

Croatia and the SE European Energy Bridge

The Regional Electricity Market

Current position and market liberalization: Is competition possible?

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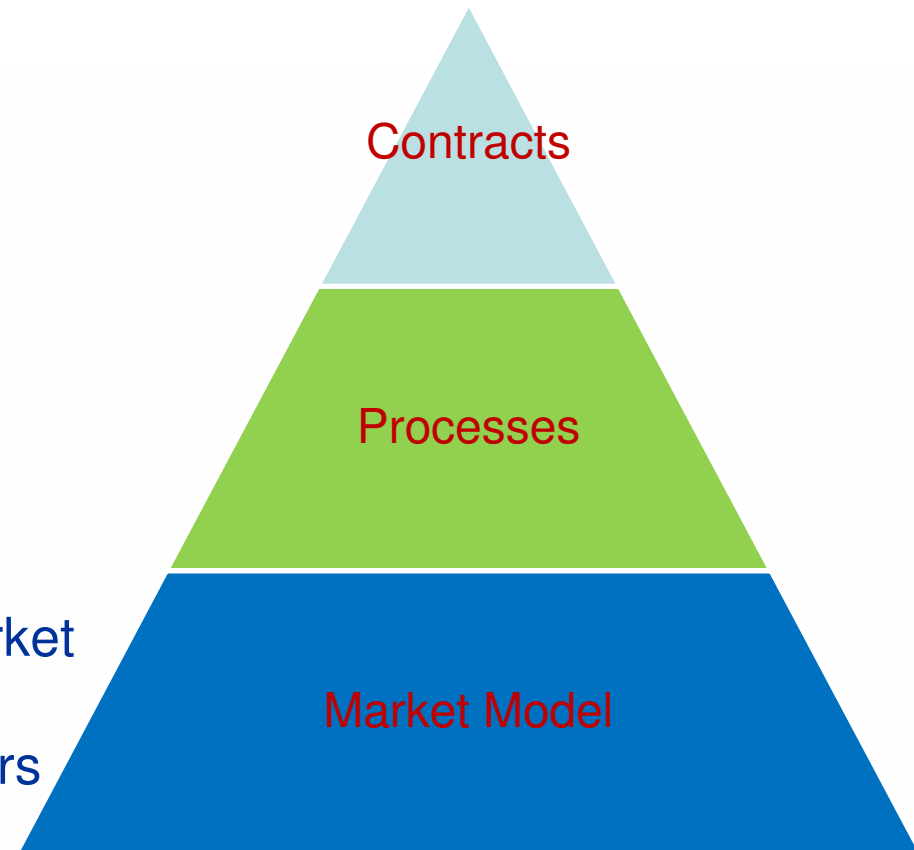
Main Struggle

- The Market Model -

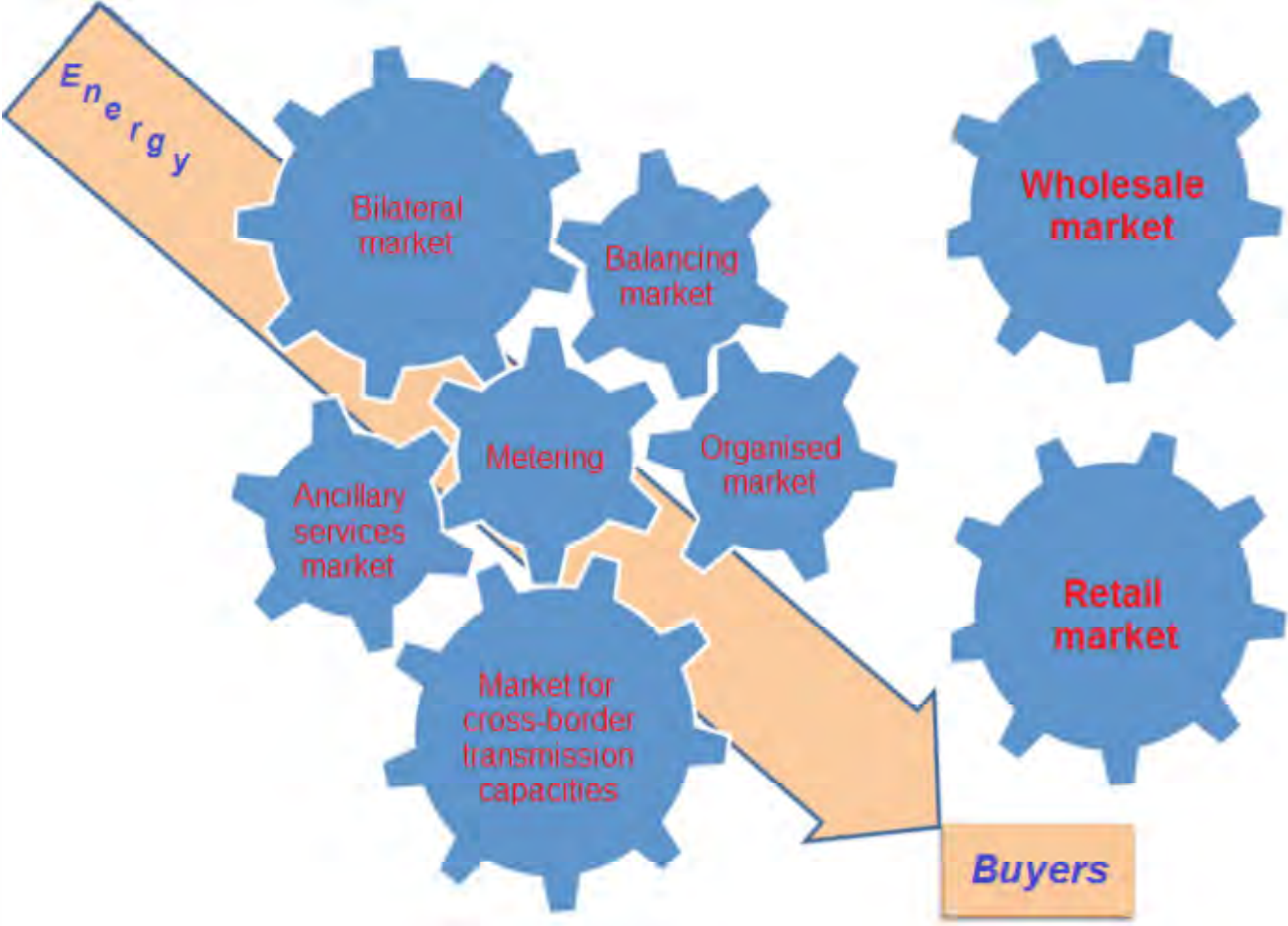
Commercial relations
between market participants

Realisation of activities by each
market participant

Roles and responsibilities of market
participants and interactions
between them and with customers

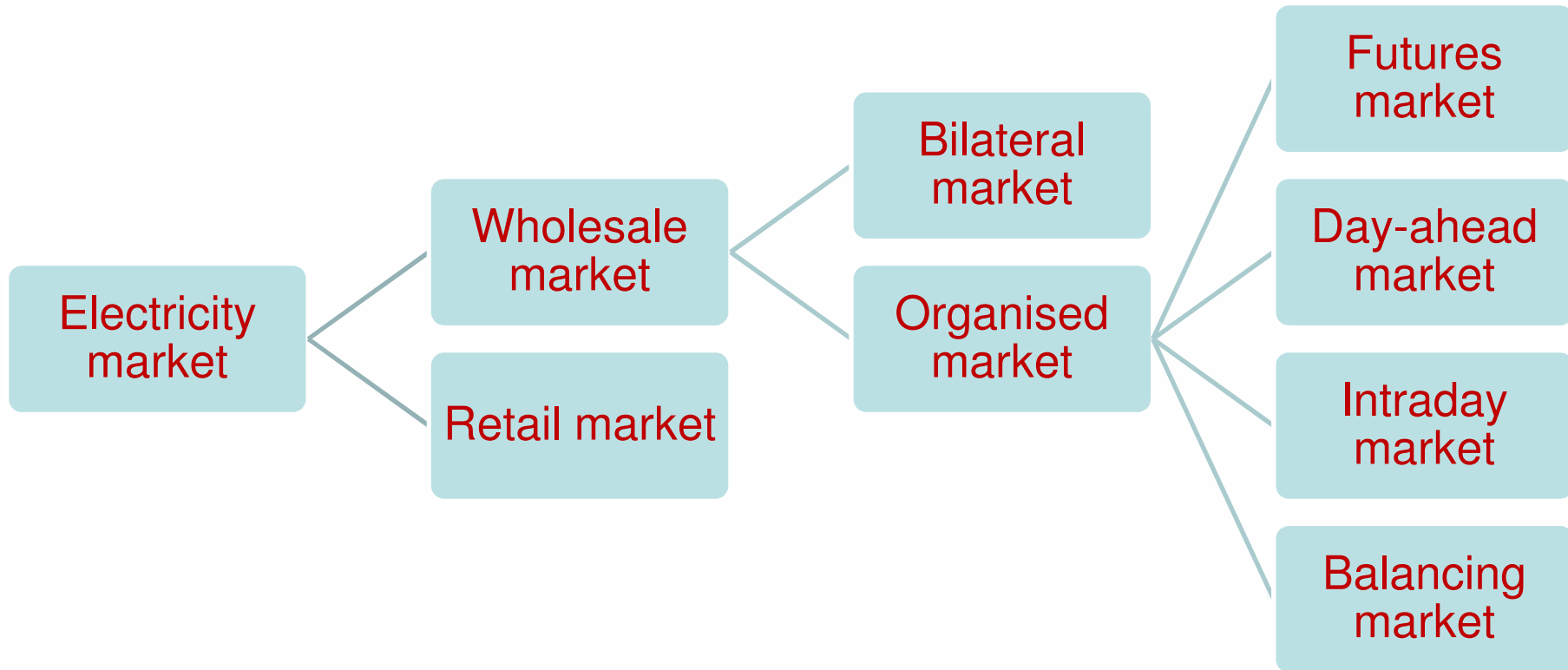


National Market - Components -



National Market

- Components -



National Market

- Trading within components -

Financial

- Continued trading
- Standardised contracts
- Base, peak, daily, weekly, monthly, quarterly, yearly

Bilateral

- Contracts between market participants
- Free contracting in terms of prices, quantity and time

Day-ahead

- D-1
- Auctions
- Bids/offers per hours of the delivery day
- Same price for all participants in specific hour

Intraday

- Continued trading in D
- After closing of the day-ahead market
- For a few hours before delivery
- Different prices in same hour

Balancing

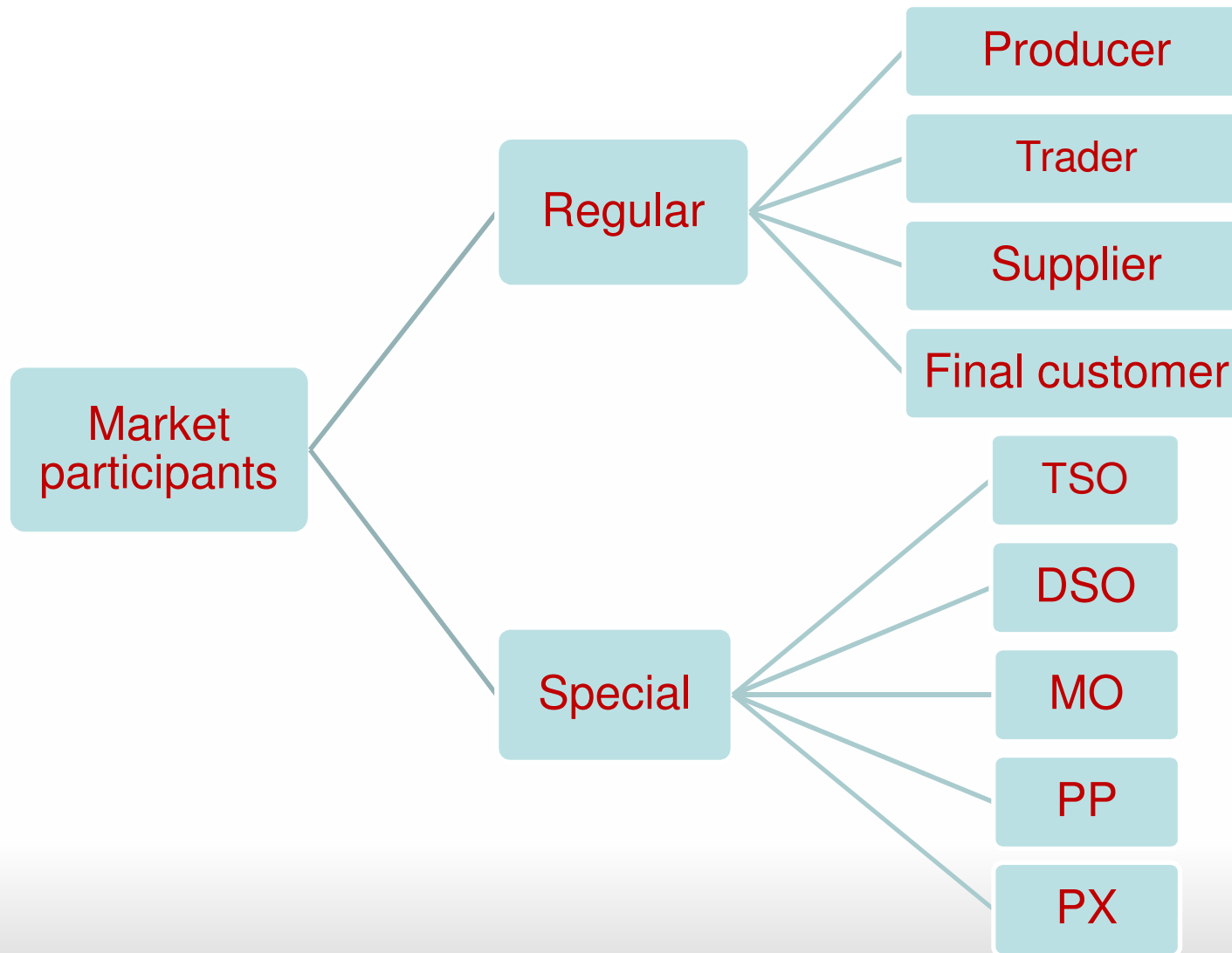
- Real-time in D
- Continued trading
- Upward and downward
- Activated by TSO

Settlement

- Per balancing group D+n
- Monthly and yearly

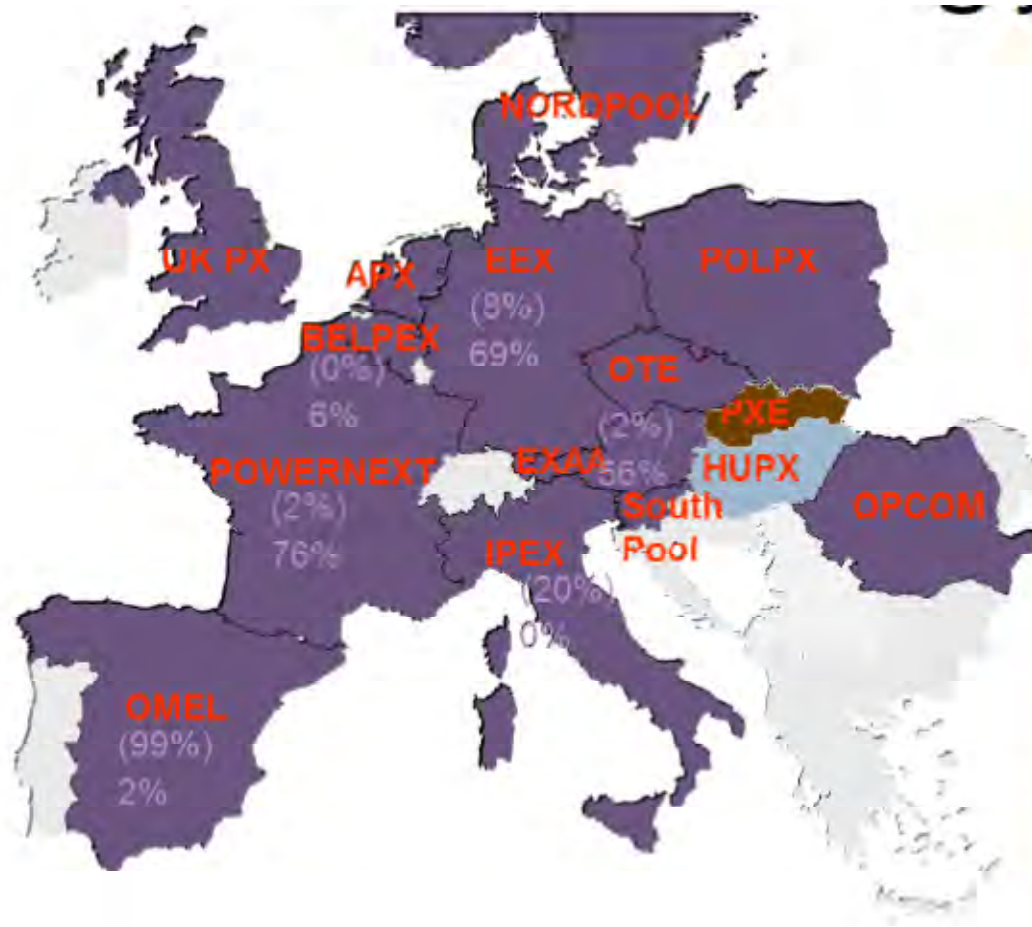
National Market

- Market participants -



Organised Electricity Market

- Power Exchanges -



Spot tržište

Najveći volumen trgovanja na burzama uz najveću promjenjivost cijena

- Dnevni ugovori
- Base load ugovori
- Peak load ugovori
- Satni ugovori

Terminsko tržište

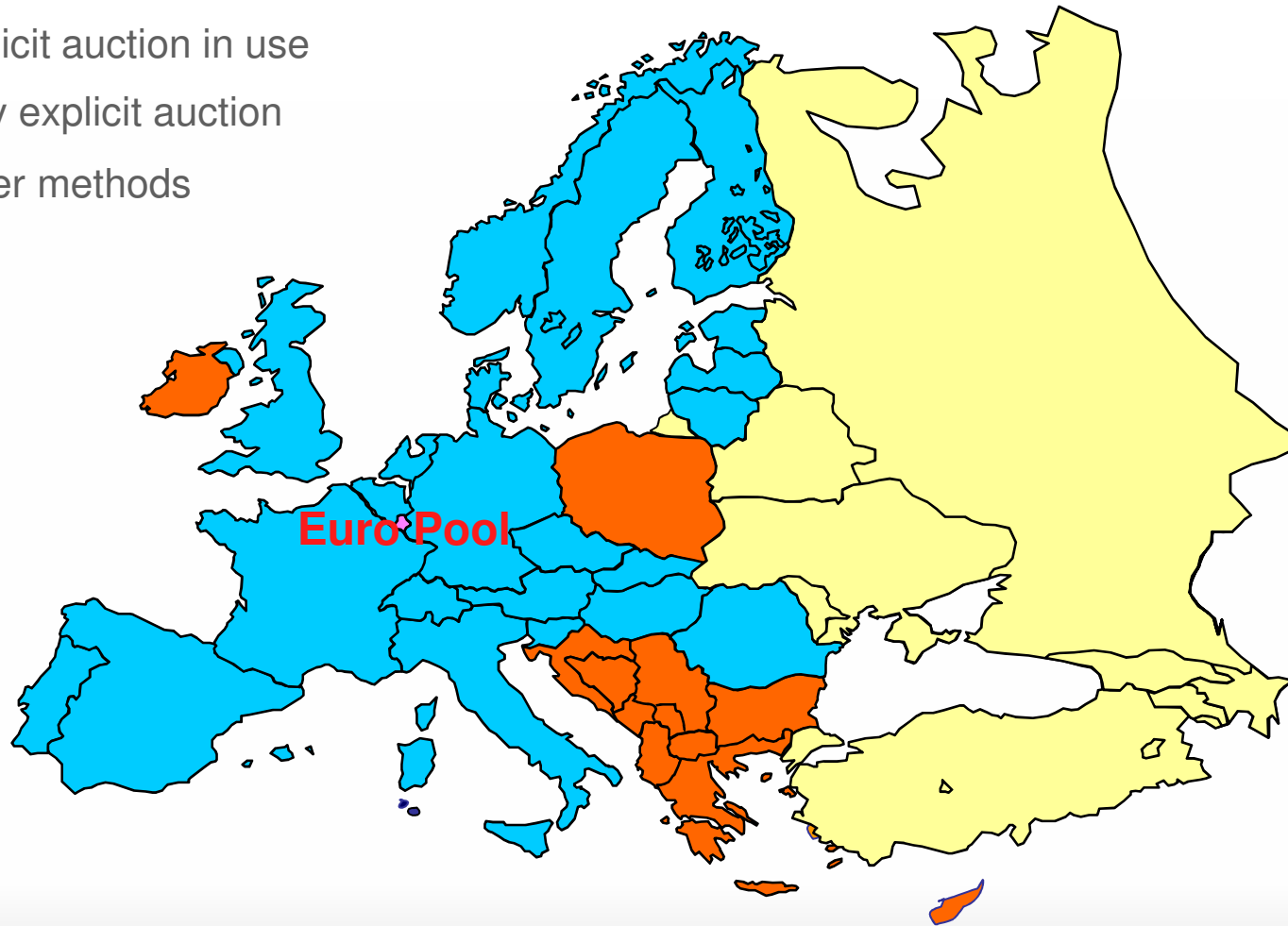
Dugoročni ugovori o opskrbi električnom energijom

- Dvije osnovne vrste: *Futures* i *Forward* ugovori
- Mogućnost postojanja fizičke isporuke ili financijskog podmirenja predmeta iz ugovora

European Market

- Euro Pool -

- Implicit auction in use
- Only explicit auction
- Other methods



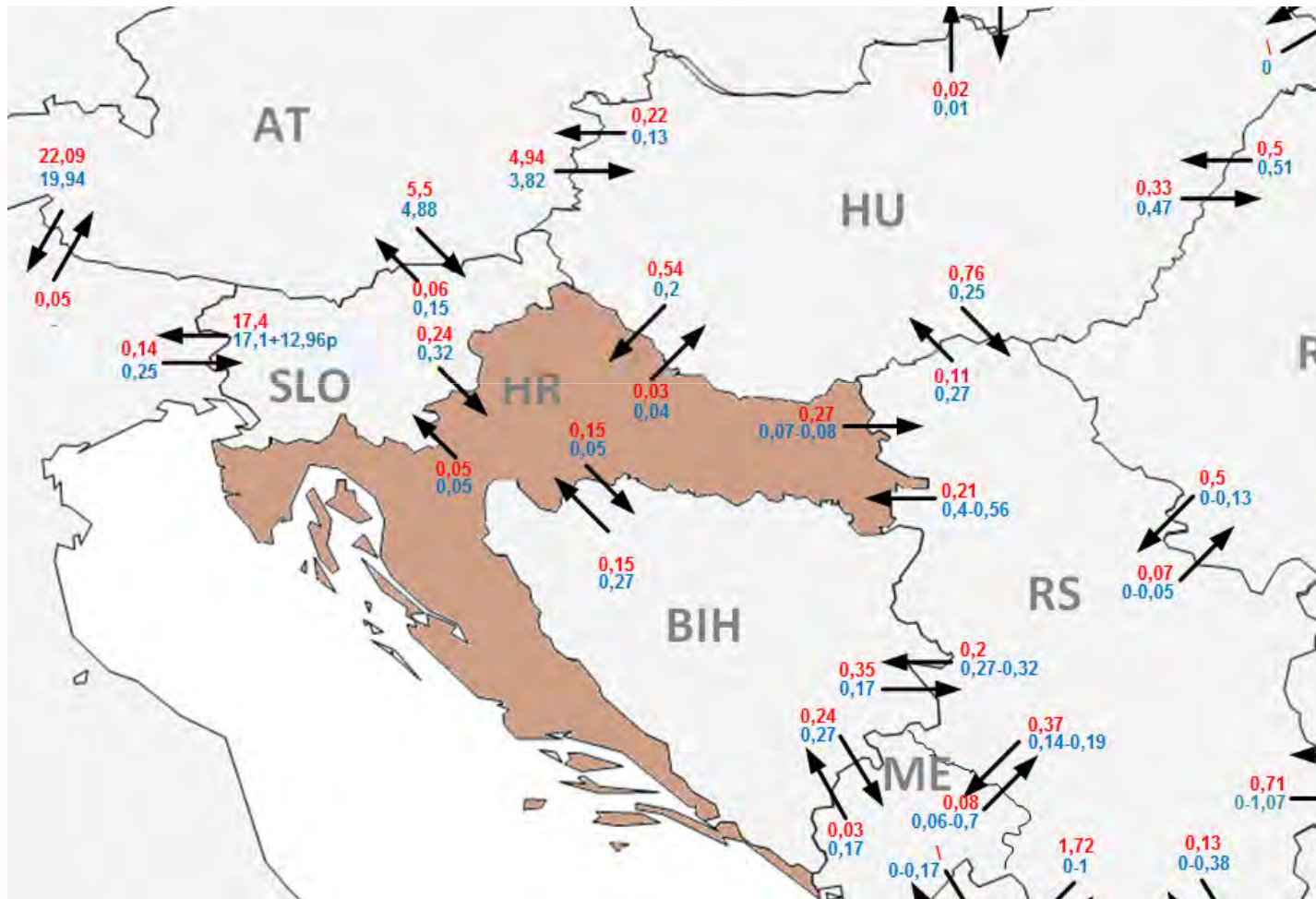
Cross-Border Transmission Capacities

- Auctions -



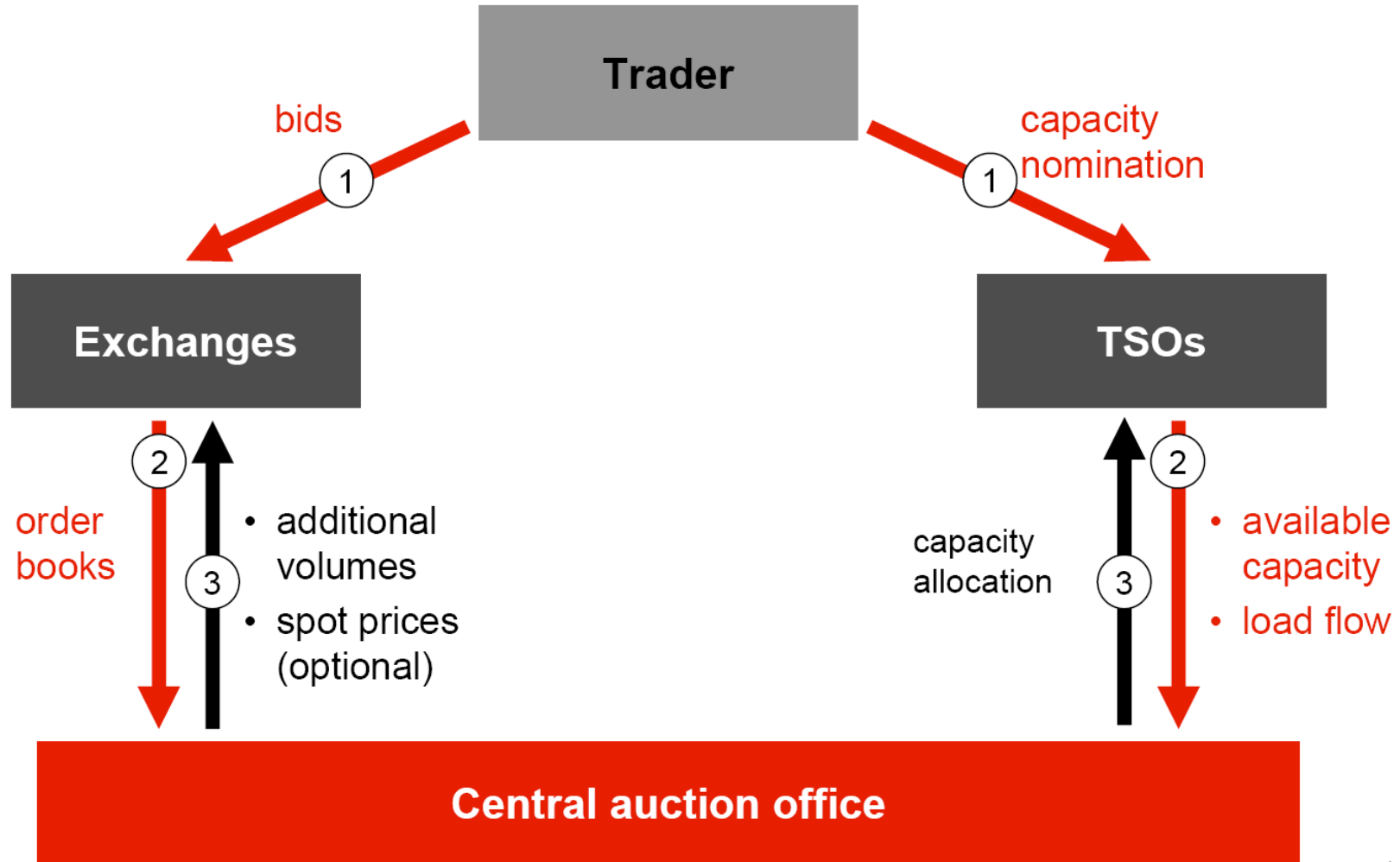
Cross-Border Transmission Capacities

- Prices of the capacity in 2013 -



Price of allocated yearly capacities for 2013 [EUR/MWh]
Price of allocated monthly capacities for Sept. 2013 [EUR/MWh]

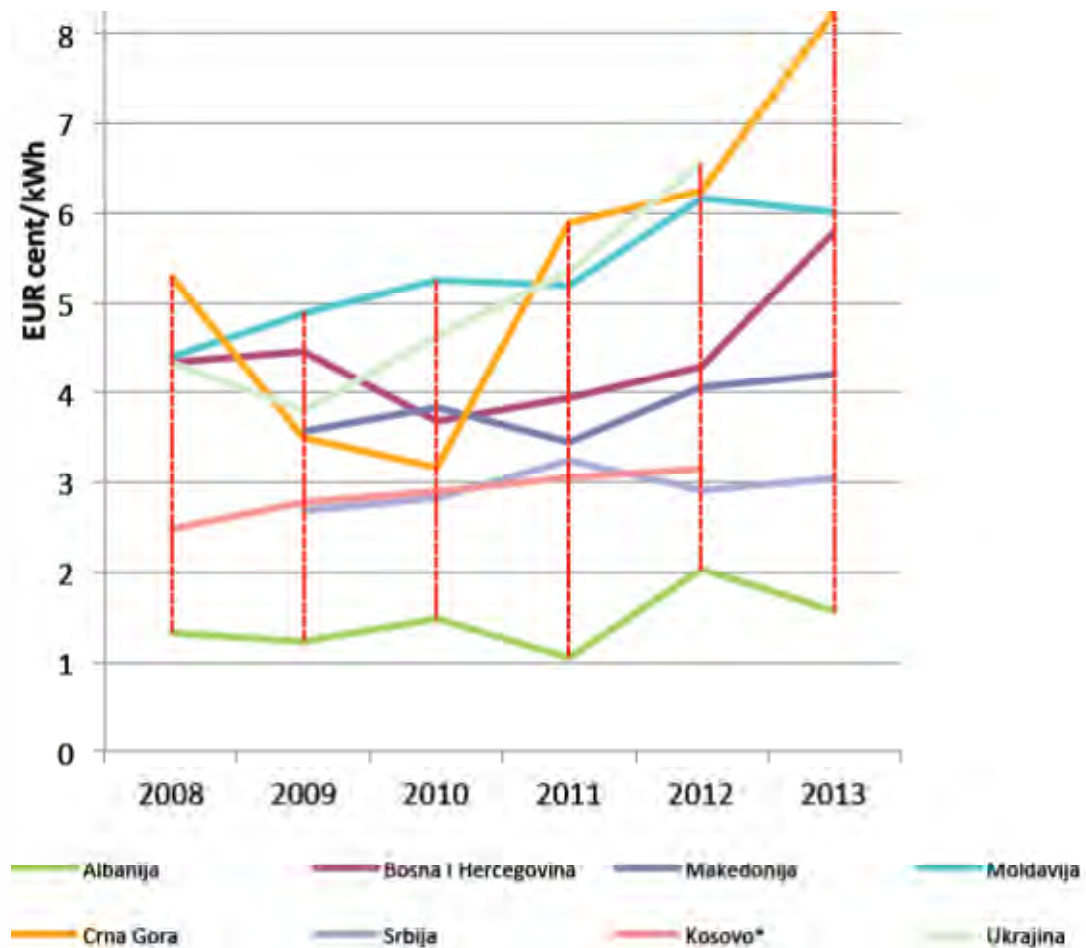
Explicit Auctions of the Cross-Border Capacities



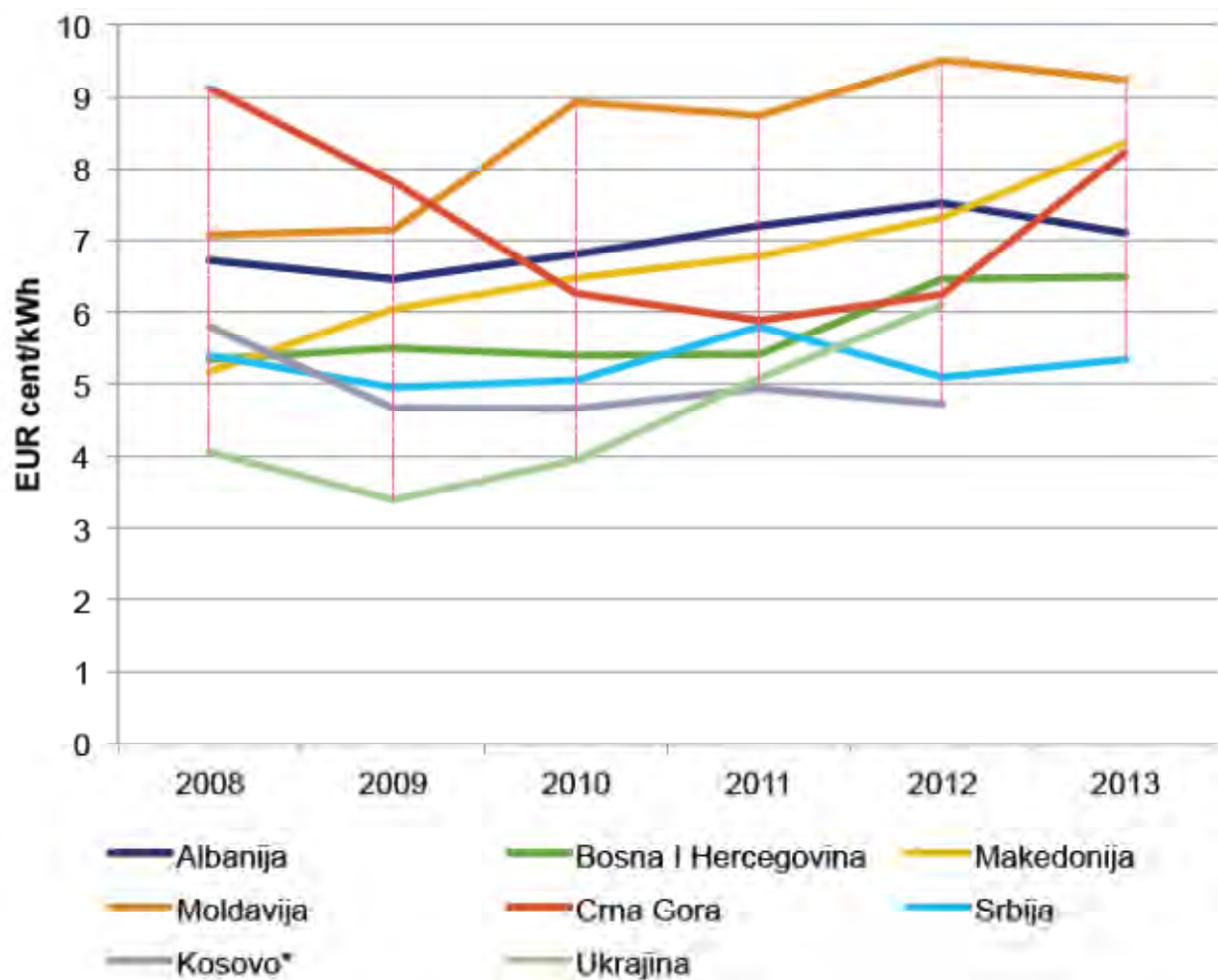
Overview of Daily Trading

8:00 – 9:30	Electricity Utilities
8:15	ADMIE auction
9:00	Results of ADMIE auction
9:15	CAO auction (A, SLO, HU, HR)
9:15	GME
9:20	Results of CAO auction
9:30 – 9:45	Auctions in SEE region (BiH, SRB, CG, RO, BG, MK)
9:40	BSP
10:15	OPCOM
10:20	BSP results
10:25	GME results
8:30 – 11:00	OTC trade
11:00	HUPX
11:00	OPCOM results
11:30	HUPX results
11:30	LAGIE
13:00	LAGIE results

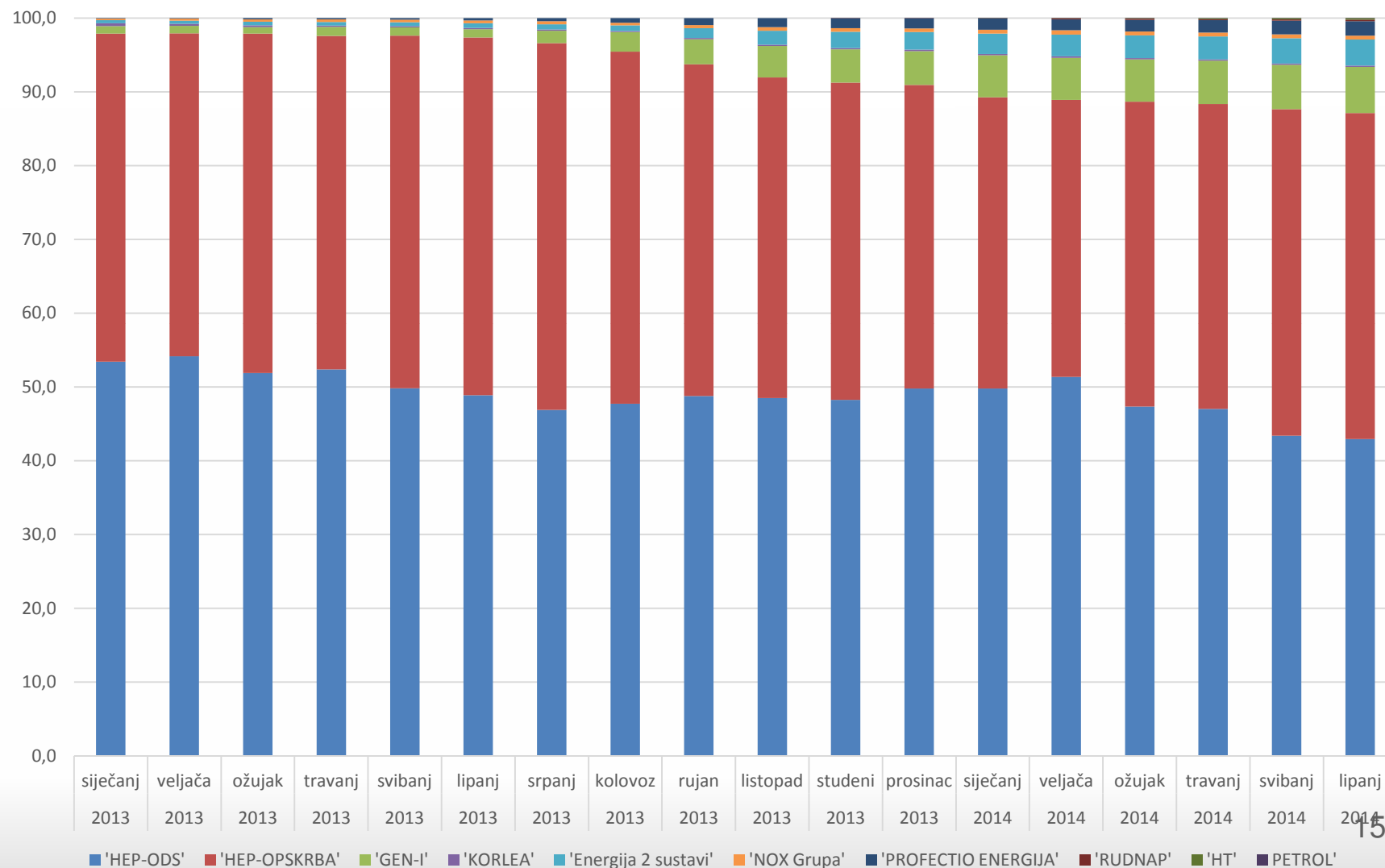
Wholesale Prices



Retail Prices



Supplier Switching



Conclusions

- Key Factors and Conditions for Success -

- **Key factors for success** in designing of the regional electricity market:
 - Coordinated market arrangements (full harmonisation is not necessary)
 - Transparency
 - Effective interaction between TSOs, MOs and PXs
 - Similar levels of market liberalisation
- **Conditions for success** of the regional electricity market:
 - Sufficient transmission capacity exists and is made available to mps
 - There are no distortions within national electricity markets which would influence functioning of the regional electricity market
 - Adequate legal and regulatory frameworks are implemented
 - State institutions, TSOs/MOs/PXs/Operators/NRAs, are coordinated and cooperate closely

Conclusions

- Promoting the Completion of the Market -

- Wholesale side

- 1) eliminating any wholesale market distortion coming from inadequate RES support
- 2) developing capacity markets in parallel with the energy markets
- 3) eliminating artificial barriers to full utilisation of cross border transmission capacities
- 4) enforcing market coupling at the regional and European level
- 5) establishing a European price zone

Conclusions

- Promoting the Completion of the Market -

■ Retail side

- 1) pointing out the benefits of the market participation to the final customers/consumers
- 2) enabling final customers/consumers to freely choose and switch supplier free-of-charge
- 3) encouraging final customers/consumers to actively seek for better supply options
- 4) promoting aggregation and demand response mechanisms
- 5) installing smart meters at final customers metering points and developing time-of-use pricing

Conclusions

- Promoting the Completion of the Market -

- Legal/regulatory side

- 1) enforcing the application of the competition and state aid rules
- 2) enforcing the implementation of Directives on the internal market
- 3) enforcing the Target Models for electricity and gas
- 4) removing regulated tariffs or at least bringing them in line with the market conditions
- 5) establishing common elements for network tariffication at European level

Conclusions

- Promoting the Completion of the Market -

- **Infrastructure side**

- 1) developing interconnections so as to put an end to any isolation of Member States from European gas and electricity networks by 2015
- 2) developing missing and/or inadequate links which cause congestions in Europe
- 3) streamlining permitting procedures for construction of infrastructures
- 4) reconsidering civic and environmental regulations preventing construction of infrastructures
- 5) elaborating sound 10-year network development plans