

Workshop on Organized Electricity Market in Central East Europe Vienna, 12 April 2010

Rationale and Purpose

The present electricity market in Europe is highly segmented and national in many aspects. The control area borders (TSOs) impose further “practical limits” to the electricity markets in the EU. To overcome this situation, efficient and liquid electricity market shall emerge not only on a national, but also on a regional and European scale. One of the key issues to tackle is the efficient and well functioning congestion management at the interconnections between control areas.

ERGEG Electricity Regional Initiative has been established in 2006 as an intermediate step towards an integrated internal European electricity market. Efficient congestion management has been identified as the most important issue in all regions, with a number of practical projects underway even before 2006. The projects on capacity calculation in the region Central East Europe and on implicit capacity allocation in the region Central West Europe are particularly interesting from the perspective of this workshop.

The CEE region is characterized by different levels of market maturity in different countries. Austria and Germany have experienced market evolution since 1998 (full market opening in Germany) and 2001 (full market opening in Austria), but in both countries high concentration in generation still remains, with insufficient transmission capacities and underdeveloped retail markets. The electricity markets in other CEE countries have seen intensified development over the past years, in particular since joining the EU in 2004.

Under these circumstances, the need for efficient, liquid and well organized electricity markets – power exchanges (PEX) – is obvious. A number of PEXs are already active in the CEE region, but (with the exception of the German power exchange) they typically experience low trading volumes and liquidity. Bearing this in mind, it is reasonable to assume that an organized market covering more than one country, connecting the related power exchanges and relying on efficient congestion management will provide a much more effective and efficient solution.

Against this background, the World Bank, E-Control and the Hungarian Energy Office have commissioned a study to Nordpool Consulting and Accenture, investigating if and how a regional organized electricity market in the CEE region, with close cooperation between existing PEXs could contribute to market integration, liquidity and efficiency. The study, proposes a detailed implementation model and action plan for the organized CEE electricity market. The study correlates well with the recently developed target model for a European congestion management, elaborated by the Project Coordination Group.

Besides **presenting the results of the study** to a wide audience of interested and relevant stakeholders from the CEE Region, this workshop aims at initiating **practical discussion, defining specific goals, agreeing on the necessary actions and committing all relevant stakeholders to the future development and implementation of an organized electricity market in the CEE region**. Presentations of the workshop will be from the EU Commission, ERGEG, CWE Region, Nordpool Consulting & Accenture as the authors of the study and TSOs and PEXS from CEE region. Active **participation and contributions** are expected and encouraged from all the participants, with the first goal to **agree on the top-level action plan and timeframe**. Relevant **provisions of the third legislative package** are taken into account accordingly

Agenda

- 09:30-10:00 **Registration and coffee**
- 10:00-10:30 **Welcoming remarks and background and introduction to the CEEPEX study**
Walter Boltz, E-Control
- 10:30-11:00 **Third legislative package, regional and European market integration**
Matti Supponen, EU Commission DG TREN
- 11:00-11:30 **Target model for European congestion management**
Asta Sihvonen-Punkka, Energy Market Authority Finland and Chair ERGEG EWG
- 11:30-13:00 **CEEPEX Study**
Nordpool Consulting, Accenture
- 13:00-14:30 **Lunch break**
- 14:30-16:30 **Discussion and views from CEE region stakeholders**
 - Regulatory authorities
 - Power exchanges
 - TSOs
 - Market participants
- 16:30-17:00 **Conclusions, action plan, coordination of activities, next steps**