



Electricity market integration in EU and SEE

Part 1

Alberto Biancardi



Summary

A common challenging objective

A pan-European process

An appetite for efficiency

Several obstacles

A possible perspective

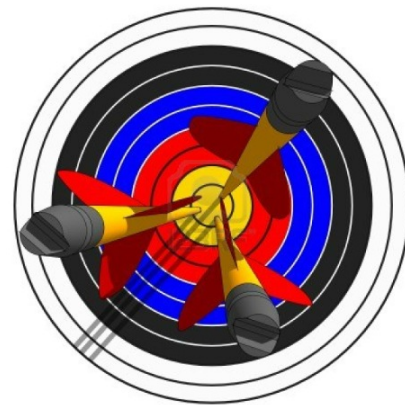
The purpose of the workshop



A common challenging objective

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

(Conclusions on Energy, European Council 4 February 2011)



"The objective [of the Energy Community Treaty] is the creation of a competitive integrated energy market between the Contracting Parties and their EU neighbors, and ultimately, its integration with the single EU energy market"

(Energy Strategy of the Energy Community)



A pan-European process

Seven European Electricity Regions are converging towards a single market model.

The Balkans Region is the eighth region participating in the convergence process.



Starting points are different and each region is following a specific path.

As transition costs are not negligible, convergence requires strong commitment to all agents involved.



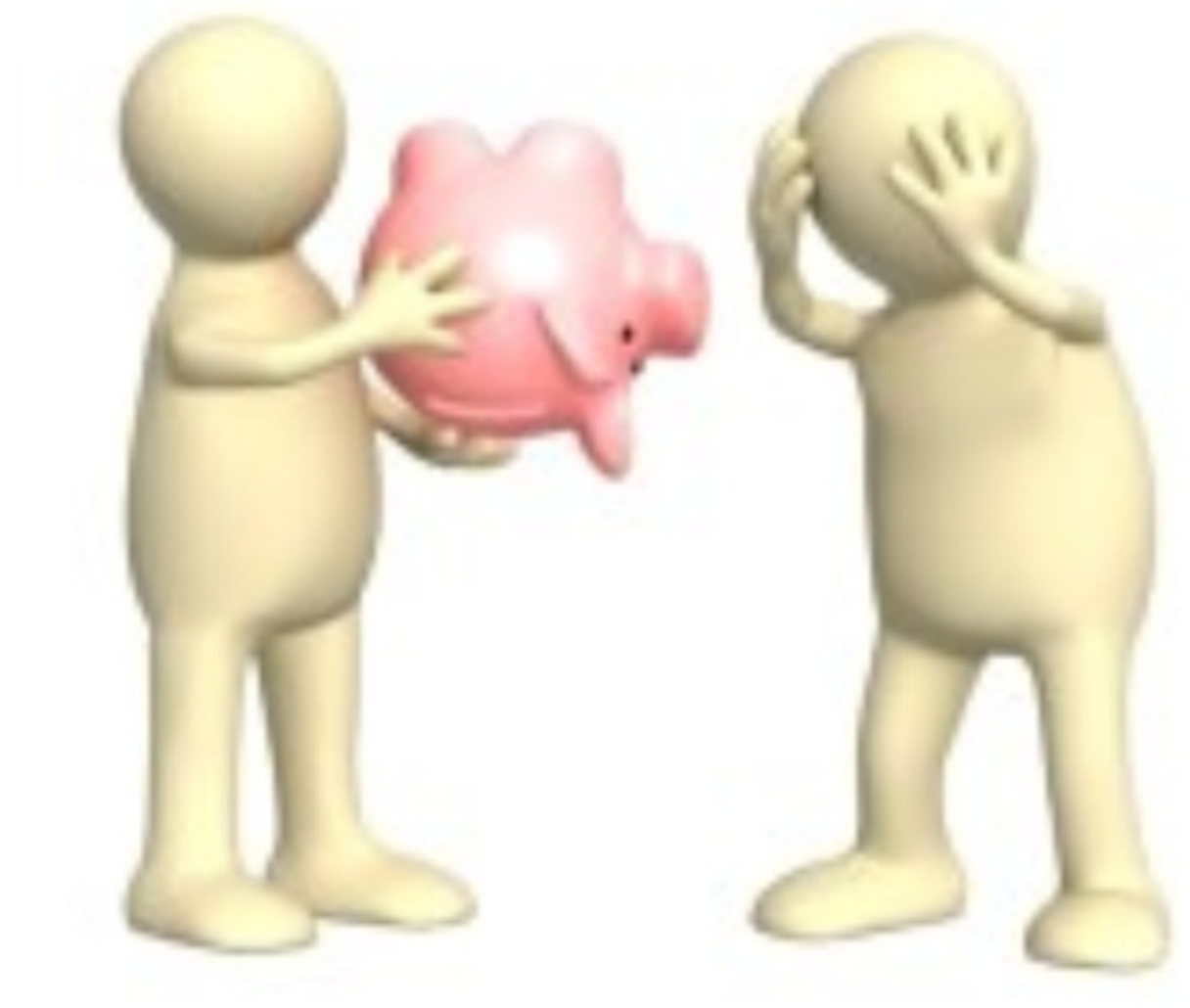
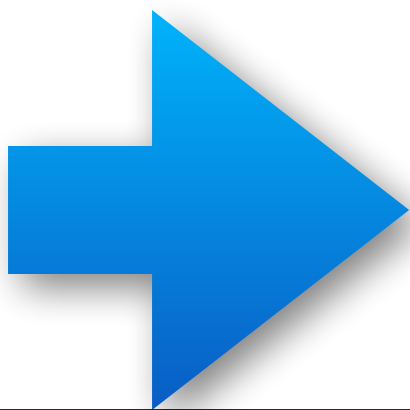
An appetite for efficiency

European market integration is based on interconnection development.

Investors look for proper remuneration mechanisms.

The economic crisis imposes severe budget constraints: an increase in electricity bills is not affordable.

Efficiency gains are the best way to self-sustain integration.



All Countries are seeking to minimize costs due to the transition to the single market.



Several obstacles

Different national regulatory frameworks

Different degrees of political commitment

Different speeds in liberalizing the market



All differences have to be harmonically integrated





A possible perspective

Ensuring the full integration of the Italian electricity market into the European market is among the main objectives of the National Energy Strategy (SEN) set forth by the Italian Government.



AEEG, as a lead regulator of CSE Region and co-chair of Day Ahead Market Coupling project, fully supports the integration process.

Strengthening regional and cross-regional cooperation is the way to cope with all the ongoing obstacles.





The purpose of the workshop

- Comparing regional experiences concerning market integration.**
- Verifying whether solutions found in the seven regions can be transferred and adapted to the eighth region.**

-Highlighting all cooperation opportunities not yet exploited.

Pointing out the importance of drafting a detailed road map for day ahead market coupling also for the SEE Region.





Thank you!



Electricity market integration in EU and SEE

Part 2

Salvio Lanza



Summary

The structure of the workshop

The agents involved in the integration process

The list of issues:

- distance from the target**
- the role of institutions**
- best practices in market organization**
- threats and opportunities**

The structure of the workshop

Round table 1 Market design



**The effort of Regulators
to harmonize rules
&
the point of view of
market participants and
market institutions**

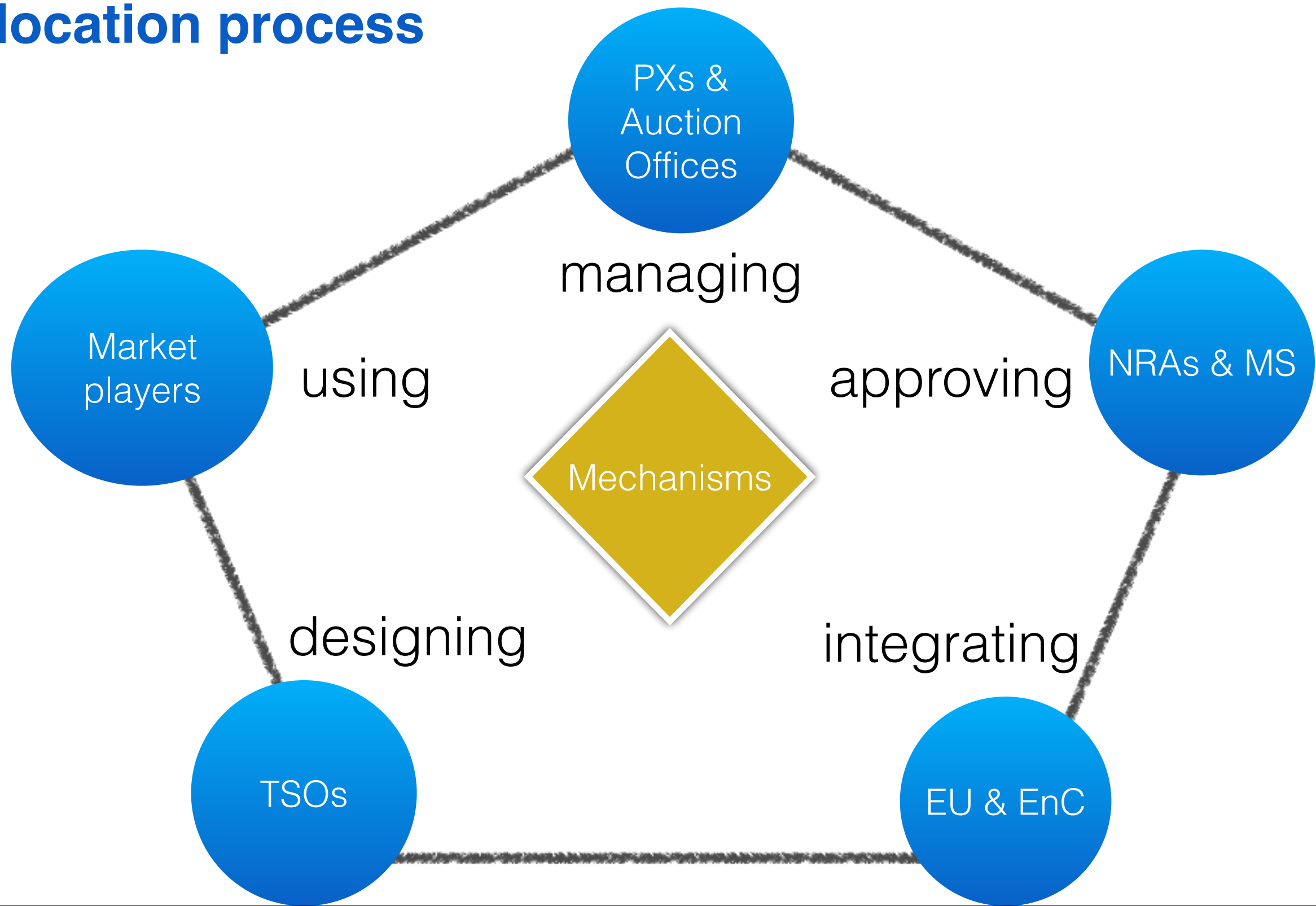
Round table 2 Grid integration



**Physical integration and
transmission rights
allocation: the role of
TSOs
&
the cooperation among
Regulators**



Agents involved in the transmission capacity allocation process





Distance from the target

State of the art in the process of wholesale electricity market opening and integration in the 8th Region:

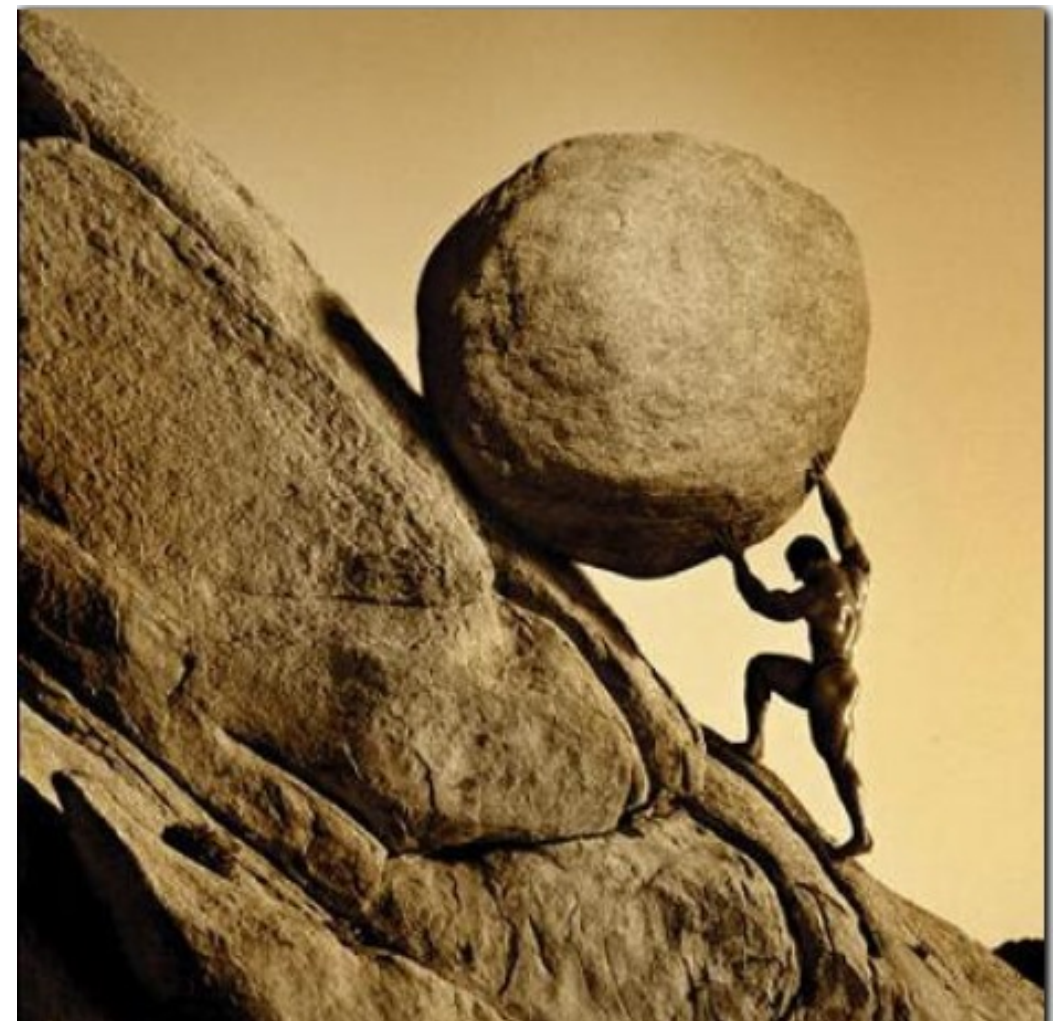
- Where is the Energy Community standing in implementing the objective set by the third EU Package?**
- Is 2015 a realistic deadline for Contracting Parties?**
- Are retail markets able to reflect wholesale price signals?**



The role of institutions

Overcoming resistances against rules harmonization:

- Do Regulators have enough power and capacity to cope with the main obstacles to the liberalization and integration process?
- What are the strengths and weaknesses of ECRB?
- How can the cooperation between ACER-ECRB be improved?



Best practices in market organization

Optimal market design:

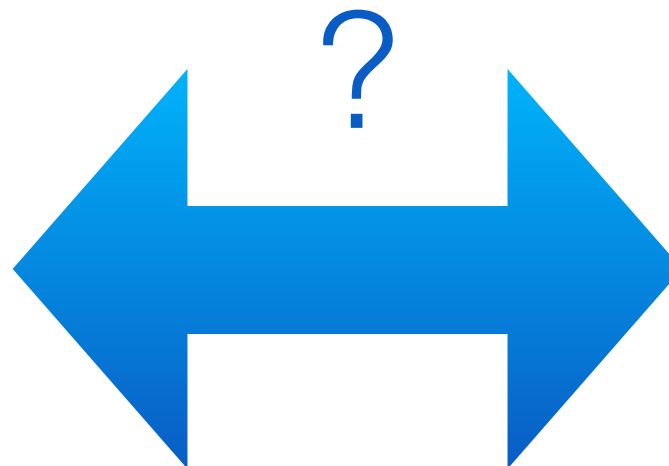
- What are the main lessons learned from CASC experience and from Italy-Slovenia market coupling ?
- What is expected from SEE CAO?
- Which is the best scale for a PX, national or regional?
- How may the cable Italy-Greece be better exploited and the cable Italy-Montenegro be affected by market integration?



Threats and opportunities

Gains from trade and business opportunities:

- Wich advantages are envisaged by market players?**
- Which obstacles must be removed?**
- Wich are the opportunities for financial support?**





Thank you!