

Experience and the role of PSE Operator in the integration of European electricity markets

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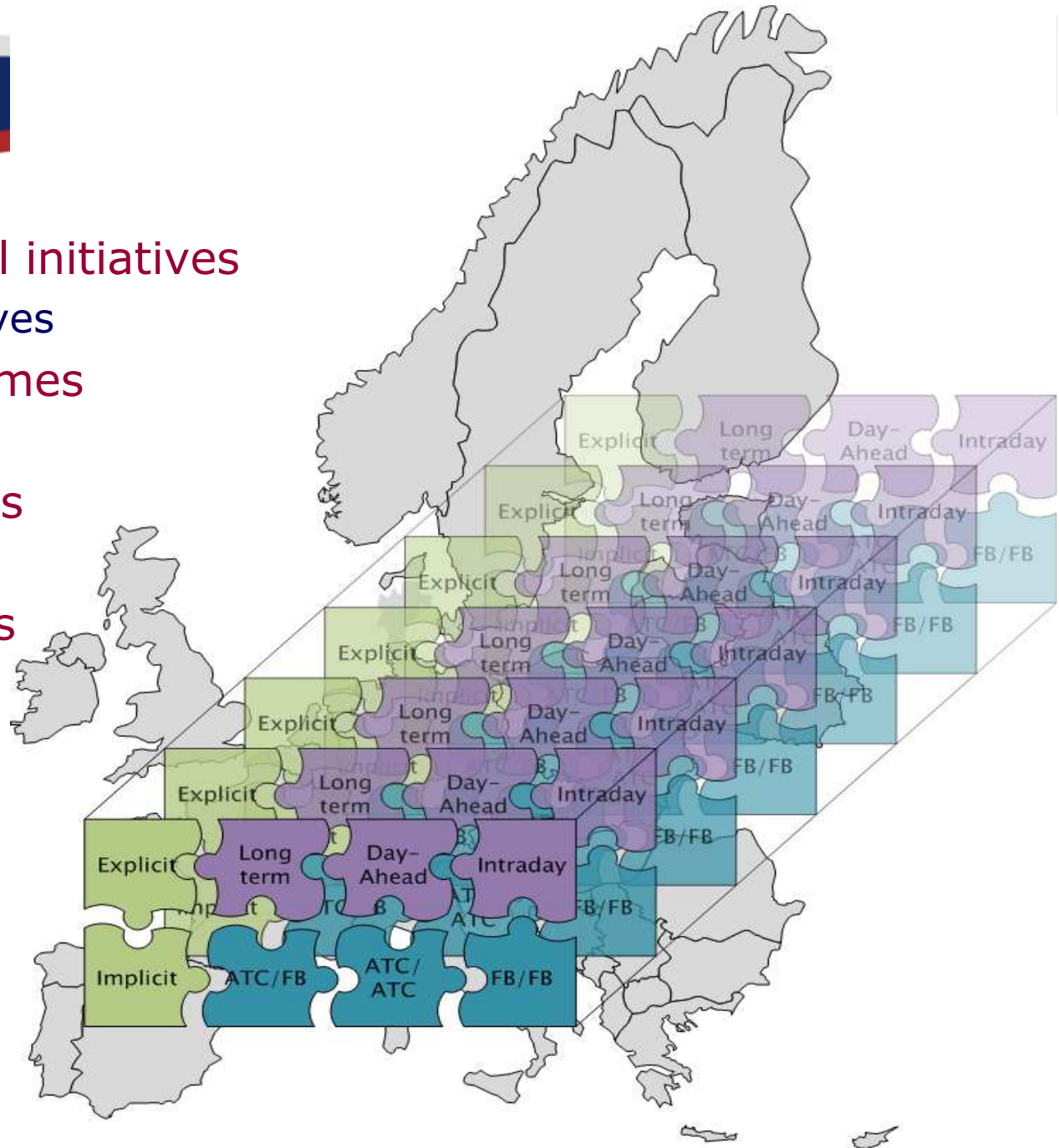
Background

- **3rd energy package and the framework guidelines**
 - ACER: new European Regulator
 - Guidelines on different market segments -> binding codes
- **Climate change policy of EU**
 - Fast development of renewables
 - CO2 allowances
- **7 regional initiatives**
 - Big-bang will not work
 - Start working together on a regional bases
- **Recent developments**
 - Single price coupling as a target for Day Ahead Market
 - Intra-day trade as an essential market segment for renewables
 - Flow-Based Allocation as a step towards improving cross-border trade

Integration challenges

- **Level of cross-border capacities**
 - Limited predictability of cross-border flows
- **Capacity calculation issues**
 - Need for the European-wide common grid model
 - Large bidding areas, and the entailed approximations
 - ATC of Flow-Based capacities
 - Common reliability criteria and standards
- **Work of Ad Hoc Advisory Group (DA, ID, Capacity)**
 - How to organize the different markets
 - How to integrate the regional markets into common IEM
 - How to trigger efficient use of the grid by market players
 - How to deal with internal congestion
 - How to trigger investments at the right places

- Between the regional initiatives
 - 7 regional initiatives
- Between the timeframes
 - ID, DA, LT
- Between the methods
 - ATC, FBA
- Between the auctions
 - Implicit, explicit



Initiatives of PSE Operator

- **Central Allocation Office (CAO) in the CEE region**
 - Implementation of regional coordinated FBA auctions (8 TSOs)
 - Strategic group to investigate implicit auctions and intra-day in CEE
- **TSO Security Initiative (TSC)**
 - Increase situational awareness
 - Increase cooperation and facilitate the exchange of services
- **Market coupling projects**
 - SwePol – full price coupling
 - Work of CAO
- **Market re-design project**
 - Implement sustainable and robust market design in Poland
 - Introduce consistency in the market design