

## 2023 ANNUAL CONFERENCE

# POWERING AHEAD: CHALLENGES IN ELECTRICITY MARKET DESIGN AND DECARBONISED GASES

#CAC2023



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**DATE**

30 November 2023



**TIME**

13:45 | 18:00



**SPARKS**

Rue Ravenstein 60, 1000 Brussels





# OPENING REMARKS



**Annegret Groebel**

President, Council of European  
Energy Regulators



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# KEYNOTE SPEECH

INTRODUCE THE TOPIC AND SETTING  
THE SCENE



## Mechthild Wörsdörfer

Deputy Director-General,  
DG ENER



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# SESSION I

## UN-ADDRESSED ISSUES IN ELECTRICITY MARKET DESIGN?



**Wolfgang  
Urbantschitsch**  
Vice President,  
CEER  
**Moderator**



**Tahir  
Kapetanovic**  
Vice-Chair of the  
Board,  
ENTSO-E



**Pablo  
Hevia-Koch**  
Head of the Renewable  
Integration & Secure  
Electricity unit,  
IEA



**Christine  
Materazzi-Wagner**  
Chair of the  
Electricity  
Working Group,  
CEER/ACER



**Hans  
Kreisel**  
Chairman,  
GEODE

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# Un-addressed issues in Electricity Market Design: ENTSO-E Views

CEER Annual Conference, 30 November 2023, Brussels



Tahir Kapetanovic, Vice-Chair of ENTSO-E Board

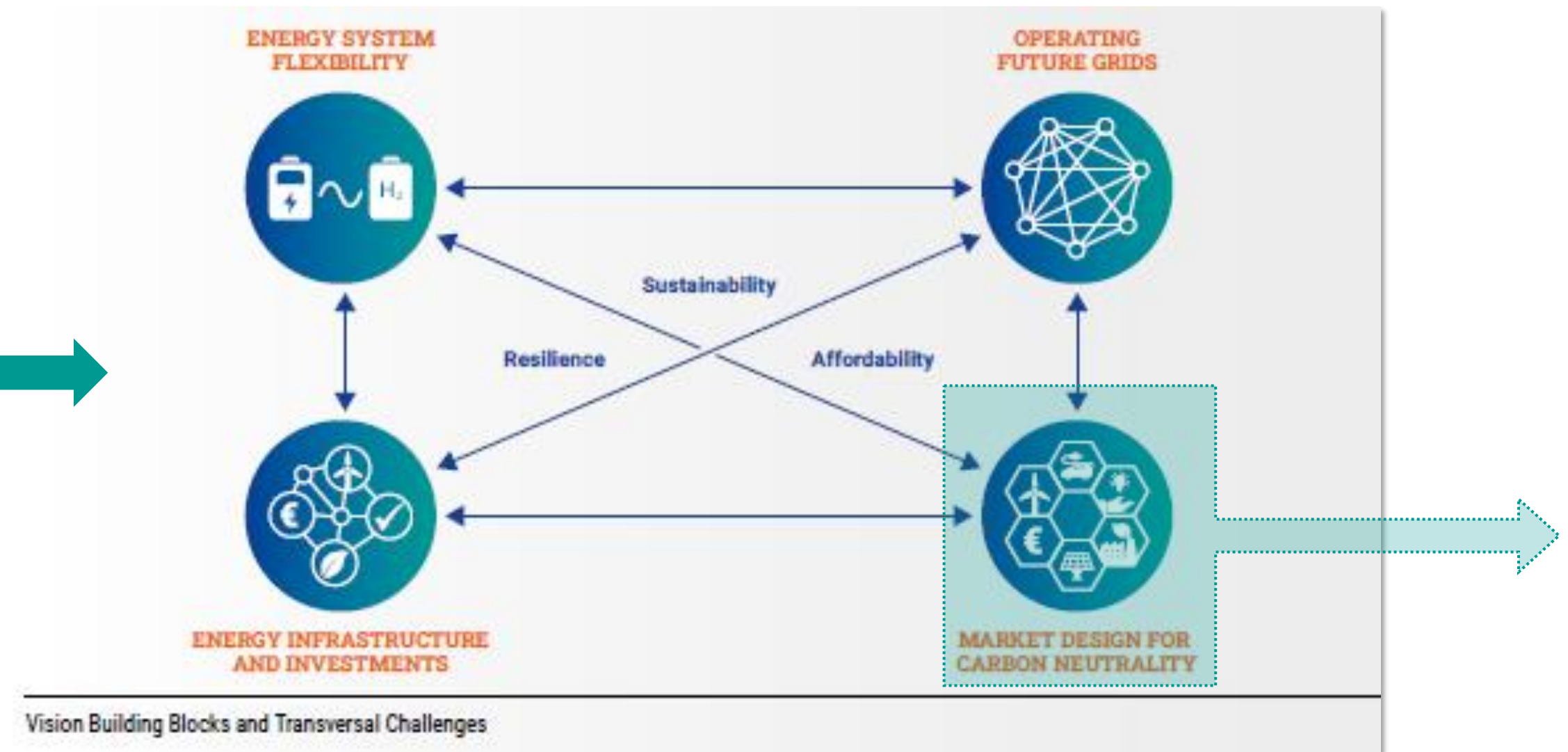


# Preamble

ENTSO-E Vision

## A Power System for a Carbon Neutral Europe

10 October 2022



# ENTSO-E Vision ↔ EMD Reform

## WHAT



**Accelerate low-carbon Investments**



**Boost Flexibility & Demand Response**



**Ensure system adequacy**



**Reduce system constraints & costs**

## HOW

Well-designed **2-way CfDs** for new assets  
+ facilitating uptake of **PPAs** and hedging in **forward markets**  
+ stable and forward-looking **regulatory framework**

Preserving **short-term price signals**  
+ removing entry barriers for **flex providers**  
+ competition behind the meter (shield vulnerable customers)

**Capacity Mechanisms 2.0** for dispatchable resources  
+ taking into account **grid constraints**  
+ **ancillary services** availability

Stronger **locational signals** in: (1) wholesale & balancing markets, (2) Capacity Mechanisms, (3) RES support schemes, (4) grid tariffs

## EMDR SCOPE





# EMDR comparative analysis details and further needs

## At the target *in the initial EC proposal*



**2 way CfD & PPA** strengthen investment signals for low-carbon & RES assets

**Marginal short-term pricing & market function preserved**, no price caps

**New framework for EU/regional price crisis** for higher regulatory certainty and political interventions' boundaries

**TSOs' regulatory framework** with recognition of anticipatory investments & OPEX

**Consumer protection and empowerment** including possible use of sub-metering to enhance consumers' flexibility

## Enhancements *by Parliament and Council*



**Improved CfDs design principles** for reaction to market prices & system needs

**Capacity Mechanisms:** EC to review framework to simplify introduction

**Reform of forward markets:** Regional Virtual Hubs possible only subject to adequate impact assessment & consultation

Longer deadlines & possible derogations for shorter of cross-zonal **ID Gate Closure Time**

## Still to be addressed *ENTSO-E view*



**Flexibility Needs Assessment:** consistency with system studies building on existing methodologies, governance, expertise

**Congestion income use** for offshore generation connected to hybrid interconnectors: clearly defined scope & relation to capacity calculation requirements (i.e. 70%)

**Peak-shaving** product activation rules

**Reasonable publication requirements** for new available connections' capacity



# Thank you for your attention !

<https://vision.entsoe.eu/>



<https://www.entsoe.eu/news/2023/04/03/entso-e-s-position-on-the-ec-proposals-on-electricity-market-design/>



<https://www.entsoe.eu/2023/10/26/entso-e-assessment-on-the-eu-legislative-proposal-for-a-regulation-to-improve-the-union-s-electricity-market-design-trilogues/>





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# **GEODE** THE NETWORK FOR NETWORKS



**CEER ANNUAL CONFERENCE  
BRUSSELS 30 NOVEMBER 2023**



# GEODE - Smart Distribution Systems Since 1991



*GEODE is a strong and reliable European **network platform** on energy distribution, that proactively provides **expert advice** to GEODE members and policy makers, to facilitate their decision-making process, for the benefit of the end-users*





# GEODE Recommendations on Grids



**Adequate Financing**



**Anticipatory  
Investments**



**Faster  
permitting**



**Ensuring Grid  
Resilience**



**Thank You!**

[www.geode-eu.org](http://www.geode-eu.org)





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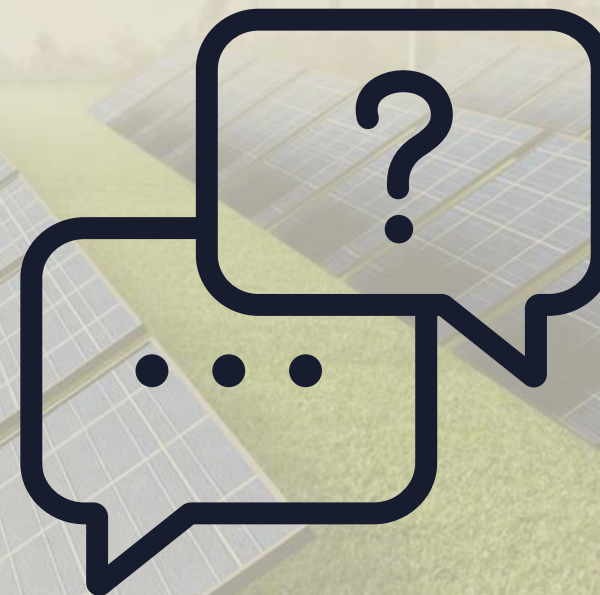


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# AUDIENCE QUESTIONS



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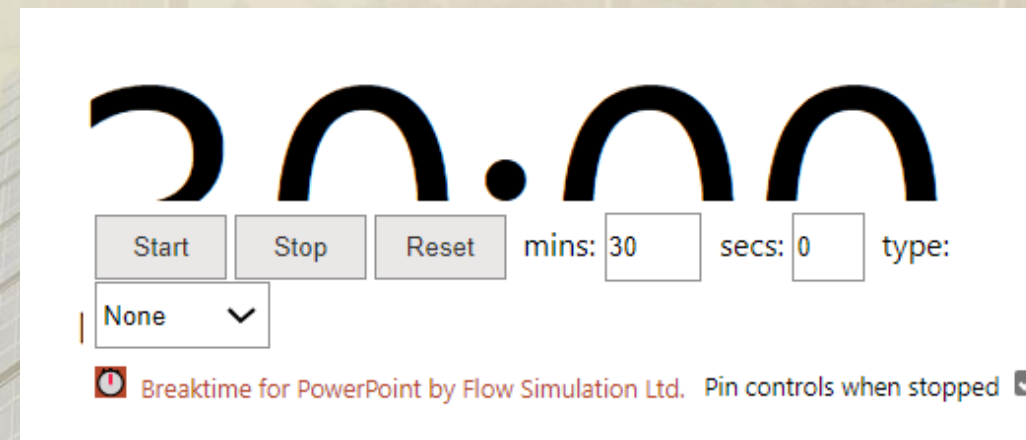
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# BREAK

# SEE YOU AGAIN IN 30 MINUTES!



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# SESSION II

## ADVANCING DECARBONISED/LOW CARBON GASES: WHAT IS THEIR ROLE?



**Csilla  
Bartok**

Acting Head of  
Infrastructure, Gas  
and Retail Dept.  
ACER

**Moderator**



**Emmanuelle  
Wargon**

President,  
CRE



**Anders  
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President,  
European Biogas  
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**Ilaria  
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**Thomas  
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Policy Officer for the  
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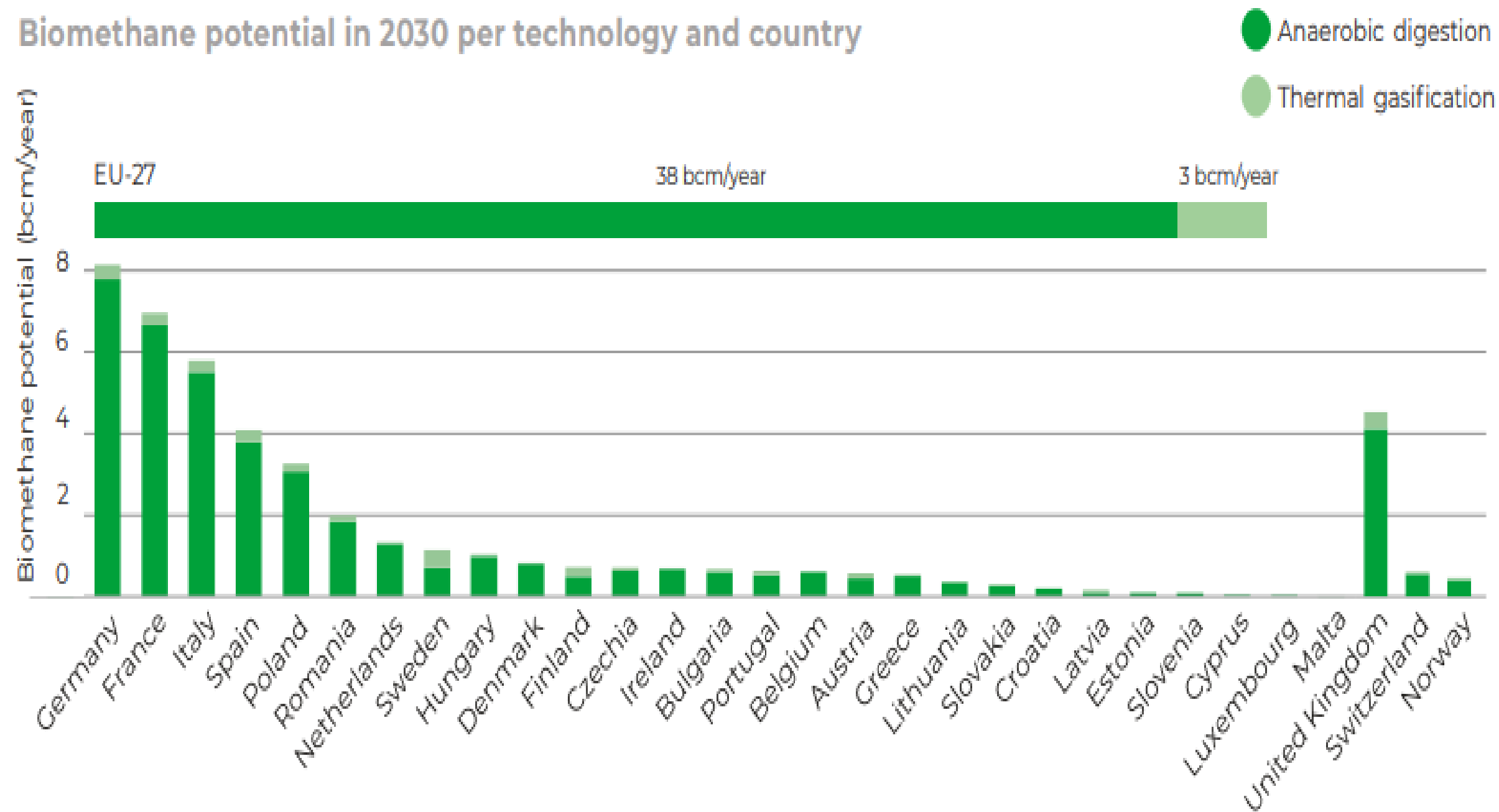


# ARE THERE ENOUGH FEEDSTOCKS TO SCALE UP BIOMETHANE PRODUCTION?

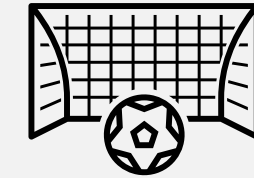
## 2030 national sustainable biomethane potentials

Figure 1.

Biomethane potential in 2030 per technology and country



Source: Gas for Climate, Biomethane production potentials in the EU, July 2022



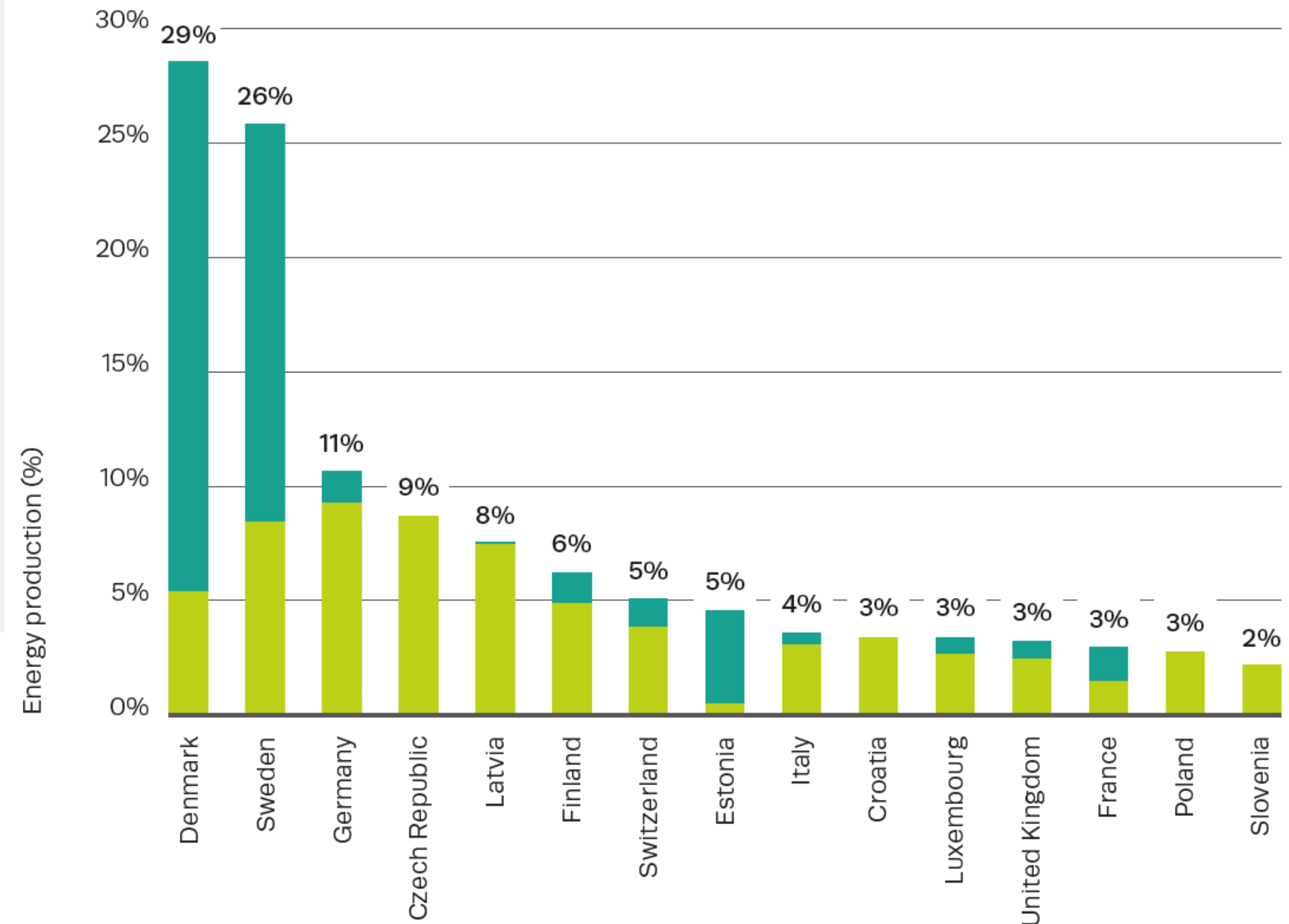
- **EU27's production potential** can meet the 35 bcm **REPowerEU target**
- **15% of natural gas demand** in 2030
- **40-60% of imported natural gas by 2050**



# Biomethane and biogas relative to natural gas consumption

- Biomethane and biogas production relative to each country's natural gas consumption in 2022.
- **Denmark and Sweden** are well on track to replace natural gas with biomethane
- In September 2023, **Denmark already reaches 40%** of biomethane in their gas grid

% biogas  
% biomethane





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# Clean Hydrogen: the response to EU energy policy trilemma?

**Ilaria Conti**

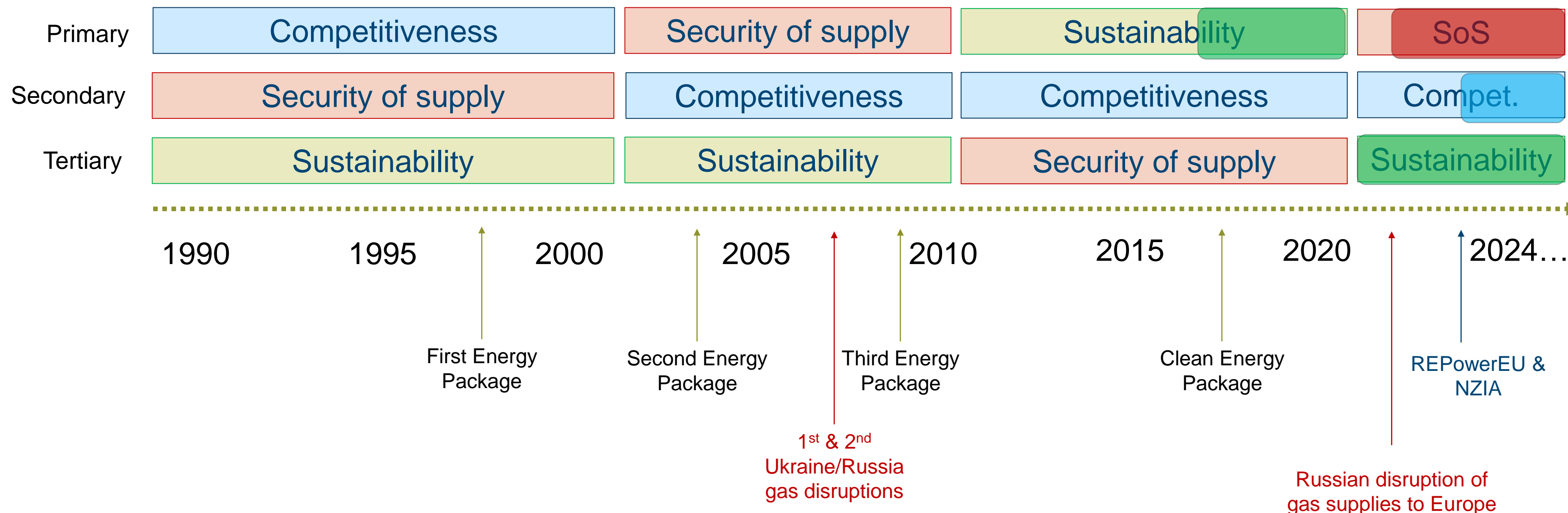
Head of gas and hydrogen

Florence School of Regulation

[Ilaria.Conti@eui.eu](mailto:Ilaria.Conti@eui.eu)



# The evolving role of clean hydrogen in European energy policy objectives...







**EU Hydrogen Strategy: 4mt**



**Fit for 55: 10mt**



**REPowerEU: 20mt**



**NZIA & GDIP: 20mt + manufacturing, CRM, etc.**



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## Key Messages: Decarbonisation of Gas

- Hydrogen can help to decarbonise “hard to abate” economic sectors => Households are NOT “hard to abate”
- Hydrogen faces many challenges: sourcing, transport, finance, regulatory, transparency, costs and efficiency
- Avoid replicating regulatory “traps” known from fossil gas



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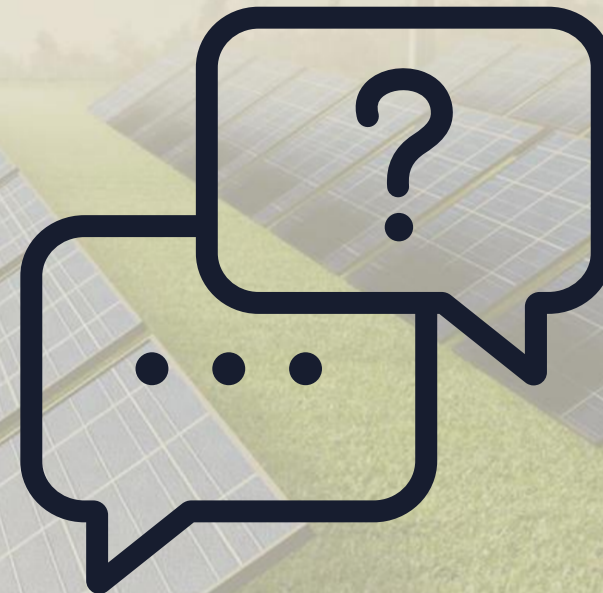
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## AUDIENCE QUESTIONS



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# CLOSING REMARKS



**Koen Locquet**

Vice President, Council of  
European Energy Regulators



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