

REGIONAL ELECTRICITY MARKET SEE

– Legislative Framework –

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1. WHY A COMMON LEGISLATIVE FRAMEWORK?

- ☞ Requirements

- ☞ Instruments

2. LEGISLATIVE FRAMEWORK FOR ELECTRICITY

- ☞ 2nd Package

3. PROGRESS MADE – CHALLENGES AHEAD

- ☞ Achievements

- ☞ Legal and Practical Challenges Ahead

- ☞ Ongoing Activities

GEOGRAPHIC SCOPE



☞ SCOPE: meeting the Region's needs (electricity / gas)

1. **Infrastructure**

2. **Competitive supply market**

- ☞ Impact of the energy market on general economic development

☞ REQUIREMENTS

1. **Infrastructure:** needs of investors?

2. **Supply competition:** needs of unbundled (!) existing and new entrants?

a. *General:*

- ☞ stability & predictability of applicable rules
- ☞ New suppliers: competitive structures

b. *Regional specificity:* Small markets ► investments in more than one market / regionally more likely for economic reasons
► cross border harmonization!

☞ TOOLS

☞ **Common legal framework**

- ☞ legal, regulatory

1) Title II: Implementation of the *acquis communautaire* (MUST)

- ➔ **geographic scope: CPs**
 - ➔ Gas: from 1.1.2008: all non-HH; from 1.1.2015: all customers
 - ➔ Electricity: from 1.1.2008: all non-HH; from 1.1.2015: all customers
 - ➔ Environment
 - ➔ Competition
 - ➔ RES
 - ➔ Generally Applicable Law

2) Title III: Mechanism for the Internal Network Energy Markets

- ➔ **geographic scope: CPs**
 - ➔ Mechanism for the Internal Network Energy Markets
 - ➔ Cross-border services (long distance) – e.g. CB one stop shop
 - ➔ Social – e.g. Social Action Plans
 - ➔ Harmonisation of licenses

3) Title IV: Internal Energy Market (possible measures)

- ➔ **geographic scope : CPs**
 - ➔ Free movement of goods
 - ➔ Import/ export to and from third countries
 - ➔ Mutual assistance in case of disruption

**STATIC – AMENDMENTS REQUIRE MC DECISION
IMPLEMENTATION NEEDED – NO DIRECT
APPLICABILITY**






- ➡ Electricity Directive 2003/54/EC
 - ➡ Core liberalisation principles
 - ➡ TPA
 - ➡ Role of NRAs - TPA rules, tariffs, CAM, balancing, dispute settlement
 - ➡ unbundling
- ➡ Electricity Regulation (EC) 1228/2003
 - ➡ Detailed provisions
 - ➡ Tariffs, network services, transparency, CAM/CMP/2ndary markets
 - ➡ Exemptions

2nd PACKAGE

Legislation

-  gaps widening – impact on regional approach
-  Progress made in 2011

Market rules (electricity) – link RAP




-  Balancing
-  DAM
-  Regional CAM / CMP – link CAO
-  Regulated energy prices
-  Single buyer – link generation / supply

Implementaion in *real* terms






-  Institutional involvement!

INFRINGEMENTS

3rd PACKAGE

-  MC decision Oct 2011
-  Network codes (PHLG/ECRB)
-  ACER – ENTSOs

ONGOING ACTIVITIES – relevance electricity

-  Strategy TF
 -  Priority projects / criteria
 -  Regulated energy prices
 -  ...
-  Gas to power initiative

QUESTIONS?

**THANK YOU VERY MUCH FOR YOUR
ATTENTION!**

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– BACKGROUND DETAILS –

1) Title II: “ACQUIS of the EnC” → NETWORK ENERGY

geographic scope: Contracting Parties

- **Gas** – internal market Directive 2003/55; Reg.1775/2005
(extension of Treaty acquis)
- **Electricity** – internal market Directive 2003/54; Reg.1228/2003

from 1.1.2008: all non-household customers;
from 1.1.2015: all customers

■ **Environment**

- ▶ Directive 85/337/EEC on the assessment of the effects of certain public and private projects on the environment (as amended by Council Directive 97/11/EC and Directive 2003/35/EC)
- ▶ Directive 1999/32/EC relating to a reduction in the sulphur content of certain liquid fuels
- ▶ Directive 2001/80/EC on the limitation of emissions of certain pollutants into the air from large combustion plants
- ▶ Art. 4(2) Directive 79/409/EEC on the conservation of wild birds
- ▶ Endeavour to accede: Kyoto Protocol; Council Directive 96/61/EC concerning integrated pollution prevention and control
- ▶ Construction and operation of new generating plants – after the entry into force of the Treaty and with compliance on the *acquis on environment*

1. Directive 85/337/EEC after entry into force
2. Directive 1999/32/EC as of 31.12.2011
3. Directive 2001/80/EC as of 31.12.2017
4. Art 4(2) Directive 79/409/EEC after entry into force

1) Title II: “ACQUIS of the EnC” → NETWORK ENERGY (et seq.) geographic scope: Contracting Parties

■ **Competition**

- ▶ Prohibition of cartels
- ▶ Public aid
- ▶ Abuse of a dominant position in the market

■ **RES** → *plan on the implementation on Cion*

- ▶ Directive 2001/77/EC on the promotion of electricity produced from renewable energy sources in the internal electricity market
- ▶ Directive 2003/30/EC on the promotion of the use of biofuels or other renewable fuels for transport

■ **Generally Applicable Standards of the European Community** → plan on the implementation on Cion

- ▶ Technical systems, system security
- ▶ CEN, UCTE, CENELEC, EASEE Gas

■ **no dynamic adjustment to EU acquis** → requires Ministerial Council Decision

■ ~~possible extension of EU acquis!~~ → Ministerial Council Decision

(Art 25)

2) Title III: Network Energy Markets

geographic scope: Contracting Parties and Participants

- **Mechanism for CB Transportation (long distance)** → *measures of EnC*
- **Security of Supply** → *security of supply statements from the Parties to the ECS*
 - ▶ Diversification of supply, technical security...
 - ▶ No necessity to change energy policies or purchasing practices
- **Consumers** → *promotion of Network Energy to all citizens with limits of the public service obligation contained in the „EnC acquis“*
 - ▶ Universal provision of electricity
 - ▶ Fair competition
 - ▶ Demand side management
 - ▶ Increasing affordability
 - ▶ CEN, UCTE, CENELEC, EASEE Gas
- **Harmonization of licenses**
- **RES, EEF** → *measures by EnC (discretionary provision)*

3) Title IV: Single Energy Market geographic scope: Contracting Parties

- ▶ Import-/export tariffs... → *possible measures taken by EnC*
- ▶ Imports and exports of Network Energy to and from third countries: equivalent access in respect of basic environmental standards; safe operation... → *possible measures taken by EnC*
- ▶ Mutual assistance in case of disruption

compared to EU-structure

■ Energy Community

▶ Secretariat (+Cion)

■ EU

▶ Cion

