

25 October 2017

# Regionalisation of European electricity markets needs a more regional approach

## RAP Webinar

---

Philip Baker

Senior Advisor

The Regulatory Assistance Project (RAP)®

---

Julie Finkler

Law and Policy Advisor, Climate and Energy

ClientEarth

---

# Our experts

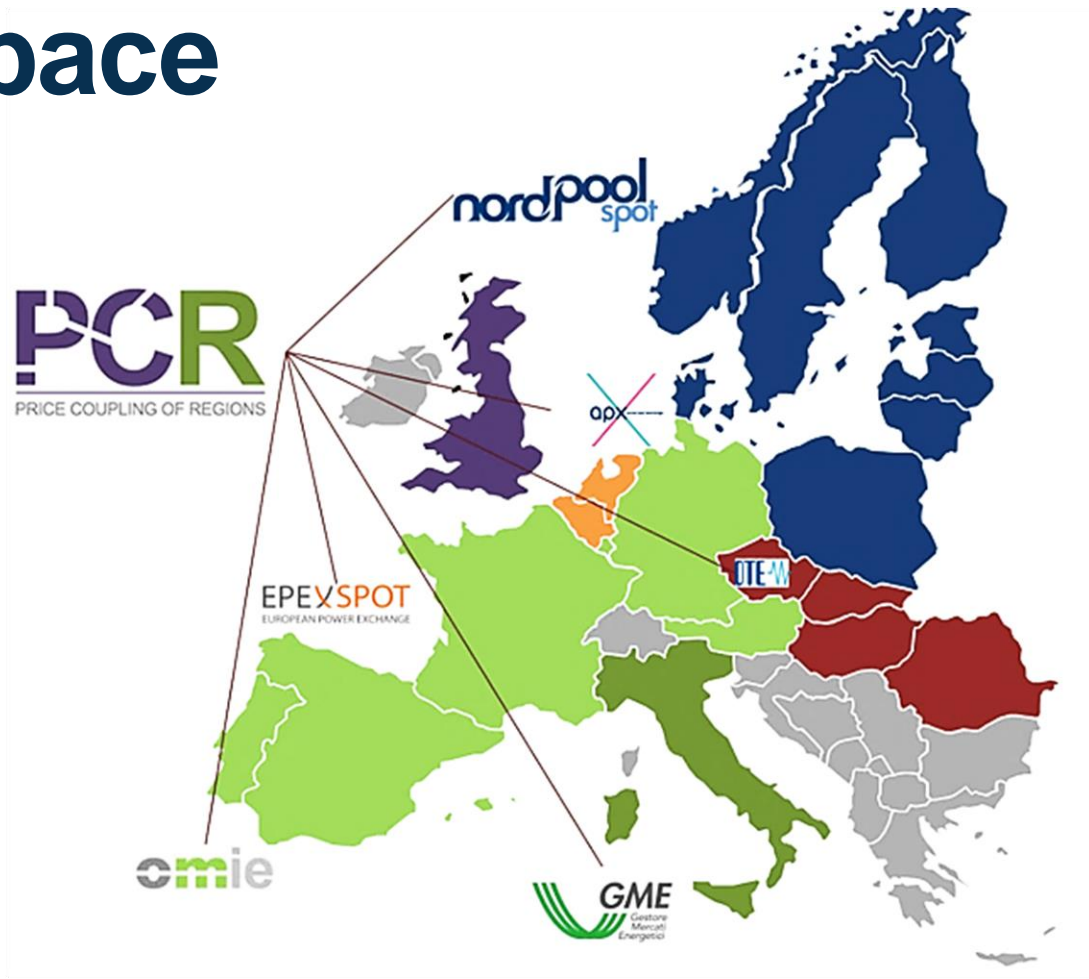


**Philip Baker**



**Julie Finkler**

# Market regionalisation moving apace



85%

# Supporting European electricity grid

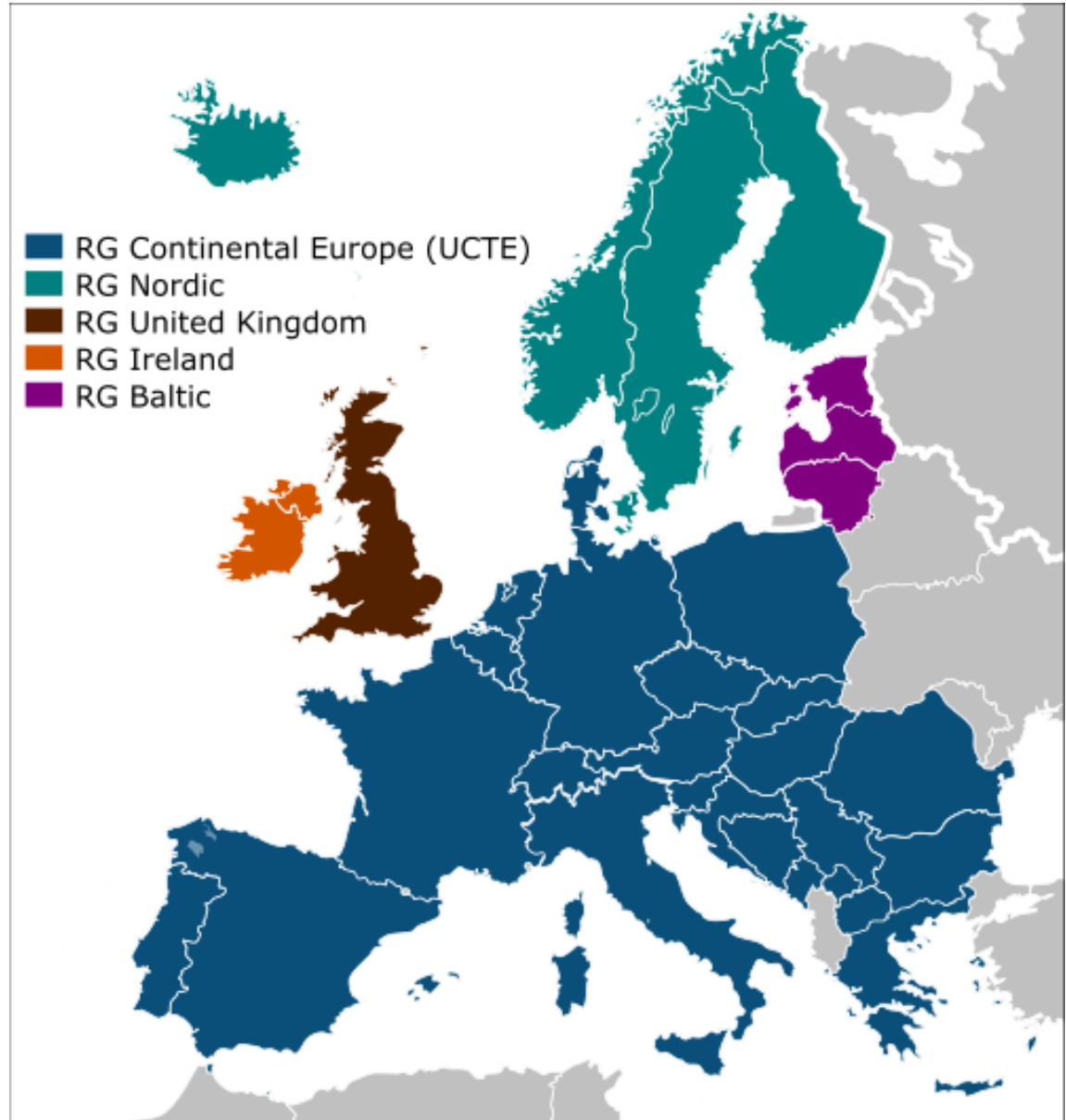


Image: [Kimdime](#)



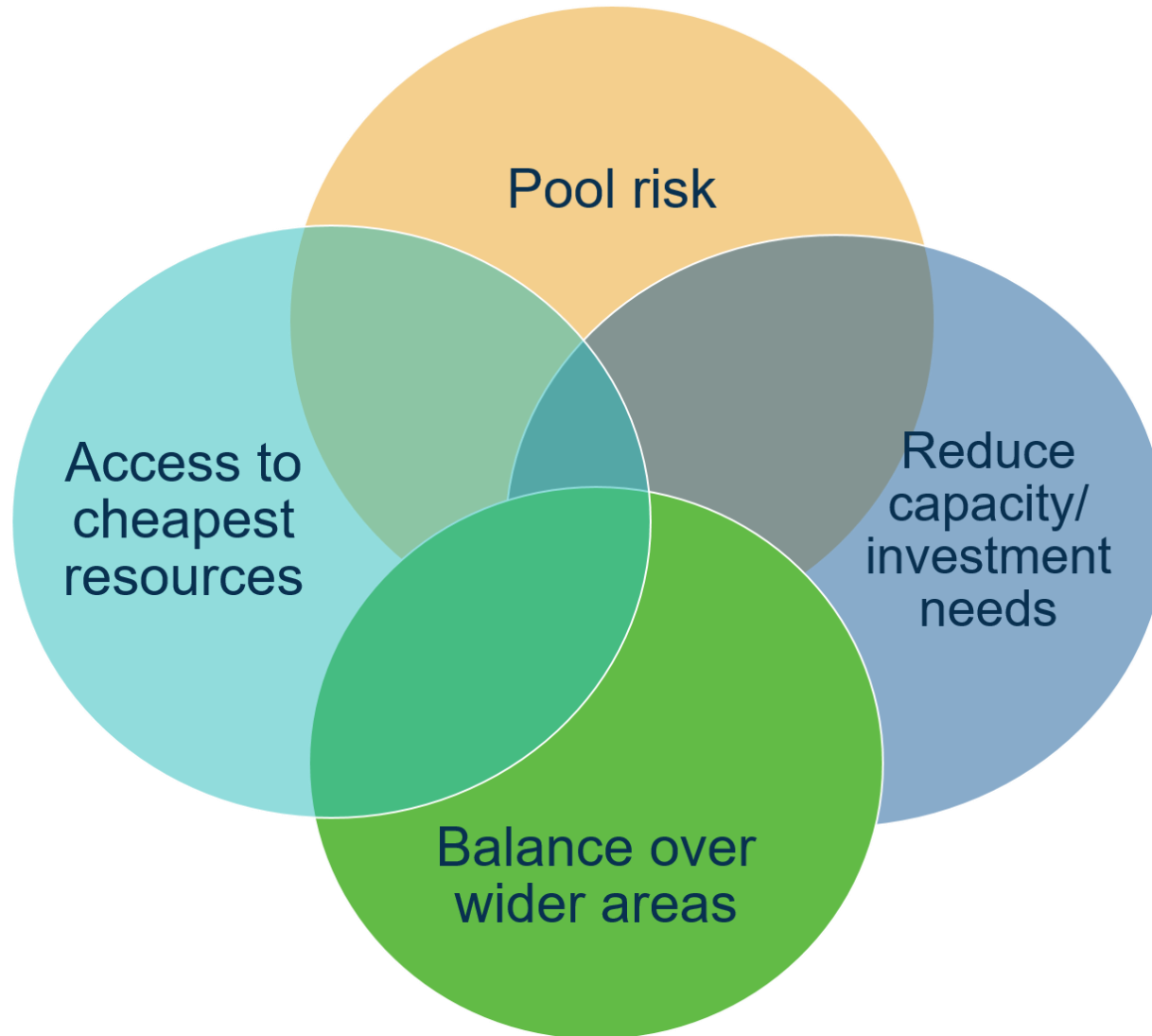


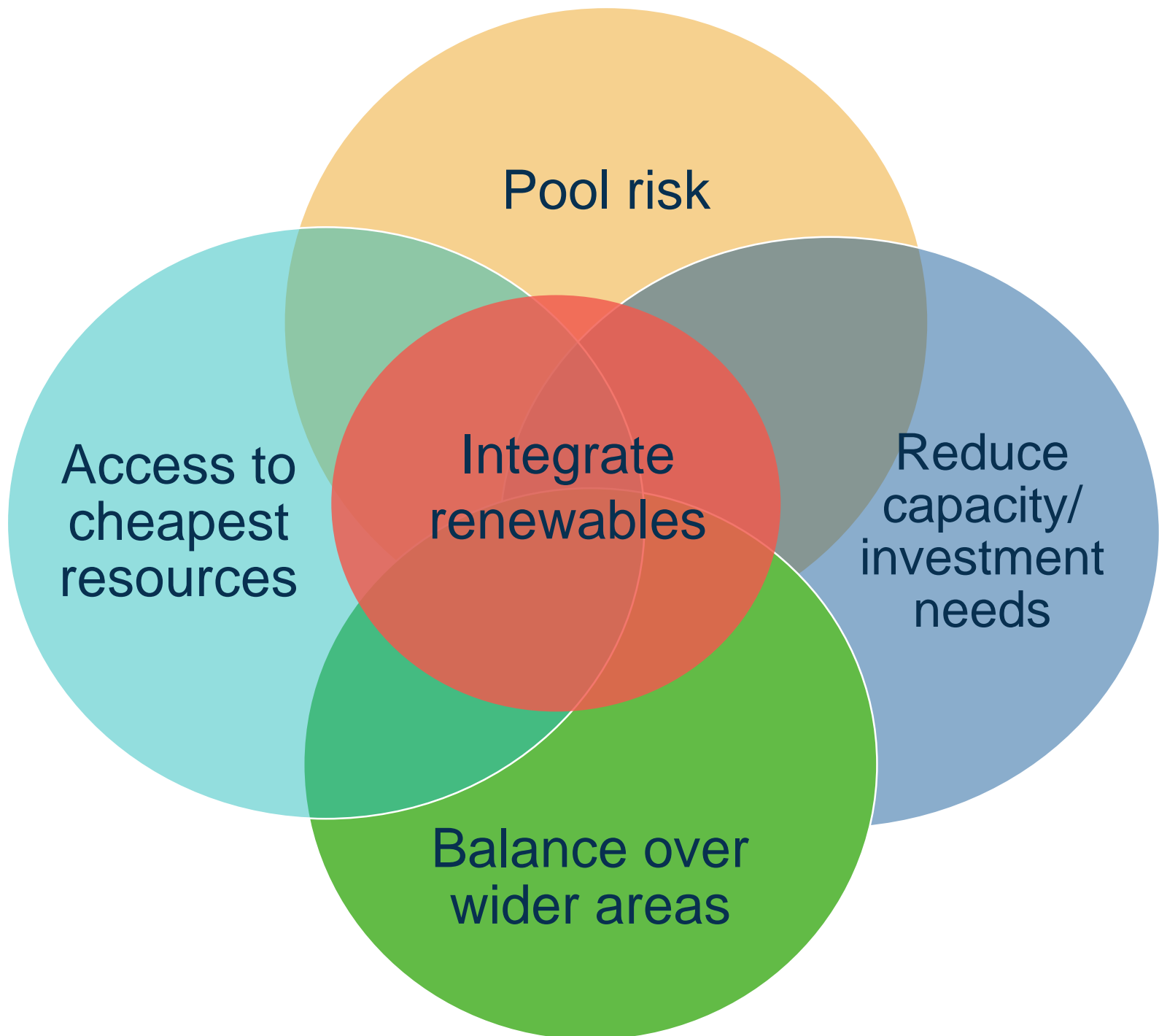


# 1 Regionalisation brings benefits



# Benefits of regionalisation

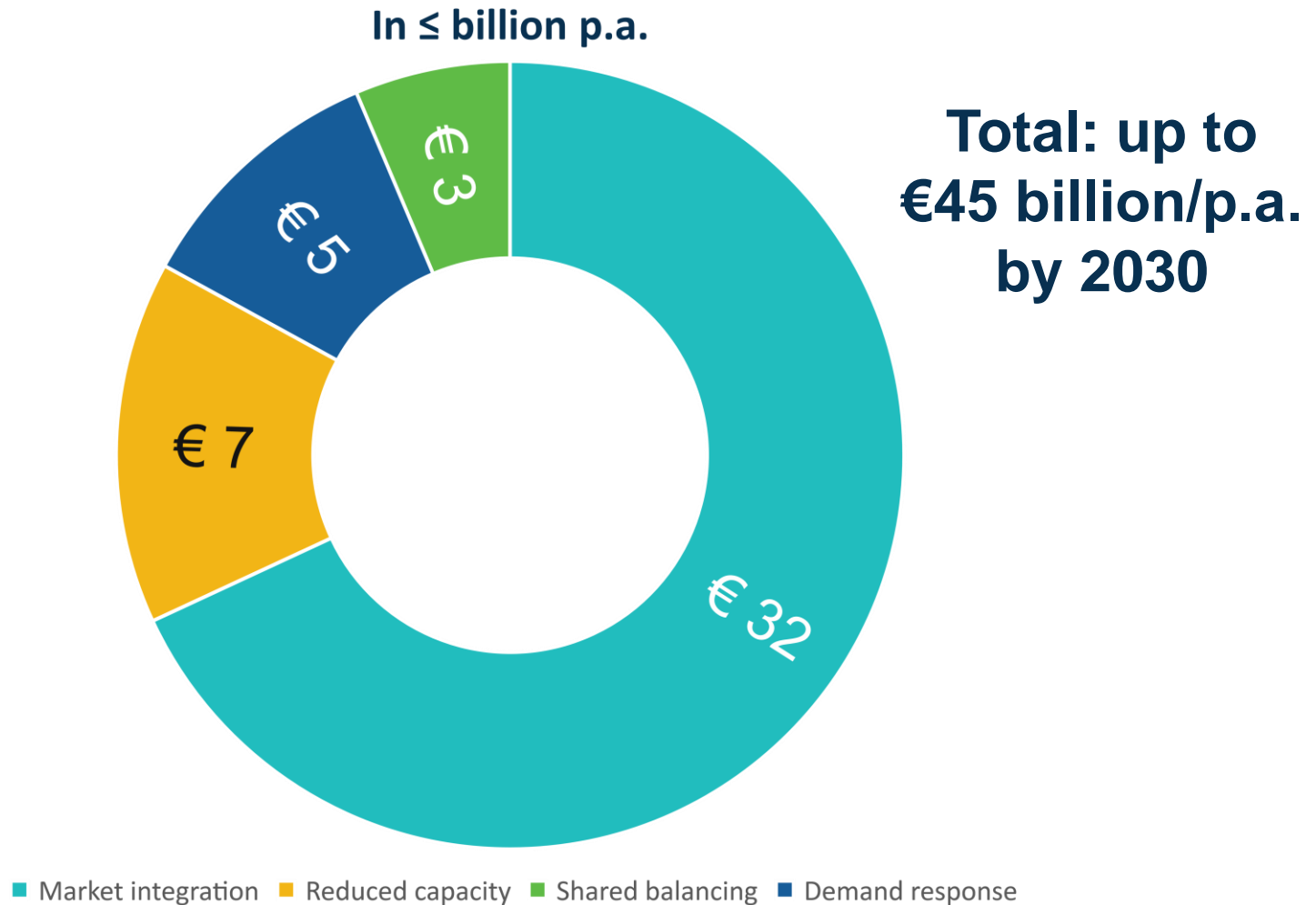






€ 12 – 45 billion per  
year by 2030

# Market integration – potential savings



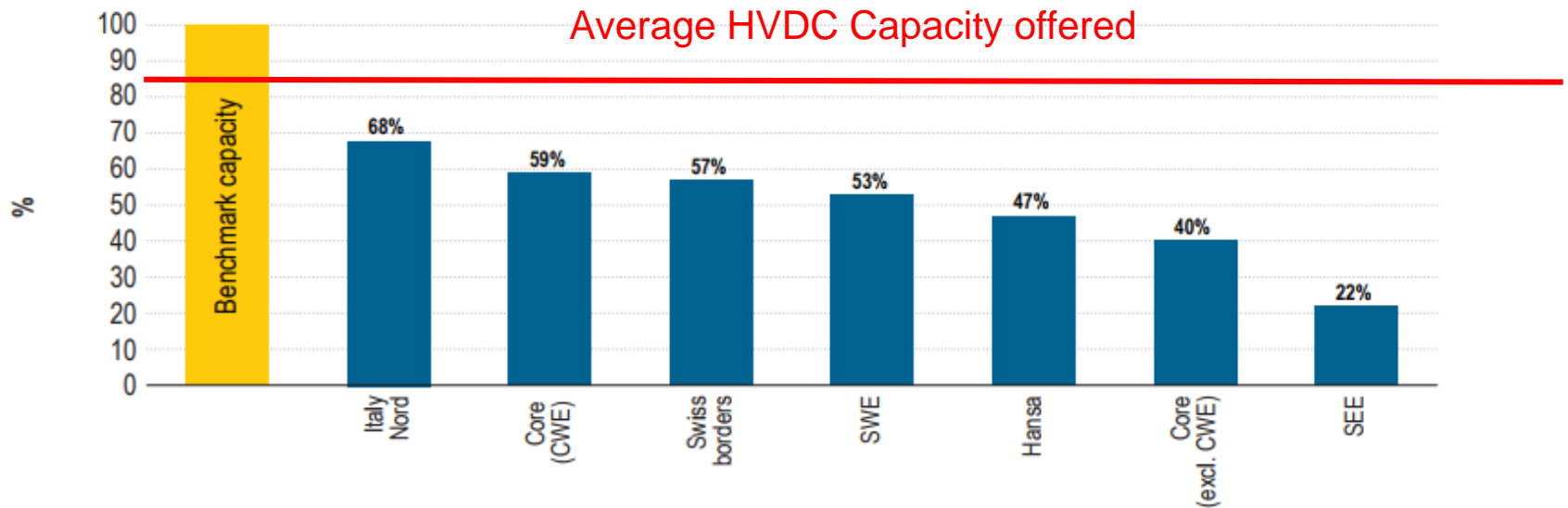
# 2 Regionalisation brings challenges as well





# Need to maximize market efficiency

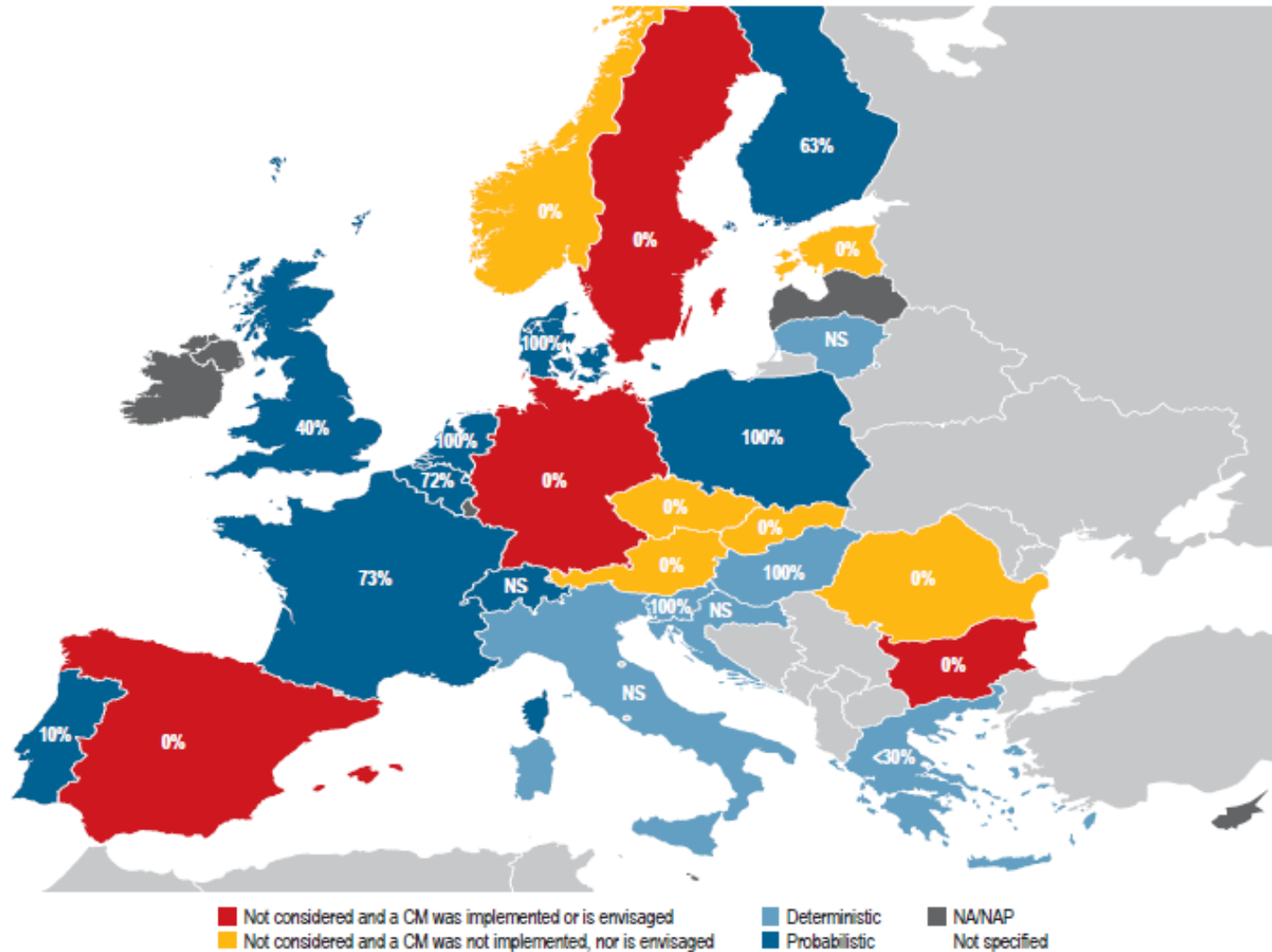
Figure i: Ratio between available cross-border capacity and the benchmark capacity of HVAC interconnectors per region – 2016 (%)



Source: ACER calculations based on data provided by NRAs through the Electricity Wholesale (EW) template (2017), ENTSO-E and Nordpool Spot.

# Security of supply

Figure iii: Treatment of interconnectors in national generation adequacy assessments, in Europe – 2016



---

# These tensions apparent in the ROC debate

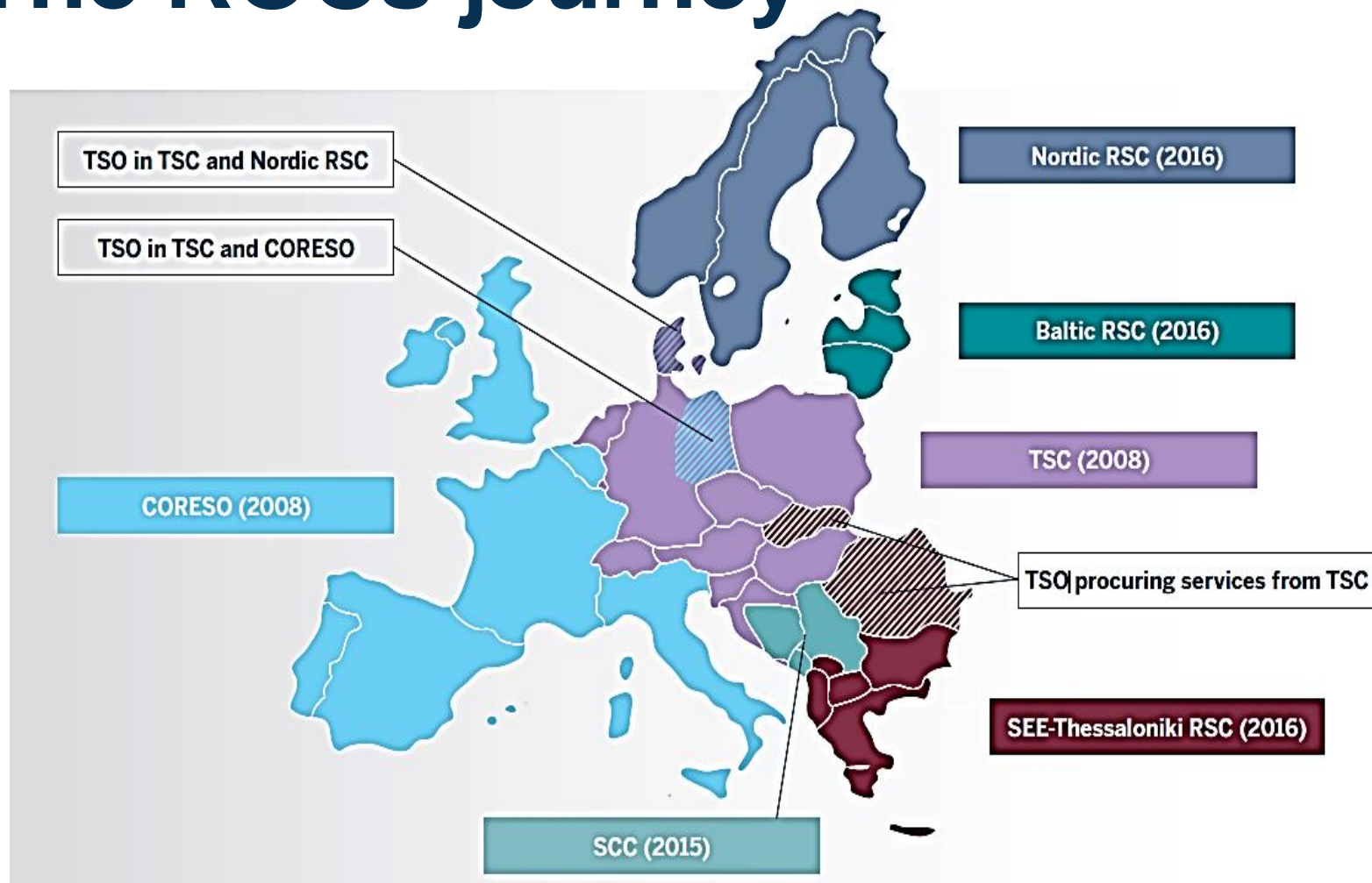
- Commission has proposed the creation of ROCs to carry out near-real time tasks of regional relevance, with decision-making authority
- Most MS, TSOs & NRAs want to retain their existing competencies and manage regionalisation through increased “cooperation”



# 3 The ROCs journey



# The ROCs journey



Source: *Options for the future of Power System Regional Coordination*, ENTSO-E

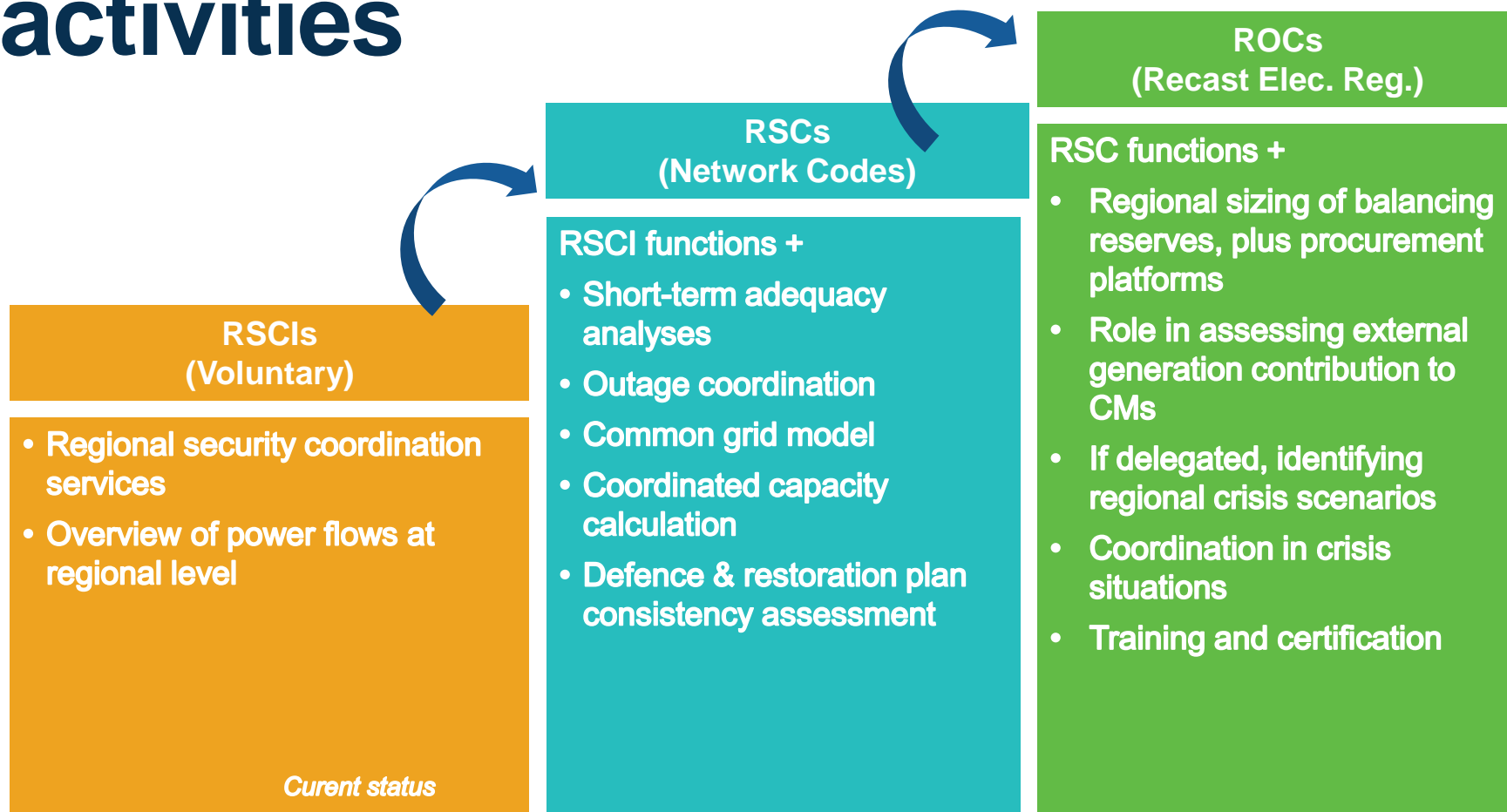


# 4 The Commission's proposal





# Comparison of RSCI / RSC / ROC activities



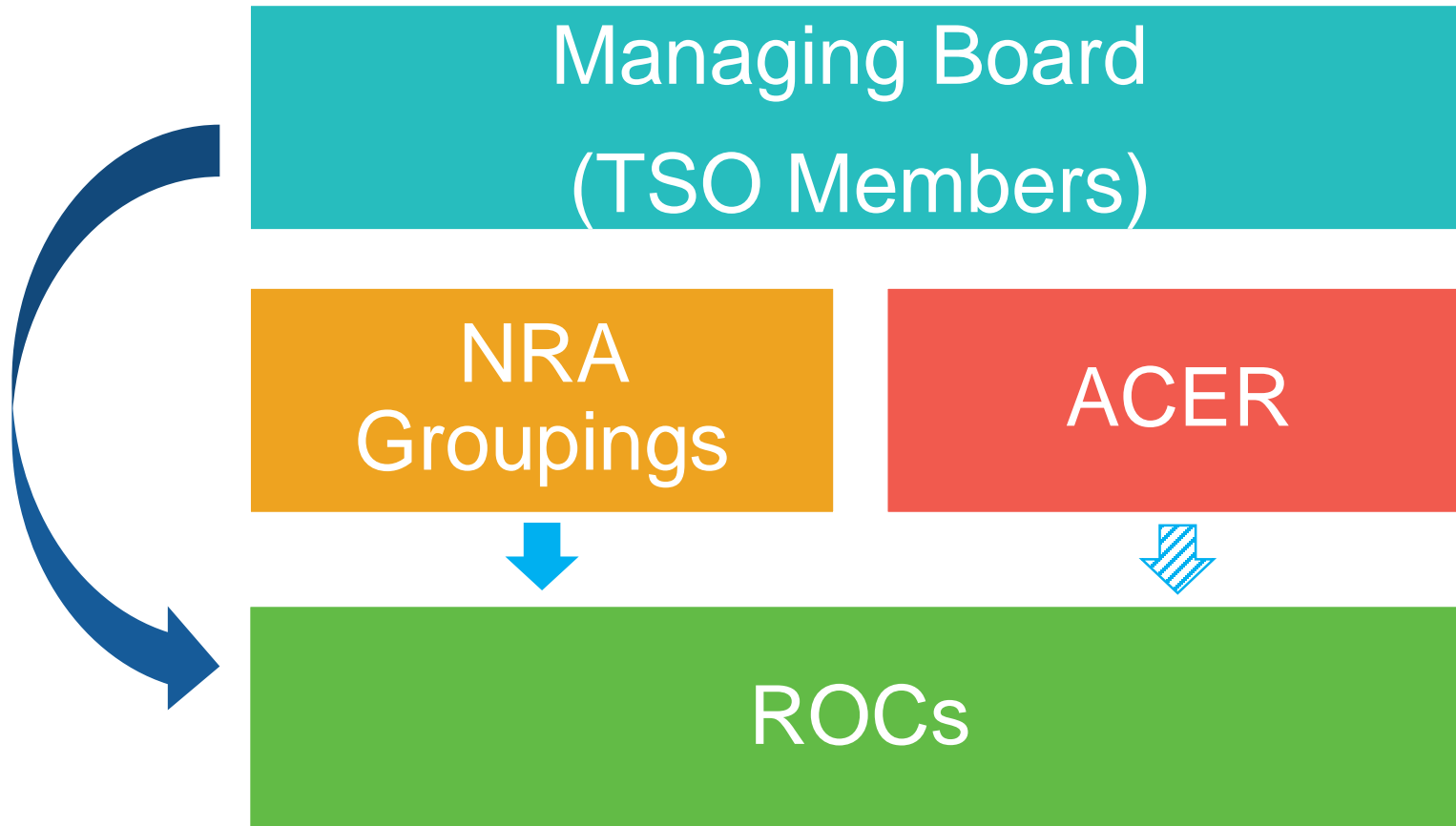
Source: European Commission DG ENER

---

# Commission's proposal – ROCs' powers

- Adopting recommendations
- Issuing decisions concerning a limited number of tasks:
  - Decisions will be binding on TSOs
  - TSOs could only decline to implement ROC decisions if system “safety” would be compromised

# Commission's proposal – governance





# 5 Improving the Commission's proposal



---

# Improving the Commission's proposal – technical tasks

Sizing and  
procuring  
balancing reserves

Identifying  
contribution of  
external generation  
to domestic  
capacity markets

Role in identifying  
regional crisis  
scenarios

Training and  
certification



Role in regional  
adequacy  
assessment



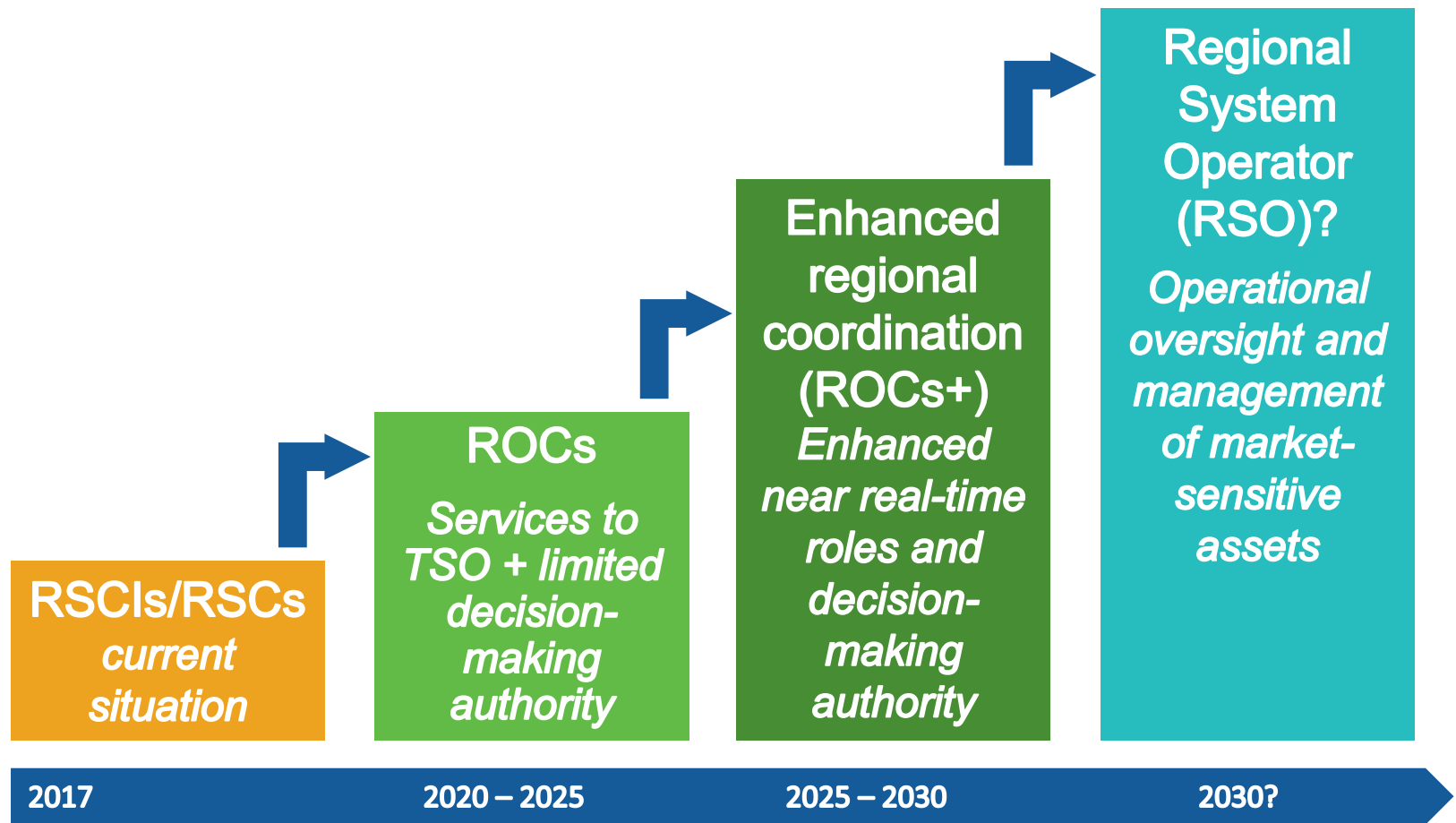
Take on larger role  
and coordinate  
TSO responses  
should they occur

---

# Improving the Commission's proposal – Governance

- Maintaining the ROCs decision-making authority
- Ensuring systematic reporting when TSOs do not follow ROCs recommendations and decisions
- Establishing ROCS as entities independent of any national interest and with a clear regional focus
- Ensuring European oversight of the ROCs and enhancing cooperation at regulatory level through ACER

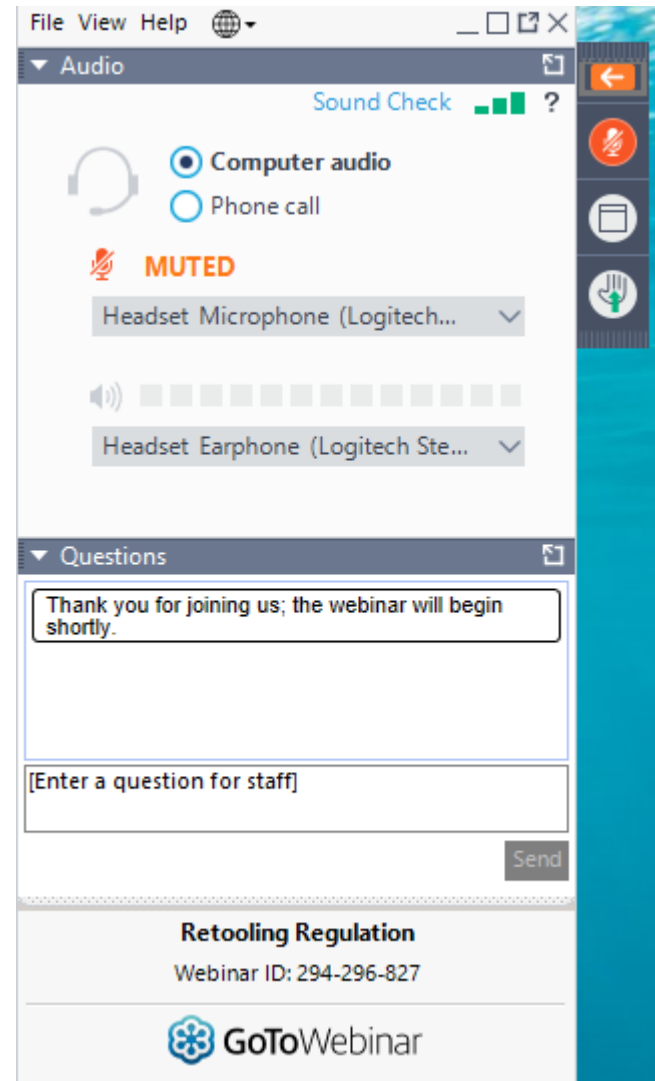
# Beyond ROCs





# Questions?

Please send  
questions through  
the Questions pane



---

# Conclusions

- Regionalisation will bring extensive benefits for all MS.
- Regional system operation, along with transparent, strong regulation and governance, are key to successful regionalisation.
- If ROCs and regionalisation are done well, all MS and European customers reap the benefits.

---

# Additional Resources

- *Regional Operational Centres: A review of the Commission's proposal and recommendations for improvement* (report)
- *EU must take regionalisation of electricity markets a step further* (blog)
- *ACER Market Monitoring Report 2016*
- *Resource adequacy, regionalisation, demand response*
- *If Europe wants integrated markets, it should take the leap to regional grids* (blog)

# About RAP

The Regulatory Assistance Project (RAP)<sup>®</sup> is an independent, non-partisan, non-governmental organization dedicated to accelerating the transition to a clean, reliable, and efficient energy future.

Learn more about our work at [raponline.org](https://raponline.org)

---

Philip Baker  
Senior Advisor  
The Regulatory Assistance Project (RAP)<sup>®</sup>

---

Julie Finkler  
Law and Policy Advisor, Climate and Energy  
ClientEarth