



European
Commission



Clean Energy Package – Market Design

Enreg. Jahrestagung
6/7 December 2018

Energy

Context

CLEAN ENERGY FOR ALL EUROPEANS package



Energy Union Governance



Energy Efficiency

(Energy Efficiency Directive, European Performance of Buildings Directive)



Renewables

(Revised Renewable Energy Directive)



New Electricity Market Design



Energy prices and costs report

Improving market functioning I

Close-to-real-time trading

Establishing level-playing field

- **Adapting priority dispatch rules**
- **No market exit barriers**
- **Establishing balancing responsibility**

Prices to reflect true supply/demand conditions

- **Price caps to reflect VoLL**
- **Imbalance charges to reflect real-time value of energy**

Integrating balancing markets

- **Regional dimensioning of reserves**
- **Exchange of balancing services across border**

Improving market functioning II

Facilitating demand response

- **Right to smart meters and dynamic pricing**
- **Supporting aggregators**

Bidding zones to reflect structural congestion

- **Commission to decide on zonal configuration**

Improved management of congestion revenues

Alignment of network tariff setting methodologies

- **ACER recommendation to regulators**

Improving system operation

Voluntary cooperations	Mandated cooperation via Network codes	Market Design
<ul style="list-style-type: none"> • Cooperation based on existing initiatives (e.g. Coreso, TSC...) • Advisory role: input to TSOs operations but no decision-making powers • Implementation time: current status quo 	<ul style="list-style-type: none"> • Mandatory cooperation in the framework of network codes • Full regional coverage, minimum size of regions • 5 Functions defined in network codes • Advisory role. • Implementation time: 1-3 years 	<ul style="list-style-type: none"> • Enhancing the set up by: <ol style="list-style-type: none"> a. Additional functions b. Cooperative decision-making c. More prescriptive with the geographical delineation • Implementation time: 5-7 years



EU-wide adequacy assessment

No adequacy concern



No CM

Adequacy concern exists



- Reform energy-only market first
→ Eliminate regulatory distortions
- CM only if residual concerns persist
→ Consult neighbours
- CM design not to distort market functioning

Hot topics

- *Capacity calculation, congestion management, bidding zones*
- *Emission performance standard in Capacity Mechanisms*
- *Regional cooperation of TSOs*
- *Phasing out regulated prices*

Roadmap for adoption

European Commission proposal → November 2016

European Council position → December 2017

European Parliament position → February 2018

Expected agreement ~ End 2018

Application of rules → 1 January 2020