



## BACKGROUND SLIDES

# **Completing the internal market: the specific challenges for the CEE/SEE region**

**GRI SSE SG meeting, Bucharest, 12 December 2014**

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# Making the Internal Energy Market Work



2011

The Heads of State or Government recognized the importance of having an internal energy market in place and set a clear deadline for its **completion by 2014**

2012

**Report "Making the Internal Energy Market work" published by the European Commission assessing the state of the internal energy market**

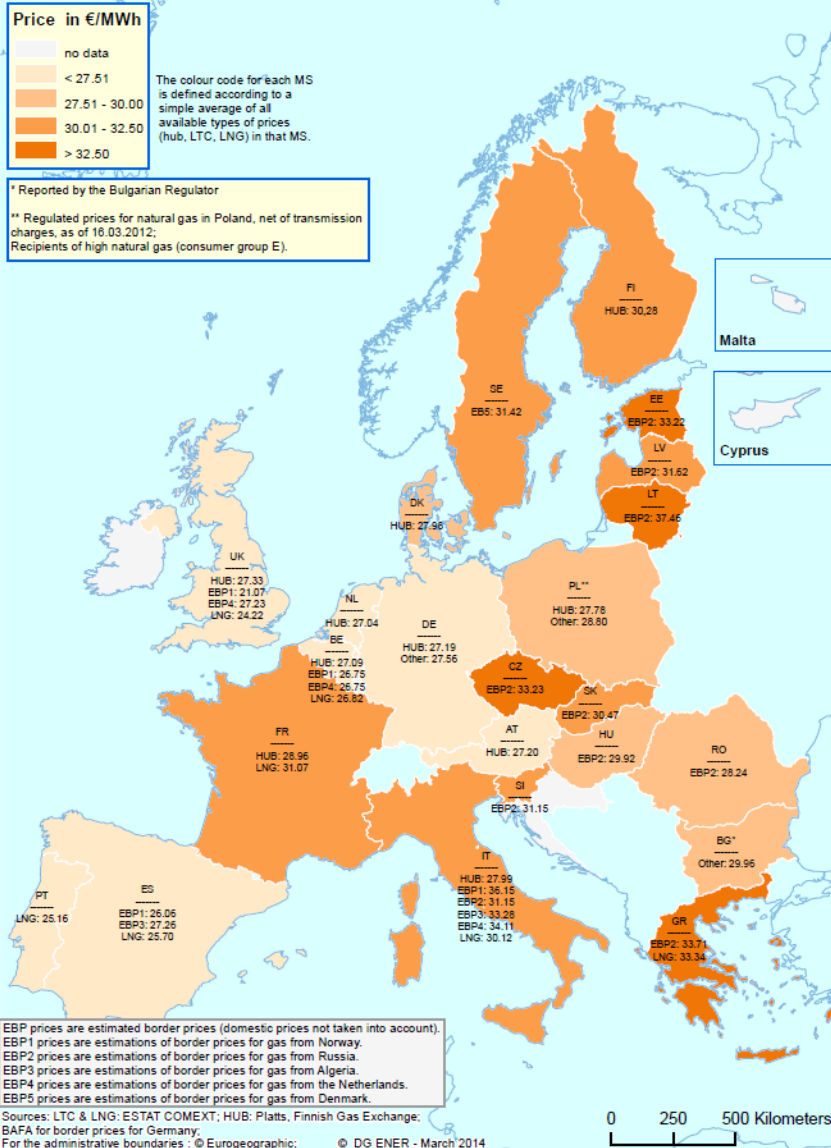
October  
2014

European Commission reported on the progress reached in completing the internal energy market

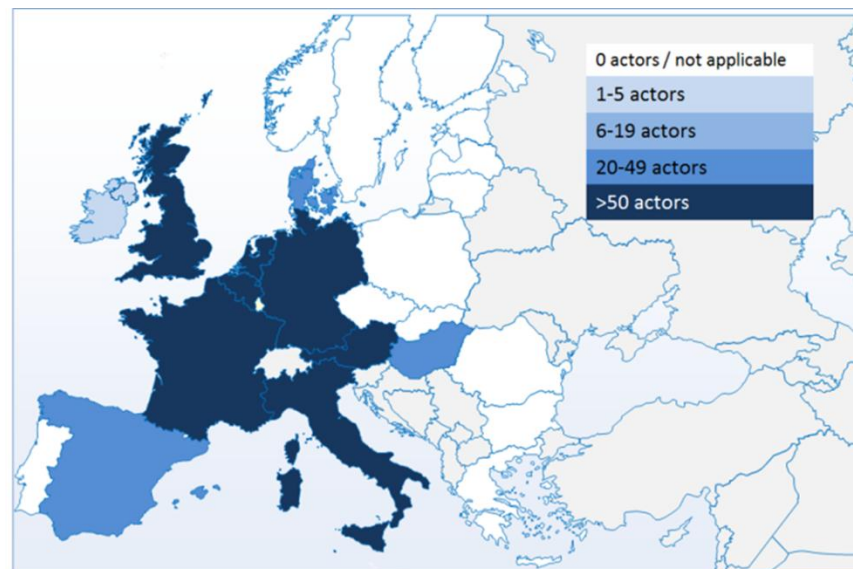


European  
Commission

## Comparison of EU average wholesale gas prices during 2013



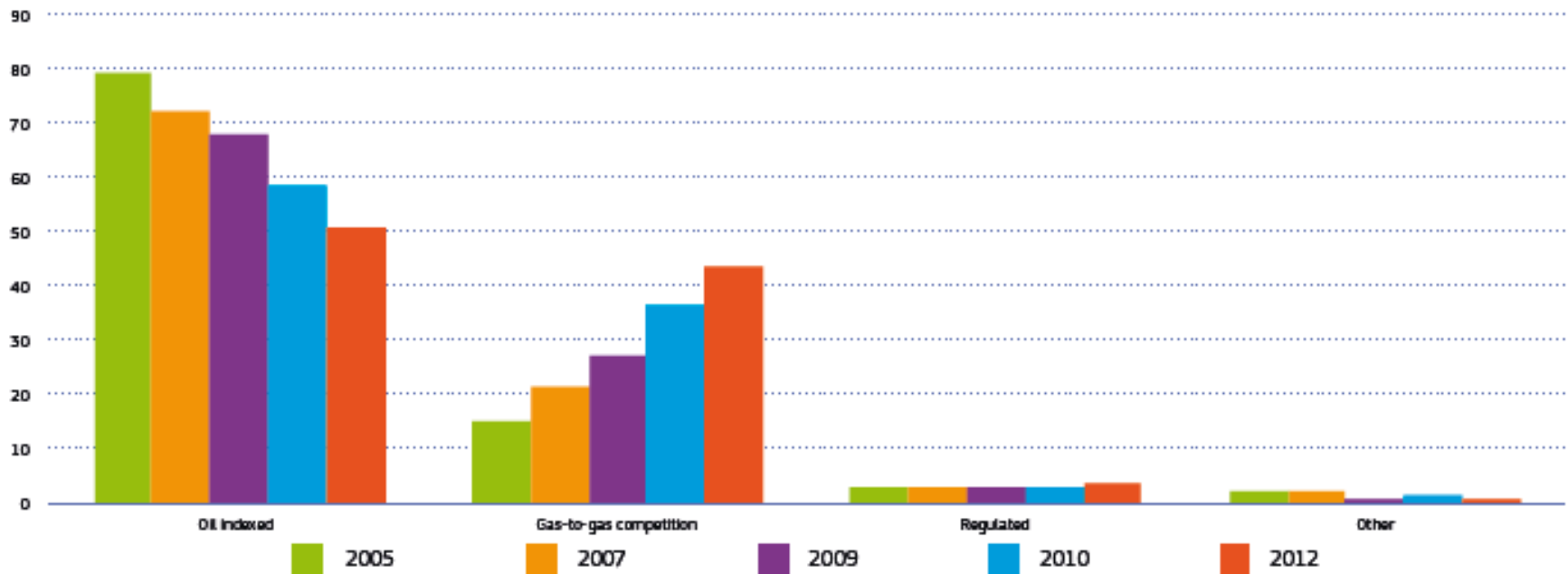
**Yes, it already produces  
benefits, both in gas...**



**Where trading has taken off, lower  
wholesale prices are the result**

## Internal Energy Market is already producing benefits, in gas...

CHART 18 - WHOLESALE GAS CONTRACTS BREAKDOWN IN EUROPE (share of consumption in %)



Source: International Gas Union

***The share of oil-indexation in the price formula of long term contracts is now below 50% of the consumed volume***

# To complete the IEM more grids and better rules are required

## Software

- **Enforcement of the rules**
- **Finalising Network Codes**
- **Application in practice**

### Network Codes:

- Electricity: 8 close to finalisation
- Gas: 3 adopted, 3 in the pipeline

## Hardware

- **TEN-E Regulation (PCIs, CEF)**

### The first Union list of PCIs

- 55 clusters of 107 PCIs in gas
- 66 clusters of 132 PCIs in electricity
- 7 PCIs in oil
- 2 PCIs in smart grids

Total: 248 PCIs

# Internal Energy Market so far has shown to:



- increase energy security across the EU Member States
- provide affordable and competitively priced energy where markets are open
- ensure cost-efficient decarbonisation of EU's energy systems





## Harmonising market rules and network operation rules

- promote a level playing field for all market actors,
- enhance cross-border trade and
- foster competition in the sector.



- Harmonisation of rules in the framework of the third energy package means the **development and implementation of Network Codes or Guidelines**



## **Congestion management guideline** – *removing contractual congestion and avoiding capacity hoarding*

- *In force since 9/2012*
- *Implementation DDL October 2013*

## **Capacity allocation network code** – *standardised capacity offer, auctions and capacity bundling*

- *In force since 11/2013*
- *implementation DDL November 2015*

## **Balancing network code** – *market-based efficient balancing and promotion of short term markets*

- *In force since 4/2014*
- *implementation DDL October 2015*

## **Transmission tariff structures network code**

- *Harmonization of tarification structures to avoid discrimination and improve cost reflectivity*

- *NC development started in Q1/2014, comitology to start in H2 2015*

## **Incremental capacity – amendment of Capacity allocation network code**

- *Procedures to offer incremental capacity in CAM context*

- *NC amendment development started in Q1/2014, comitology to start in H2 2015*

*Thank you for your attention*

