



# SEE Regional Electricity Market

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# Presentation Overview



- I. Background
- II. SEE Wholesale Market Opening Study
- III. Regional Action Plan
- IV. Conclusions

# I. Background

- Energy Community Treaty (2005)
  - Scope: development of Regional Energy Market
  - Signed so far by 11 Parties
  - Initially focused on South East Europe, but has been expanded to non-EU countries.
  - Serves as the “Eighth Region” in the context of the Electricity Regional Initiative.

## II. SEE WMO Study

- Performed to assist Energy Community Regulatory Board (ECRB) in:
  - Selecting an appropriate regional market model
  - Developing an Implementation Action Plan
- Funded by World Bank
- Finalized in July 2010
- Drafted in close cooperation with ECRB EWG and the Contracting Parties

## II. SEE WMO Study

- Proposal very close to current market coupling arrangements of Western Europe
- Study Proposals:
  1. Structural Reforms
  2. Market Related Reforms
  3. Establishment of RDAM
  4. Staged Implementation

# II. SEE WMO Study

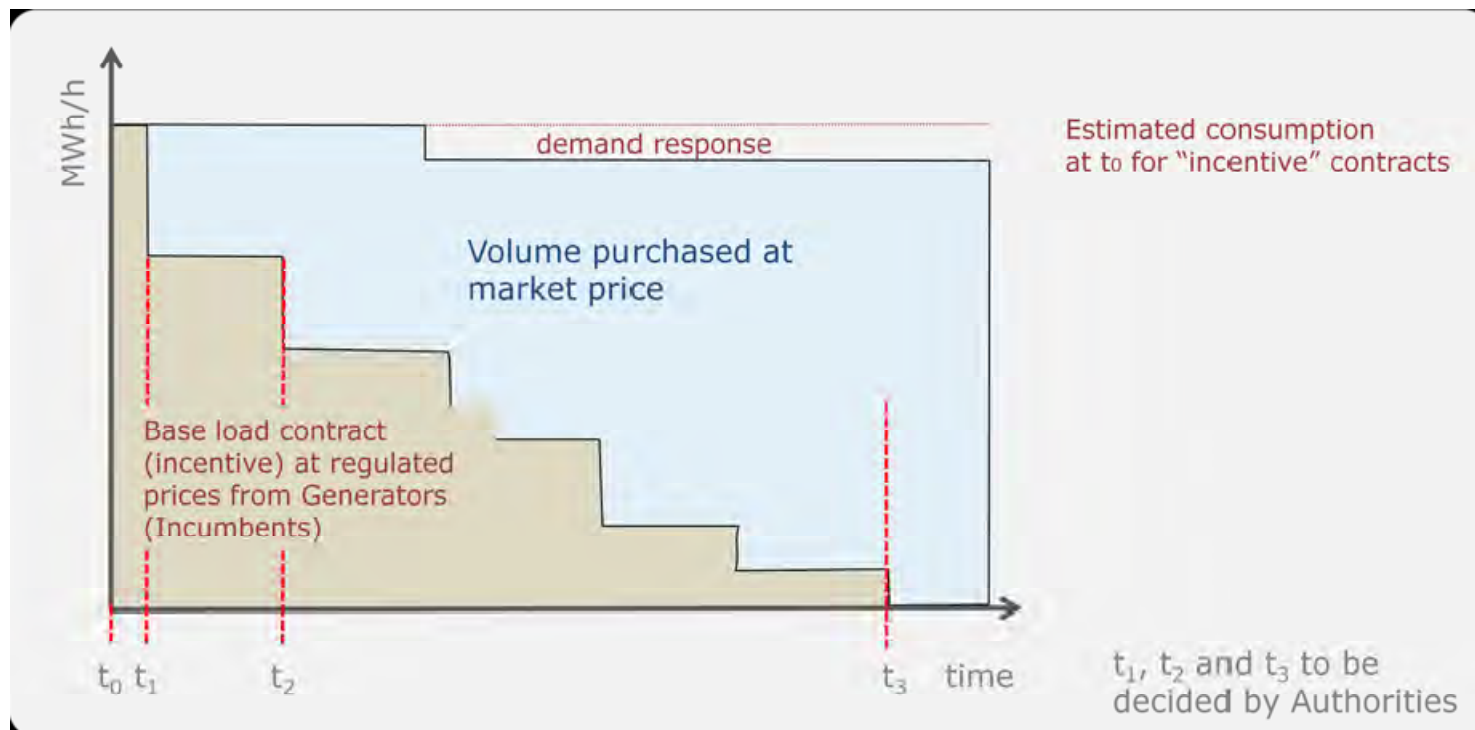


## 1. Structural Reforms

- TSO unbundling.
- Customer Eligibility to conclude contracts for the supply of electrical energy with producers and suppliers.
- Abolition of full supply contracts between (public) suppliers and generators.
- Reduction of Market Concentration.

# II. SEE WMO Study

## 1. Structural Reforms – Phasing out of Full Supply Contracts



# II. SEE WMO Study

## 2. Market Related Reforms

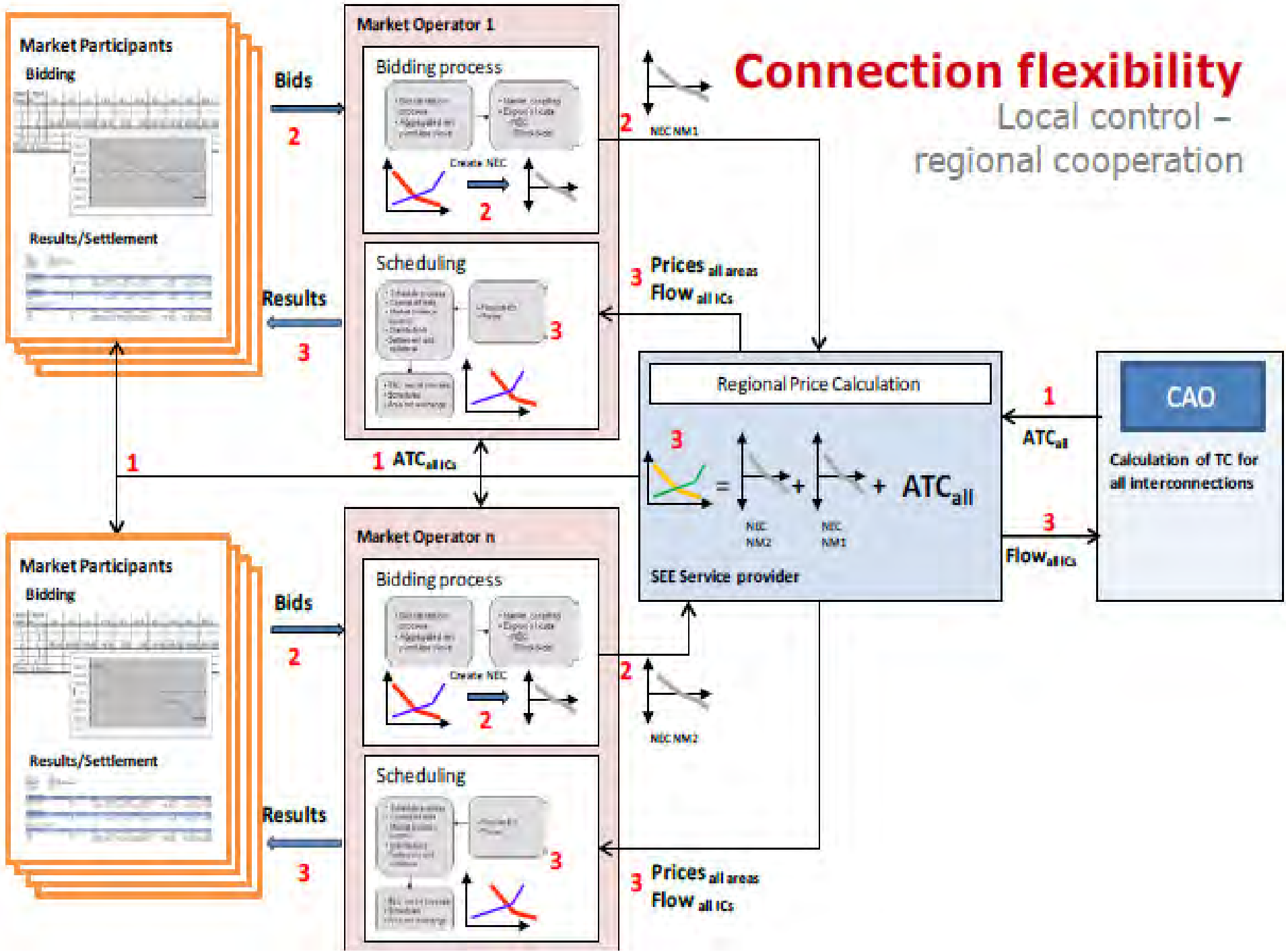
- Establishment of a single mechanism for the allocation of transmission capacity on interconnectors for cross-border trade.
- Introduction of Balance Responsibility and establishment of a Balancing Market/Mechanism.
- Transparency and Market Monitoring.



## II. SEE WMO Study

### 3. Establishment of RDAM

- Coexistence of the RDAM with bilateral trading and a physical forward market.
- RDAM as the result of local DAMs linked together through the implicit auctioning of cross border capacity.
- All cross border capacity will be dedicated to the RDAM, in order to increase liquidity.
- All losses will be purchased from the RDAM, also to increase liquidity.
- Incentives for the participation of demand in the DAM.



## II. SEE WMO Study

### 4. Staged Implementation

- First a “core” of participating national markets should be built, coupled through implicit auctioning of cross–border capacities
- Any (neighboring) Party or group of Parties fulfills the preconditions should be able to integrate with the core.
- Completion by January 1<sup>st</sup> 2015, inline with Treaty’s goal for full market liberalization.



# III. Regional Action Plan



- ECRB EWG reviewed Study's proposals and identified next steps to be made
- The Ministries were asked to state their position on the Study by early 2011
- Conclusions of 2<sup>nd</sup> Joint ECRB and PHLG meeting, 24 March 2011
  - All Contracting Parties support in principle conclusions of Study with minor adjustments
  - Local Action Plans by end of 2011
  - Focus Group to develop an adjusted Regional Action Plan to be approved by end of 2011

# III. Regional Action Plan



- Adjusted Regional Action Plan (RAP)
  - Based on recommendations of Study
  - Adapted to meet specificities of the 8<sup>th</sup> Region
  - In line with EU Target Model
  
- Aim: Provide a Region Wide Solution following the requirements for the Energy Community acquis

# III. Regional Action Plan



- Topics of the adjusted RAP:
  - Capacity calculation
  - Forward capacity markets / CAO
  - SEE Day-ahead market (DAM)
  - Cross-border intraday market and balancing mechanism
  - Governance
  - Timetable for Regional Market

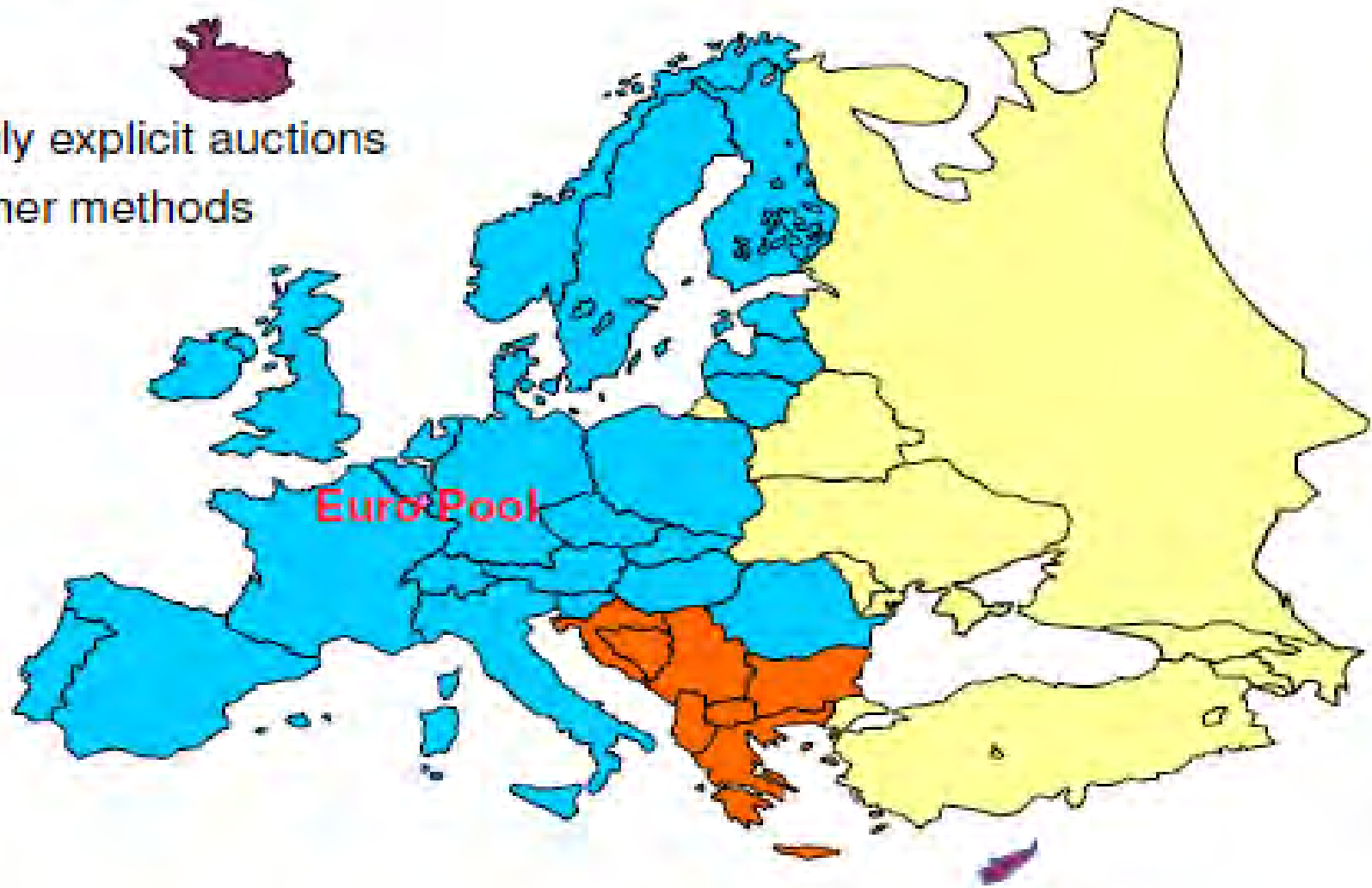
# IV. Conclusions

- The WMO Study provides a detailed and flexible proposal for the Region
- Final decisions to be made soon :
  - High level agreement on the design is expected by the end of 2011
  - Implementation expected to begin in 2012
- Will SEE meet the challenge or stay as a separate zone in the EU Electricity Market?



# Congestion management 2015

- Implicit auctions
- Only explicit auctions
- Other methods





**Thank you for your  
attention!**

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