

The European Electricity Market

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Situation

- Lack of Market Integration
 - Many markets still only national
- Low liquidity on some markets
- Uneven market opening and differences in regulatory framework
- Low trust in Market functioning

Key Issues

Market Integration

Role of TSO's

Role of Regulators

Retail Markets

Way Forward

Market Integration

Development of Regional Markets necessary step towards a Pan European Market

Will not be solved with 10 % inter-connector capacity

Harmonization within Regions necessary

Political will

TSO coordination

Regulators to cooperate or be coordinated

Improve Market Transparency

Clear time-schedules should be set up in each region for ending the process within 2 years

Role of TSO's

Regional markets cannot be developed without active participation of TSO's

The core role of TSO's must be defined

it includes to act as market facilitator

TSO's must execute grid planning regionally not only nationally

Balancing markets needs to be harmonized

Market splitting/Market coupling to be preferred to handle congestions

Intra Day markets would reduce the cost of balancing.

Role of Regulators

Today too limited national mandates

Regulators need a Regional and European mandate

- to contribute to development of Region Markets
- to provide TSO's with incentives to invest in inter-connectors

Regulators should have a role in enhancing licensing procedures

However,

- the problems with lengthy licensing procedures lies purely in the hands of governments and national parliaments and how they steer national and local authorities

Retail Markets

- Directive 2003/54 focus on Retail Markets at European level
- However to have a Retail Market larger than national we need to
 - Harmonize balance settlement procedures
 - Harmonize switching procedures
 - Harmonize procedures for metering and billing
 - Remove price regulation where prices are regulated below market price
- Could be harmonized in a region if governments and regulators want to do it

Way forward

Third package an option but takes time to implement

Alternative or Complementary approach:

Eurelectric have taken an initiative to set up working groups together with DG Tren, Regulators and ETSO

- Market Integration
- Coordination of TSO's
- Coordination of Regulators
- Development of Retail Markets

WG:s shall have clear time schedules and deliver prompt results.