

Directorate-General
for Energy
and Transport

● Implementation of the third energy package – the road ahead

**Energidagene 2009 in Oslo
16 October 2009**



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● Outline of the presentation

Status and content of the third package

- What to do in the interim period?
- Further challenges
- Conclusions
-

3rd package: main measures

EU Regulatory Agency

- Stronger powers for national regulators
- Cooperation of network operators (ENTSO)
- Effective unbundling of transmission networks
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Also

- >> Transparency
- >> Retail market & consumer protection
- >> Third country clause
- >> Level playing field
- >> Closed distribution systems

● Adoption and implementation

3rd package entered into force 3 September

● 2009

3rd package applies from 3 March 2011

- >> Agency operational
- >> ENTSOs become official bodies
- >> Ownership unbundling by 3 March 2012 at the latest, certain aspects in 2013

● Setting up the Agency

Budget & Staff:

- » About 40-50 people
- » Annual budget around €6-7 million
- » ACER resources will depend on work and know-how contributions from NRAs

Seat:

- » Decision expected under Swedish presidency
- » Candidates: Romania, Slovakia and Slovenia

Director:

- » The vacancy notice is published
- » closing date 30 October 2009

National Regulatory Authorities

Management

- - » Budget implementation autonomy
 - » Board appointments for 5 to 7 years – renewable max once

New tasks and duties

- - » Consumer orientation
 - » Recommendations on investment plans
 - » Monitor transparency of wholesale prices

Coordination on a regional level:

- - » Codes and congestion management
 - » Co-operative agreements between NRA's

TSO co-operation in the third package, tasks

Annual work programme and annual report

- Network codes
- >> Monitoring of implementation of codes
- 10-year network development plan
- Generation adequacy outlooks
- Network operational tools
- Co-ordination of research
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● Retail markets and protection of vulnerable customers

Smart meter roll-out

- Change of supplier within 3 weeks, final
- account closure after 6 weeks

Supply to all customers by any supplier in the

- EU

Define the concept of vulnerable customers

- Consumers' access to consumption data
- Single contact point for consumer rights &
- Energy Ombudsman

● Closed distribution systems (CDS)

Concept of Closed Distribution Systems introduced for which

- a lighter regulation could apply
Confined industrial, commercial or shared services sites
- No households connected (except incidental use in limited
- circumstances)

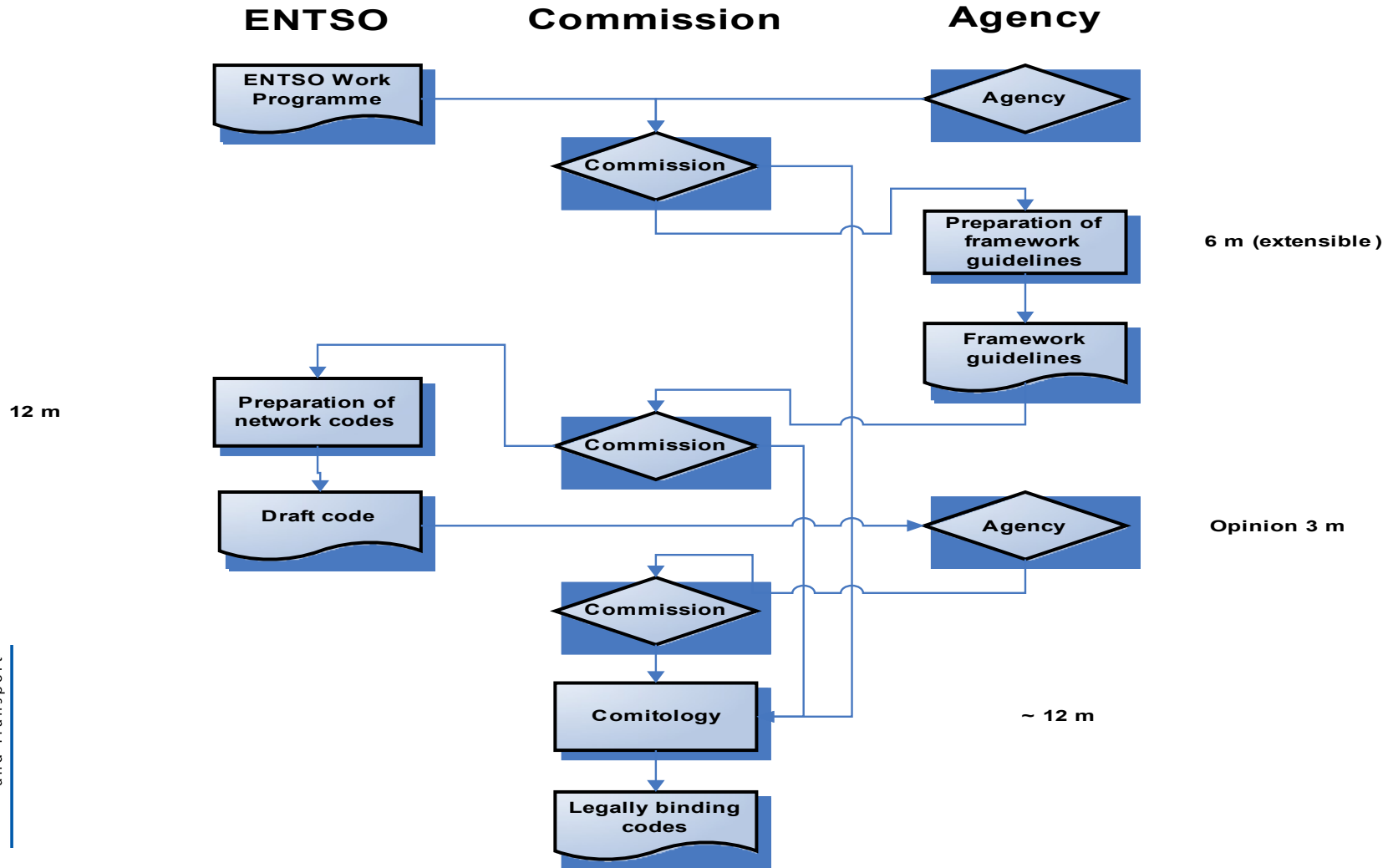
Additionally either:

- >> integrated operations for specific technical or safety reasons, or
- >> the system distributes electricity primarily to the owner or operator of the system

Interim period

- Electricity TSOs have established ENTSO-E, Gas will follow
- ERGEG prepares the work of the Agency
- Framework guidelines and codes
- 10-year network development plan
- Annual work programmes
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Network codes



● Network codes, Article 8 of Electricity regulation

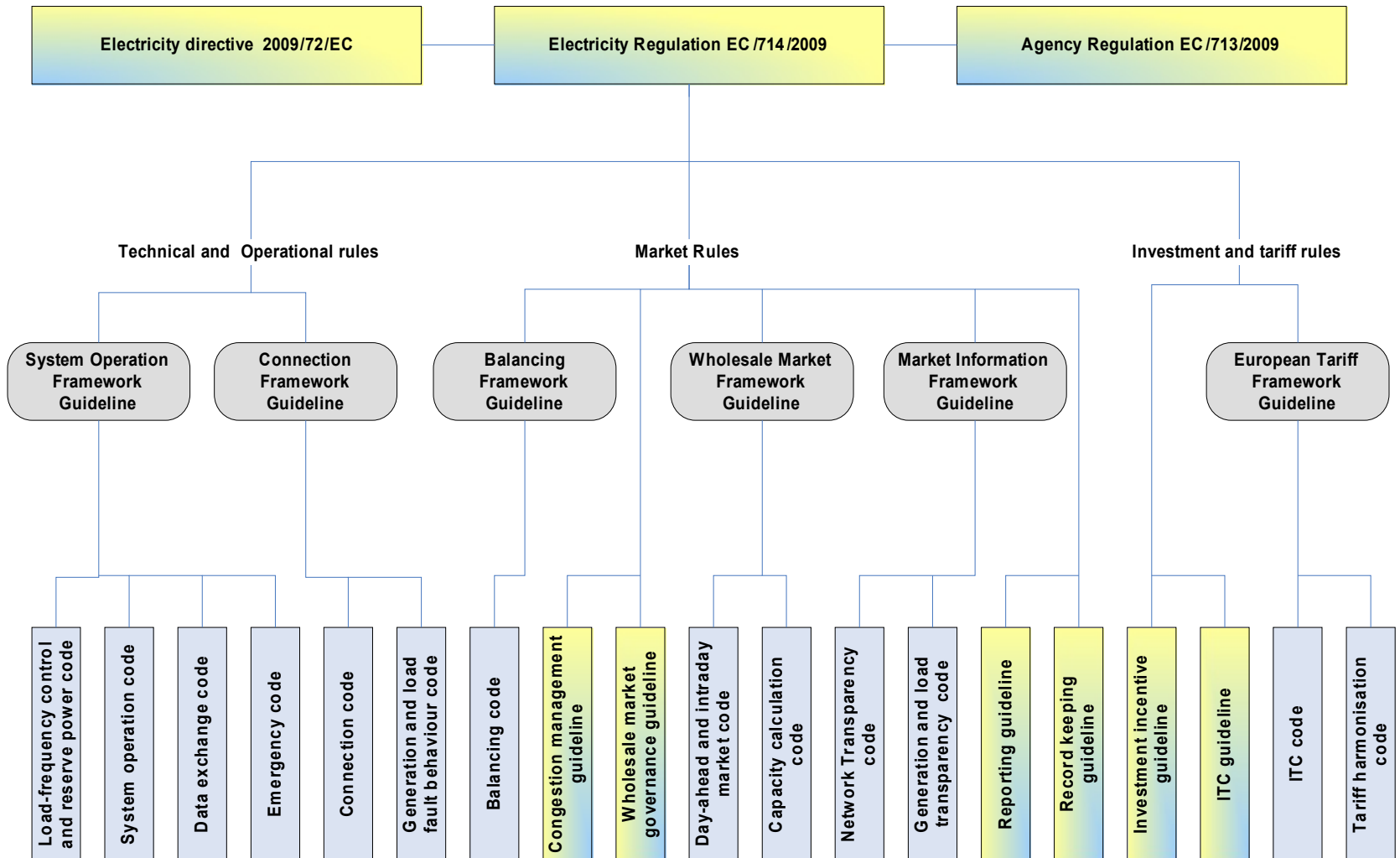
1. network security and reliability rules including rules for technical transmission reserve capacity for operational network security;
2. grid connection rules;
3. third party access rules;
4. data exchange and settlement rules;
5. interoperability rules;
6. operational procedures in an emergency;
7. capacity allocation and congestion management rules;
8. rules for trading related to technical and operational provision of network access services and system balancing;
9. transparency rules;
10. balancing rules including network related reserve power rules;
11. rules regarding harmonised transmission tariff structures including locational signals and inter-TSO compensation rules;
12. energy efficiency regarding electricity networks

● Legally binding guidelines Article 18 of Electricity regulation

1. Inter TSO compensation mechanism
2. Tariff harmonisation rules
3. Congestion management rules
4. Safety and operational rules
5. Provision of information rules
6. Trading of electricity rules
7. Investment incentive rules

... and all items on the Article 8 list

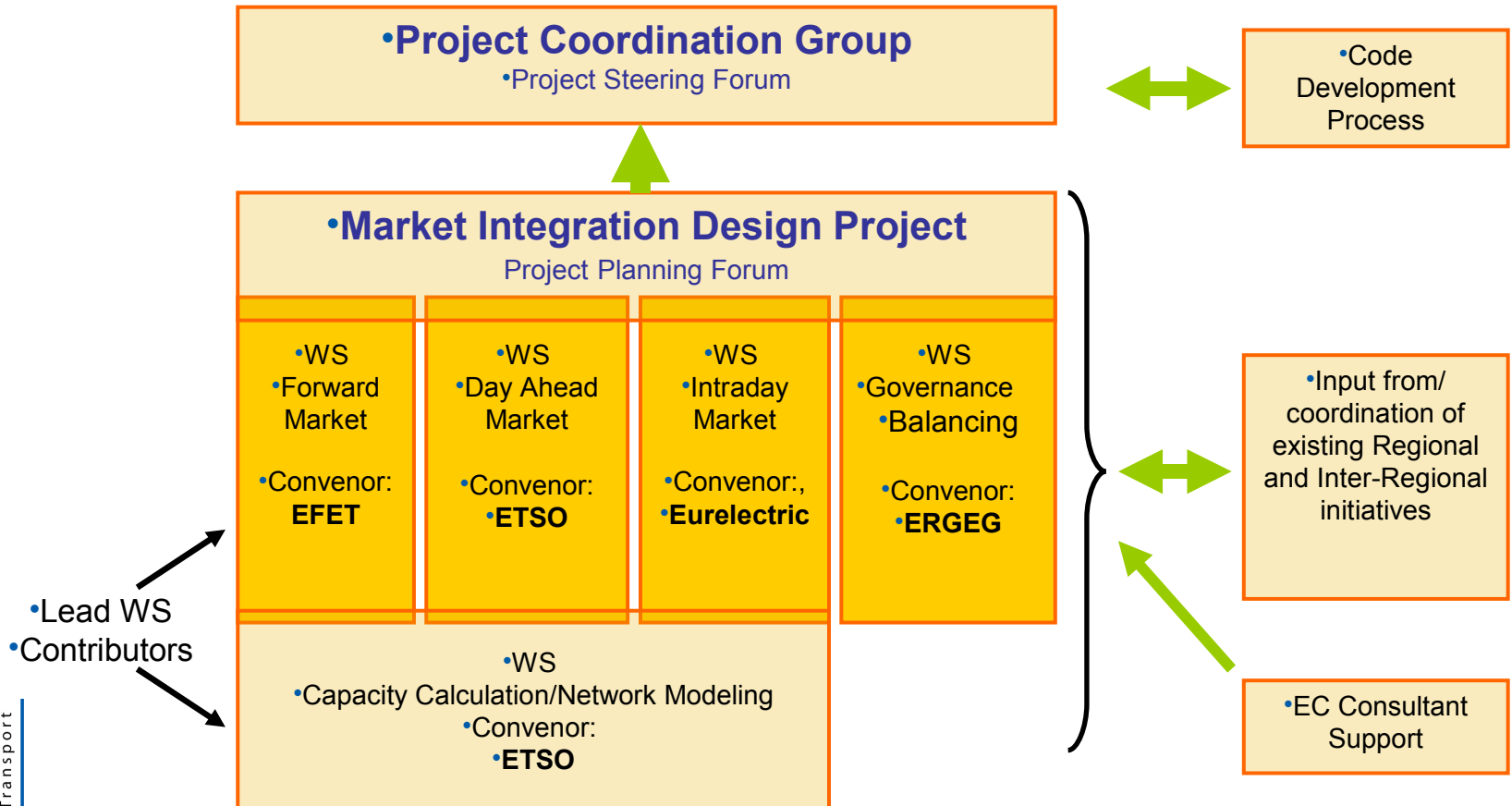
European Electricity Rules



Market Integration Design Project

- The project targets on **integrating regions** to
 - create a European electricity Market
- The Design Project was agreed in the context of Florence forum in November 2008, and delivered a generic **target model** in Florence 4 June 2009
- Florence forum supported the continuation of the project to draft a **roadmap** for implementation

Project Structure, Contribution & Governance



● Following steps in the MIDP

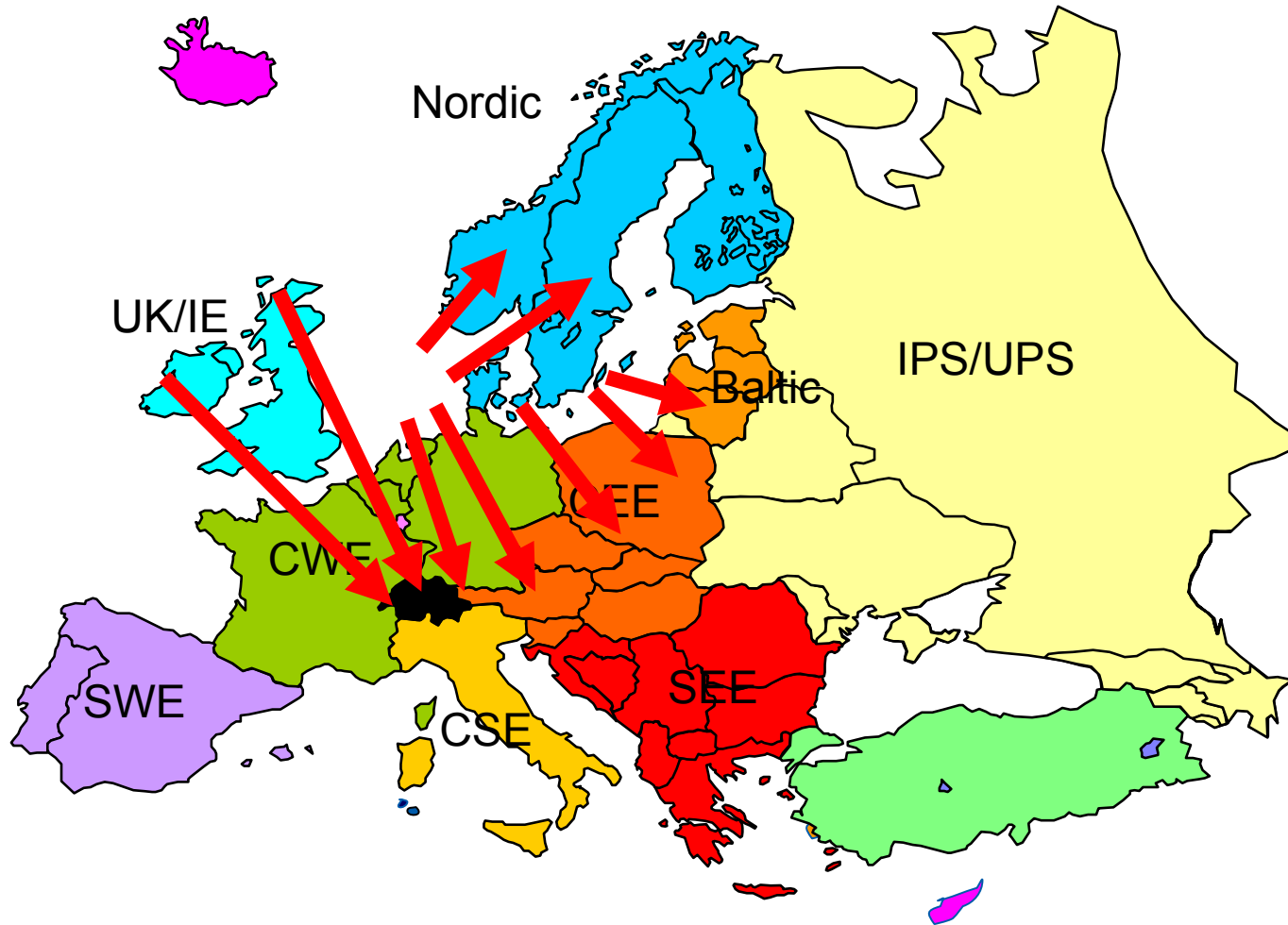
- Workstreams have finalised their proposal for target model and roadmap
- Target model and a roadmap were sent to regional initiatives for comments and for regional initiatives to prepare an individual roadmap
- Next discussion in Florence forum 10-11 December 2009

● Draft target model main features

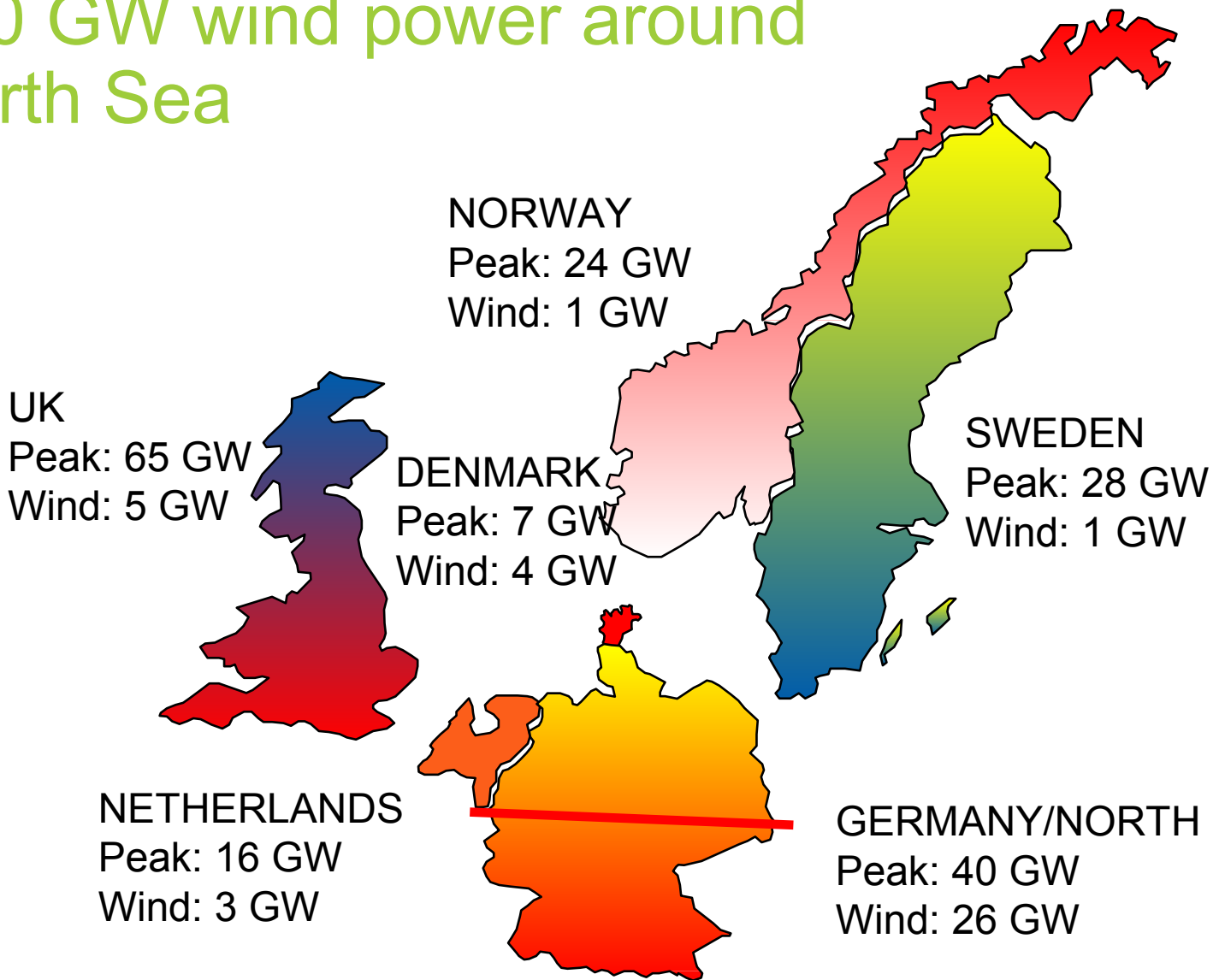
- Implicit day ahead auctions for the whole Europe, based on Central Matching
- Capacity calculation “Flow based”
- OTC in all timeframes, in particular intra-day
- Cross border price difference hedging either by physical or financial rights sold by TSOs
- EU balancing market
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Regional market approach

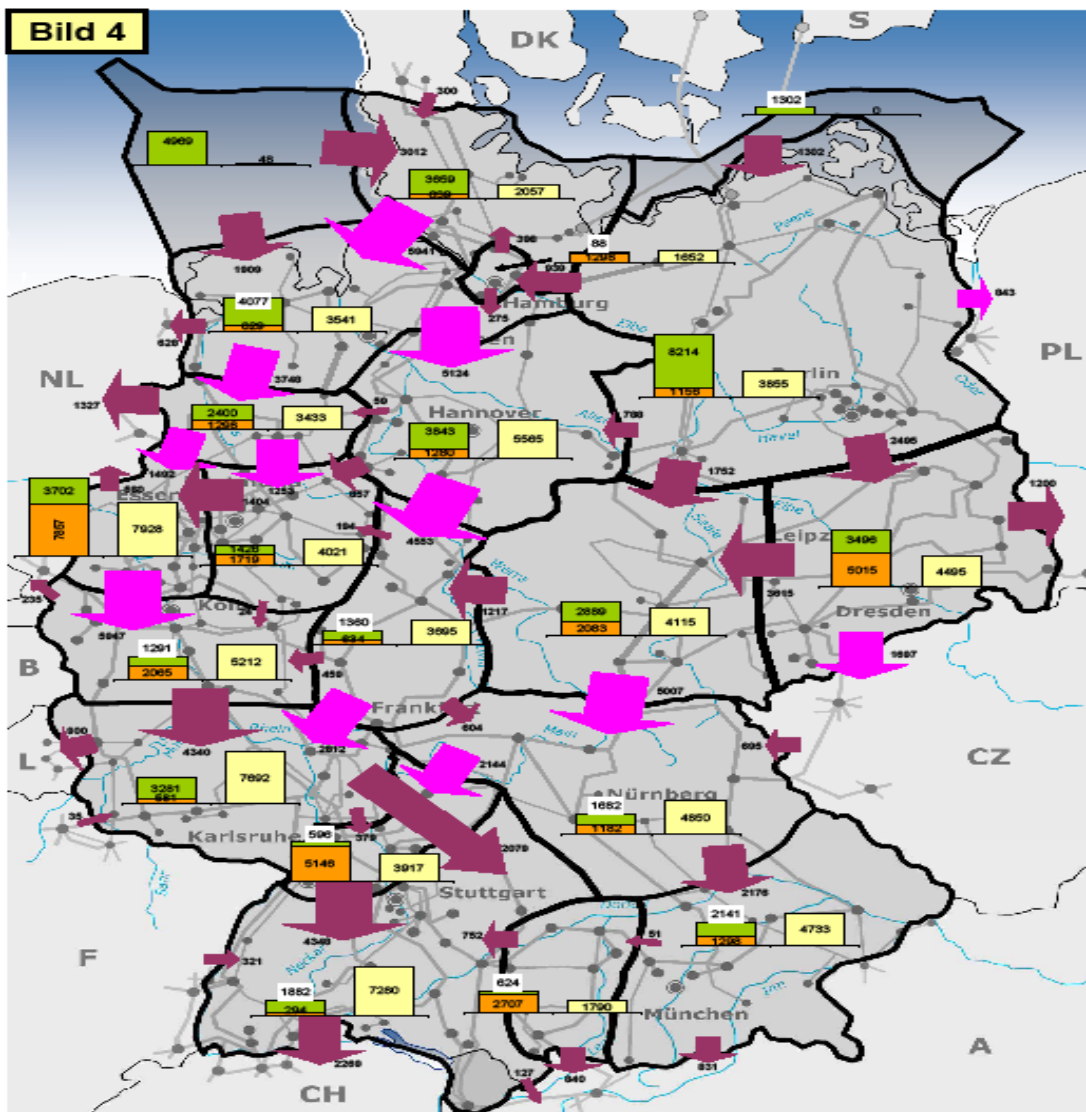
→ Wind power



100 GW wind power around North Sea



Σ Peaks: 180 GW Current wind capacity: 40 GW



Regionale Verteilung Erzeugung/Last
 Szenario B (2013): Starklast/Starkwind
 Stand: März 2009
 alle Zahlenangaben in MW

- Konventionelle Erzeugung
- EEG, KWK und prozessgeführte Erzeugung
- Last
- Leistungsfluss (mit Tendenz zum Erreichen der Übertragungsfähigkeit)
- Leistungsfluss

● What can Norway do?

Make more money from wind

- Build more interconnectors
- Join NordPool to the European Central
- Matching System for spot bids
- Build a Nordic retail market
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● Summarised

Third package is big step towards a European

- Electricity market

Expectations for the Agency and the ENTSOs

- are high

MIDP and PCG should boost electricity

- market integration

Norway has an important role to play

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