


# ACER

 Agency for the Cooperation  
of Energy Regulators

## Regulation and Regional Integration

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Director

**Central European Energy Conference  
Bratislava, 25 November 2013**

# Outline

- Agency's Mission and Activities
- Integrating Energy Markets in Europe
  - Electricity
  - Gas

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## ● Agency's Mission and Activities

- Integrating Energy Markets in Europe
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## ACER Mission

*"The purpose of the Agency shall be to **assist** the [NRAs] in exercising, at [Union] level, the regulatory tasks performed in the Member States and, where necessary, to **coordinate** their action". Article 1(2), Regulation (EC) No 713/2009*

Therefore, ACER is NOT a European Energy Regulator

... but plays a CENTRAL ROLE in the new institutional framework introduced by the 3<sup>rd</sup> Legislative Package on Energy

... with a WIDENING MISSION

# ACER – Relevant EU Legislation

## **Third Energy Package**

**Directives 2009/72/EC and 2009/73/EC and  
Regulations (EC) Nos 713/2009, 714/2009 and 715/2009**

**Commission Regulation (EU) No 838/2010  
(on the Inter-TSO Compensation Mechanism)**

**Regulation (EU) No 1227/2011  
on Wholesale Energy Market Integrity and Transparency  
(REMIT)**

**Regulation (EU) No 347/2013  
on guidelines for trans-European energy infrastructure  
(TEN-E Regulation)**

# ACER's Activities (1)

## Types of acts which ACER can adopt

**Opinions and  
Recommendations**

**TSOs**

**NRAs**

**European  
Parliament**

**European Council**

**European  
Commission**

**Individual decisions in specific cases  
(residual power)**

# ACER's Activities (2)

## ACER



**Opinions on Infrastructure Planning  
Ten-Year Network Development Plans  
Lists of Projects of Common Interest (PCIs)**

**Framework Guidelines for Network Codes**

**NRA Support and Coordination  
Decisions on Terms and Conditions for Access  
to/Operational Security of Cross-border  
Infrastructure  
Decisions on Exemptions and Cost Allocation**

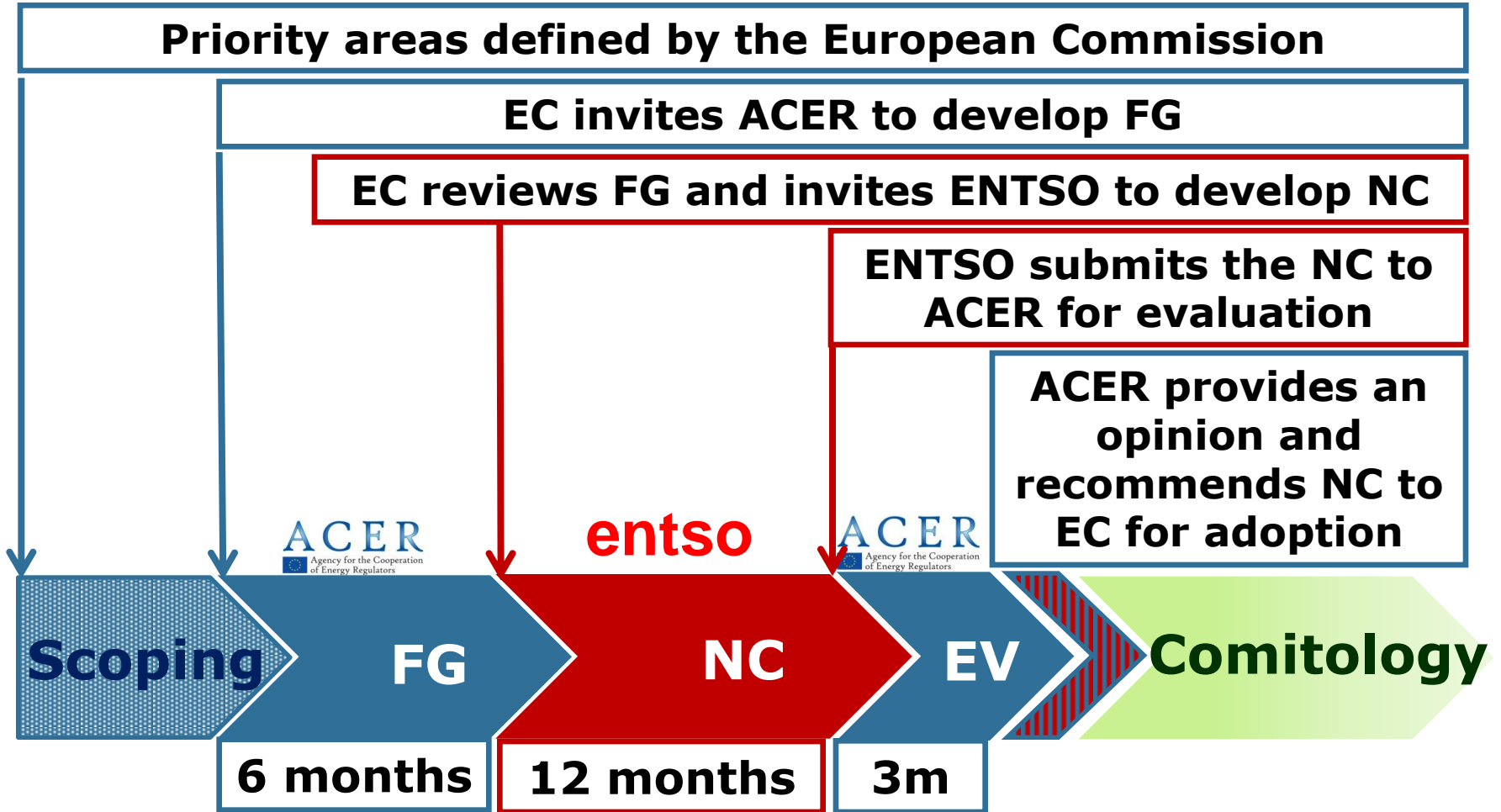
**Market Monitoring  
Access (incl. RES), Retail Prices and Consumers'  
Rights  
Wholesale Trading (REMIT)**

# Framework Guidelines and Network Codes

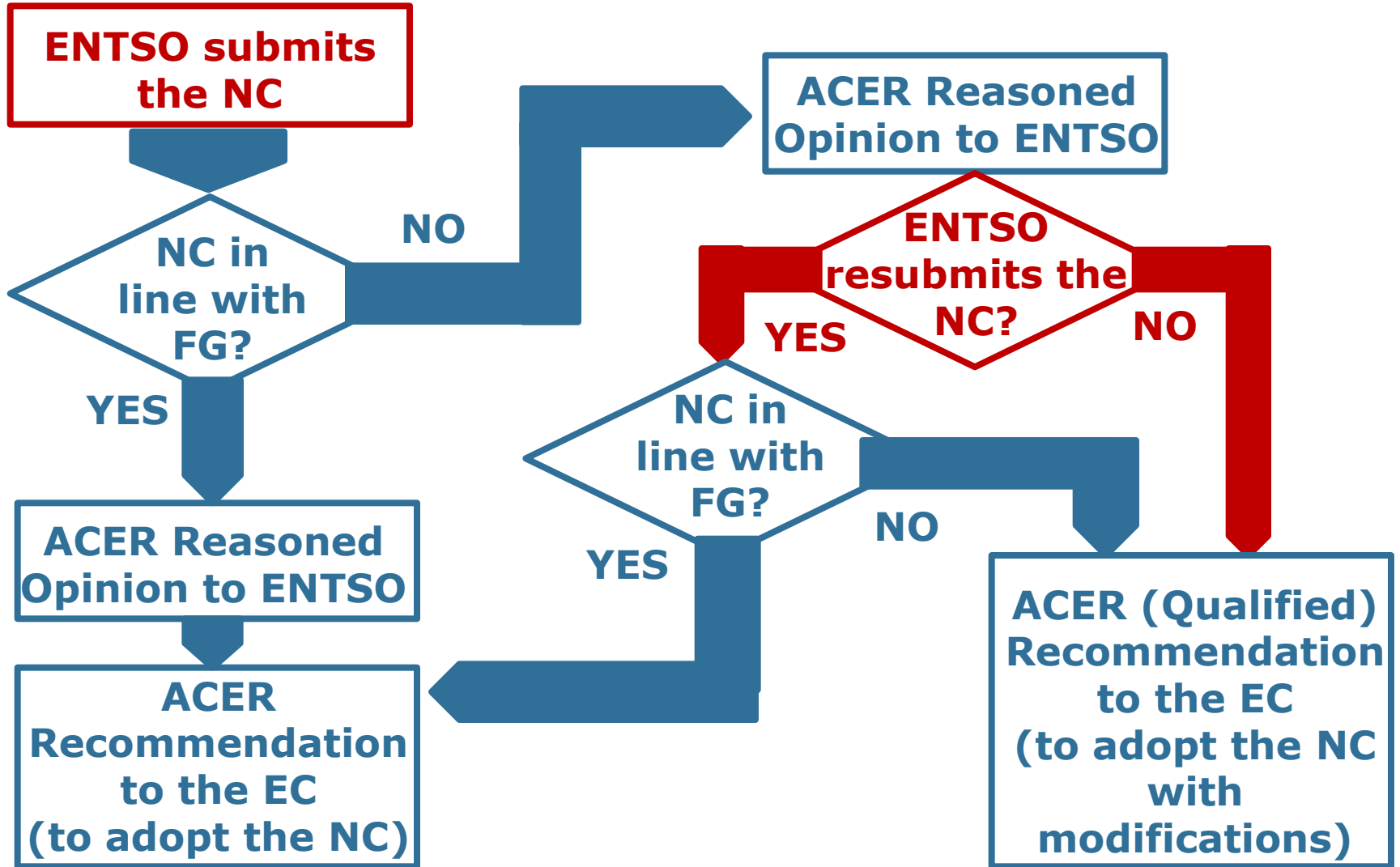
Framework Guidelines (FG)	Network Codes (NC)
Based on the annual <b>priorities set by the Commission</b>	
<b>Non-binding</b>	Are made <b>legally binding via “Comitology”</b>
Setting <b>clear and objective principles</b> for the network codes	Must be <b>in line with the FG</b>
Shall contribute to non-discrimination, effective competition and the efficient functioning of the market	Provide effective access to the TSO networks across borders; promote cooperation & coordination among TSOs; allow for national network rules and regional specificities



# FG and NC: Basic Timeline



# NC: Opinions and Recommendations



# ACER Support to NRAs

**Promotion of Cooperation**  
(even beyond the areas of ACER remit)

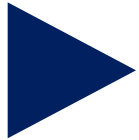
**Sharing of Best Practices**

**Interpretation of Guidelines**

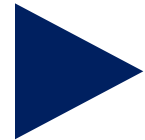
**Peer Review**

**Specific Decisions**

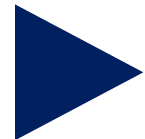
# ACER Individual Decisions



**Decisions on Terms and Conditions for Access to and Operational Security of Cross-border Infrastructure**



**Decisions on TPA/Unbundling Exemptions**



**Decision on Cross-border Cost Allocation for Project of Common Interest (TEN-E Regulation)**

**ACER decides if:**

- **The concerned NRAs fail to reach an agreement, or**
- **Jointly requested by the concerned NRAs**

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# European Council Conclusions – 4 Feb 2011

## Market Integration Target

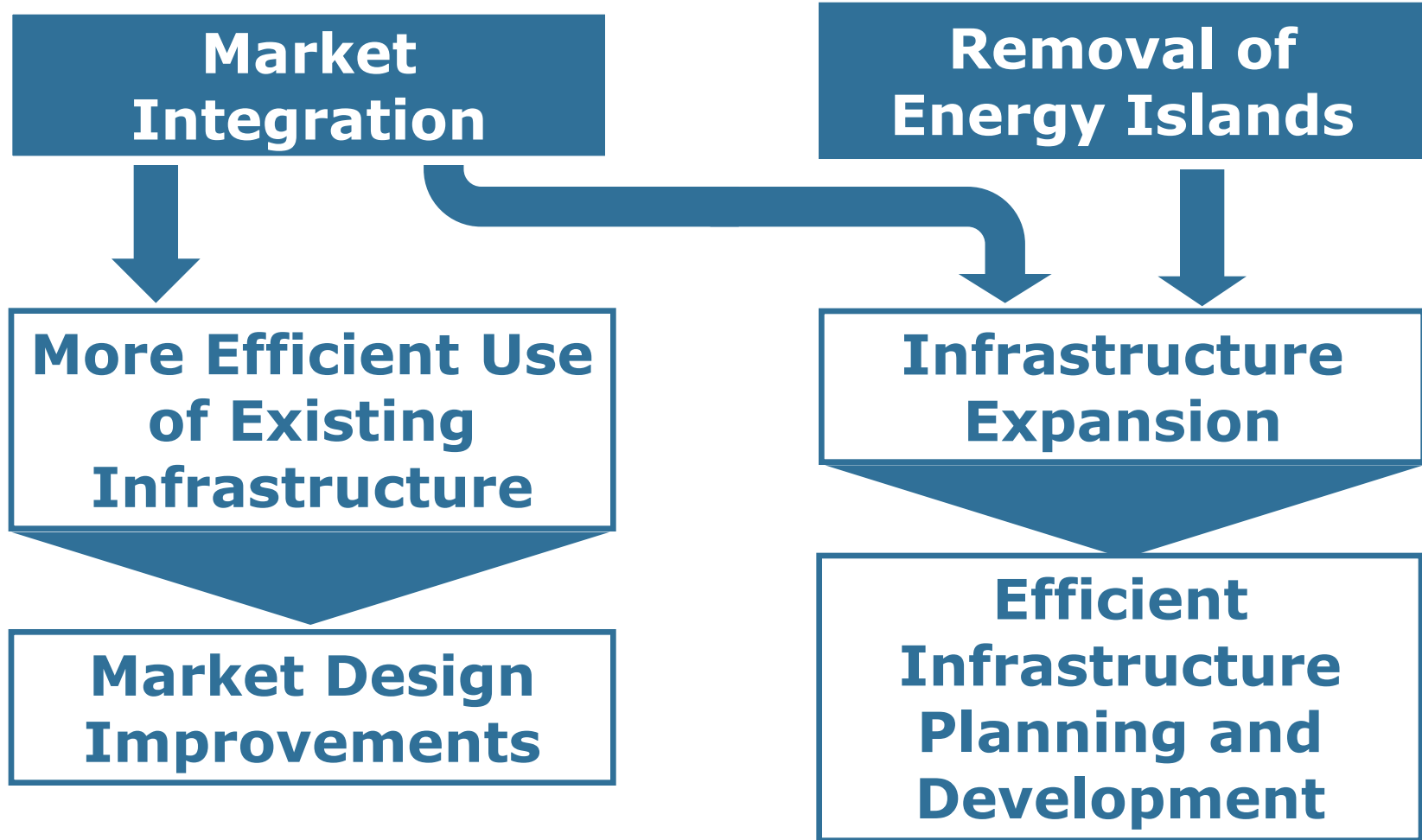
- ***"The internal market should be completed by 2014 so as to allow gas and electricity to flow freely" ( §4)***

## Removal of Energy Islands Target

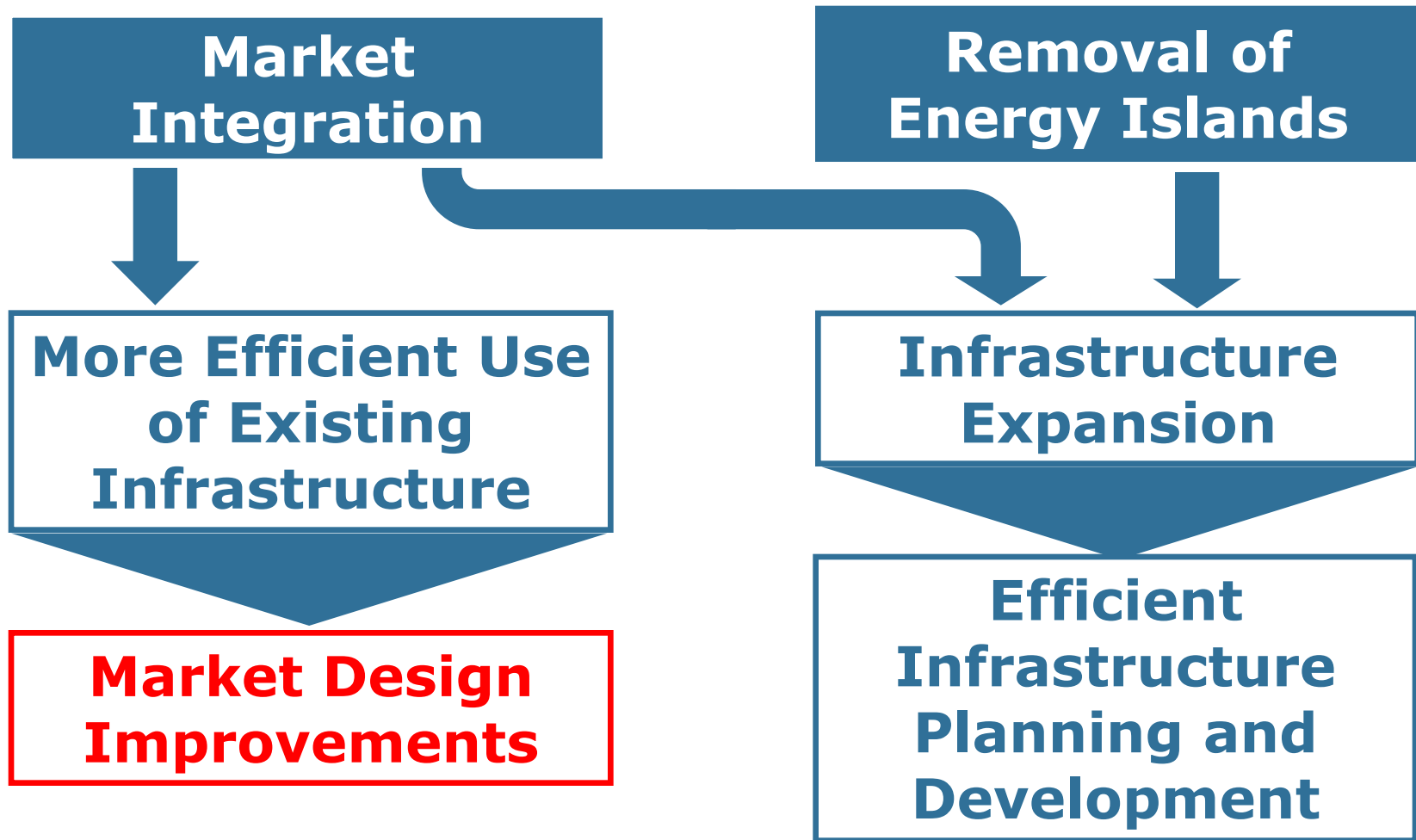
- ***"No EU Member State should remain isolated from the European gas and electricity networks after 2015" ( §5)***

***The European Council reaffirmed these objectives in the Conclusions ( §1) of its meeting on 22 May 2013***

# EU Energy Policy Approach



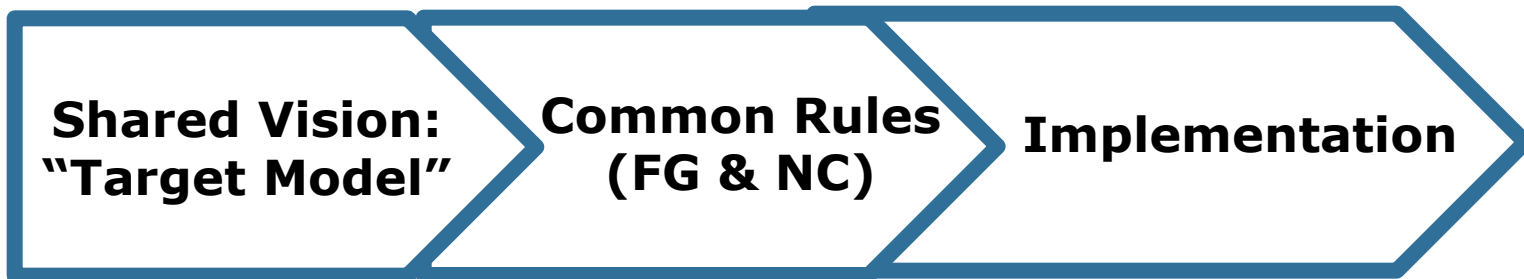
# EU Energy Policy Approach





## Market Design Improvements

- 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

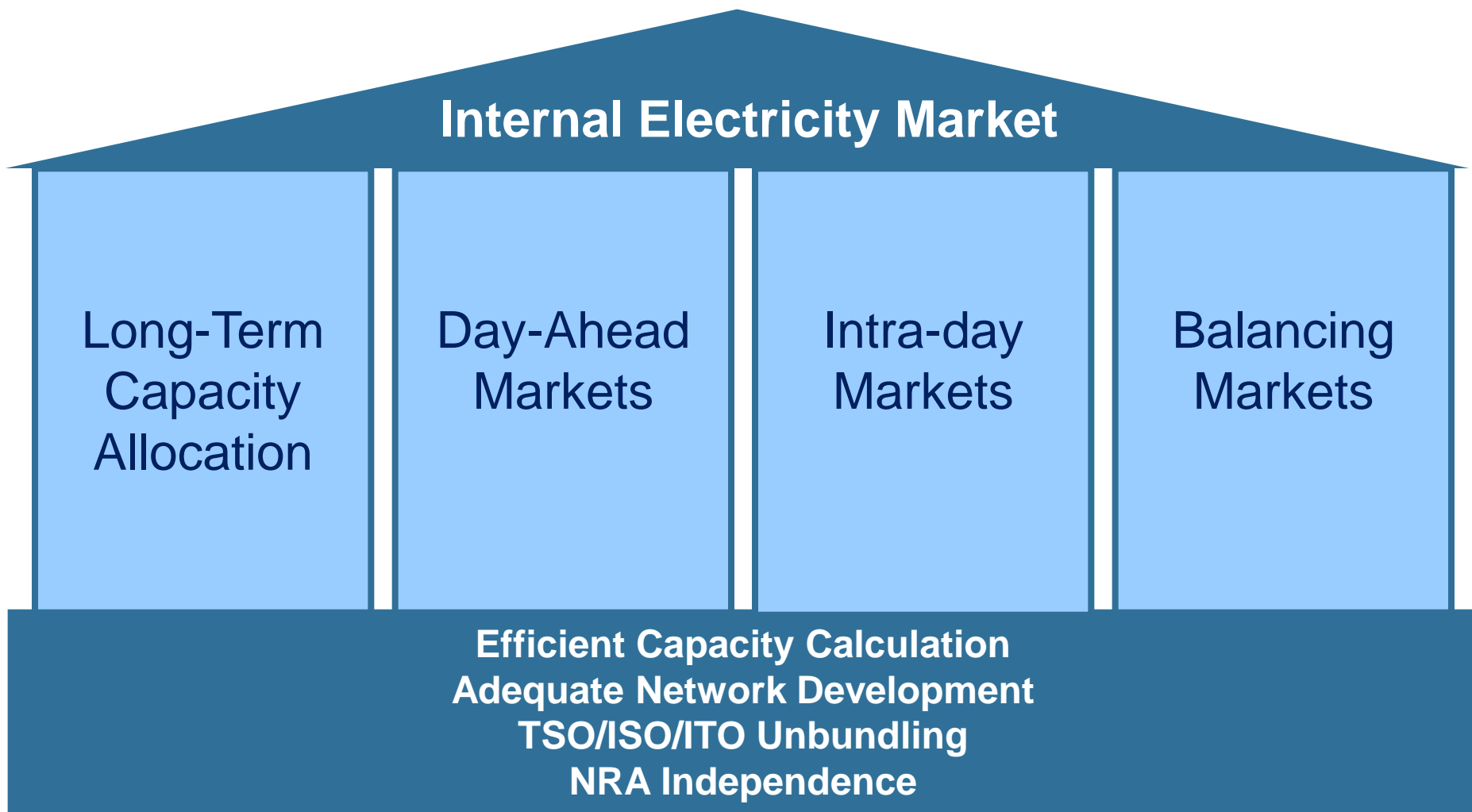


- It would be difficult to claim that the Internal Energy Market has been completed if the Target Model/Rules had not been implemented

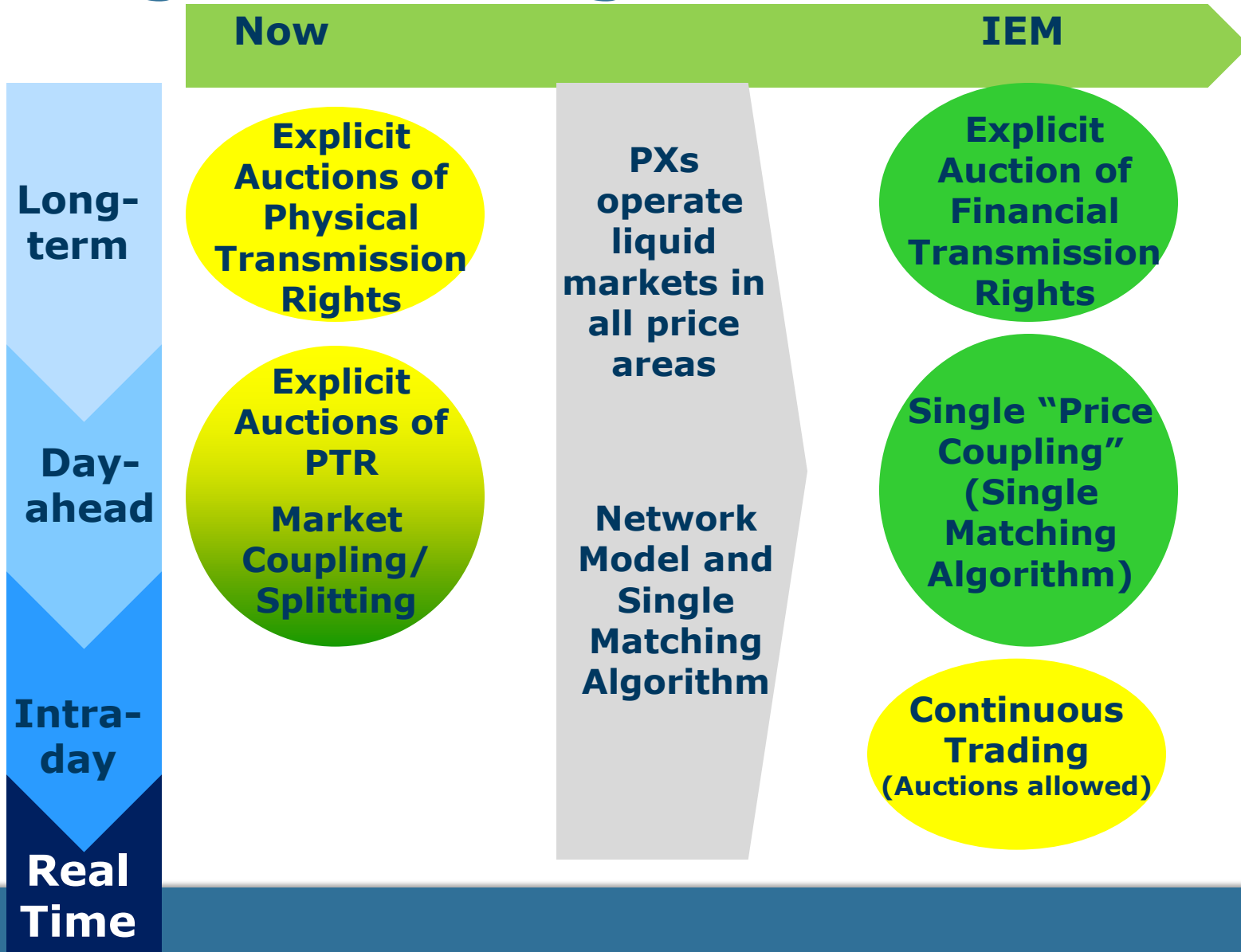
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# The IEM Vision: the Target Model



# Congestion Management in the IEM



# 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

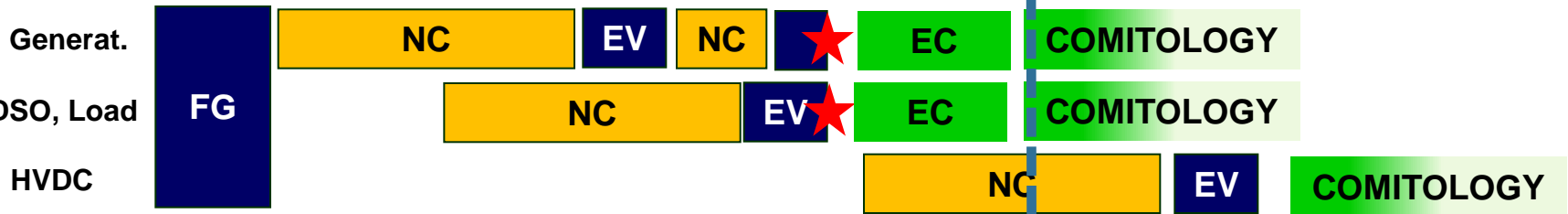
2012

2013

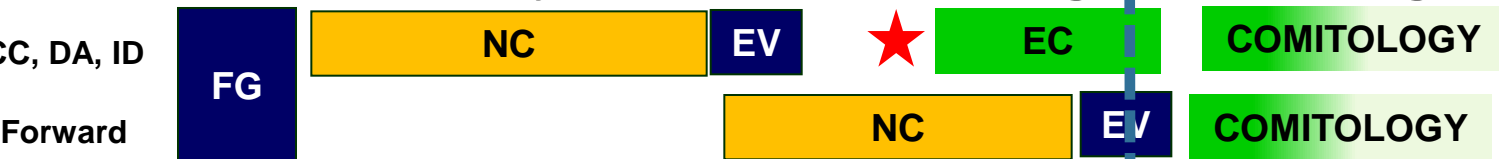
2014

2015

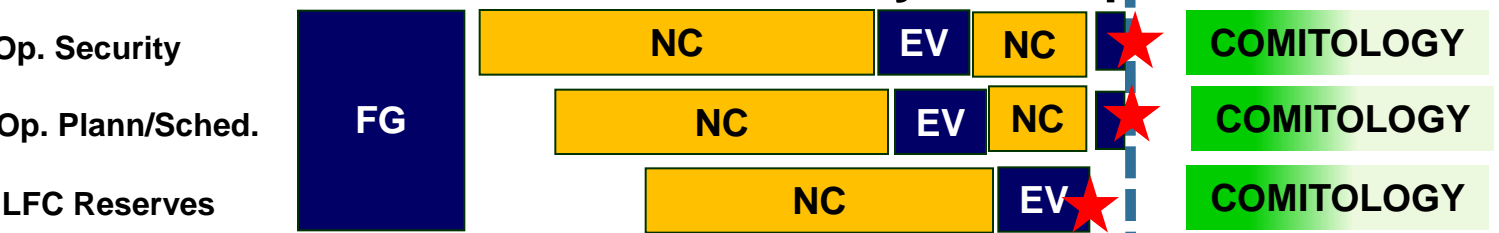
## FG/NC on Grid Connection



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



## FG/NC on System Operation



## FG/NC on Balancing



# Electricity 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

## Intra-day

### **SINGLE EU CONTINUOUS TRADING**

with the possibility of auctions

## Long-Term

### **SINGLE EU ALLOCATION PLATFORM**

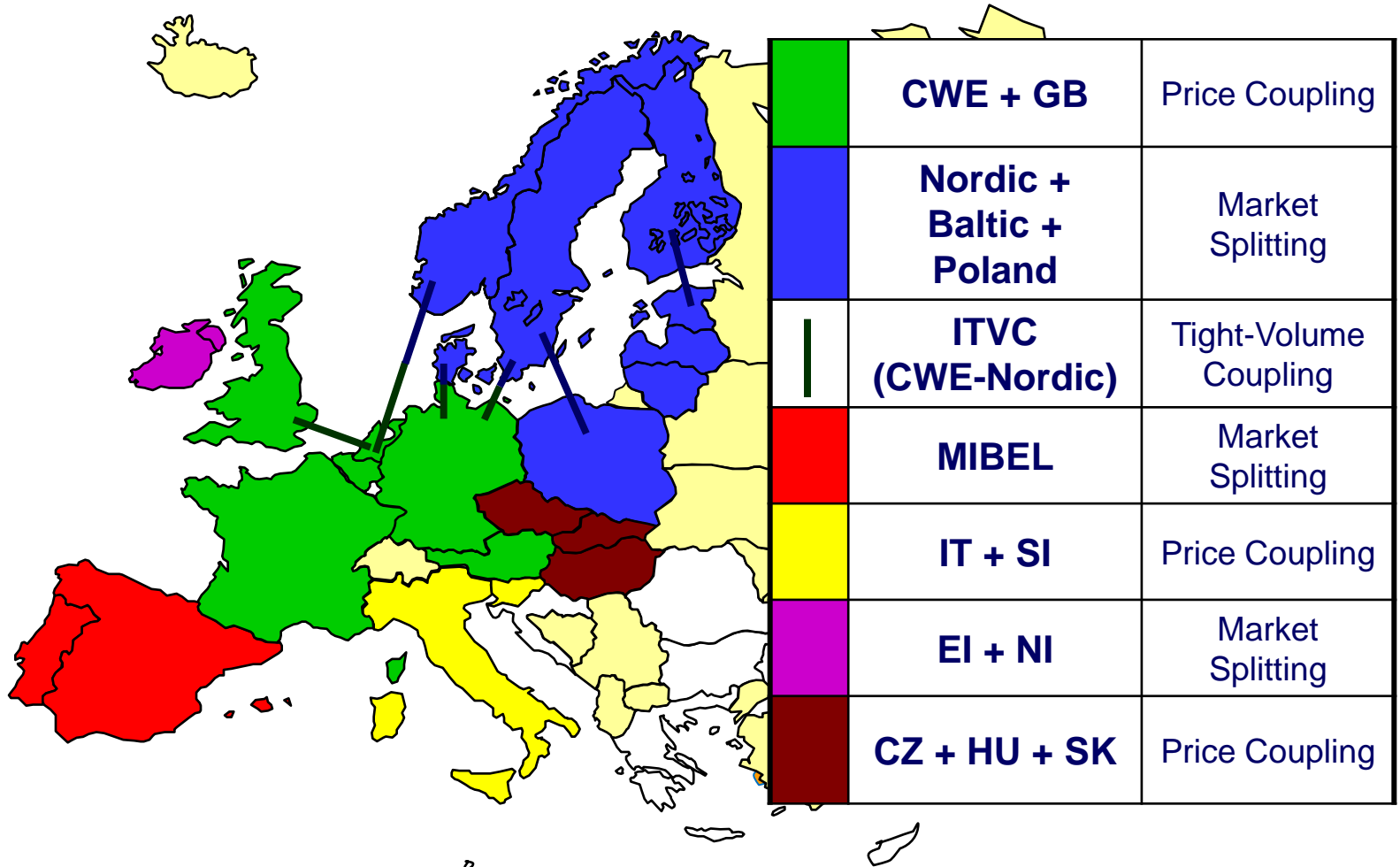
one-stop shop for allocating long-term transmission rights

## Capacity Calculation

### **FLOW-BASED METHOD**

for improving network security and the level of available capacity

# Current Regional Day-Ahead Markets





## CACM Roadmaps: State of Play

### Single EU DA Price Coupling

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

### Single EU ID Contin. Trading

- Significant delay due to PXs' disagreement, despite ACER informal opinion (May 2013)
- EC considering alternative approach
- 2014 delivery requires political pressure

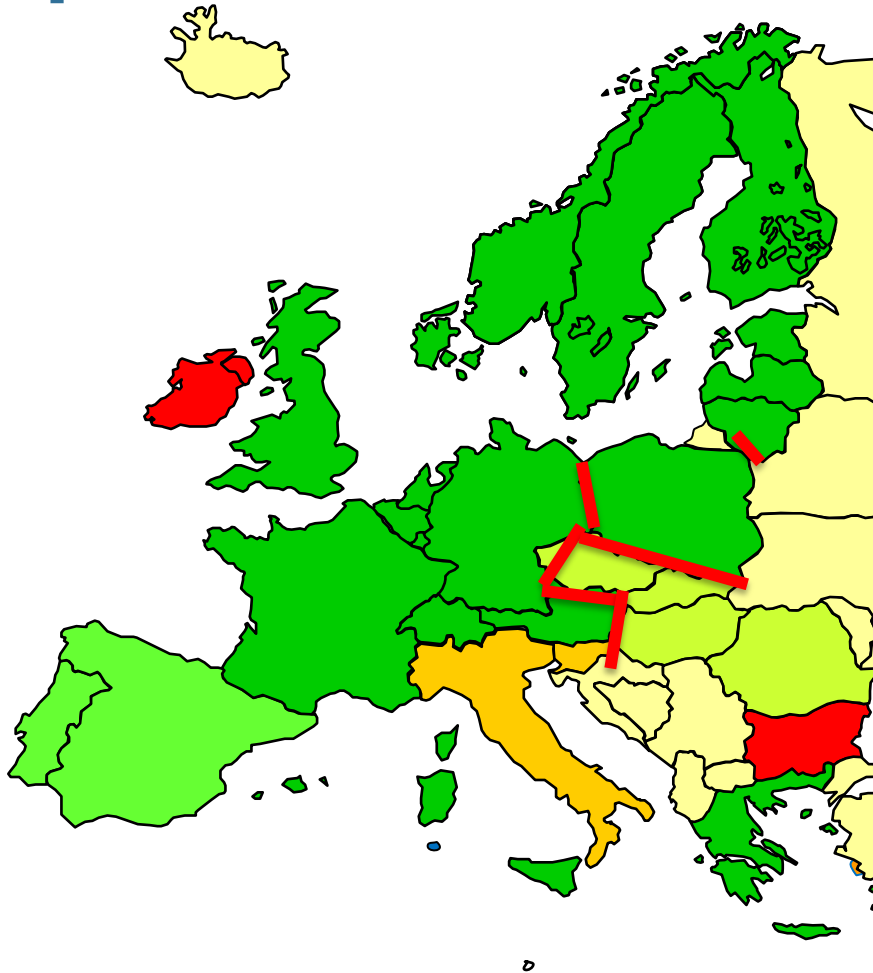
### Single EU LT Allocat. Platform

- "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 2014
- 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
<b>NWE (CWE + Nordic + GB)</b>	2012	Feb 2014
<b>SWE</b>	End 2012/H1 2013	Q1 2014
<b>CEE</b>	End 2012/End 2013	End of 2014 <sup>^</sup>
<b>Baltics</b>	End 2013	Feb 2014
<b>CSE</b>	H1 2014	H2-2014
<b>Romania</b>	End 2014	End 2014
<b>Bulgaria</b>	End 2014	2016
<b>EI + NI</b>	2016	2016
<b>SEE</b>	End of 2015	?
<sup>^</sup> —	Subject to FBMC being introduced	

# Outline

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# Completing the Internal Gas Market by 2014

## **Formal Framework Guidelines / Network Codes process**

**FG/NC on Capacity Allocation Mechanisms**

**FG/NC on Balancing Rules**

**FG/NC on Interoperability**

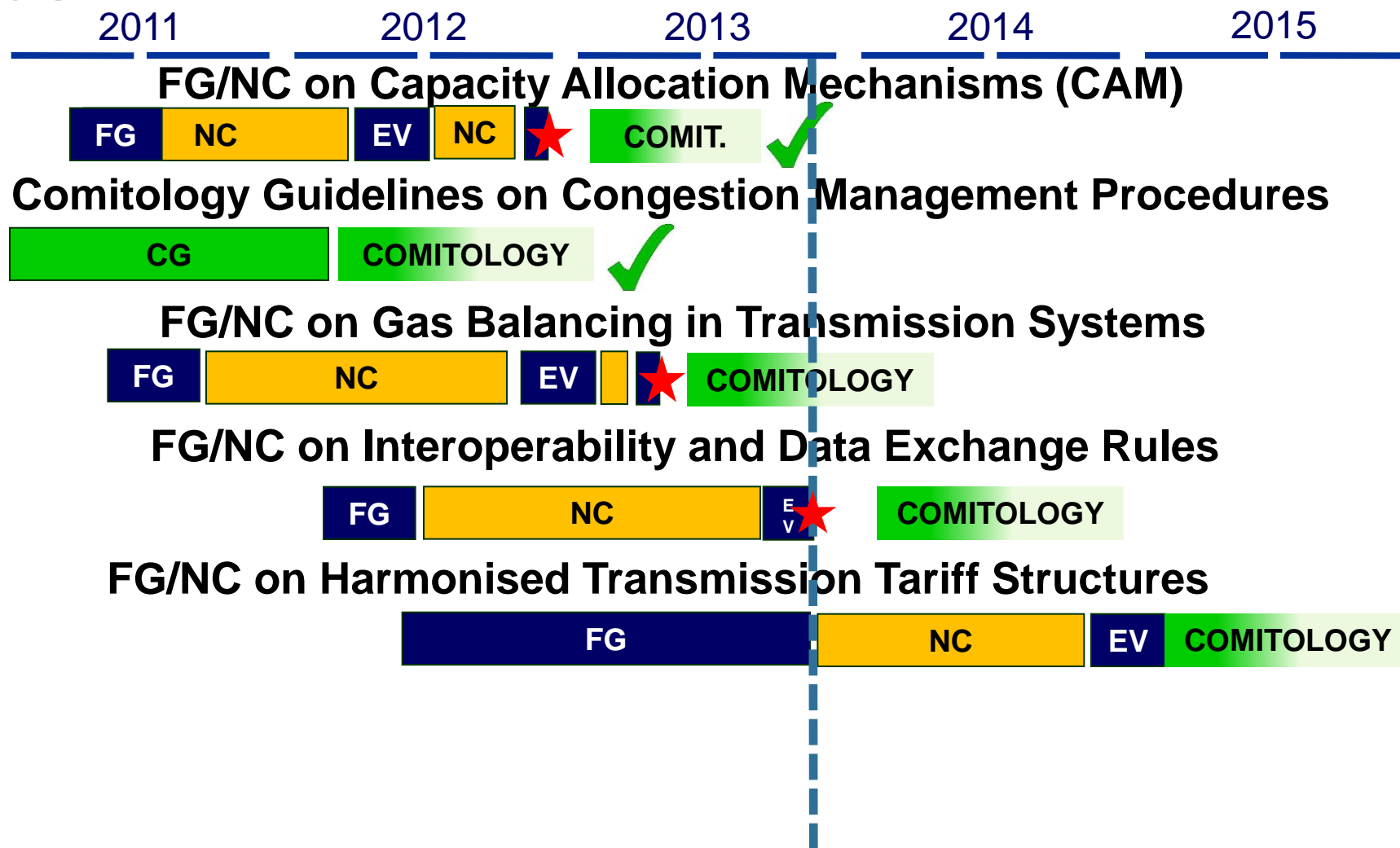
**FG/NC on Harmonised Transmission Tariff Structures**

**Guidelines on Congestion Management Procedures**

## **Voluntary Coordinated Implementation of the Target Model**

**Pilot Projects and Platforms for the Early Implementation of CAM  
(coordinated allocation, through market-based mechanisms, of a  
common set of bundled capacity products)**

# Progress in Network Codes Development Gas



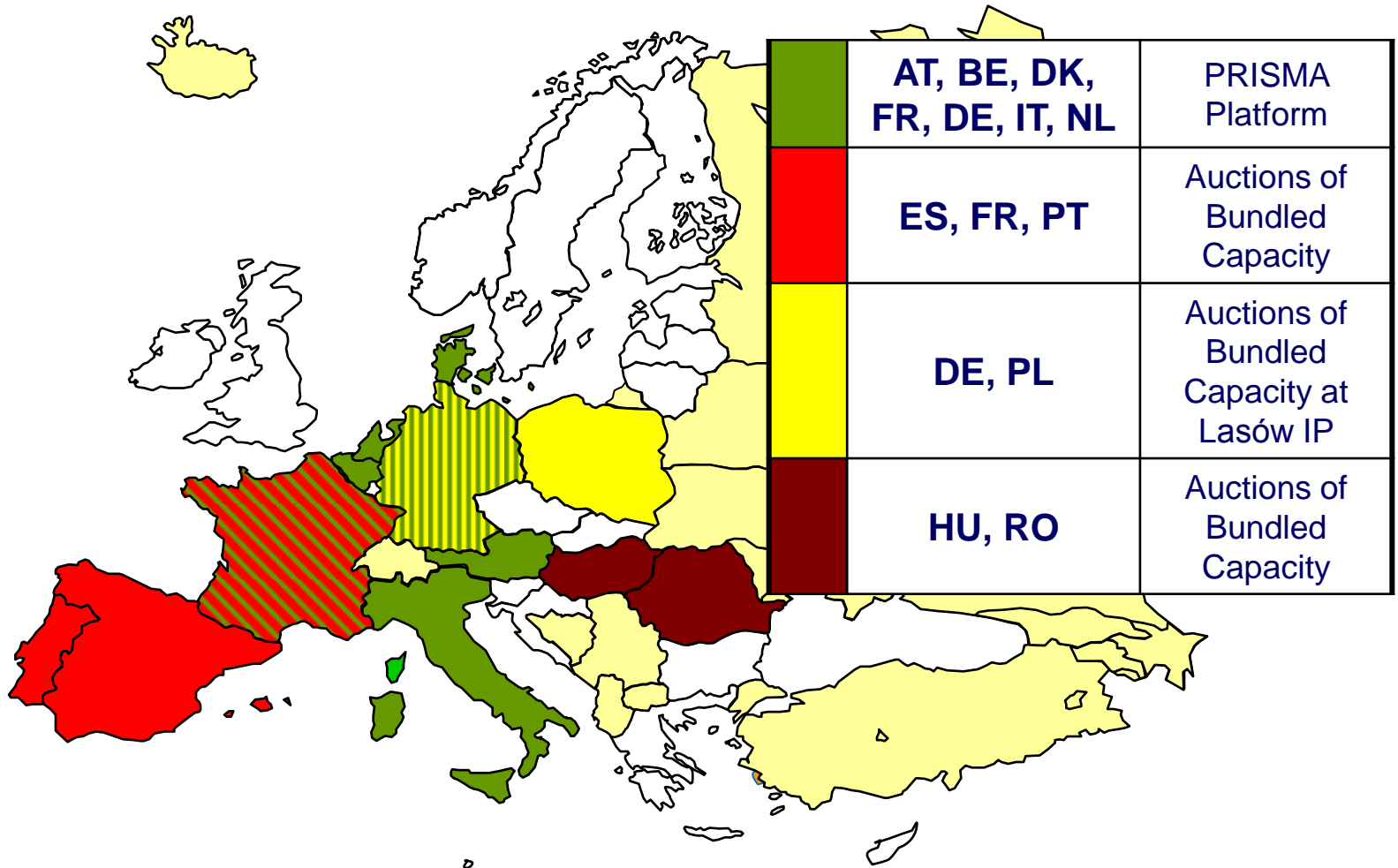
## Gas Cross-Regional Roadmap

- Early implementation of the CAM Network Code
- Developed by ACER and ENTSOG, with contributions from NRAs and TSOs
- Published on 1 March 2013 and endorsed by the MF in April 2013
- Updated version published on 11 October 2013, including:
  - a list of emerging implementation issues
  - information per IP

**CAM**

**COORDINATED AUCTIONS**  
for the allocation of a common set of  
cross-border bundled capacity products

# Current CAM Pilot Projects



# CAM Roadmaps: State of Play

## PRISMA Platform

- Auctions started in April 2013
- Currently 19 TSOs from 7 MSs
- Secondary capacity auctions exp. in 2014
- More TSOs expected to join PRISMA

## ES, FR, PT

- Auctions on ES-PT VIP launched in 2012 (Y-M) and 2013 (Y-Q)
- Auctions for ES-PT-FR expected in 2014
- Likely to join PRISMA in the future

## Lasów IP

- First auction in June 2013
- Uses the PRISMA Platform

## HU, RO

- First auction initially planned for Sept 2013
- Now expected November 2013



# Thank you for your attention!

[www.acer.europa.eu](http://www.acer.europa.eu)