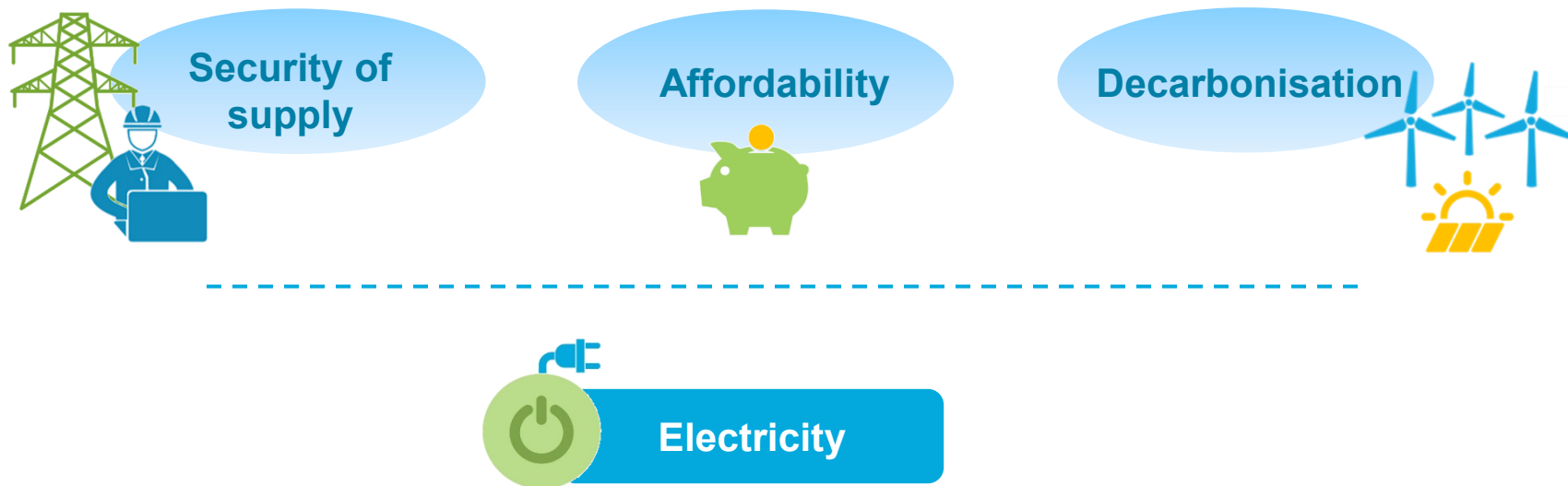


Wholesale electricity market: the European perspective



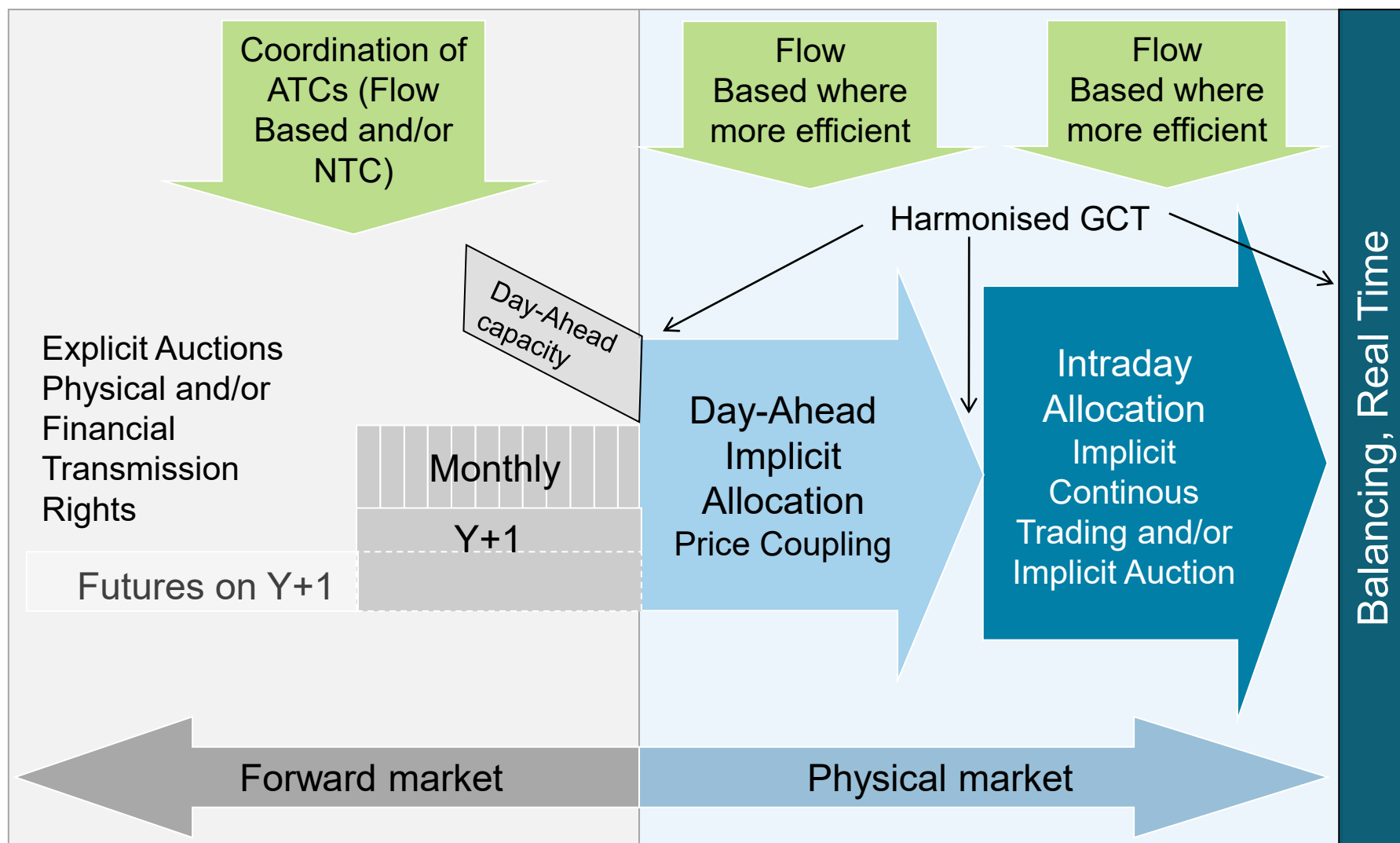
Internal Market – A solid foundation for the Green Deal



- 1 Increasing importance for whole economy through electrification
- 2 Market design crucial: flexibility, level playing field for renewables, demand response and storage, cross-border trading, market reforms & resource adequacy, phase out subsidies to most polluting plants

Overview of EU electricity markets

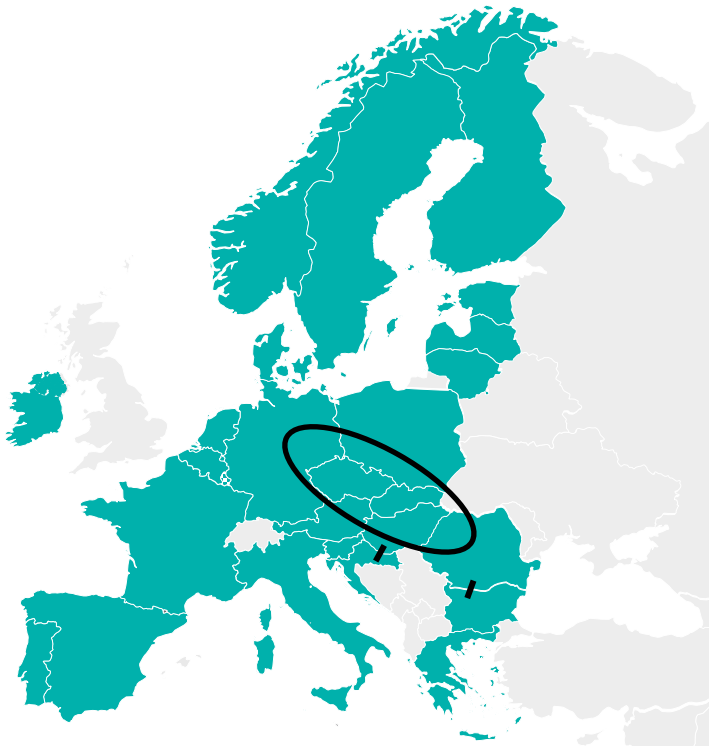
The EU electricity target model



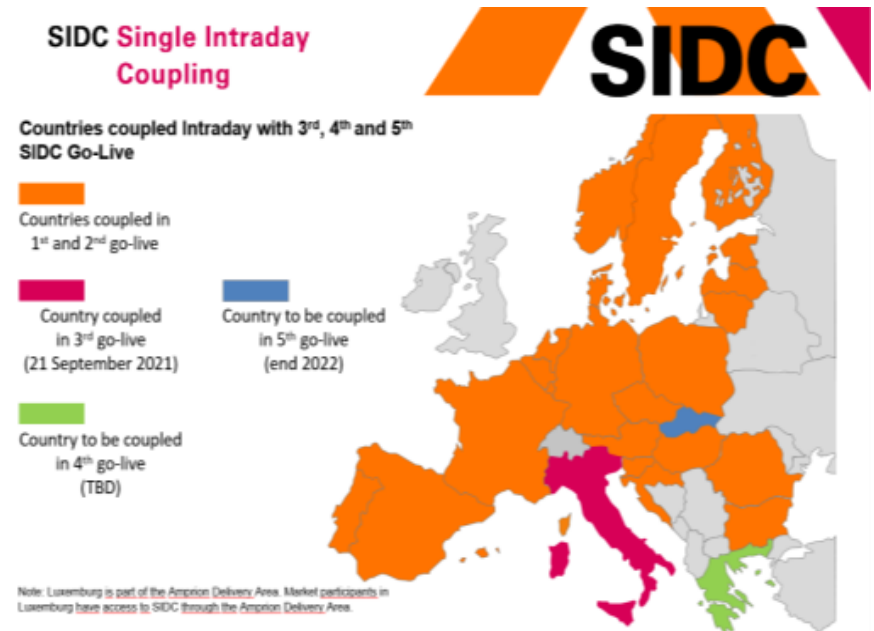
Forward market : a Single allocation platform for cross-border transmission rights



Spot markets : European market coupling



Market Coupling in Day-Ahead



Market Coupling in Intraday

Balancing: European integration closer to real time

TERRE

Replacement reserves (RR)



PICASSO

Automatic
Frequency
Restoration
Reserve (aFRR)

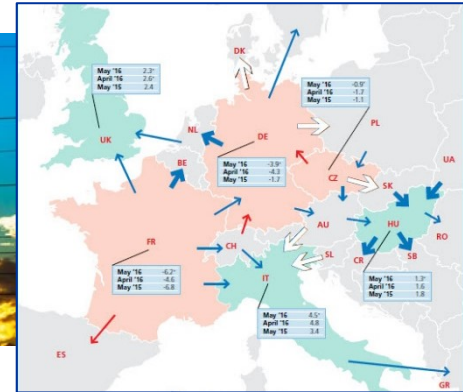


MARI

Manual
Frequency
Restoration
Reserve (mFRR)



Maximize cross-border electricity trading

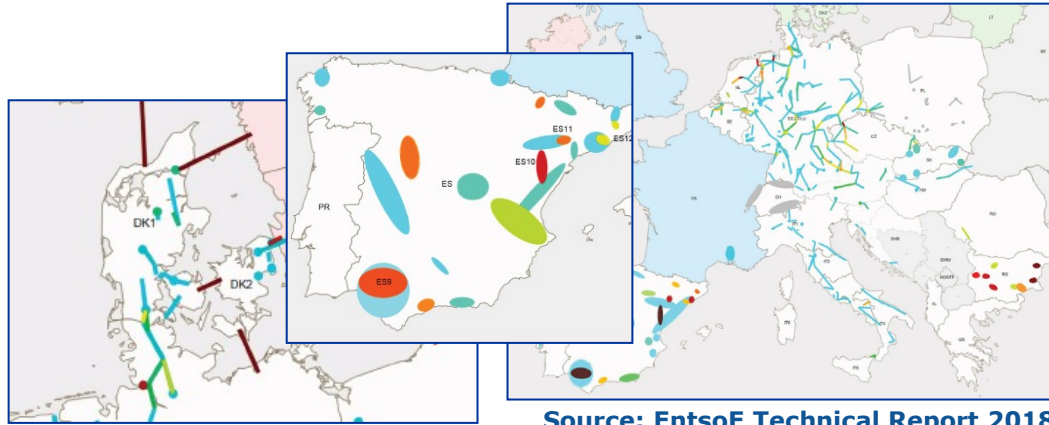


- Key principles :
 - Maximisation of trade across borders
 - No discrimination of cross-zonal vs internal trades
- New min. threshold of 70% of cross-zonal capacity for trade

➔ ***Increased cross-border trading brings value as it :***

- ***Improves the flexibility of the system***
- ***Supports security of supply***
- ***Reduces the need for new investments***

Align markets with physics



Source: EntsoE Technical Report 2018

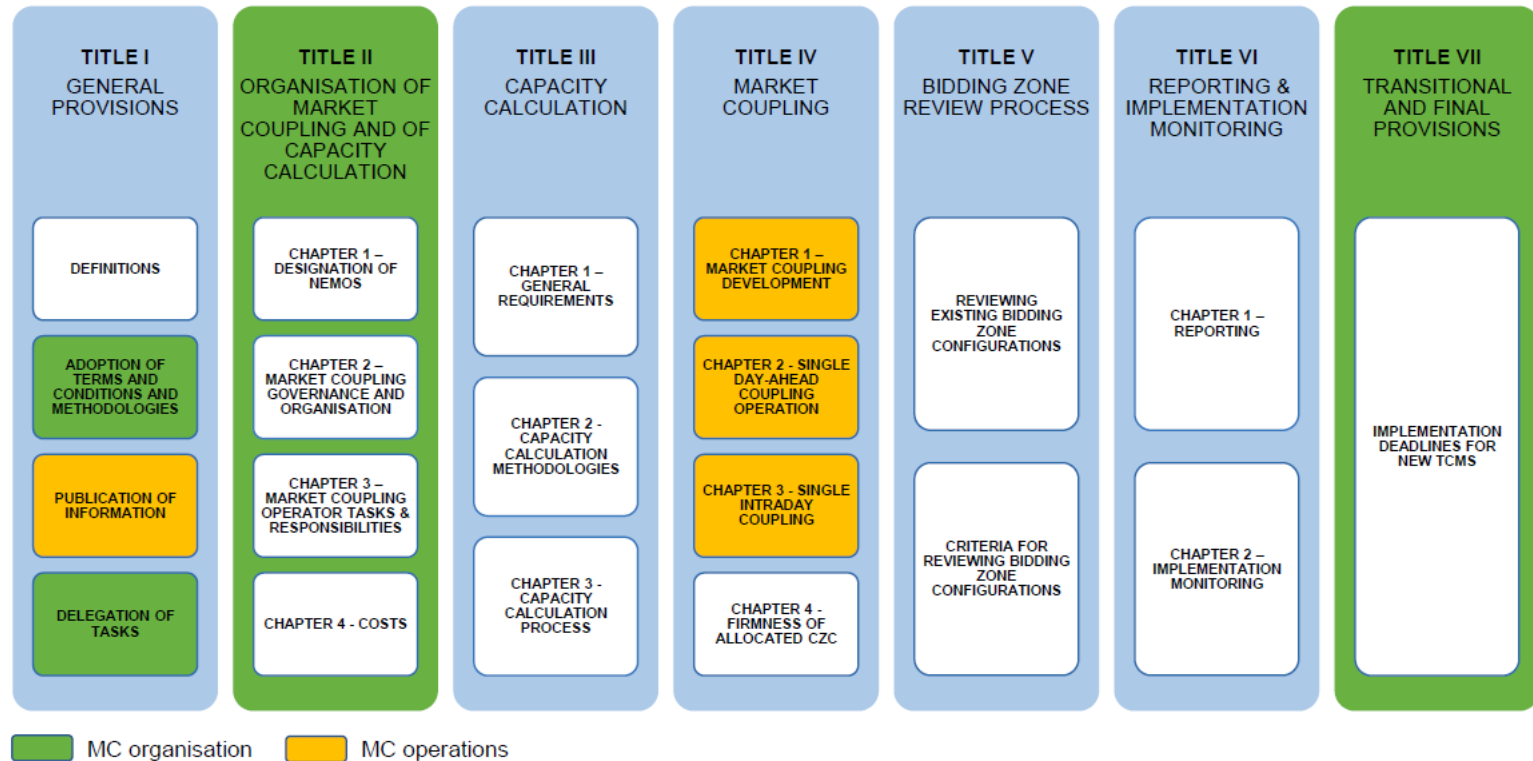
- Addressing structural congestion as key priority. MS can choose:
 - an Action Plan with network investments until 2025, or
 - a bidding zone reconfiguration

➔ **A market better aligned to the physical grid**

- *increases trade*
- *reduces the need for costly after-market remedial actions*
- *decreases the impact of congestion in one zone on the neighbours*
- *supports security of supply: electricity can be traded to where it is most needed.*

Further adaptation of the regulatory framework

Amendments to the Regulation 2015/1222 establishing a guideline on **capacity allocation** and **congestion management** ('CACM')



Unleash the flexibility of the demand side

Empowered consumers:

- Access to fit-for-purpose smart meters
- Freedom to conclude aggregation contract, without the consent of the electricity supplier.
- Entitle individuals and energy communities to generate electricity and to consume, store or sell it back to the market.
- Access to dynamic price contracts

Participation of DSR in all markets (incl. ancillary services):

- Directly or through aggregation
- Without the consent of other market participant
- With full balance responsibility

Use of flexibility services in electricity networks

- Services to TSOs and DSOs

→ Make DSR a full participant in the market and the electricity system

Further adaptation of the regulatory framework

Rules regarding demand side flexibility, including **rules on aggregation, energy storage** and **demand curtailment** rules.

- the kind of products, markets and services;
- the kind of market participants and service providers (such as loads, generation, storage);
- the processes required for information and data exchange;
- the processes for the coordination between system operators and between different market timeframes.

European harmonization

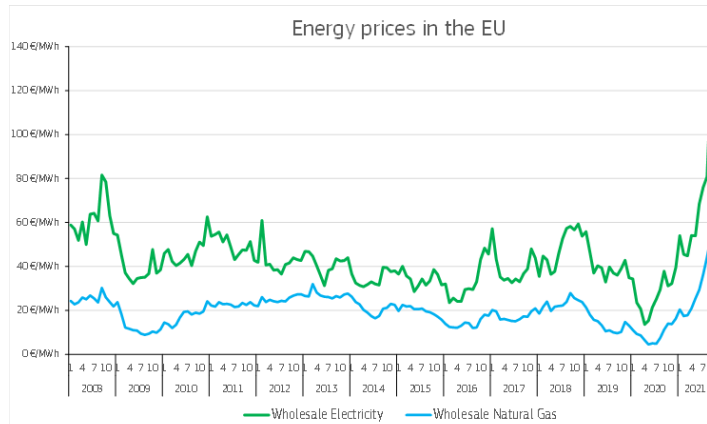
- XB relevance
- Market integration
- Unlock market access




National scope

- Local specificities
- Maturity level


Europe's high energy prices: what's next?



EC tool box



Tackling rising energy prices:
A TOOLBOX FOR ACTION AND SUPPORT



OCTOBER 2021

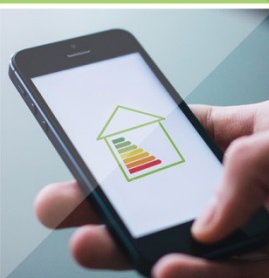
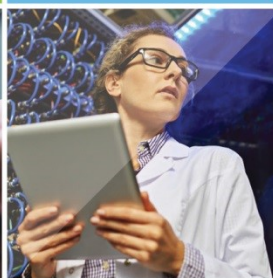
The EU is facing a **sharp spike in energy prices**, driven by increased global demand. **Energy supply is currently not at risk** and markets expect prices to stabilise by April 2022. Under existing rules, the EU and its Member States have the tools to mitigate the effects of sudden price volatility in the energy market. The '**toolbox**' presented by the Commission will help Member States to **support consumers and industry**.

ACER's forthcoming assessment of market design

- Consumers, retail suppliers & tackling volatility
- Driving sufficient investment in low carbon generation
- Driving sufficient flexibility and capacity



European
Commission



**Thank you for
your attention!**