


ACER

 Agency for the Cooperation
of Energy Regulators

Much more than Rules need to be in place by 2014

Alberto Pototschnig
Director

**CEER 2012 Annual Conference
Energy Infrastructure and Energy Efficiency
Brussels, 25 January 2012**

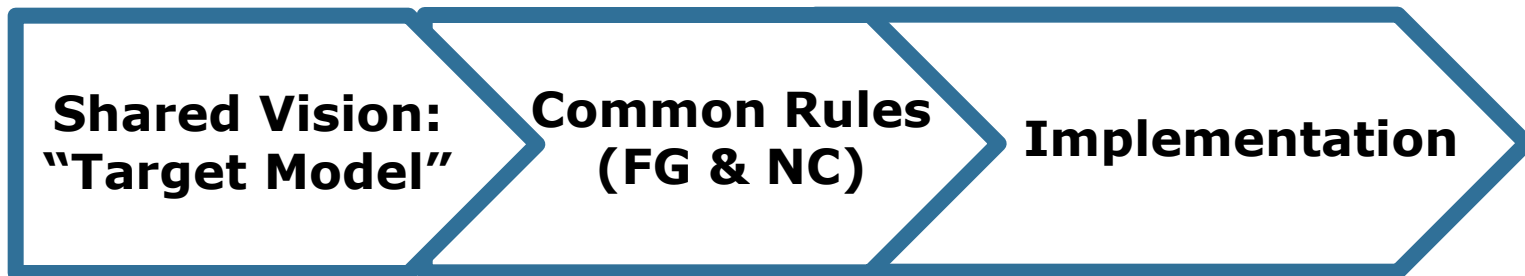
A strong momentum...

"The internal market should be completed by 2014 so as to allow gas and electricity to flow freely."

European Council - 4 February 2011 - Conclusions on Energy (paragraph 4)

... a clear target

- The completion of the Internal Energy Market in 2014 should deliver tangible benefits to European consumers



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

Where do we stand?

- Electricity



- Gas



Electricity Target Model

Internal Electricity Market

Capacity
Calculation

Long-Term
Capacity
Allocation

Day-Ahead
Capacity
Allocation

Intraday
Capacity
Allocation

Balancing
Markets

Adequate Network Development (EU TYNDP and EIP)

TSO/ISO/ITO Unbundling

Strengthened powers and independence for NRAs

Higher coordination requirements (ACER & ENTSO-E)

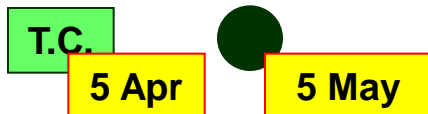
Recent activities: Electricity Sector

Mar Apr May Jun Jul Aug Sep Oct Nov Dec 2011 Jan 2012 Feb Mar

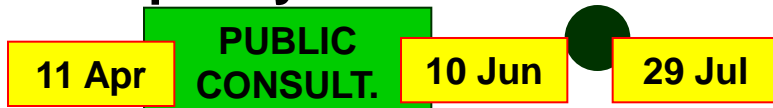
FG on Grid Connections



Opinion on ENTSO-E Statutes, List of Members and Rules of Procedure



FG on Capacity Allocation and Congestion Management in Electricity



FG on System Operations



FG on Balancing



Opinion on ENTSO-E 2012 Work Programme



Electricity: FG and NC planning

2011

2012

2013

2014

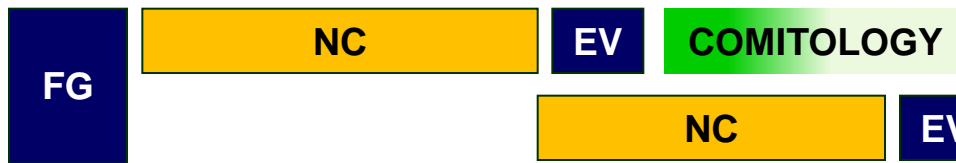
2015

FG/NC on Grid Connection



FG/NC on Capacity Allocation and Congestion Management

CC, DA, ID

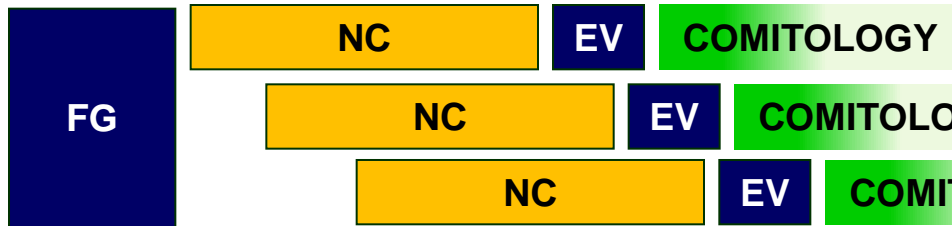


Forward



FG/NC on System Operation

Op. Security



Op. Plann/Sched.



LFC, Reserves



FG/NC on Balancing



FG/NC on Third Party Access



Achieving 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

The Electricity Regional Initiatives: New impetus to market integration (1)

- More **project-oriented**, with newly designated **project lead regulators**
 - » Focus on the CACM target models implementation: 4 key priority projects
- Stronger **Pan-European** dimension, with the elaboration of ambitious but realistic **cross-regional roadmaps as the main reference to the market integration process, complementing the FG/NC process**
 - » to identify key milestones and accountabilities
 - » to ensure consistency & coherence

The Electricity Regional Initiatives: New impetus to market integration (2)

- Stronger **Stakeholders' involvement** (AESAG and regional consultations) to keep the strong momentum and maintain confidence throughout the process
- More **adequate governance** to support the implementation process
 - » Involvement of MS when necessary
 - » Close follow-up to identify any obstacles, delays or inconsistencies with the FG/NC (Public quarterly reports)
 - » More efficient decision-making process (ACER's residual power for cross-border issues)

AESAG Terms of Reference (1)

- To elaborate, based on the existing implementation projects, a concrete, ambitious but realistic, roadmap for the implementation of:
 - single European **Day-ahead** price-based market coupling
 - European **Intraday** Capacity Management Module
 - single European platform for the allocation and nomination of **long-term** transmission rights
 - flow-based **capacity allocation** method in highly meshed networks
 - pilot projects for the integration of **balancing markets**

AESAG Terms of Reference (2)

- Implementation of the roadmap
 - support the implementation of concrete projects to pave the way to the internal energy market
 - ensure the consistency of these projects with the Framework Guidelines on Capacity Allocation and Congestion Management and the related Network Codes
 - discuss the main features of the projects from a European perspective with all the stakeholders and give guidance to these projects where relevant

Cross-regional roadmap on Long-Term Transmission Rights

<i>Progress to Date</i>	<i>Challenges to Come</i>
<p>Move to a single set of auction rules</p> <ul style="list-style-type: none"> • Harmonised rules between CWE/CSE and within CEE 	<p>Move to a single set of auction rules</p> <ul style="list-style-type: none"> • ACER and ENTSO-E TFs to be created to define and implement a single set of auction rules across Europe
<p>Move to a single European allocation platform</p> <ul style="list-style-type: none"> • Following CWE, CSE, Switzerland and DE/DK1, SWE agrees to join CASC 	<p>Move to a single European allocation platform</p> <ul style="list-style-type: none"> • Decision for NE, NE-Continent and Baltic expected during 2012
	<p>Move to FTRs?</p> <ul style="list-style-type: none"> • ACER recommendation expected by Q1 2012 • ENTSO-E's analysis of the possible design and impact of FTRs in Q2 2012

Cross-regional roadmap on Day-Ahead Market Coupling

<i>Progress to Date</i>	<i>Challenges to Come</i>
<p>ENTSO-E's and EuroPEX's strong commitment to implement a Pan-European Market Coupling solution</p>	<p>Translating this commitment into concrete and detailed implementation project for 2012</p>
<p>Selection by EuroPEX and validation by ENTSO-E of the starting point for the PCR algorithm</p>	<p>Endorsement by NRAs of the starting point for the PCR algorithm</p> <p>Validation by ENTSO-E and Endorsement by NRAs of:</p> <ul style="list-style-type: none"> •The interim flexible NWE high-level governance arrangements •The cost-sharing principles between NWE and non-NWE countries

Cross-regional roadmap on Intraday

<i>Progress to Date</i>	<i>Challenges to Come</i>
<p>ENTSO-E - EuroPEX agreement on detailed technical solution for border-by-border implementation in 2012</p>	<p>Border-by-border implementation of a common intraday solution, linking the Nordic, Central West, South West and FUI electricity regions in 2012</p>
<p>ENTSO-E's and EuroPEX's strong commitment to implement a Pan-European cross-border Intraday mechanism</p>	<p>Design and implementation of pan-European intraday target model by 2014</p>

Cross-regional roadmap on Capacity Calculation

Challenges to Come

Decision on the implementation path in the CEE region expected for Q1 2012

CWE flow-based market coupling foreseen for mid-2013

Strengthening coordination between CWE and CEE

The Integration of the Day-Ahead Market

Project milestones	2011		2012				2013				2014			
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
NWE price coupling (CWE, NE, GB borders)						✓								
Integration of SWE borders						*	✓	✓						
Integration of CEE borders						*	✓	✓	✓	✓				
Integration of remaining Baltic borders										✓				
Integration of CSE borders											✓			
Integration of remaining FUI borders													**	✓
Single European Price Coupling (EPC)													★	
Integration of SEE	Integration of SEE not later than 2015 ⇒													

* MIBEL, Hungary, Slovakia and Czech Republic are willing and committed to join EPC by end of 2012
 ** SEM may provide for transitional arrangements which are defined in section 1.2 of FG CACM.

Recent activities: Gas Sector

Mar Apr May Jun Jul Aug Sep Oct Nov Dec 2011 Jan 2012 Feb Mar

FG on Capacity Allocation Mechanisms for the European Gas Transmission Network

3 Mar PUBLIC CONSULT. 2 May

3 Aug

Opinion on ENTSO-G Statutes, List of Members and Rules of Procedure

T.C. 5 Apr 5 May

FG on Gas Balancing in Transmission Systems

12 Apr PUBLIC CONSULT. 12 Jun

18 Oct

Opinion on ENTSO-G EU-wide Ten-Year Development Plan

16 Sept

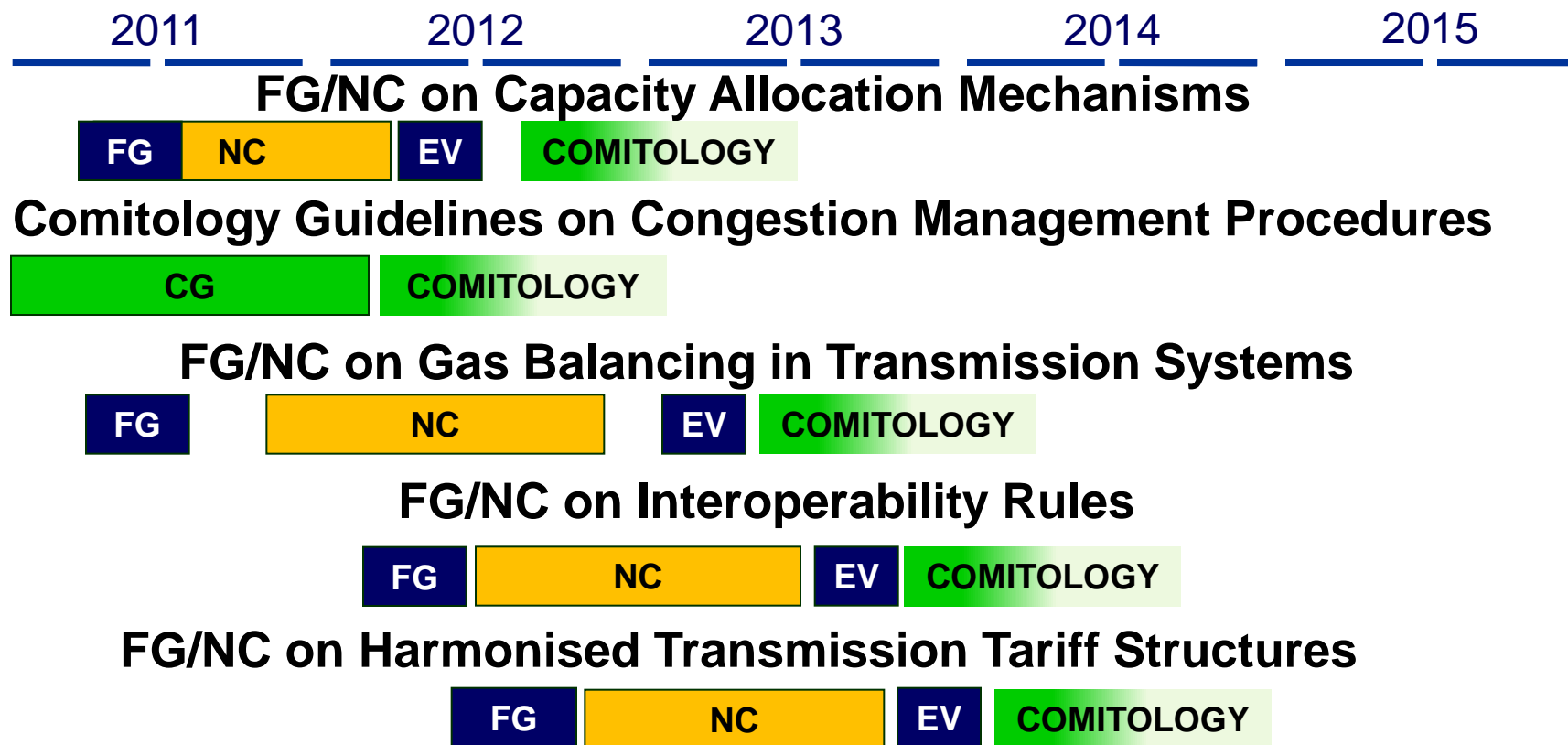
FG on Interoperability Rules

SCOPING

FG on Rules regarding Harmonised Transmission Tariff Structures

SCOPING

Gas: FG and NC planning



Gas: Early CAM Implementation

South Region



South Region

- CAM harmonisation on ES – PT interconnection
- Future extension of the project to the IPs with FR
- Common TSO allocation platform in 2014

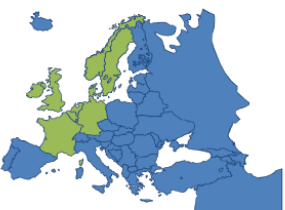
South, South-East Region



South - South East Region

- Coordinated short-term capacity services on AT - IT
- Extension of GATRAC project for the allocation of bundled products to IPs with SK and other countries

North-West Region




North-West Region

- Possible analysis for a future TSOs common platform for capacity allocation and booking services

The creation of joint (cross-regional) CAM platforms is one of the priorities for 2012 GRI work

Gas: Security of Supply projects




Risk Element Assessment

Likelihood v Severity

15 Identified as potential high risk

Draft PAP
 Stakeholder Consultation
 (incl. other MS)



Risk Matrix Approach

Sources, Scenarios and Consequences

Draft PAP, EP
 Stakeholder Consultation
 (including other MS)



Stakeholder Workgroup

Infrastructure and supply standards

Risk Factor Determination

**Different Approaches and positive solutions – using the GRIs to demonstrate compliance with security of Supply legislation in 3 selected Member States.
 December 2011 Stakeholder Meeting, SSE Region**

The Way Forward: Meeting the Challenges

- True commitment of key stakeholders (NRAs, TSOs, PXs) both at EU and regional level throughout the implementation phase
- Continuous support and involvement of all stakeholders: AESAG(/AGSAG?) process, and regional Fora
- Engagement of Member States
- Regular and transparent reporting on progress and challenges:
 - Quarterly reports (first issue: April 2012 covering Q1 2012)
 - Annual Status Review (first issue: March 2012)
 - Florence/Madrid Fora

Thank you for your attention!



www.acer.europa.eu