



Target Model for the 8th Region

Janez KOPAČ, Director Energy Community Secretariat

A possible way forward to a well-integrated and competitive electricity market in South East Europe
Workshop – Rome, 19 April 2013

AT A GLANCE

1. Geographic target

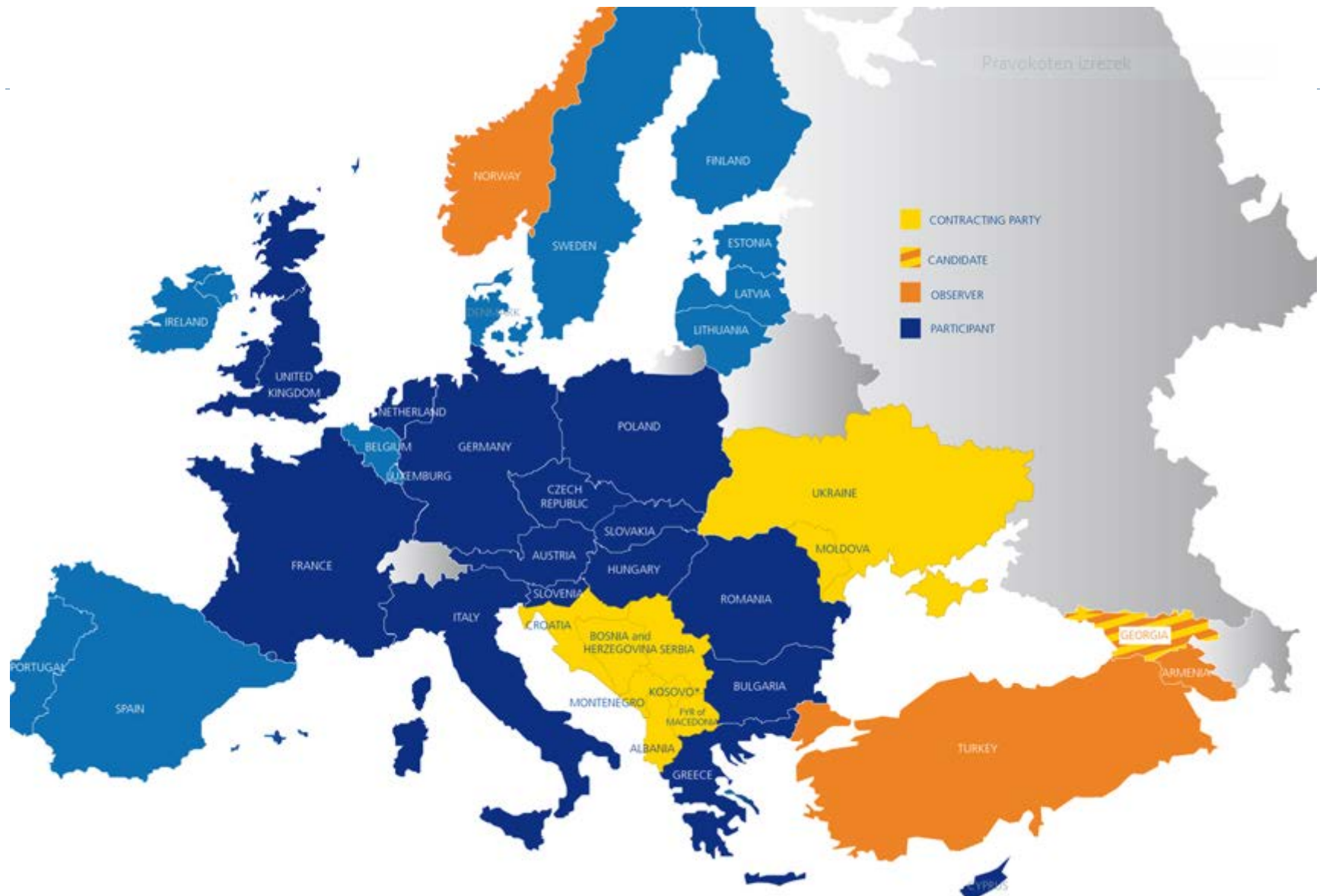
- ▶ Energy Community vs 8th Region

2. From theory to praxis

- ▶ The legal parameters – 2nd and 3rd IEM Package
- ▶ Electricity Target Model for the 8th Region
- ▶ Reality check – status quo, open challenges, outlook

3. Conclusions

THE COMMUNITY – A LOOK AT THE MAP



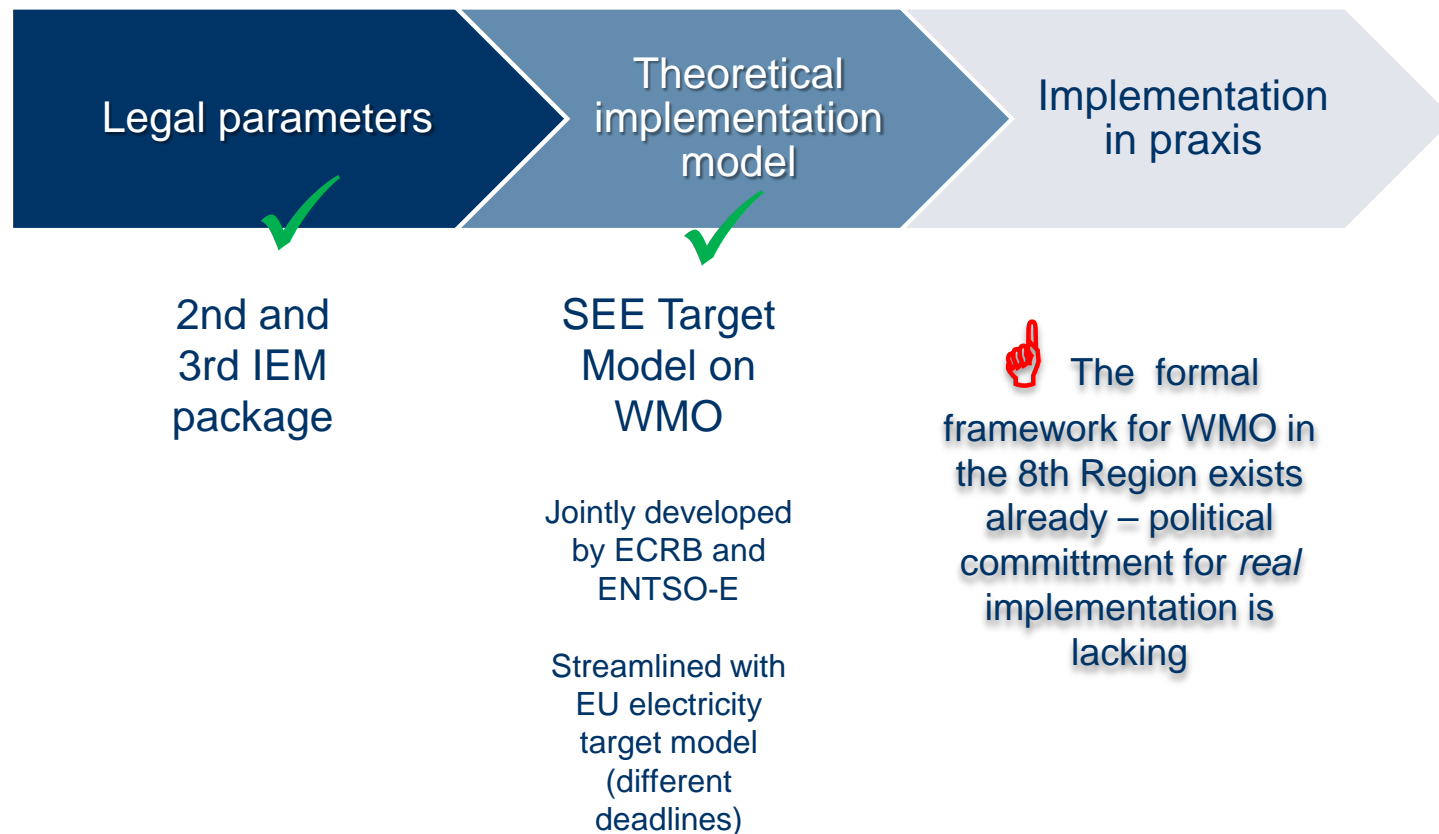
GEOGRAPHIC TARGET

Energy Community vs 8th Region



FROM THEORY TO PRAXIS

Electricity Wholesale Market Opening in the 8th Region



REALITY CHECK

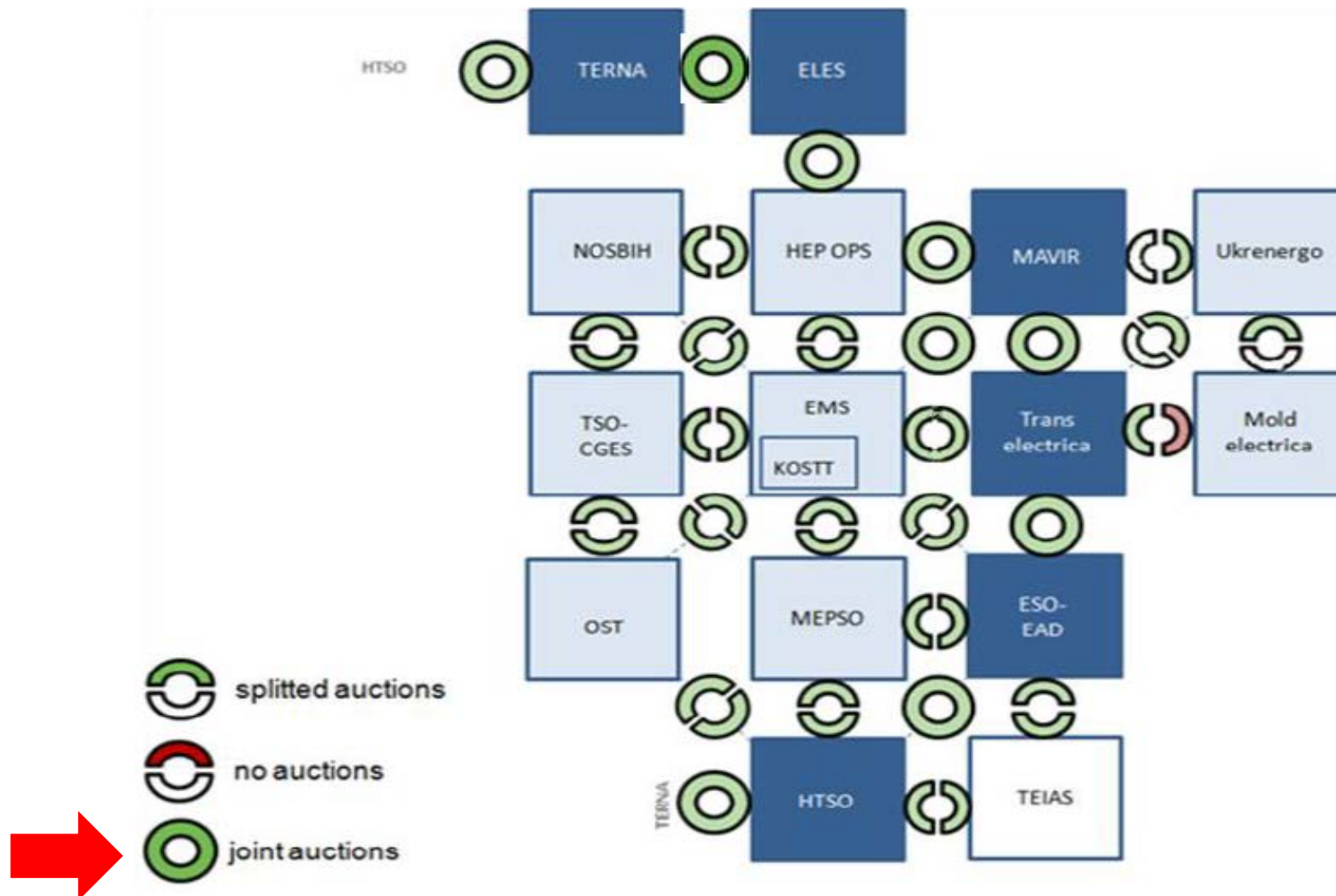
Electricity Wholesale Market Opening in the 8th Region



| SEE WMO RAP | Deadline & responsibility | Done? | Developments |
|--|--|---|---|
| 1. Capacity calculation <ul style="list-style-type: none"> - Harmonized methodologies/ procedures for capacity calculation (yearly / monthly / day ahead) | Q1 2011 ENTSO-E SEE RG | NO | |
| 2. Long-term allocation <ul style="list-style-type: none"> - Coordinated bilateral explicit auctions implemented on all borders within the SEE region - Multilateral coordinated auctions on several borders (NTC-based) - Centralized auctions via SEE CAO (NTC based in a first step) - Multilateral coordinated auctions on all borders (regional one stop shop) | Q1 2012 TSOs, Ministries, NRAs Q3 2012 TSOs, Ministries, NRAs Q4 2012 TSOs, Ministries, NRAs Q4 2014 ENTSO-E SEE RG | NO PARTLY NO | Yearly 2014 capacities expected to be auctioned by SEE CAO end 2013 <u>But</u> : Serbia, Bulgaria missing |

CAPACITY ALLOCATION

Status Quo 8th Region



Source: ECRB, Quarterly Report on the 8th Region, Q1 2013

THE KEY BARRIERS

Electricity Wholesale Market Opening in the 8th Region



| SEE WMO RAP | Deadline & responsibility | Done? | Developments |
|---|---|--------------|---|
| 3. Day ahead allocation <ul style="list-style-type: none"> - Establishment of power exchanges in several SEE countries or contracting services from the existing PX - Bilateral/ trilateral market coupling in SEE region - Price based market coupling (EU target model) in entire SEE region - Pan-European market coupling including the SEE region | 31.12.2011 the latest National Q2 2012 Q4 2014 ECRB, PHLG, ENTSO-E RG SEE Q2 2015 | NO NO | Developemnts in Croatia & Serbia towards establishment of a PX |
| 4. Intraday allocation <ul style="list-style-type: none"> -on several borders -harmonised regional solution | Q2 2014 TSO's Q2 2015 ENTSO-E RG | NO | |
| 5. Balancing | 2013 NRA's, ECRB | NO | SEE balancing target model |

TO DO LIST

1. **Enforced committed is needed**
 - ▶ To abolish barriers for WMO
 - ▶ To complete the missing pre-conditions
2. **Swift transposition and implementation of the 3rd package**
3. **Adoption of EU Network Codes**
 - ▶ Active participation of Energy Community NRAs and TSOs in Network Code preparations crucial!

PROPOSAL FOR AN ACTION PLAN

| ACTION | TIMING | MILESTONES |
|---|---|--|
| REGIONAL | | |
| Capacity calcuclation 1. TSOs to agree on common capacity calculation methodology 2. Streamlining as much as possible with CW/Nordic model 3. Regional PX | asap but by end of 2013 the latest | In parallel with PX progress |
| Long term allocations SEE CAO PTC to allocate yearly capacities for 2014 | asap but by end of 2013 the latest | – Project Team Company to develop relevant documents – NRAs to approve |
| Balancing Development of a regional balancing model | End 2013 / early 2014 (ECRB Work Program) | |
| LEGAL - NATIONAL | | |
| Day ahead 1. Establishment of a Serbian PX 2. Other CPs to either also establish a PX or sign service contracts with | asap but by end of 2013 the latest | |
| Market models 1. Phasing out of regulated energy prices - WMO - End-users 2. Aboloshment of single buyer models | asap | Single buyer models: Albania, Ukraine, Kosovo*, FYR of Macedonia <i>(* This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo declaration of independence.)</i> |

THANK YOU FOR YOUR ATTENTION!

QUESTIONS?

CONTACT:

Janez Kopač

Director Energy Community Secretariat

Janez.kopac@energy-community.org