

# All-Island Generator Forum

## “Influence of EU”

3<sup>rd</sup> February – Belfast  
Mark Lane



# Introduction

- Third Energy Package
- Network Codes
- 10 Year Network Development Plan
- Energy Infrastructure Package
- Energy 2020
- Electricity Regional Initiatives (ERI)
- European Market Integration



# What is driving the EU energy vision?

- **EC Sector Inquiry – Gas & Electricity Markets (2005):**
  - too much market concentration in most national markets;
  - a lack of liquidity, preventing successful new entry;
  - too little integration between Member States markets;
  - an absence of transparently available market information,
  - an inadequate level of unbundling between network and supply interests
- **Outcome – “Third Energy Package”**
  - Facilitating single energy market through cross border trade
  - Efficient use of existing interconnection
  - Developing pan-European network infrastructure



# Third Energy Package

- Comes into force on 3<sup>rd</sup> March 2011
- New [Directive 2009/72/EC](#) and [Regulation 714/2009](#)
- New [Regulation 713/2009](#) for establishment of **ACER**
- Establishes **ENTSO-E**
- Provides for Network Code development

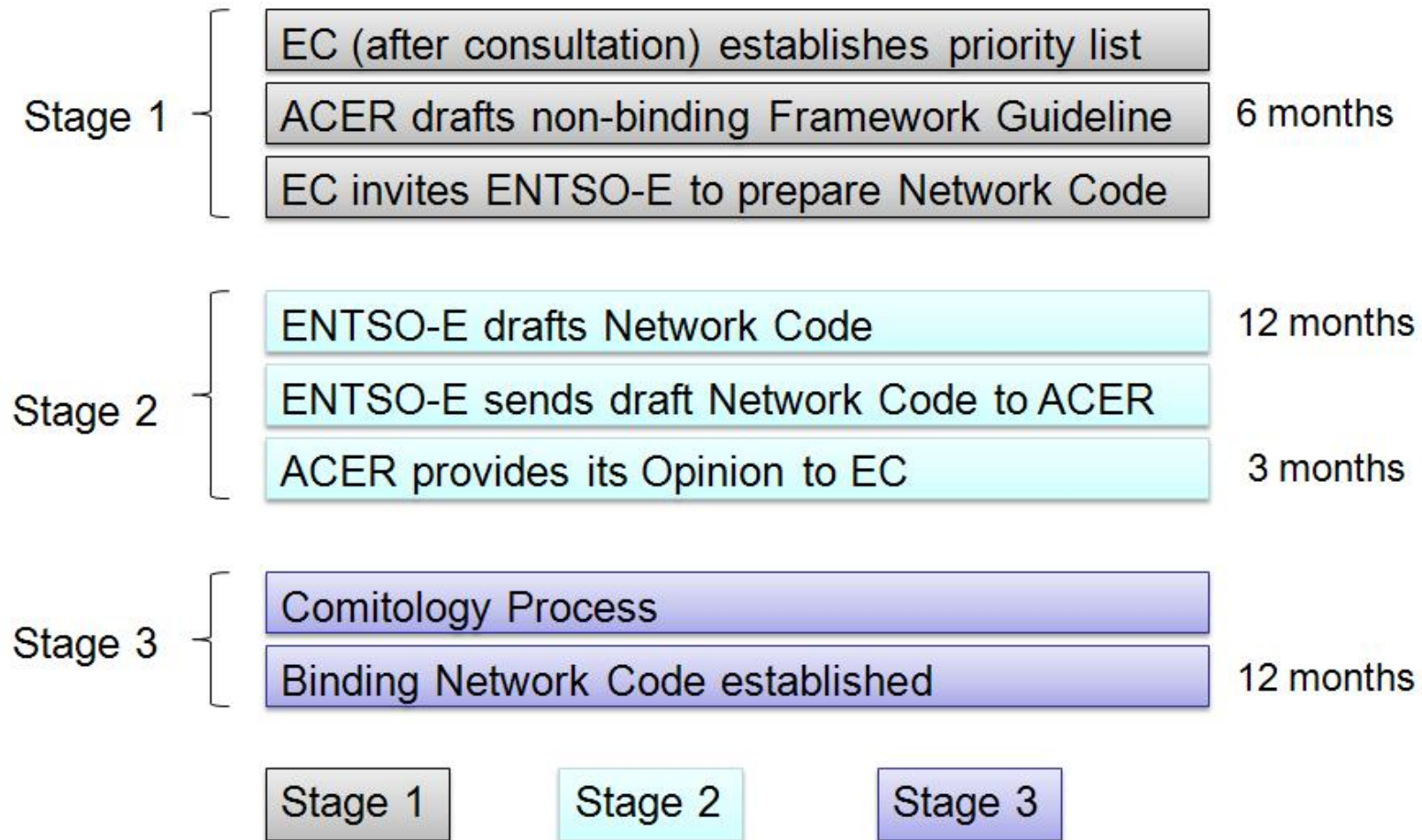


# Network Codes

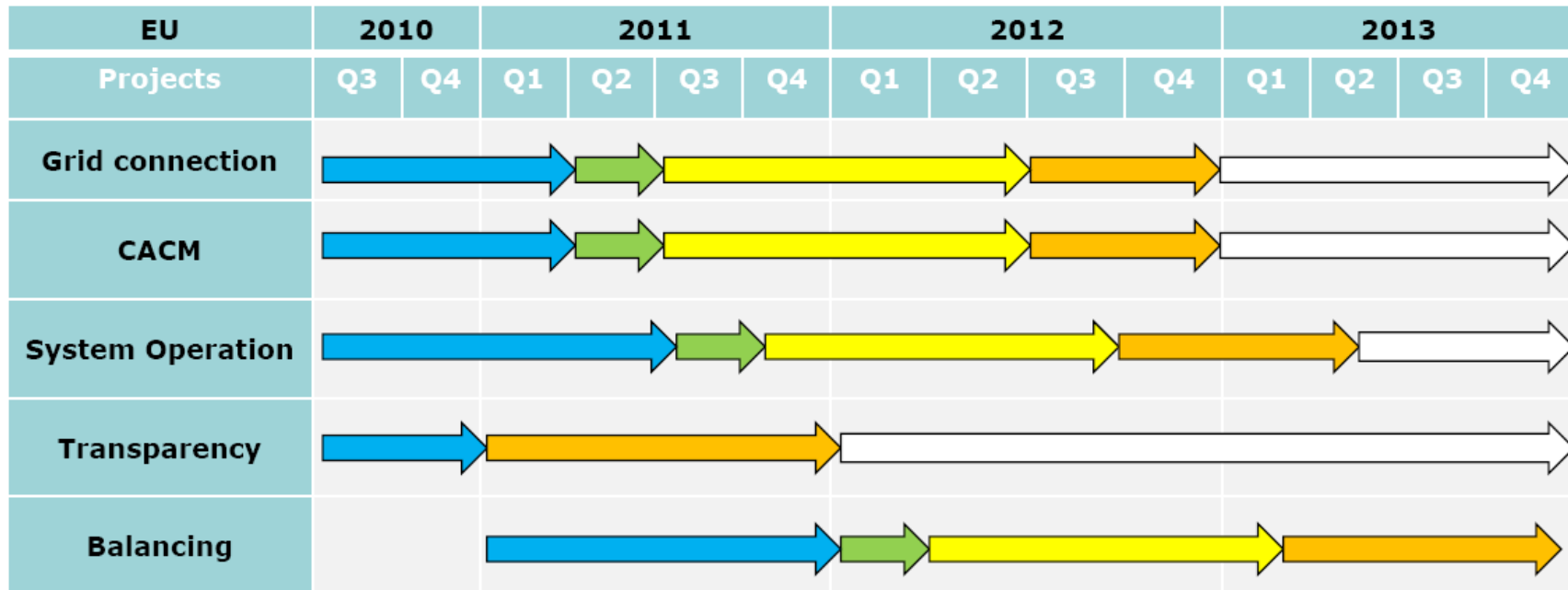
- New EU legislation in 12 areas covering:
  - Network code on capacity allocation and congestion management
  - Network code on grid connection
  - Network code on system operation
  - Comitology proposal on electricity market transparency
  - Network code on balancing



# Process for Network Codes



# EC 3-year Plan for Network Codes



# 10 Year Network Development Plan

- ENTSO-E to publish non-binding TYNDP every two years
- ENTSO-E pilot TYNDP published on 30 June 2010
- Next releases of the TYNDP in June 2012 and 2014
- Regional network plans for the six ENTSO-E system development regions will be developed in 2011. These regional plans will be made public alongside the TYNDP in 2012.
- ENTSO-E System Adequacy Forecast due in Q1 2011, based on June 2010 NREAPs



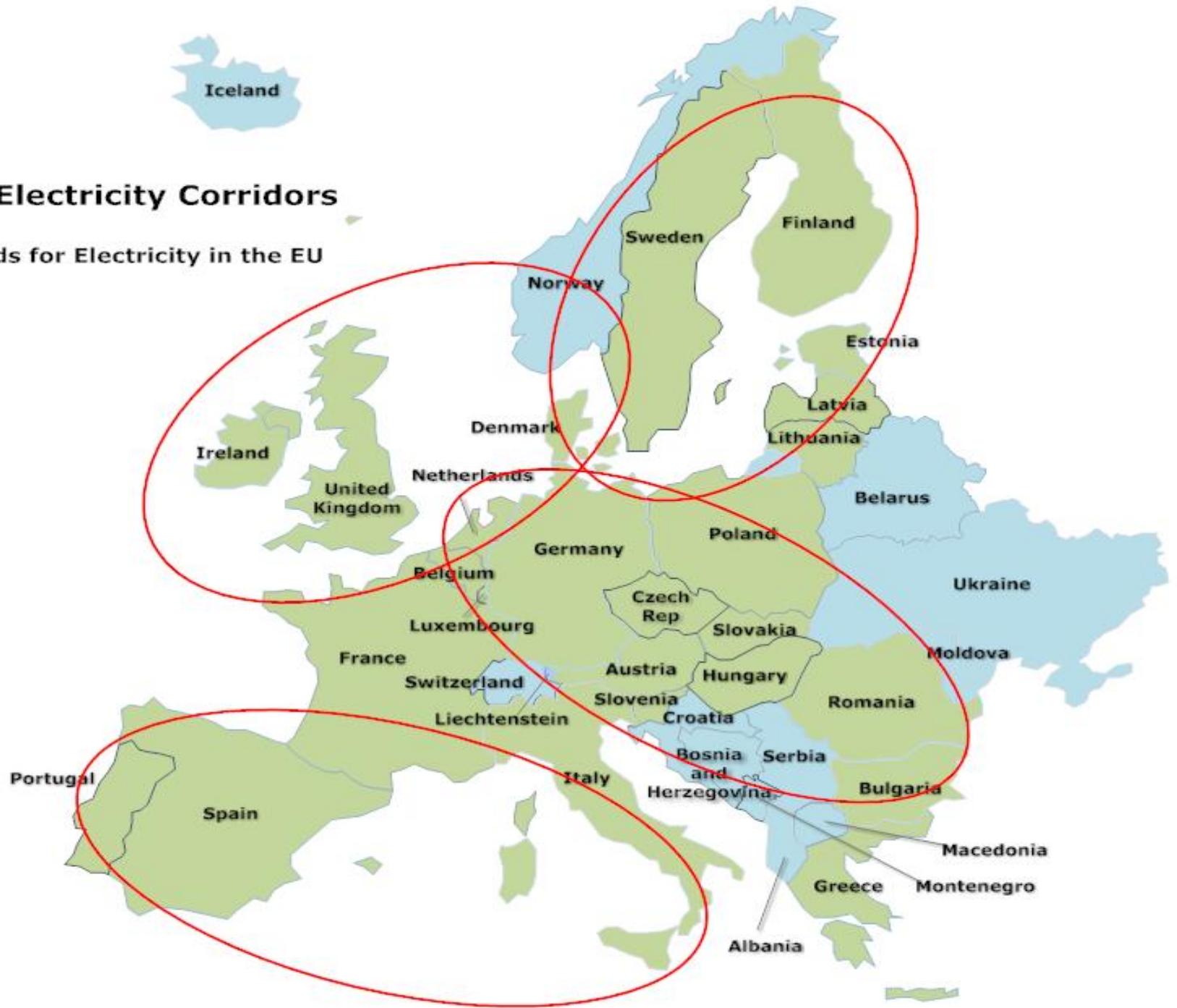
# EU Energy Infrastructure Package

- EU Commitment to achieve 20/20/20 targets
- To meet EU goals on RES, CO<sup>2</sup> and Security of Supply significant investment in interconnections and RES integration required
- 4 priority electricity corridors have been identified:
- EC to propose new financial instrument in June 2011 to support these priority projects
- EC to establish plan for development of Electricity Highways



## 4 Priority Electricity Corridors

 Smart Grids for Electricity in the EU



# EC Strategy on Energy 2020:

- A strategy for **competitive, sustainable and secure energy**
- **Priority 1:** Achieving an **energy-efficient** Europe
- **Priority 2:** Building a pan-European **integrated energy market**
- **Priority 3:** Extending Europe's leadership in **energy technology**
- **Priority 4:** Protecting **consumers** and achieving the highest level of safety and security
- **Priority 5:** Strengthening the **external dimension** of the EU energy market



# ERGEG Electricity Regional Initiatives (ERIs)

France-UK-Ireland



South West



Baltic



North



Central East



Central West



Central South



# France-UK-Ireland (FUI)



- Facilitate efficient cross-border exchange of electricity
- Maximise IC capacity available to the market from long-term (annual) to short-term (intraday)
- Coordinate methods for managing congestion and allocating capacity (e.g. harmonise Access Rules)

# Progress in Europe on Market Integration

**ERGEG (ACER), ENTSO-E, EC etc**

AHAG – DA, ID & Capacity Calc

**ERGEG (ACER)**

FG & IIA on CACM

**ENTSO-E**

Network Codes – Forwards, DA, ID & Capacity Calc.

**European Commission**

Governance Guideline – Day-ahead & Intraday

**CWE, Nordic & GB TSOs**

North West Europe – Day-ahead & Intraday

France-UK-Ireland (FUI)

2010

2011



# Upcoming Changes

- In Europe

- New Directive & Regulation in place in March 2011
- EC 2020 Strategy Energy and Infrastructure Development
- Work starting on Framework Guidelines and Network Codes

- In SEM

- Auction Management Platform for EWIC and Moyle ICs
- Auctions for capacity coordinated with IFA and BritNed
- Pöyry investigating options for Day-ahead market coupling
  - Changes to SEM design will introduce ex-ante price
- Intraday trading to be introduced in SEM
  - Will move SEM market design closer to real time



# Conclusion

## EU legally binding requirements

- New EU Energy Legislation
- Network Codes will establish additional legal requirements in a number of operational, system development and market areas

## Impact on Generators

- SEM will need to integrate and harmonise much more than before with neighbouring electricity markets
- Will place legally binding requirements on Generators as well as TSOs (e.g. transparency requirements)
- Will result in changes to SEM market design (e.g. intraday) which will increase challenges and opportunities for Generators



Thank You!

