Liberalized Electricity Markets

A European perspective

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Franco-German cooperation: motor for the internal energy market

- Traditionally close cooperation (political, economical, societal)
- Major markets with strong interconnections
- Driver of larger regional cooperation (Pentalateral Forum, electricity neighbours, ...)
- Highly diverse energy systems representing much of what can be found in the EU
  - 1 Distribution System Operator or 880?
  - Nuclear energy or Atomausstieg?
  - Market-wide capacity schemes or reserves?
Energy in the EU: united in diversity

EU 28 Gross energy consumption by source

TOTAL PRIMARY 2013: 1665 Mtoe
(Total Primary and Secondary 2013: 1666 Mtoe)
Significant investments will be required to renew or refurbish our energy system.

Age of power generating capacities in the EU in 2013 (in years)

Source: European Commission
27 % RES = 45 + % RES-E in 2030

Gross *electricity generation* by fuel 1990-2013 (EU 28, TWh; Eurostat 2015)
Europe's energy landscape is changing - and the energy transition in Germany is one of the best examples.
Declining trend in wholesale power prices ('08-14) – Germany and France going hand in hand

Source: EPEX, GME, OMEL
The electricity market design initiative

- Legislative proposals by end 2016
- In parallel to remaining network codes (E&R; Balancing)
- Making the market work effectively – wholesale & retail
- Ensuring the market is fit for renewables
- Integrating renewables into the market
- A coordinated approach to Capacity Remuneration
- Stepping up regional cooperation
- Ensuring co-ordination and co-operation in times of crisis
- Adapting the institutional framework
Upgrading the Wholesale Market

- Consistent products and market times
- Bidding zone configuration
- Gate closure times

Principles

- Clear principles for operation of intraday and day-ahead markets reflected in legislation
- Clear principles for operation of balancing markets reflected in legislation
- Update to Art 15 provisions (72/2009)
- Regional assessment of balancing capacity needs

Regional dimensioning

Regional procurement

Short-term markets

- Prices able to rise to VoLL
- Self-consumption to be placed on a level-playing field (incl. distribution tariffs)

Scarcity pricing

Locational Elements

- Clearly defined requirements for setting of tariffs
- Interactions with distribution tariffs more clearly recognised
- Minimising potential distortions in energy trading
- Increasing spending on cross-border capacity
- Delivering a more market-based approach to dispatch and access

Transmission tariff structures

Congestion management

- Effective decision-making on bidding zone configuration
- Maximising opportunities for cross-border exchange of energy whilst ensuring economic efficiency

Priority access and dispatch

Connection rules

Level Playing Field

Self-consumption

- Clear rules relating to curtailment and compensation

Balance responsibility

Curtailment rules

All markets

- Providing maximum trading opportunities
- Products that allowing for short-term trading
- Clear principles for operation of intraday and day-ahead markets reflected in legislation

Art 15 revision

Regional procurement of balancing capacity

Prices able to rise to VoLL

Clear and non-discriminatory connection rules that avoid distortion

All parties to be balance responsible

Delivering a more market-based approach to dispatch and access
Vielen Dank für Ihre Aufmerksamkeit / Merci pour votre attention

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