



Security of operations and market issues

-

two sides of a coin?

Oliver Koch, European Commission

This presentation reflects solely the views of the author

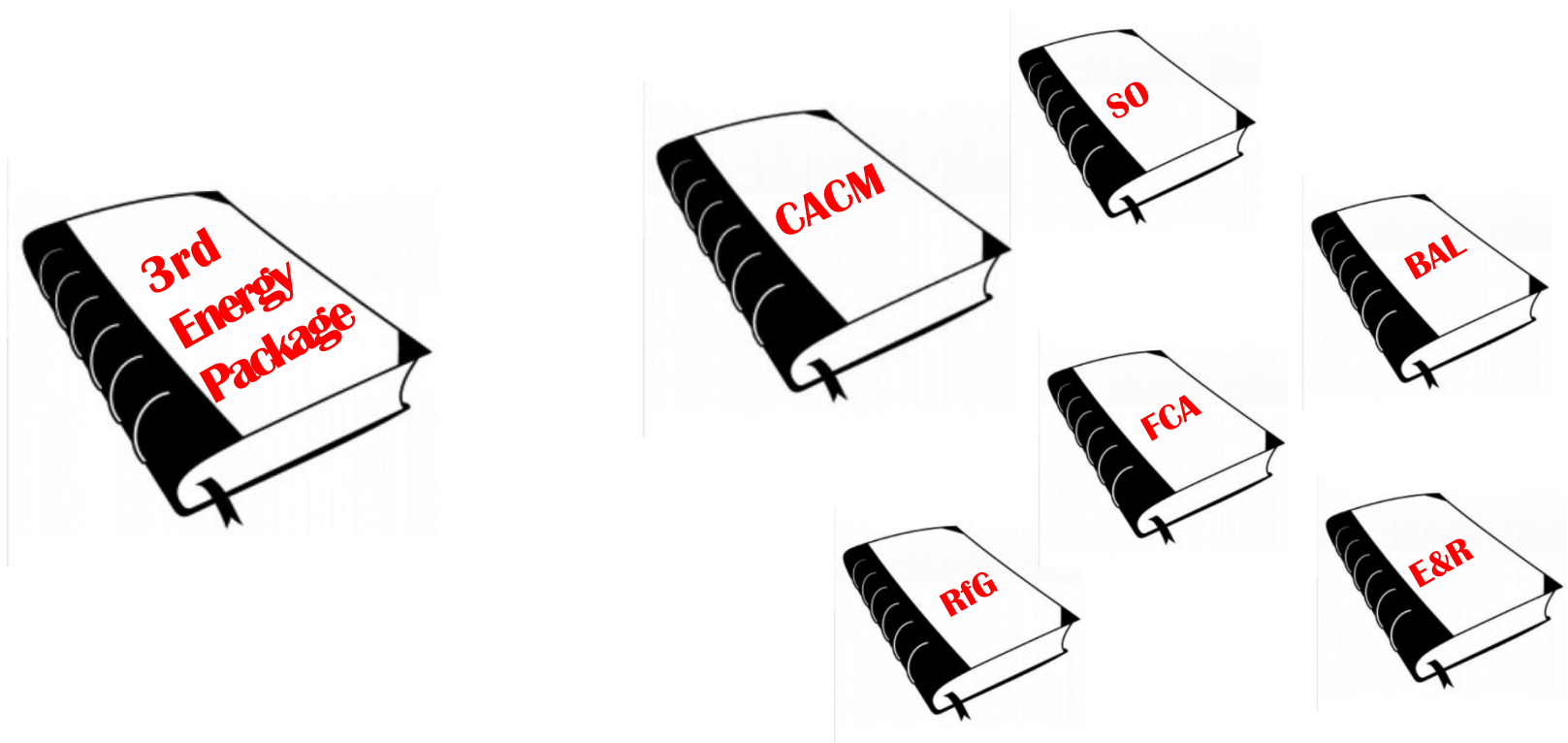
Internal Energy Market:

- 1. Competition instead of regulated monopolies***
- 2. Cross-border instead of national markets***

**Markets and integration
*can increase grid security:***

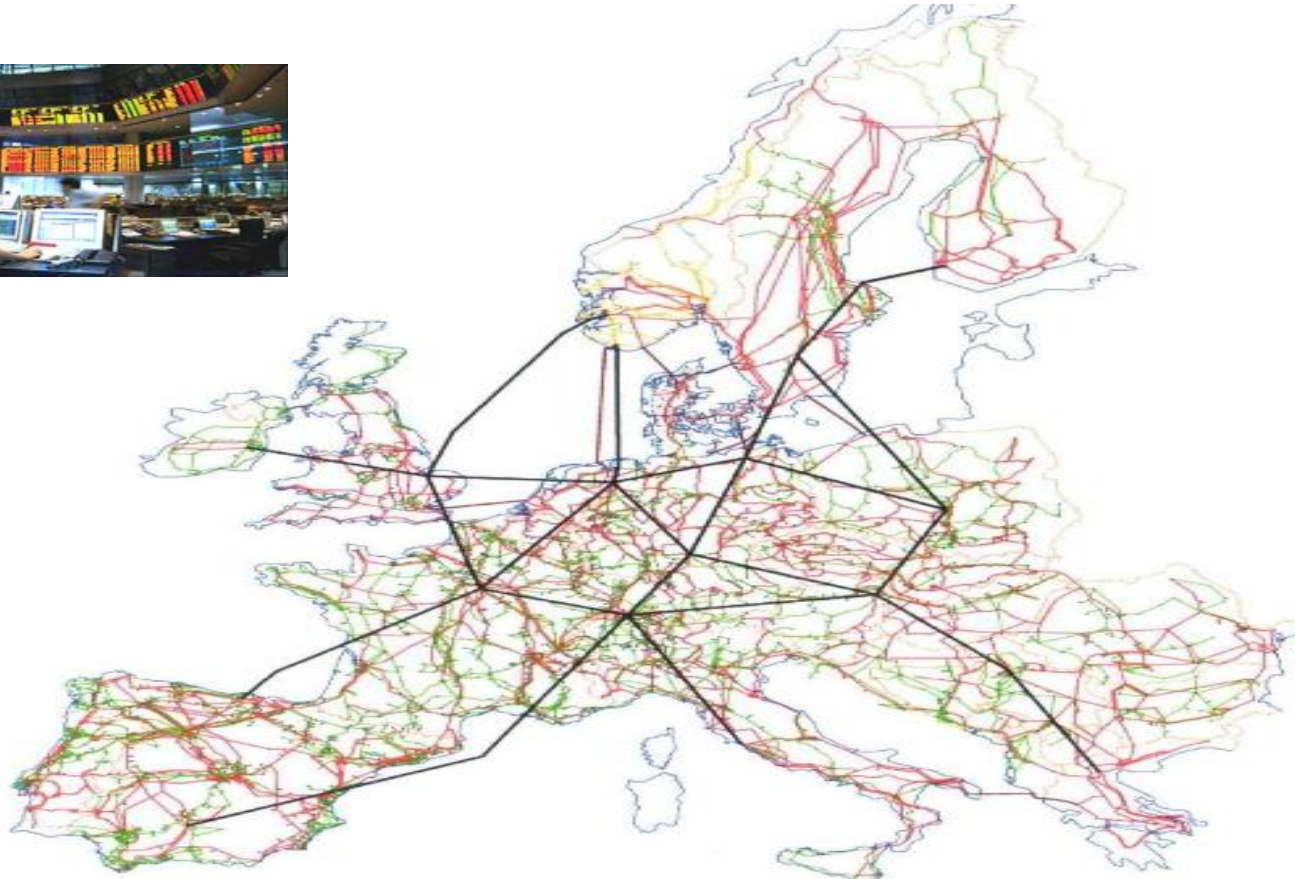
Example: Harmonisation of rules enhances security

*Concrete & binding application of 3rd Package rules =>
Electricity Trading and Grid Operation*



Shared Infrastructure & Market Coupling"

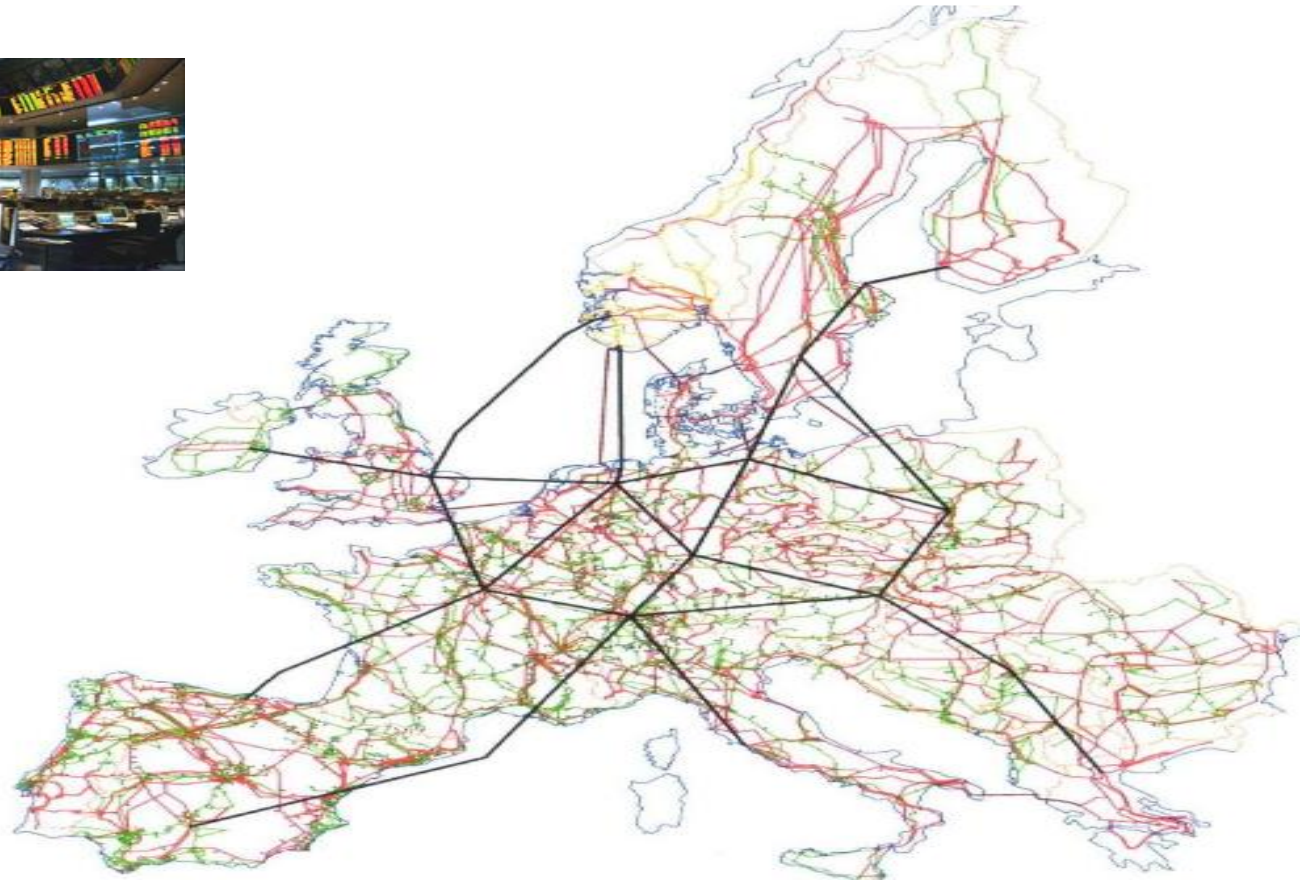
=> *Facilitates cross-border trade...*



**Market and integration
*may endanger grid security***

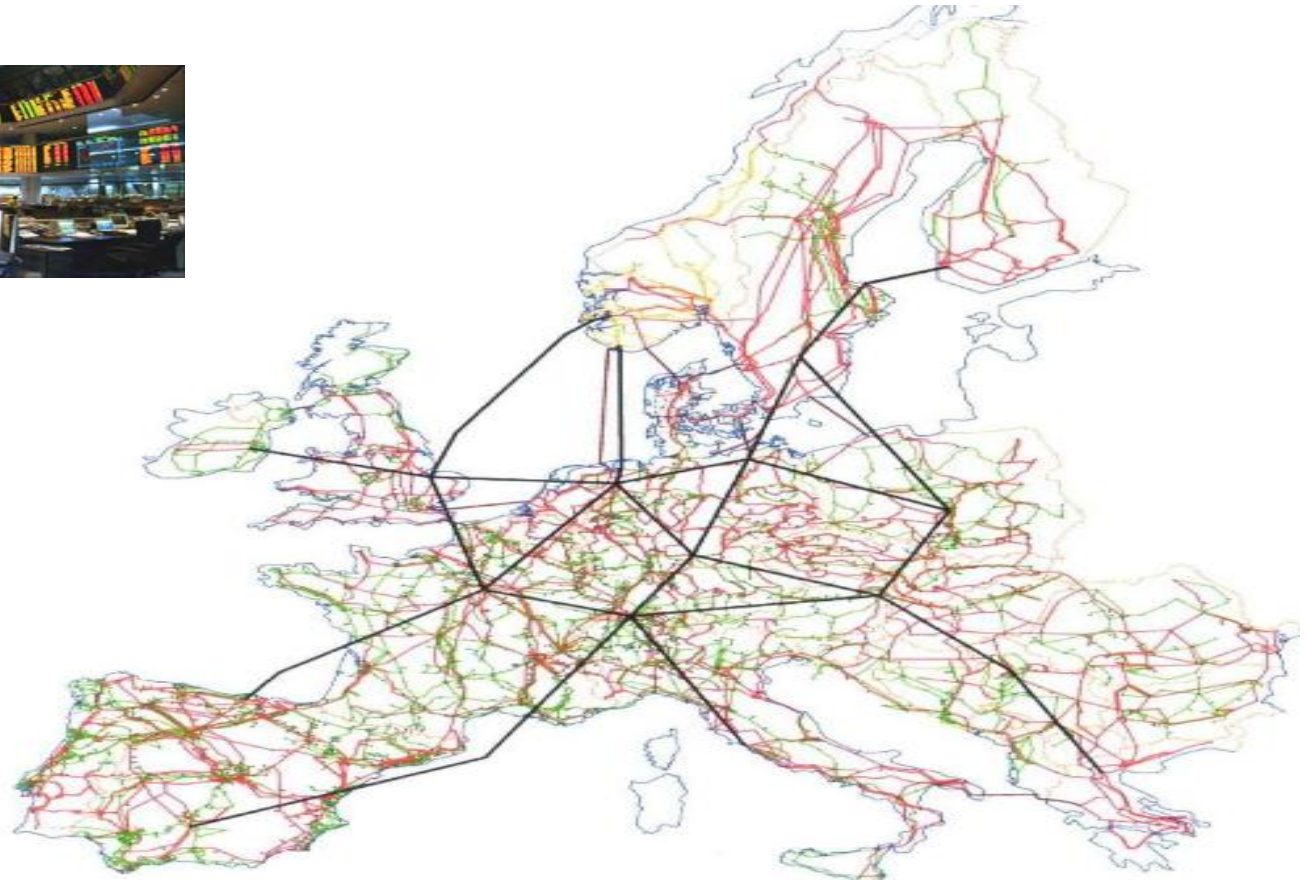
Shared Infrastructure & Market Coupling"

=> *Facilitates cross-border trade...*



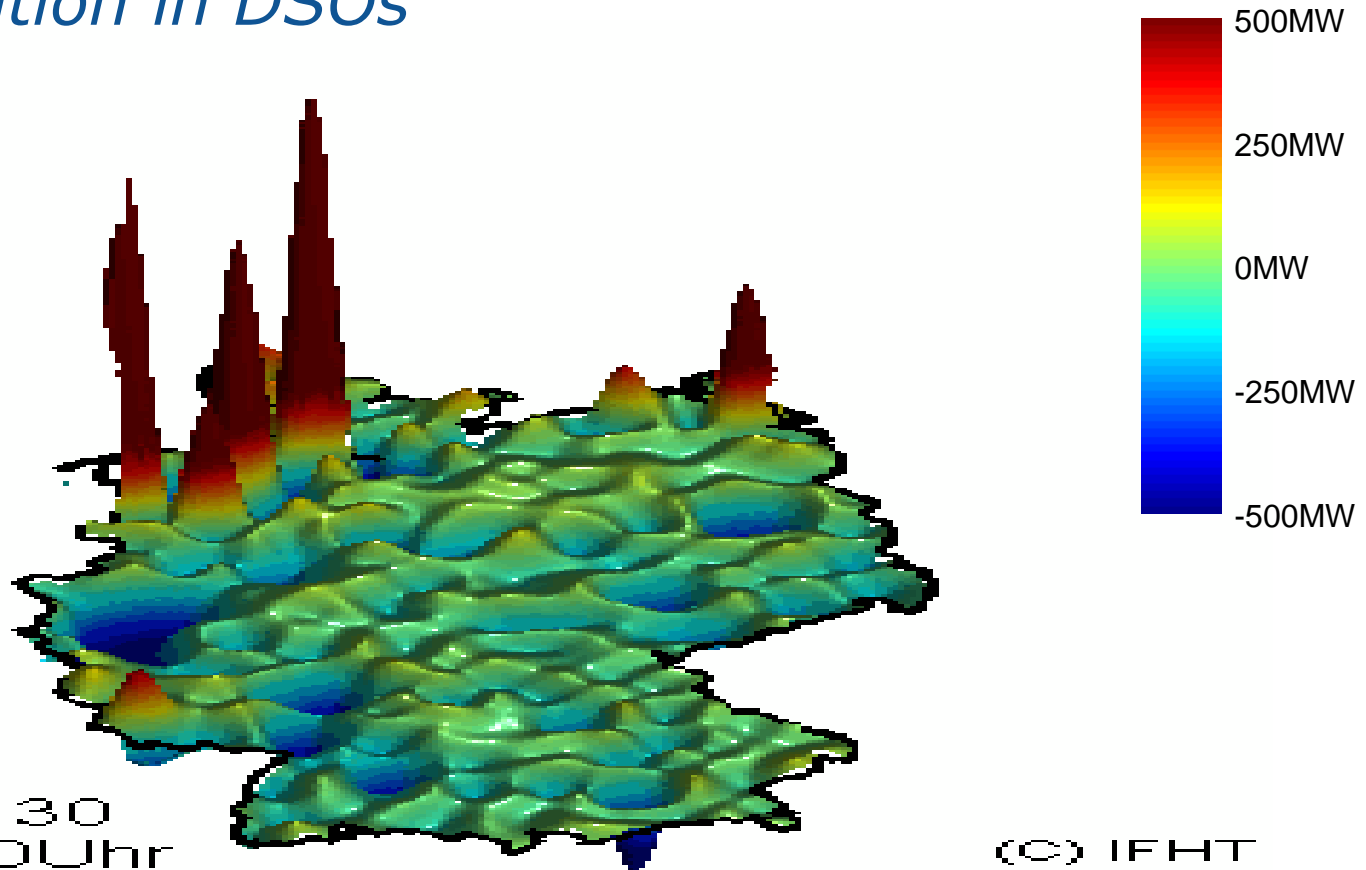
Shared Infrastructure & Market Coupling

*...but makes grid operation more complex
– more risky?*



New challenges for TSOs

- ⇒ *Cross-border short-term trading*
- ⇒ *Market-driven / volatile production*
- ⇒ *Uncapped/volatile instead of regulated prices (good or bad for security of supply?)*
- ⇒ *Generation in DSOs*
- ⇒ ...



TSOs:

***Specific responsibility for
grid security and security
of supply***

Task of Regulator:

Ensure fair grid access

Difficult decision:



***Justified security concern
- or market barrier?***

Market integration vs. security aspects

⇒ ***Introduction of short-term trading; long-term capacity reservations; "capacity hoarding"***

- *Argument: no security about deliveries; risk of non-delivery*

⇒ ***Unbundling – separation grid & supply***

- *Argument: Ownership of grids AND supply to guarantee investments*

⇒ ***Integration of Balancing Markets***

- *Argument: Balancing too relevant for security to integrate quickly*

⇒ ***Interconnectors: only by single national TSO***

- *Argument: Multiple interconnectors endanger grid security*

Market integration vs. security aspects

⇒ **Storage ownership for TSOs**

- *Argument: Storage/batteries/reserve plants needed for security*

⇒ **No mandatory Regional Security Coordinators**

- *Arguments: National TSOs know their grid best*

⇒ **Capacity calculation at borders: Annex 1.7; Svenska Kraftnät/Tennet; Art 14:**

- *Argument: Capacity reduction needed to maintain grid operation*

⇒ **Capacity Markets: National or European Adequacy Assessment?**

- *Argument: EU assessment cannot reach quality of national assessment*

Assessment of arguments of grid security/security of supply:

Difficult, but important...

⇒ How to improve regulatory decision-making in this field ?

- *More facts/expert-based approach?*
- *"SOS" thresholds ("75%")?*
- *Cross-border verification?*
- *...*



Thank you very much

Dr Oliver Koch
European Commission
DG Energy – Internal Market (B2)
Oliver.Koch@ec.europa.eu
+32 229 87302