

# Electricity Internal Market in the European Union: What to do next?

Jean-Michel Glachant and François Lévêque

**SESSA final Conference**

Brussels, 9 September 2005



# 20 priorities derived from SESSA Research Programme

- Premises
  - Making progress towards a competitive and integrated EU market
  - Without new pieces of legislation (i.e., no third package)
  - Driving forces: EU law enforcement (2d Directive and companion Regulations, Regulation 1/2003, ECMR, ...) + regional cooperation (between TSOs, NRAs, PXs...)
  - Feasible priorities for 2005-2009
- 5 critical factors:
  - Diversity in national market designs
  - Flawed EU market design in interconnections
  - High level of horizontal concentration and persistent vertical integration of industry
  - National tropism of TSOs
  - National tropism of NRAs
- 8 priority actions + 12 secondary actions



# National market design

- Priority actions
  - Facilitating access to, and improvement of, balancing services
  - Ensuring access to competitive gas long term contracts
- Secondary actions
  - Terminating vesting contracts
  - Improving the link between the operation of PXs and grids
  - Setting incentive pricing of domestic congestion



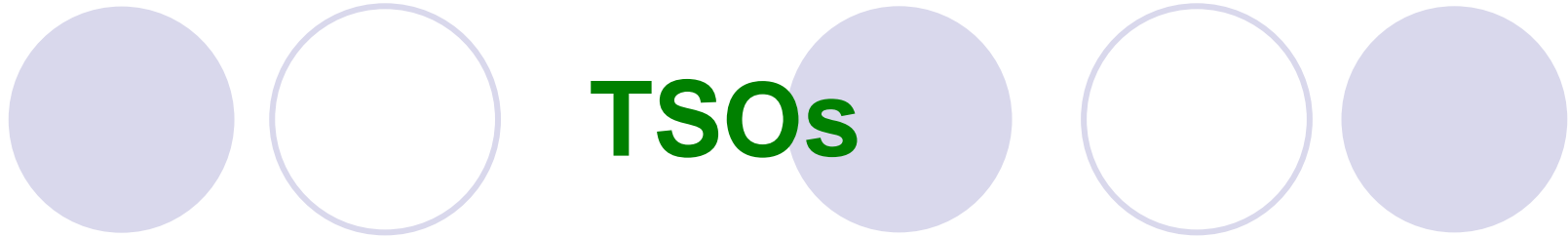
# EU market design

- Priority action
  - Improving the efficiency of the management of interconnections
- Secondary actions
  - Facilitating regional harmonisation
    - to open a European bilateral market
    - for reciprocated opening of PXs
    - of reciprocated balancing mechanisms



# Industry structure

- Priority action
  - Setting a European Market Surveillance Committee Network
- Secondary action
  - Facilitating harmonisation of the collection of, and access to, TSOs data bases on markets, grids and interconnections

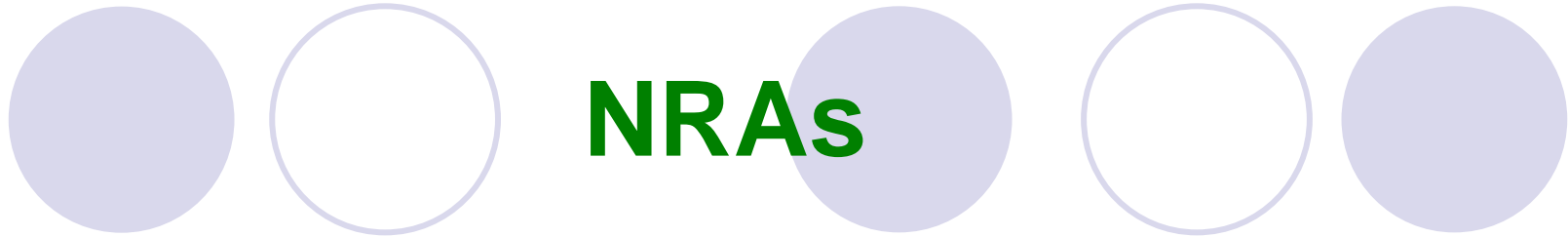


- **Priority action**

- Encouraging the negotiation of reinforced regional cooperation agreements between TSOs

- **Secondary actions**

- Extending the independence of TSOs to include ownership of transmission assets
- Encouraging regional harmonisation of grid access and connection fees
- Encouraging TSOs to develop joint regional reference scenario, forecast and planning



- Priority actions

- Encouraging bilateral and regional harmonisation agreements between regulators
- Developing a pan-European regulatory knowledge and training in the EU

- Secondary action

- Associating NRAs with the Commission's evaluation activities



## The next but one

- Imagine the listed 20 priorities are adopted, what to do next?
  - Integrating internal market policy, security of supply and environmental policy
- A new balance between national energy policy and the EU internal energy market policy: which one and how to achieve it?