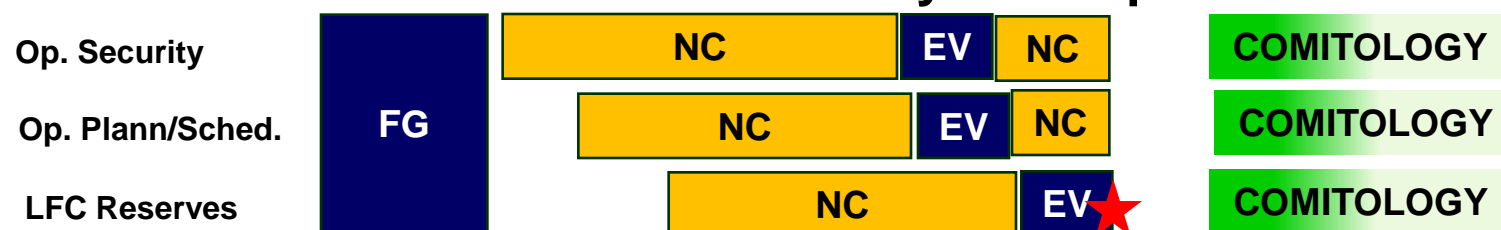
FG/NC on Grid Connection



FG/NC on Capacity Allocation and Congestion Management (CACM)



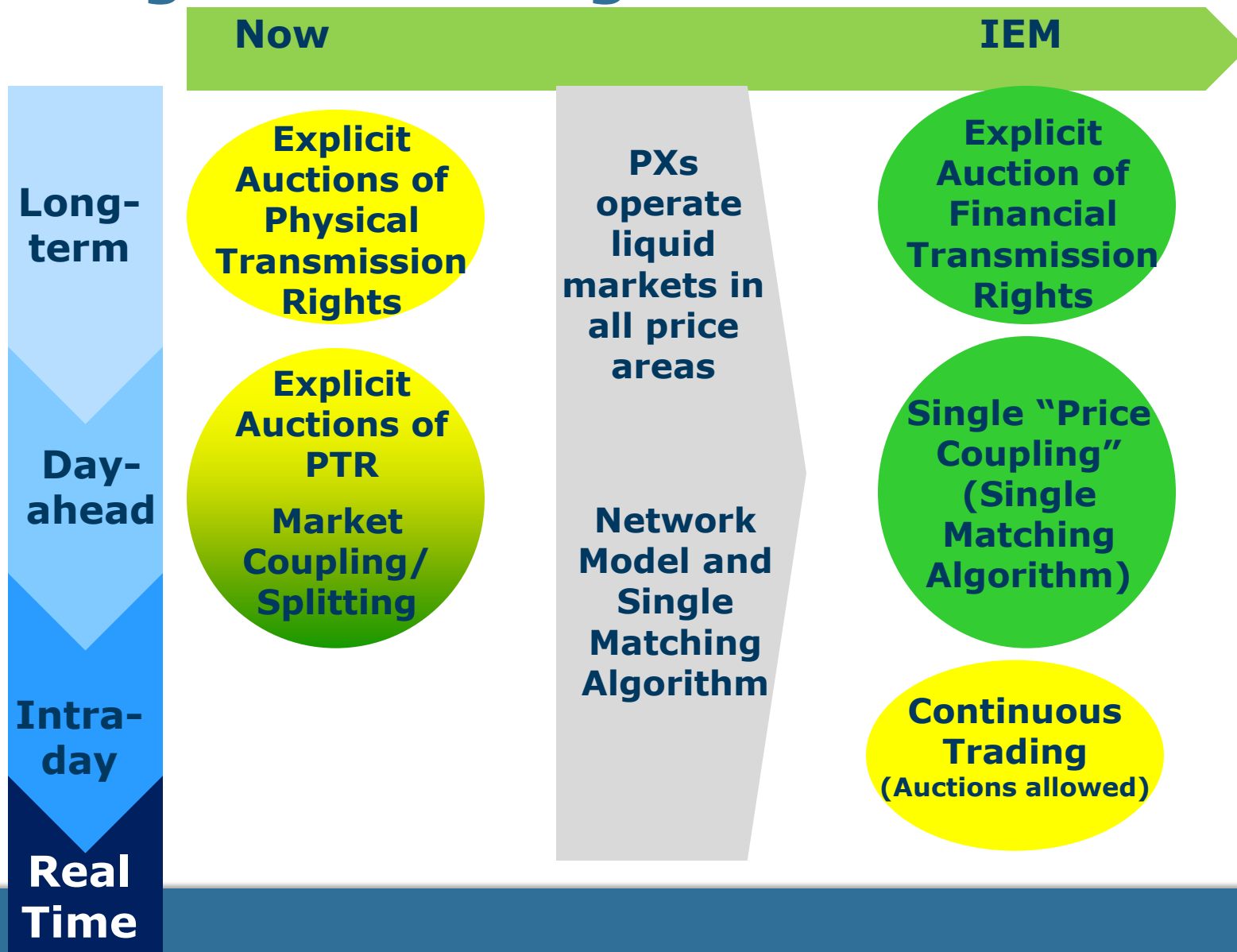
FG/NC on System Operation



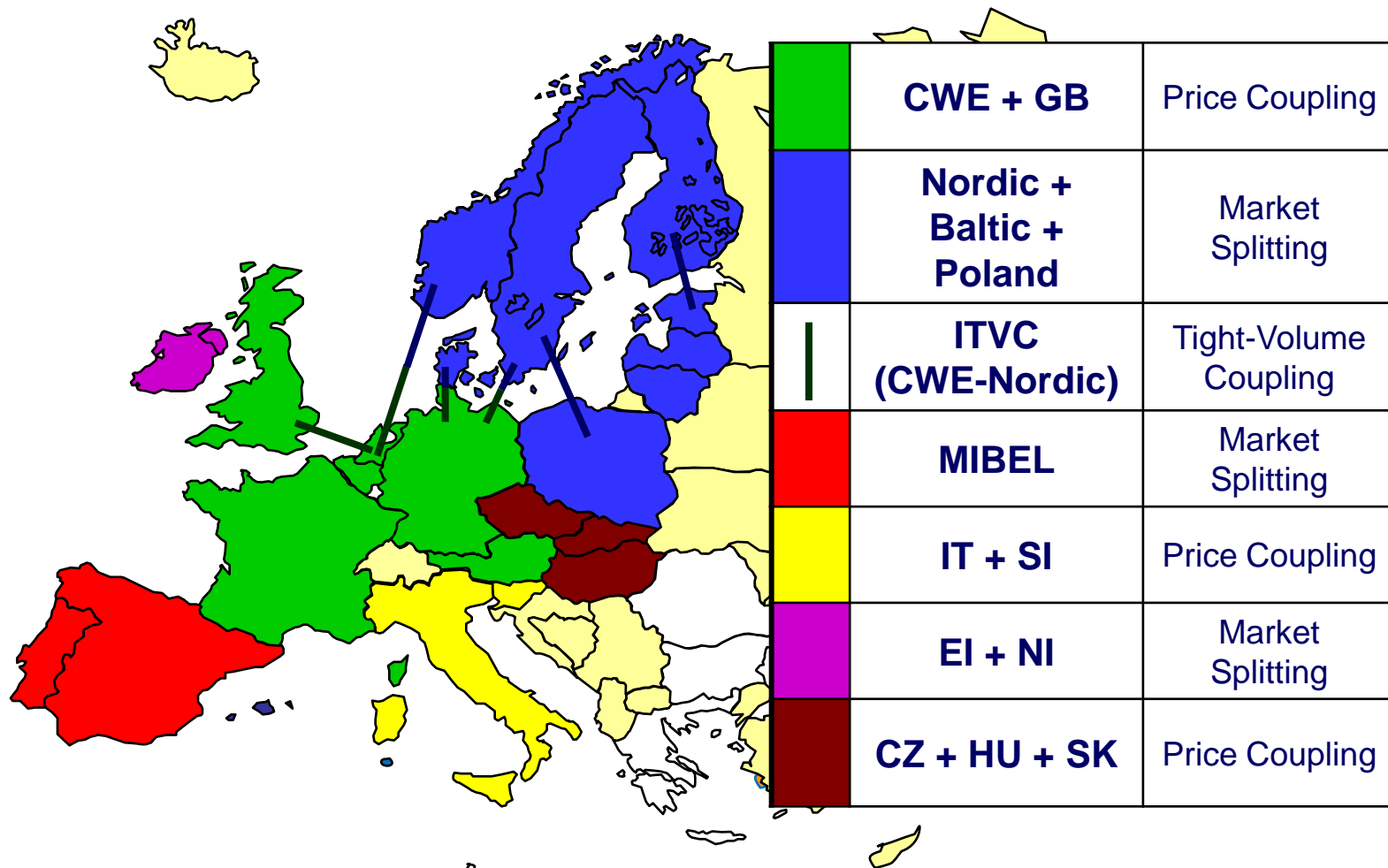
FG/NC on Balancing



Congestion Management in the IEM



Current Regional Day-Ahead Markets



Cross-Regional Roadmaps

- CACM Target Models for an efficient IEM
- The Agency and NRAs have defined 4 Roadmaps, endorsed by the FF, to pursue the 2014 IEM goal

Day-Ahead

SINGLE EU PRICE COUPLING

To optimise the use of existing day-ahead cross-border capacities at EU level

Intraday

SINGLE EU CONTINUOUS TRADING

with the possibility of auctions

Long Term

SINGLE EU ALLOCATION PLATFORM

one-stop shop for allocating long-term transmission rights

Capacity Calculation

FLOW-BASED METHOD

for improving network security and the level of available capacity

CACM Roadmaps: State of Play

Single EU DA Price Coupling

- Go-live of NWE pilot project expected in Nov. 2013 (75% of the EU electr. market)
- Extension to other regions in 2014: SWE, CSE and finally CEE

Single EU ID Contin. Trading

- Significant delay due to PXs' disagreement
- ACER informal opinion on the preferred IT provider
- 2014 delivery requires political pressure

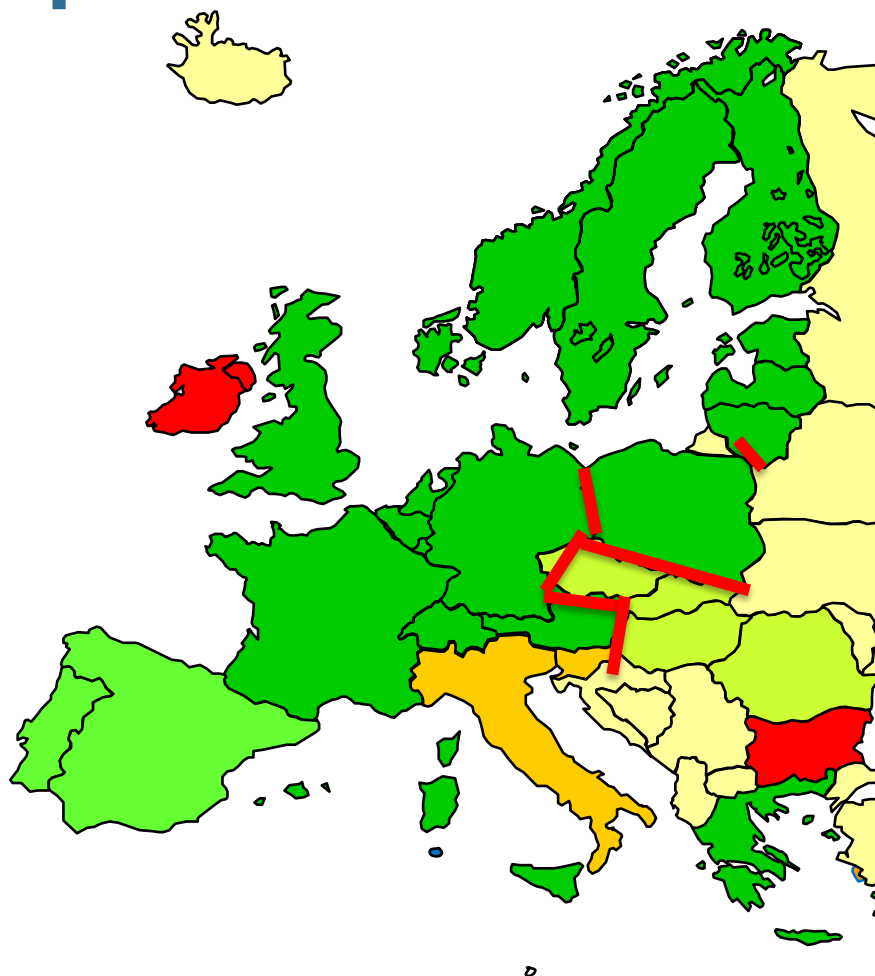
Single EU LT Allocat. Platform

- "Wish list" agreed in 2013
- MoU between CASC and CAO (75% of the EU borders with LT TRs)
- Common auction rules expected by 2014

Flow-Based Cap. Calc. Method

- CWE pilot project expected to start 2014H1
- The CEE region to follow (ad-hoc solutions may be required to address the loop flows phenomenon)

Integration of the Day-Ahead Markets: Expectations for 2014



Timeline	As of Jan 2012	As of Sept 2013
NWE (CWE + Nordic + GB)	2012	Nov 2013
SWE	End 2012/H1 2013	H1 2014
CEE	End 2012/End 2013	End of 2014 [^]
Baltics	End 2013	Nov 2013
CSE	H1 2014	H2-2014
Romania	End 2014	End 2014
Bulgaria	End 2014	2016
EI + NI	2016	2016
SEE	End of 2015	?
[^] —	Subject to FBMC being introduced	

Main Themes in ACER 2014 Work Programme

Theme 1: 2014 Market Integration Target

- Network Codes
- Early Implementation
- Internal Market Monitoring

Theme 2: Wholesale Energy Market Integrity and Transparency

- Completing REMIT Implementation
- Wholesale Market Monitoring

Theme 3: The Infrastructure Challenge

- TEN-E Regulation Implementation
- TYNDPs

Theme 4: Future Challenges, including RES Integration Challenge

- Enhancement of the Electricity and Gas Target Models

Thank you for your attention!

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