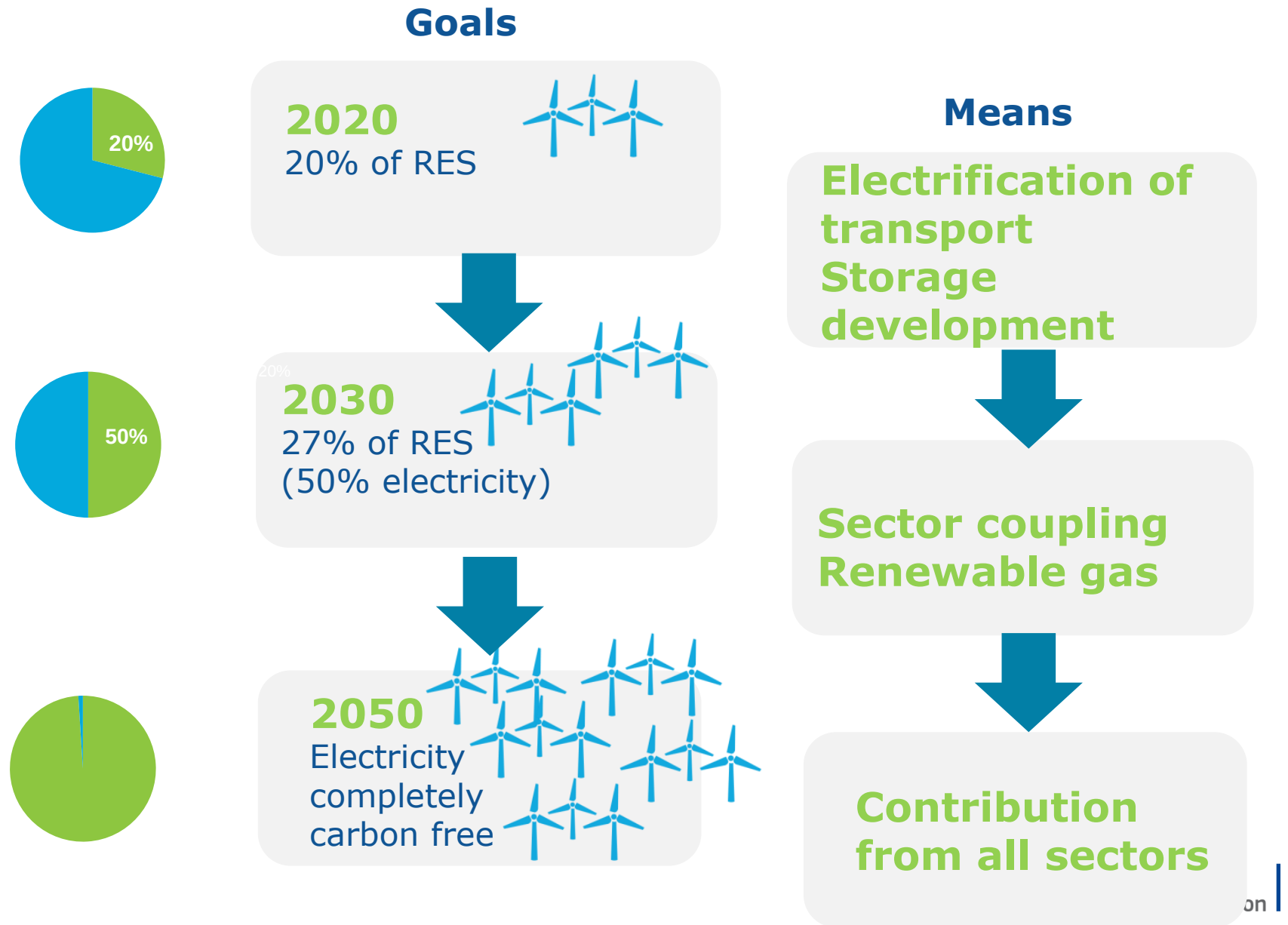




Electricity market design initiative

Jakub Fijałkowski
Policy Officer

Perspective

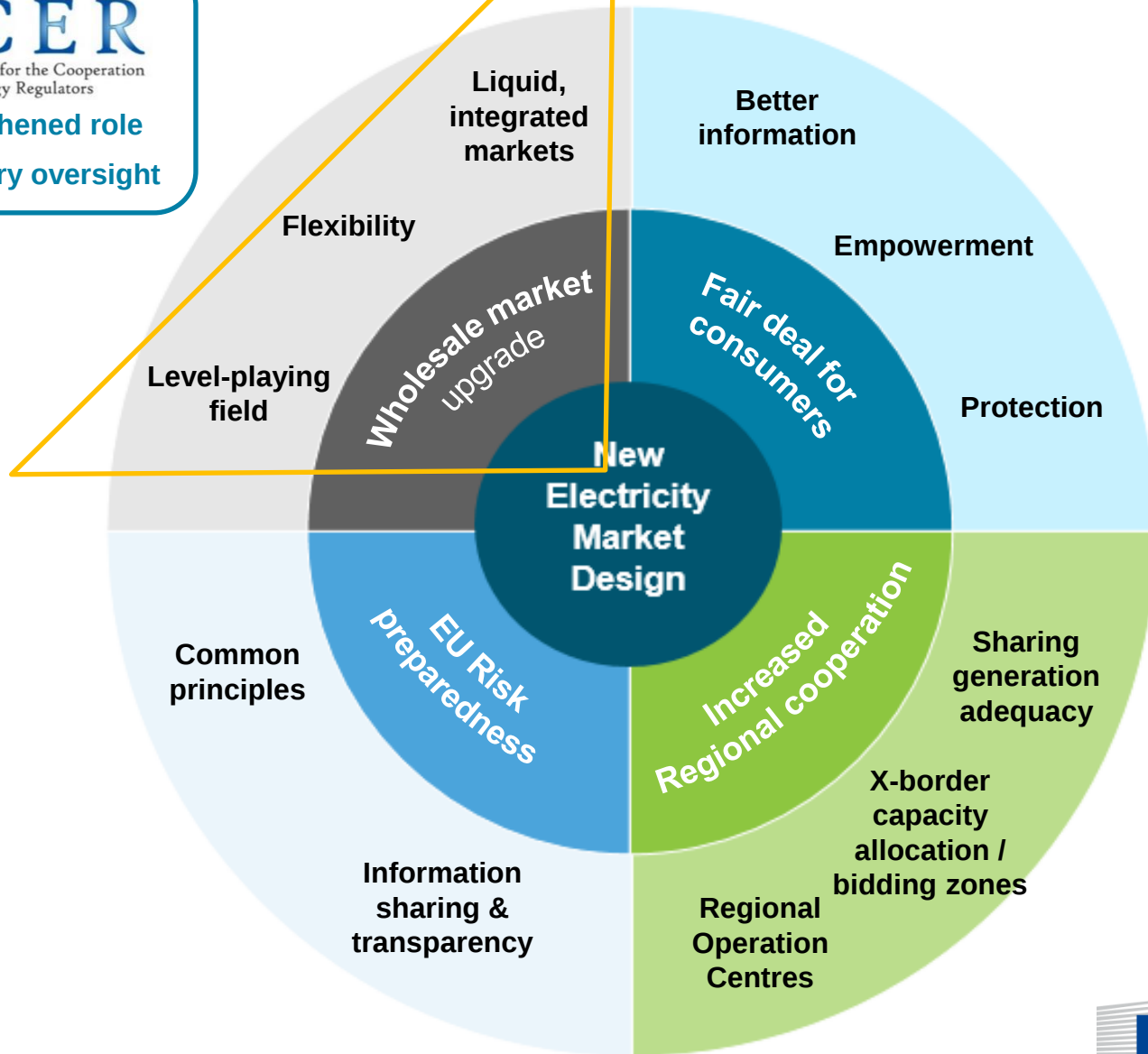


Pertaining questions

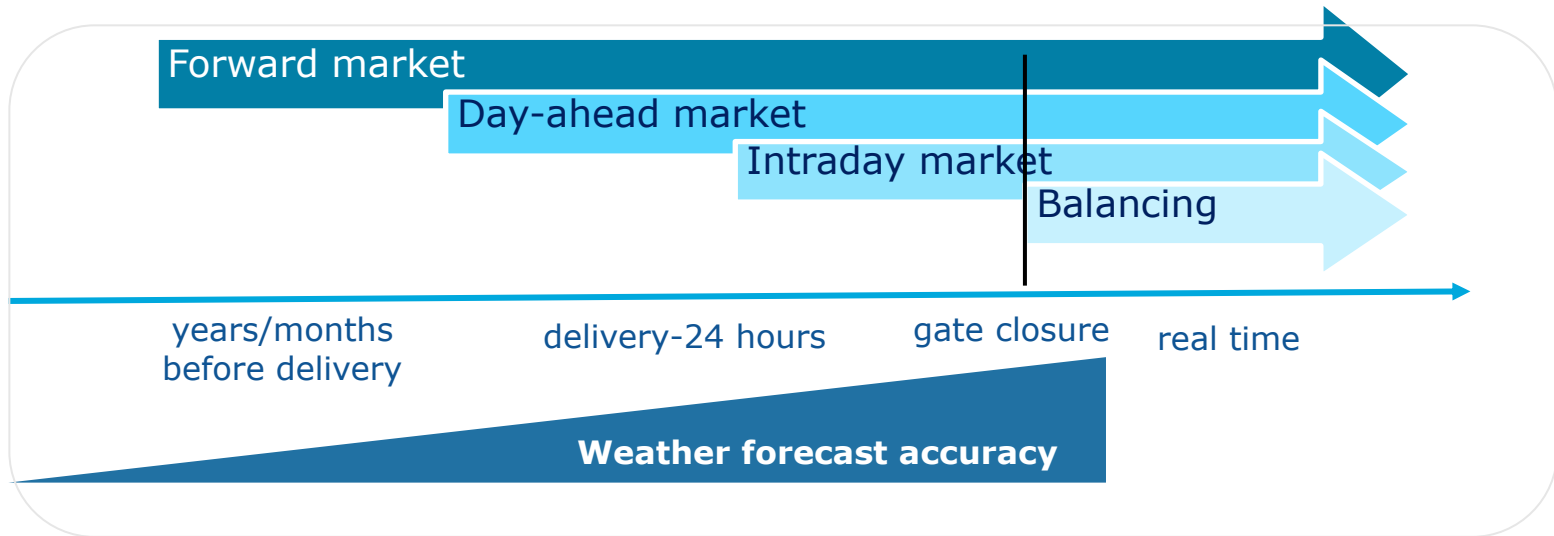
1. How well can we forecast future developments ?
2. Can we role out policies which are future-proof ?
3. Can existing power markets designs can be adapted to upcoming changes or whether an entirely new approach is required ?

We believe in adjusting the market rules for realistic time horizon

2. The regulatory framework - CEP



Making the market fit for Renewables



New in the regulation

- Full market access for Renewables and Demand Response
- Shorter term markets:
 - Gate Closure Time $\leq$ 1 hour before real time
 - Imbalance settlement period of 15 min

Benefits

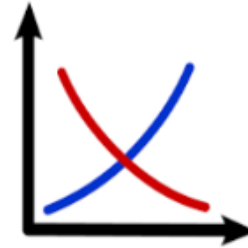
- Increased market flexibility and access, enabling renewables to become the backbone of our electricity system

Making Renewables fit for the market

Old: "produce and forget"



New: Market orientation



New in the regulation

- Phase out priority dispatch
- Phase in balancing responsibility
- Mandatory daily procurement for 30%-40% balancing products

**Derogations for existing installations and new small RES*

Benefits

- Eliminating market distortions for mature technologies...
- ...whilst ensuring feasibility of smaller RES installations
- Facilitate incorporation of RES and demand response in balancing markets

Oversight of capacity mechanisms

New in the regulation

- State-of-the-art resource adequacy assessment
- Adequacy concerns to be addressed by market reforms
- Design principles for CMs
- Rules for cross-border participation in CMs
- Emission limit for resources committed in CMs

Benefits

- Necessity of CMs to be based on real needs → reduction of costs
- Make sure CMs if introduced are least distortive
- Exclude polluting technologies from CMs → facilitate clean transition

Further considerations

Wholesale

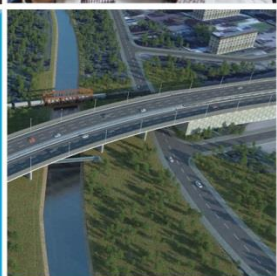
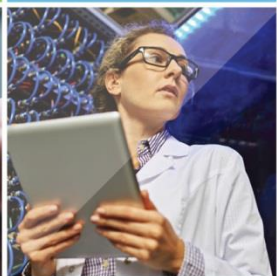
- Review of the zonal model
- Shortage pricing function
- Regulatory aspects of sector coupling (incl. change of energy carrier)

Retail

- Prosumers / consumer behaviour
- Demand side / storage



European
Commission



Thank you for your attention!