

ACER

Agency for the Cooperation
of Energy Regulators



Building markets through good governance: cooperation platforms in the EU electricity market

London, 27 May 2014

“South-Western and North-Western Europe day-ahead markets successfully coupled. In a landmark move towards an integrated European power market, the full coupling of the South-Western Europe day-ahead markets was successfully launched today [i.e. 13 May]. As a result, the South-Western Europe and North-Western Europe projects, stretching from Portugal to Finland, now operate under a common day-ahead power price calculation using the Price Coupling of Regions solution”.

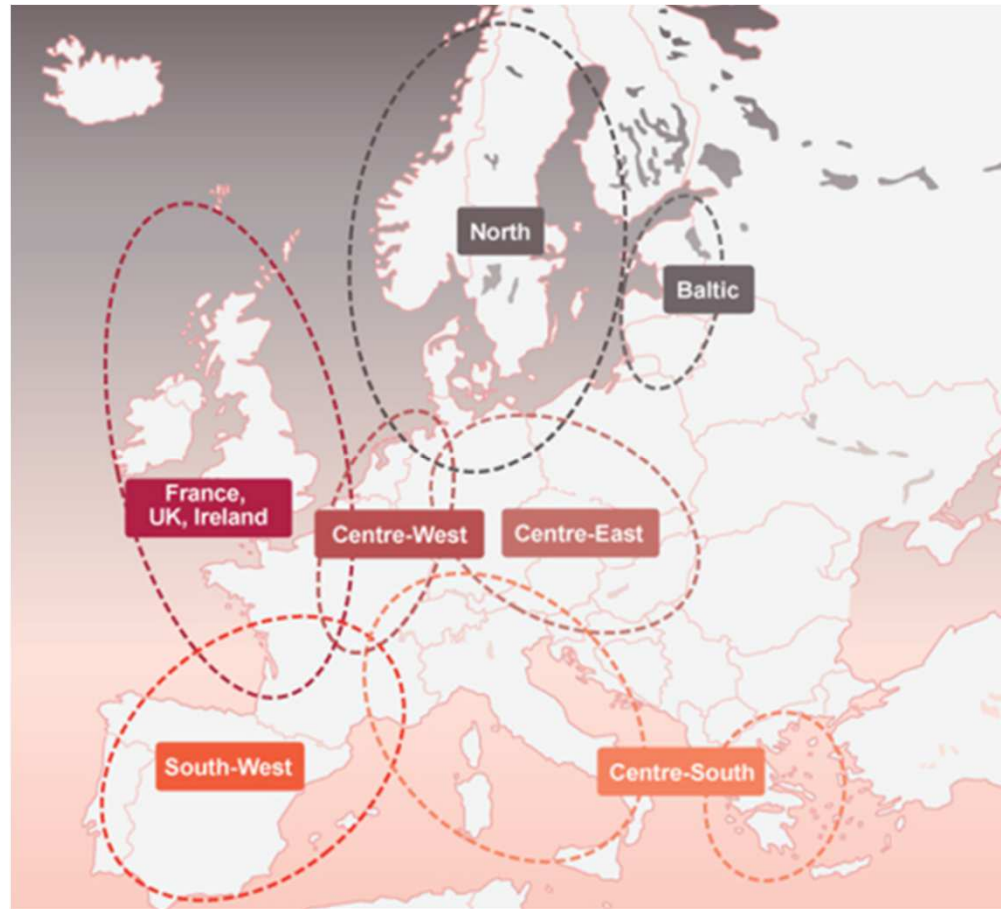


- A brief history and overview of cooperation platforms in the EU electricity market
- Building market through cooperation or good governance?
- Cooperation in the light of governance

1. The Florence Forum: 1998
2. The Council of European Energy Regulators (CEER): 2000

1. The Florence Forum: 1998
2. The Council of European Energy Regulators (CEER): 2000
3. **The European Regulators Group for Electricity and Gas (ERGEG): 2003**
4. **The Electricity Regional Initiative: 2006**

The ERI regions



The ERI priorities

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

1. The Florence Forum: 1998
2. The Council of European Energy Regulators (CEER): 2000
3. **The European Regulators Group for Electricity and Gas (ERGEG): 2003**
4. **The Electricity Regional Initiative: 2006**
5. **The Energy Community: 2006**
6. **The London Forum: 2007**

1. The Florence Forum: 1998
2. The Council of European Energy Regulators (CEER): 2000
3. The European Regulators Group for Electricity and Gas (ERGEG): 2003
4. The Electricity Regional Initiative: 2006
5. The Energy Community: 2006
6. The London Forum: 2007
7. **The Agency for the Cooperation of Energy Regulators (ACER): 2009**

7. ACER's tasks include:

- To provide a framework for NRAs to cooperate, and issue opinions on the whether a decision of an NRA complies with the Third Package legislation, or on how this legislation is to be interpreted.
- to issue Framework Guidelines as a basis for ENTSO-E's network codes and to provide opinions on ENTSO-E's deliverable such as network codes, TYNDPs etc.
- to decide on regulatory issues concerning cross-border infrastructure and on exemption requests for new interconnectors if NRAs cannot agree within 6 months or if they jointly request ACER's intervention.
- to collect and analyze wholesale markets and other relevant data to identify market abuse and to notify national authorities.
- to provide opinions on the draft regional list of PCIs, decide as a last resort on cross-border cost-allocation requests for PCIs, and make recommendations on incentives for PCIs.

1. The Florence Forum: 1998
2. The Council of European Energy Regulators (CEER): 2000
3. The European Regulators Group for Electricity and Gas (ERGEG): 2003
4. The Electricity Regional Initiative: 2006
5. The Energy Community: 2006
6. The London Forum: 2007
7. **The Agency for the Cooperation of Energy Regulators (ACER): 2009**
8. **The European Network of Transmission System Operators for Electricity (ENTSO-E): 2009**

8. ENTSO-E's tasks include:

- Elaborating market and technical codes, the so-called network codes
- Adopting common network operation tools to ensure coordination of network operation
- Developing a ten-year network development plan
- Establishing a central information platform on which fundamental data are made transparent
- Developing a methodology for the cost-benefit-analysis of Projects of Common Interest.

1. The Florence Forum: 1998
2. The Council of European Energy Regulators (CEER): 2000
3. The European Regulators Group for Electricity and Gas (EREG): 2003
4. The Electricity Regional Initiative: 2006
5. The Energy Community: 2006
6. The London Forum: 2007
7. **The Agency for the Cooperation of Energy Regulators (ACER): 2009**
8. **The European Network of Transmission System Operators for Electricity (ENTSO-E): 2009**
9. **The Electricity Coordination Group: 2012**

The new cooperation platforms in context – the cooperation for the development of network codes:

Commission – ACER (NRAs) – Commission – ENTSO-E (TSOs) –
ACER (NRAs) – Commission

1. Successful cooperation – good governance?
 - *Day-ahead market coupling*
2. Unsuccessful cooperation – bad governance?
 - *Intraday market coupling*

Conclusions of the 24th Florence Forum of May 2013:

13. The Forum regrets that the involved power exchanges have still not been able to agree on an IT-Platform for intraday market coupling. The Forum takes note that ACER was not in a position to provide an informal opinion before the May Florence Forum and supports ACER in its efforts to come to a conclusion as soon as possible. It urges the involved parties to provide clarifications required by ACER in time in order to allow ACER to provide its opinion before the end of June to avoid further delays.

14. The Forum recalls its conclusions from November 2012 and urges the Commission to intervene – if need be with legislation – if no compromise on a platform has been found by the end of June.

Conclusions of the 25th Florence Forum of November 2013:

(6) The Forum takes note of the repeated inability of power exchanges involved in the process to find agreements on key elements needed to implement the intraday project. As the problems causing the repeated delays to find agreements between power exchanges seem to be of a structural nature, the Forum now asks the Commission to intervene and develop an alternative solution.

Conclusions of the 26th Florence Forum of May 2014:

(19) The Forum welcomes the recent collaboration agreement between the involved power exchanges on a detailed implementation plan for the Intraday Pilot Project.

(20) It urges the project parties to maximise their efforts towards a timely implementation of the complex Intraday Pilot Project and to reflect upon solutions to streamline it so as to preserve the main advantages while ensuring a more timely implementation.

(21) The Forum invites the Commission to analyse options for interim solutions which allow for short-term improvements to the status quo, notably at borders where intraday trade is currently underdeveloped, provided it does not jeopardise or slow down the Intraday Pilot Project.

1. Successful cooperation – good governance?
 - *Day-ahead market coupling*
2. Unsuccessful cooperation – bad governance?
 - *Intraday market coupling*
3. No cooperation – good/bad governance?
 - *ACER peer review, ACER interpretation, ACER decision*

1. The depth of the governance framework with regard to 'old' players, i.e. entities which are in principle covered by current governance arrangements.

- *ACER monitoring*

2. The width of the governance framework with regard to 'new' players, i.e. entities which are not yet covered by current governance arrangements but which will resume newly created tasks that may deserve regulatory oversight.

- *Nomintated Electricity Market Operators*

3. The width of the governance framework with regard to 'new' countries, i.e. non-EU countries.

- *Third country participation in ACER*

‘Robust and fit-for-purpose governance arrangements for the Single Energy Market should address the roles of all relevant actors with specific tasks under the Third Package and network codes – including ACER and NRAs – and the interactions between ACER, NRAs and regulated entities. These interactions will be a critical feature of future energy sector rules.’

ACER Green Paper ‘Energy Regulation: A Bridge to 2025’ under consultation until 16 June.