

# Panel I. Regulation and regional integration of the V4 energy market



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## EU Energy Market Integration 2014

*The question is not whether we will have an integrated energy market in Europe – it is how many we will have.*

## EU Energy Market Integration 2014

Diverging pace of integration in electricity and natural gas markets:

- **Electricity**

- CZ-SK-HU market coupling with extension plans towards RO and PL
- Final objective: **CEE Flow-based market coupling**
- Ongoing and planned Balancing pilot projects in CEE (e.g. E-GCC cooperation)
- Barriers exist: unplanned flow in CEE, inappropriate bidding zones

- **Natural gas**

- Slower pace of integration
- Regional cooperation in the V4
  - Creating the adequate framework for joint work
- Ongoing infrastructural development in CEE – beyond 2014

## Harmonization of regulatory framework in the V4

- Joint statement on the establishment of Permanent Forum of the Energy Regulatory Authorities (November 2013)
- Professional consultations
- **Electricity**
  - Cooperation in CEE ERI (regional initiatives) groups
  - Cooperation in market coupling implementation groups
  - Cooperation in ACER WGs
  - Enhanced cooperation as comitology of electricity NCs begins
- **Natural gas**
  - Gas Regional Investment Plans 2014-2023 (CEE GRIP, Southern Corridor GRIP)
  - Implementation:
    - CMP Guidelines: partially implemented in current T&C of TSO, fully aligned new T&C draft
    - NC CAM (in force since 4/11/2013):
      - HU-RO pilot project
      - in progress

## The role of ACER in V4 cooperation

- **Electricity**

- Cooperation in ERI and other working groups
- Occasional workshops devoted to CEE (e.g. ACER internal workshop on loop flows, 21 May 2013)
- CEEE Forum

- **Natural gas**

- The potential of GRI isn't utilized fully
- Strong cooperation outside of the ACER framework – e.g.:
  - Joint Statement
  - „Road Map towards the regional gas market among V4 countries”

## Challenges of regional integration I.

- **Electricity:**

- Physical integration: addressed by expanding cross-border interconnection:
  - PCI: HU-SK (Gönyű-Gabčíkovo, Rimavská Sobota-Sajóivánka, Kisvárda-Velké Kapušany)
- Market design: CEE flow-based market coupling
- unplanned flows
- bidding zone structure → discrimination among market players of the region, reduce the social economic welfare and threats operational security

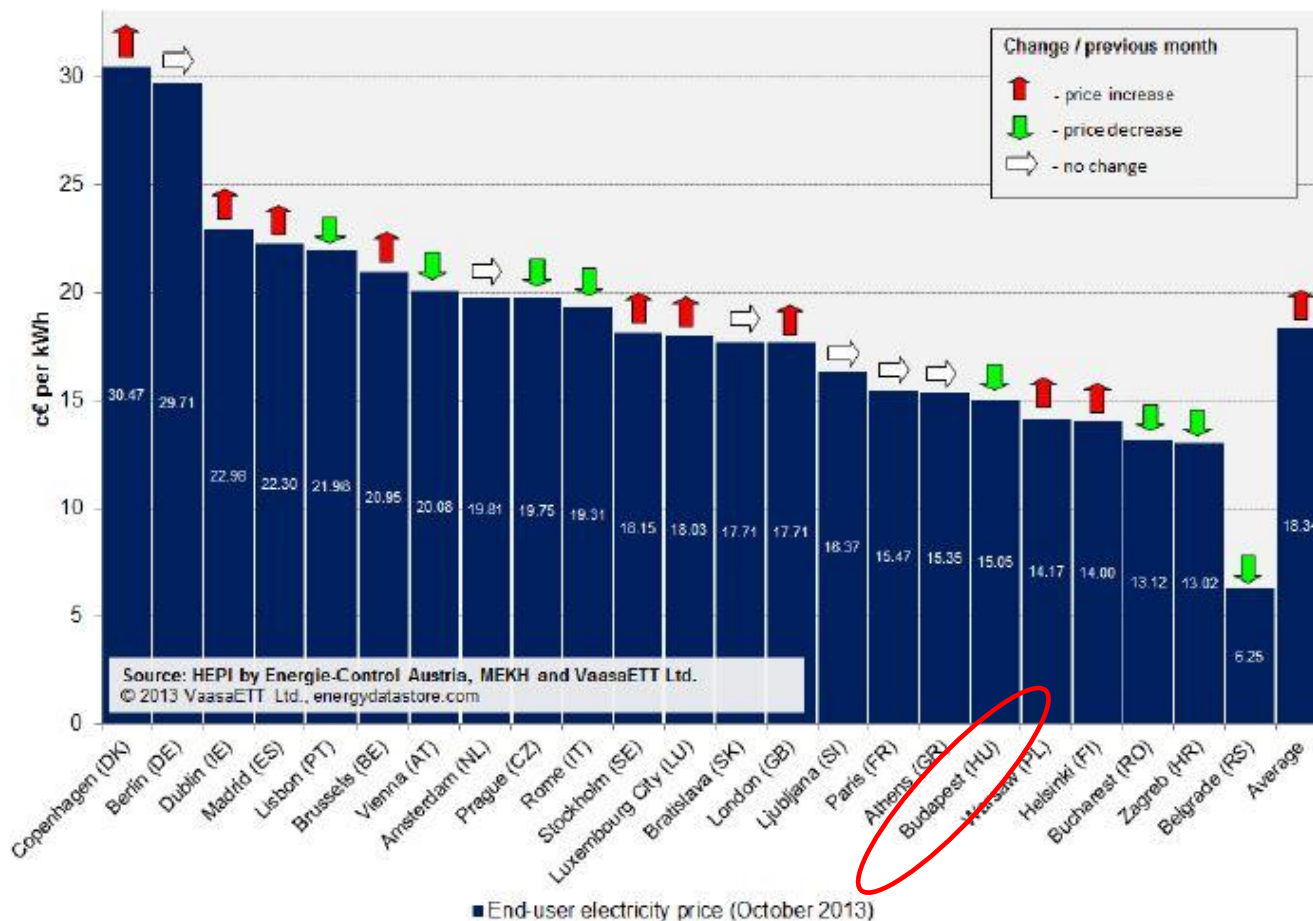


## Challenges of regional integration II.

- **Natural gas:** „Road Map towards the regional gas market among V4 countries”
  - Connecting Europe Facility (CEF): it is crucial to overcome administrative/procedural challenges for timely implementation of priority projects
  - Challenges identified in the Road Map: different regulatory regimes, tariff systems and transmission rules; diverging levels of national market liberalization
  - Addressing the challenges:
    - Physical integration: PCI list: HU-SK Gas Interconnection between Vel’ké Zlievce – Balassagyarmat-Vecsés (2015)
    - Market design: CAM implementation required (in progress)
  - Institutional framework for regional integration:
    - V4 Forum for Gas Market Integration (est. June 2013; political/ministry level)
    - Joint Statement (signed November 2013; NRAs)
  - External dimensions of V4 cooperation:
    - Cooperation with CR in reverse flow
    - Cooperation with RO in reverse flow and **trading platform** development
      - HU-RO trading platform: first auction planned on **14 January 2014**

# Recent trends in energy prices – electricity I.

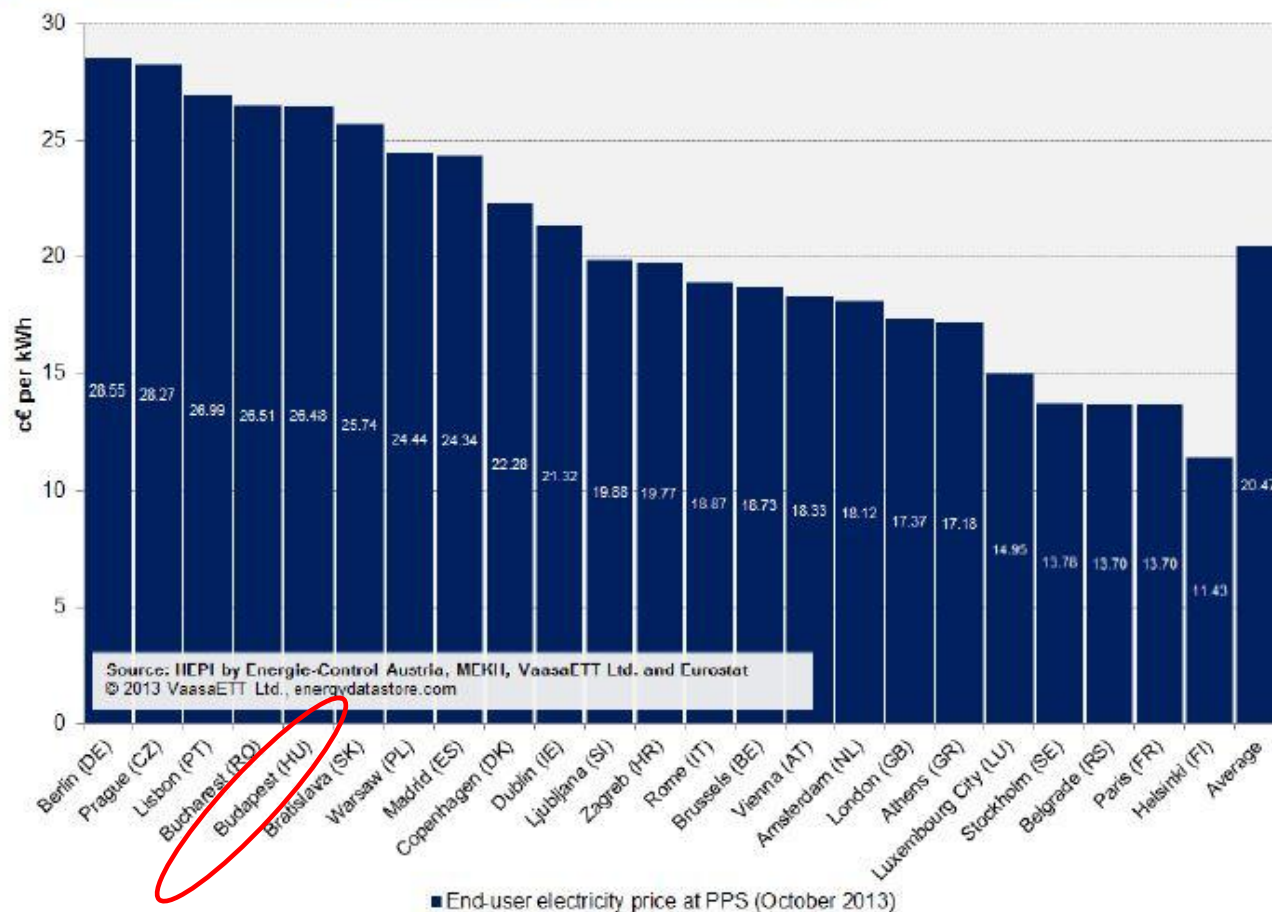
Figure 3. Residential electricity prices including taxes (October 2013)





# Recent trends in energy prices – electricity II.

Figure 4. Residential electricity prices including taxes at PPS (October 2013)

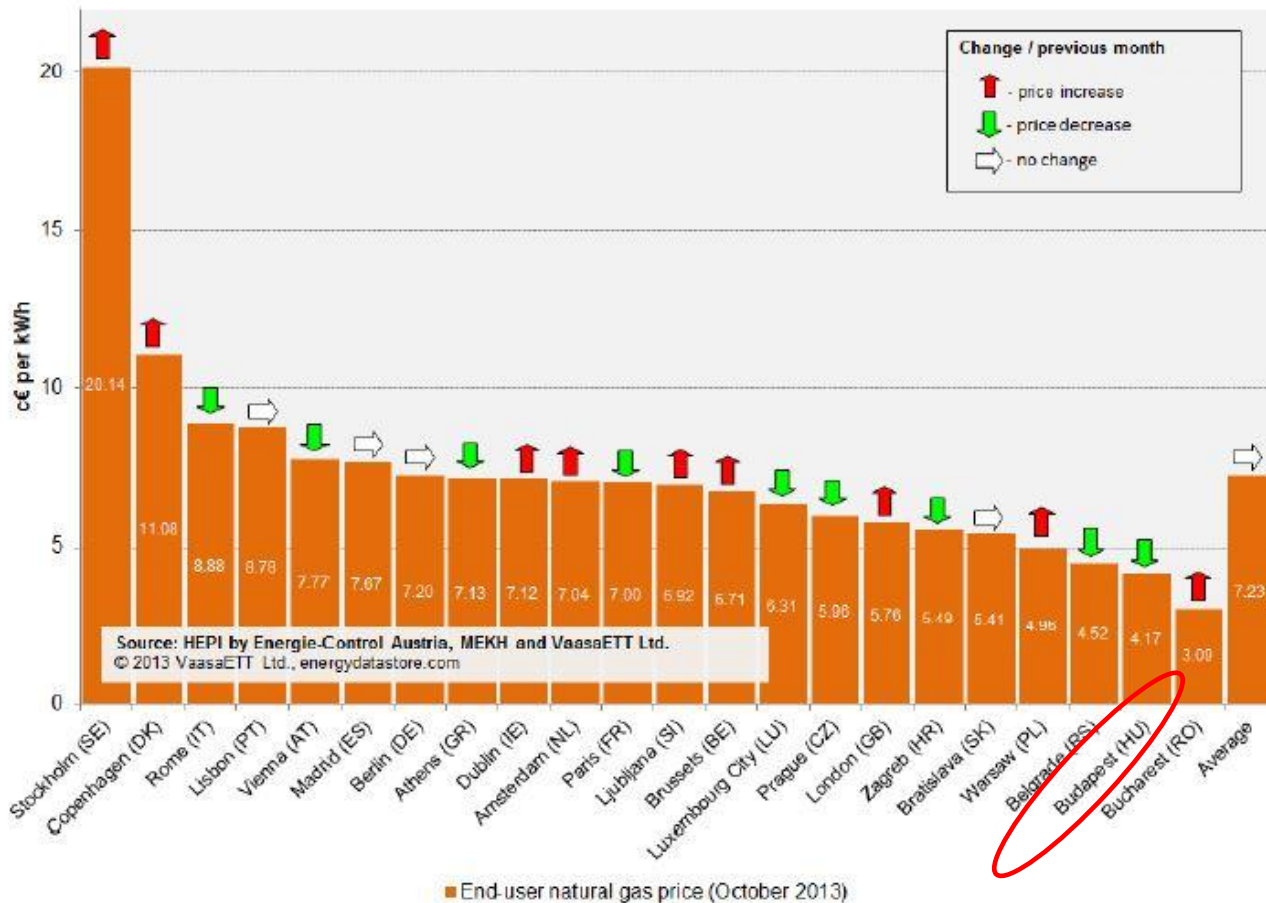


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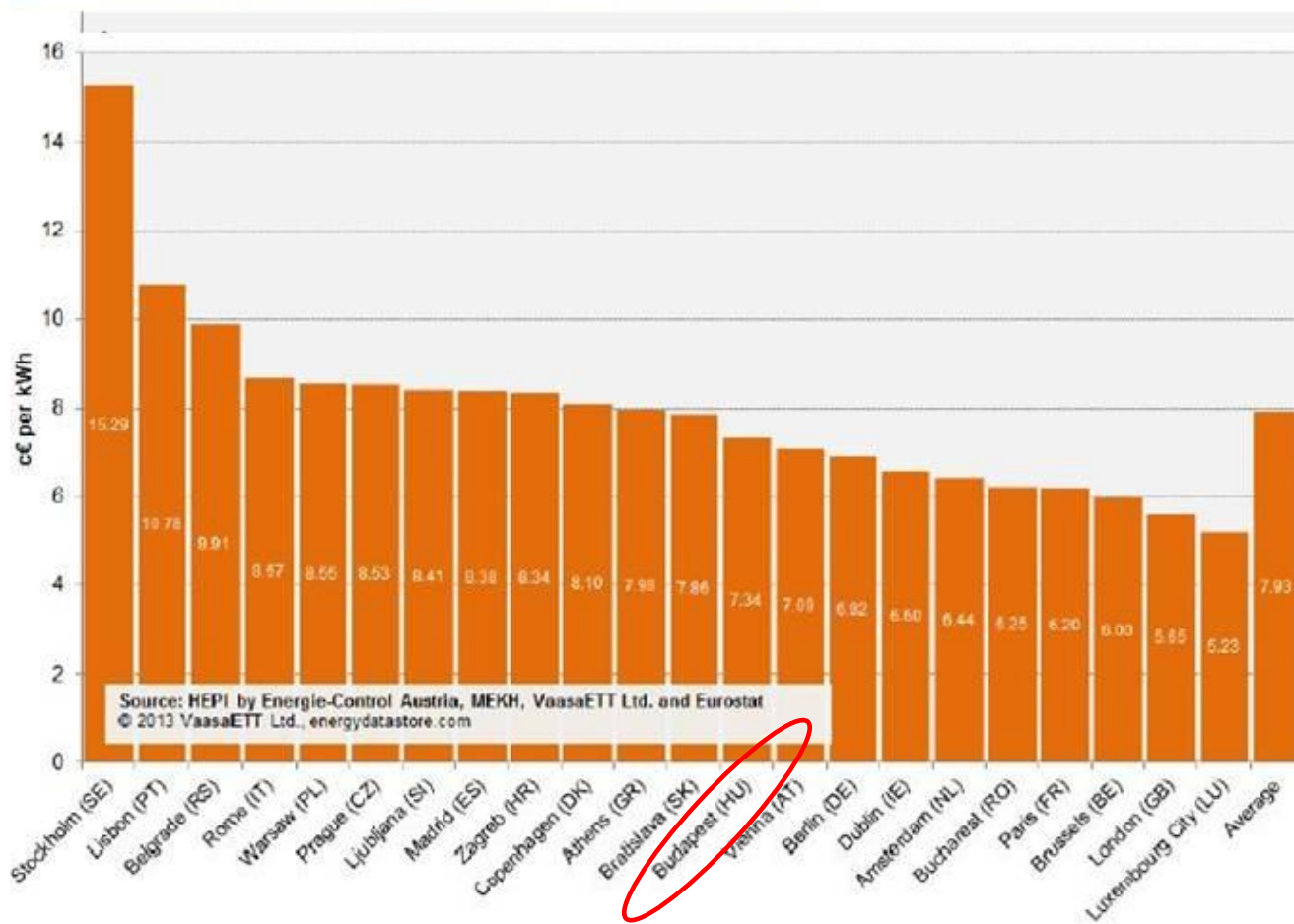
# Recent trends in energy prices – natural gas I.

Figure 5. Residential gas prices including taxes (October 2013)



# Recent trends in energy prices – natural gas II.

Figure 6. Residential gas prices including taxes at PPS (October 2013)



Source: HEPI by Energie-Control Austria, MEKH, VaasaETT Ltd. and Eurostat  
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# Thank you for your attention!



*Joint statement on the establishment of Permanent Forum of the Energy Regulatory Authorities (November 2013),  
president of V4 NRAs*

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