

Timetable for integrated markets

Experiment: the Monetary Union

- Wholesale, interbank, futures: fast and deep integration
- Retail, equity and the rest: segmentation
- The Cincinnati Stock Exchange

Energy market integration: the usually mentioned obstacles

- Cross border issues
- Different balancing market arrangements
- Renewable regimes
- Market concentration

Cross border issues: banknotes on the Broadway

- Using existing infrastructure more efficiently
- Single coordinated auctions: *easy if you try (2005)*
- Will the Regulation break the deadlock?
- Synchronised auctions *just do it (2006)*

Using existing infrastructure more efficiently

- Case study: Slovakia – Hungary 10 euro, Hungary – Slovakia 0.5 euro
- Netting “technically possible” – single directional product (almost market splitting) from after 2006
- Market splitting after SA its easier (if cooperation among PXs)

New interconnection lines

- Slow and might not be efficient
- Meshed networks, socialised internal congestion, merchant lines
- Not significant for a long time

Harmonisation of balancing markets

- Essential for market integration
- Efficient use of interconnectors
- Good news: not political
- The big majors might be interested in
- But: very complex technically
- All in all: 2nd half of the decade

Science Fiction and Fantasy

- Reduction of local concentration
- Harmonisation of renewable regimes
- Harmonisation of distribution charges and environmental taxes

Some good news: by the end of the decade

- CO2: inherently integrated market, maybe regulatory arbitrage
- Technology is on our side: barriers to entry in generation (size, time)
- Technology is on our side: costs of switching and metering