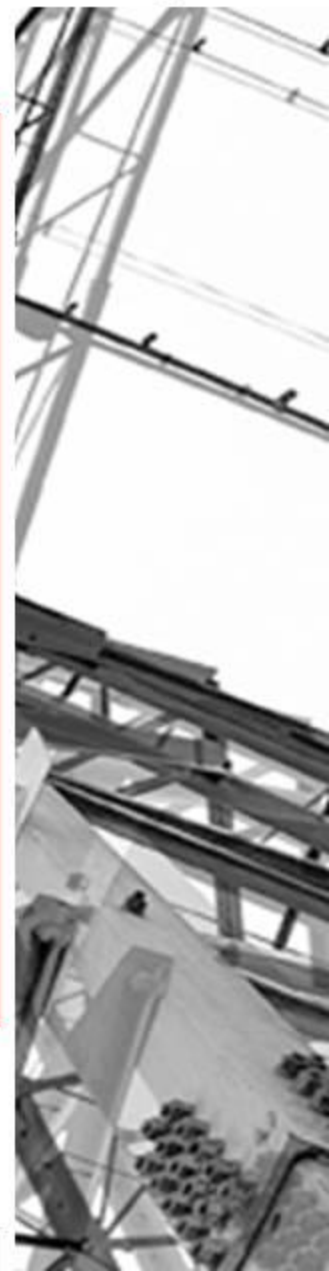


# **Market Development in CEE Region Prerequisite for the common EU Electricity Market**

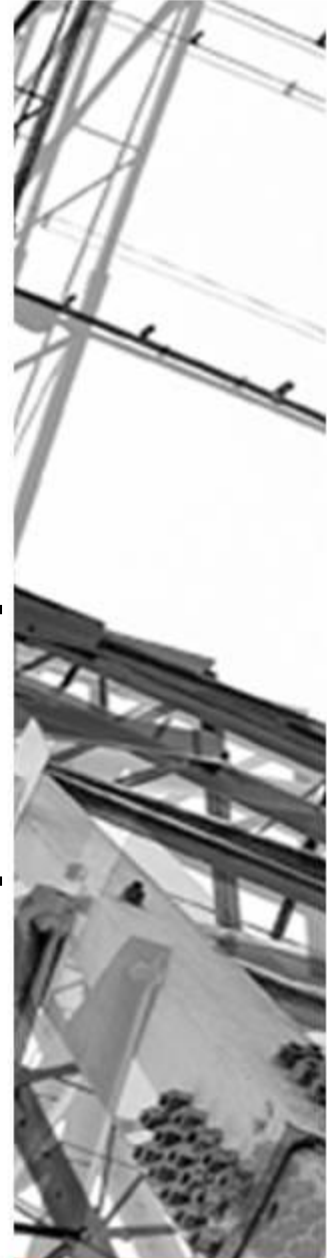
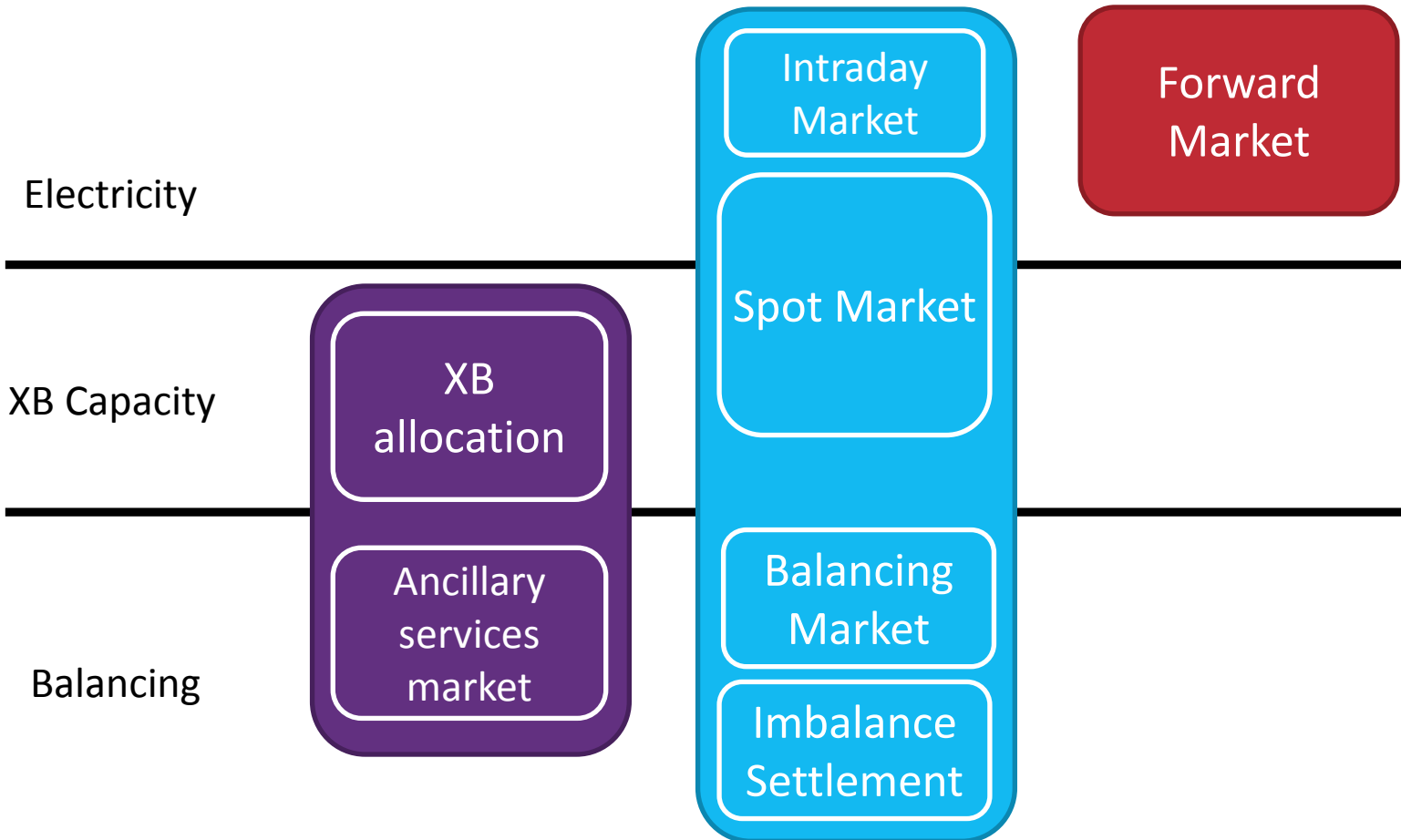
Jiří Strnad

International Relations and Trade Services Director

- Development of the Czech Electricity Market
- Current status in the CEE region
- EU activities



# Czech Electricity Market organization



# ČEPS position on the electricity market

- Transmission System Operator
  - Operation of the Transmission System
  - System Services
  - Ancillary Services Procurement
  - XB Capacity Calculation and Allocation
- Properly fulfills security and balancing requirements
- Well unbundled in accordance with EU law
- Actively participates in EU market integration
  - ENTSO-E Board and Market Committee members
  - Extensive WG contribution



# Important milestones

- 2000 Unbundled into an independent TSO
- 2001 Daily Market with Ancillary Services
- 2003 XB Y/M Capacity Auctions
- 2004 XB Daily Capacity Auctions
- 2006 5TSO coordinated XB Capacity Auctions
- 2006 ID capacity allocation
- 2009 Balancing Market
- 2009 Market Coupling CZ-SK

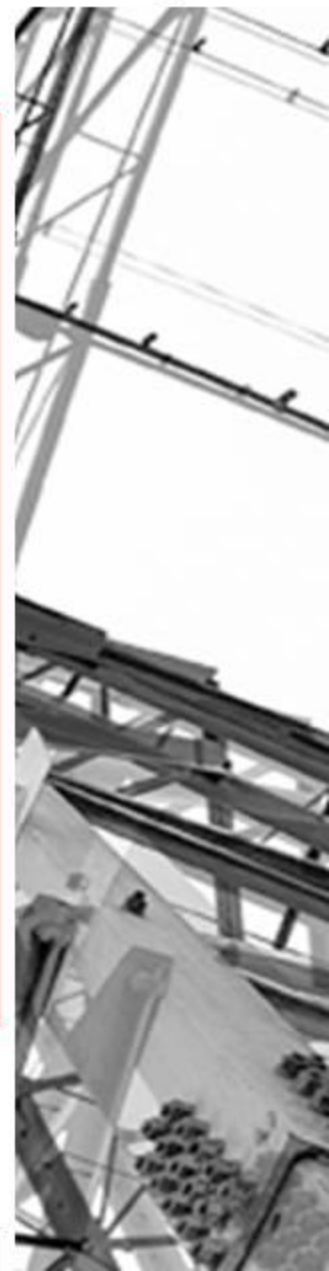


# Successful Projects

- Market Coupling of Spot Markets between CZ-SK
- Flow based XB Intraday Capacity Allocation
- Electronic and non-discriminatory Ancillary Services procurement
- All Ancillary Services are procured via market based mechanism
- Full transparency towards market
- Balancing Market close to real time



- Development of the Czech Electricity Market
- Current status in the CEE region
- EU activities



# Central Eastern Europe Region



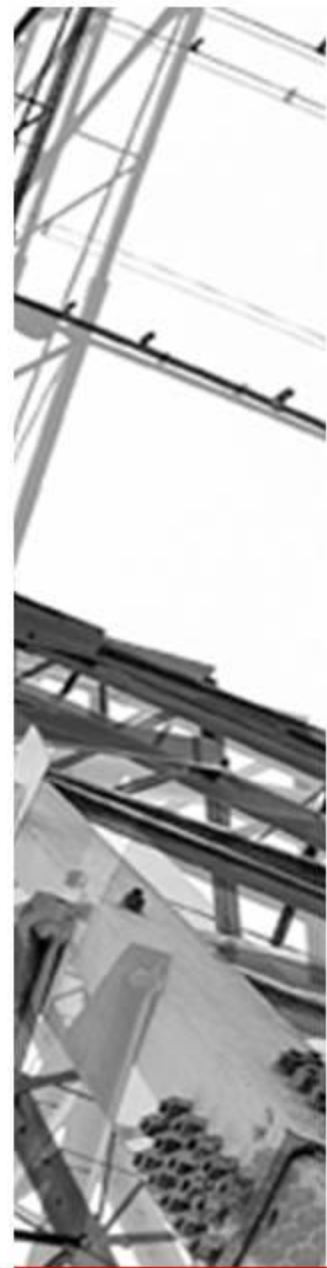
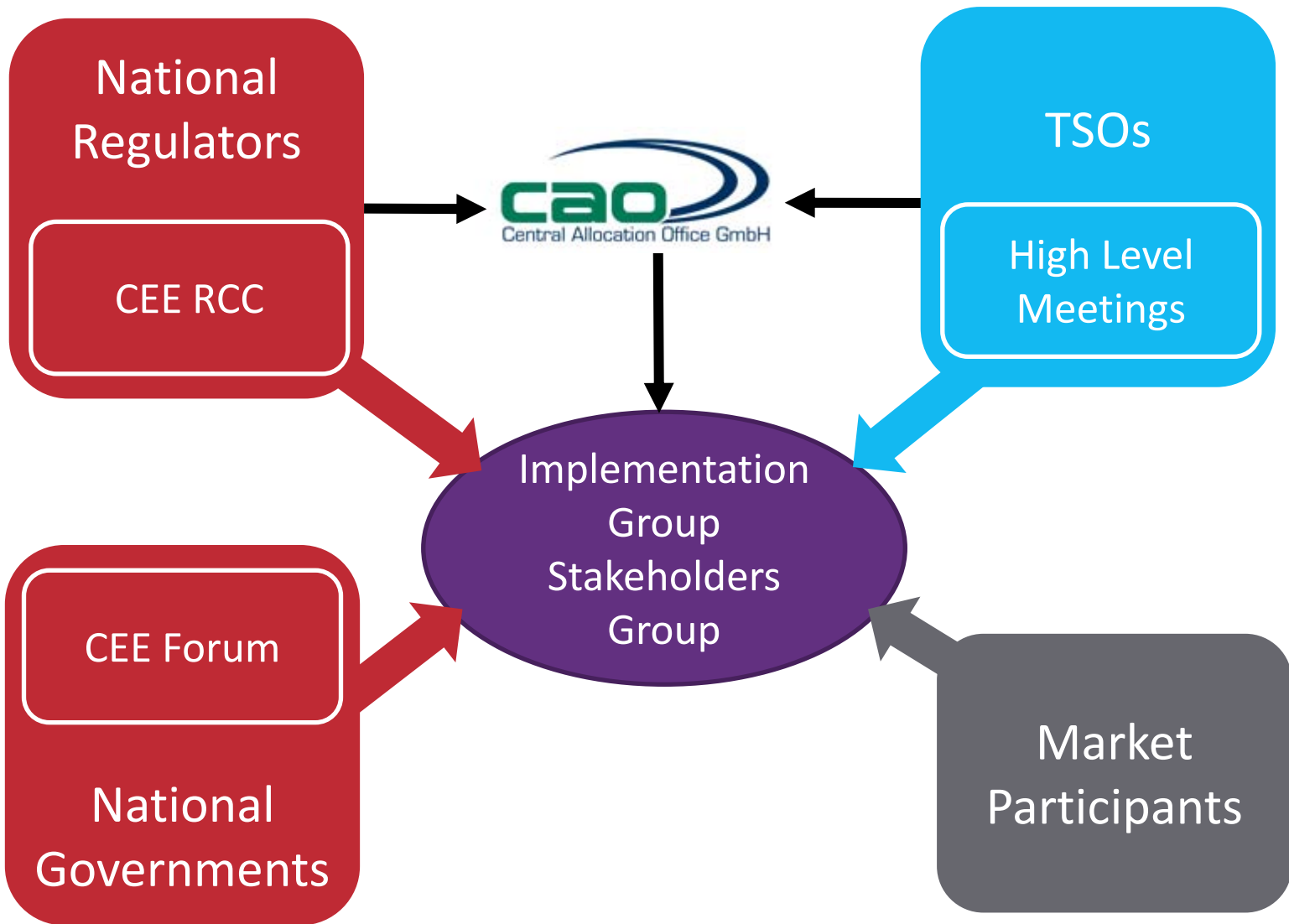


# Central Eastern Europe Region

- EU requires XB connection to be coordinated
- Guidelines on the management and allocation of available transfer capacity of interconnections between national systems (1228/2003/EC)
- Main duties of CEE regional coordination
  - Common transmission model dealing with physical flows
  - Harmonization of XB capacity allocation method
  - Identical timeframes and closing times
  - Identical obligations on capacity holders to provide information on their intended use of the capacity



# Organization of the Region





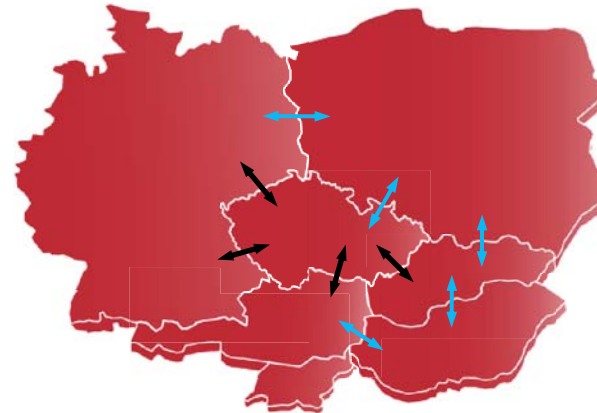
# New Scheduling process

- New system for nomination of capacity rights usage
  - Standardization of the method on all profiles
  - Precondition of Flow-Based implementation
  - Transition from 1:1 to M:N nomination
- 
- Tests running between TSOs and Traders
  - To be launched 1. 12. 2009



# Updated method of XB Intraday Capacity Allocation

- Along with the new Scheduling, the ID allocation was enhanced
- To be launched 1. 12. 2010
- Main Improvements
  - Immediate evaluation of bids
  - PSE-O profiles covered
  - MAVIR profiles to be added
- ČEPS acts as the ID Transmission Capacity Allocator for the CEE region
  - Manages majority of profiles
  - Runs IT system



- Development of the Czech Electricity Market
- Current status in the CEE region
- EU activities



# EU Legislative Framework

- Agency for the Cooperation of Energy Regulators (ACER)
- AHAG

Florence Forum 11/2008

Project Coordination Group (PCG)

Forward  
Market

Day Ahead  
Market

Intraday  
Market

Balancing

Capacity  
Calculation

Governance

Florence Forum 12/2009

Ad Hoc Advisory Group (AHAG)

Intraday  
Trada

Capacity  
Calculation

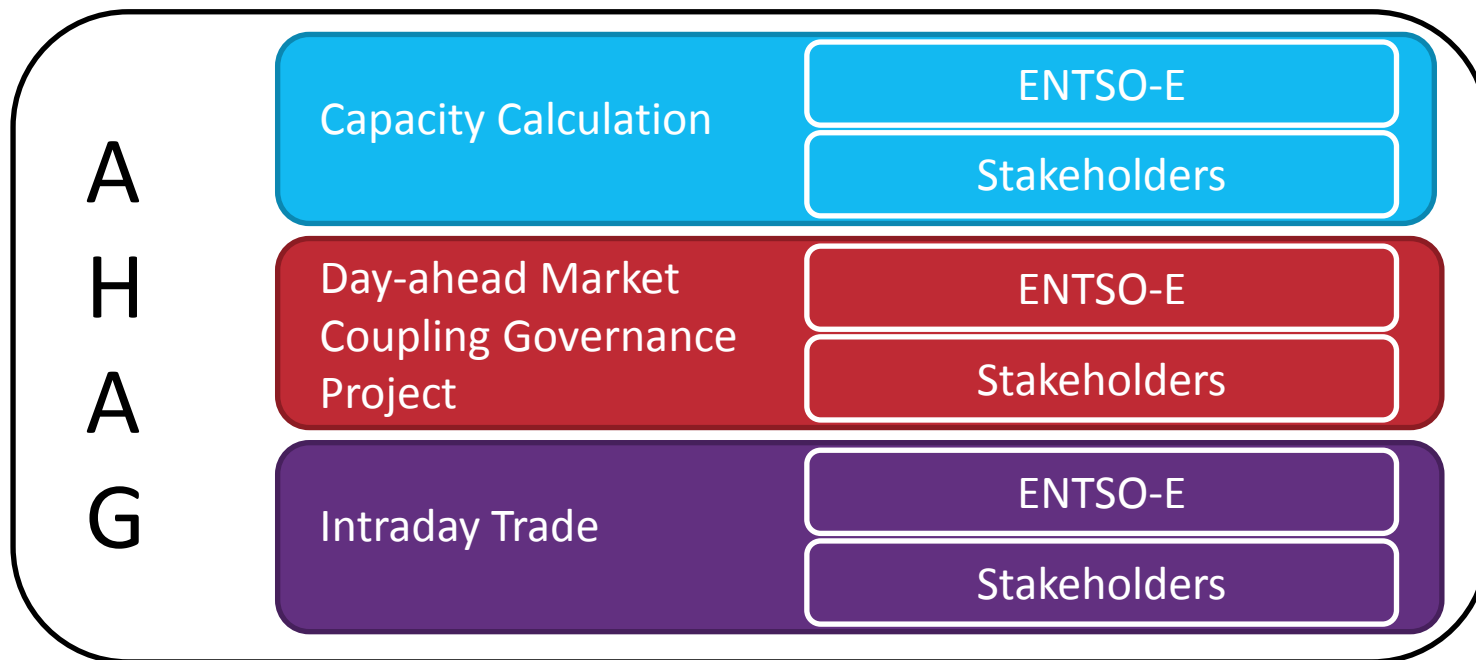
Governance Framework for Day-Ahead Market Coupling

Legislative framework of common market with electricity



# Ad Hoc Advisory Group (AHAG)

- Advisory body of ERGEG managed by ENTSO-E

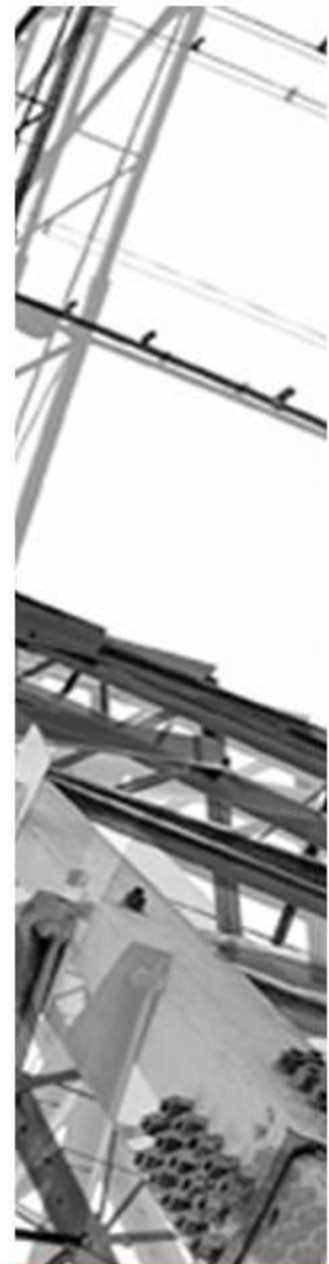


- AHAG outputs
  - Target models to be respected within Network Codes



# Capacity Calculation

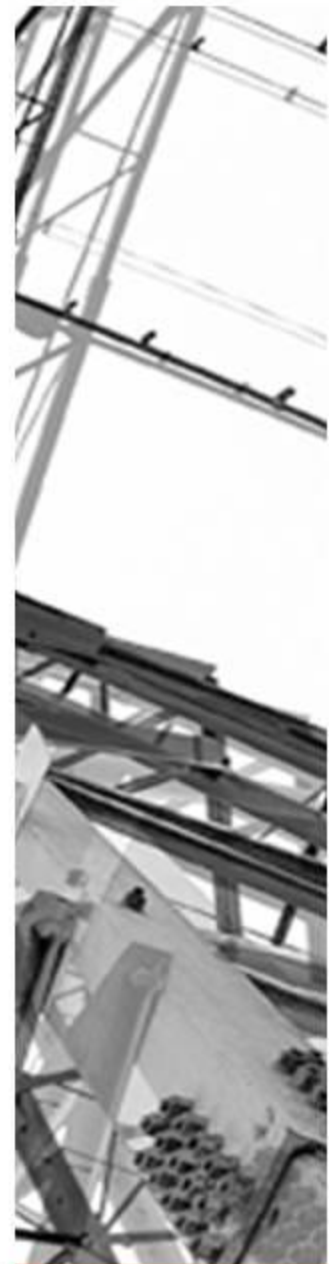
- Develop the appropriate coordinated processes, common information exchange and common infrastructure facilitating:
  - Coordinated methods for capacity calculation
  - Establishment of European-wide grid modelling processes (EU-CGM)
- Capacity evaluation and optimization for the different
- Establish appropriate mechanisms for sharing data used in the capacity calculation process





# Day-ahead Market Coupling Governance Project

- Design and implement an efficient day-ahead market coupling system
- Model with a balanced and efficient sharing of tasks between TSOs and Power exchanges and with an appropriate regulatory oversight.
- Deliver relevant input to the Framework Guidelines on capacity allocation and congestion management and Network Code development
- Assess the need and a scope of a possible governance guideline

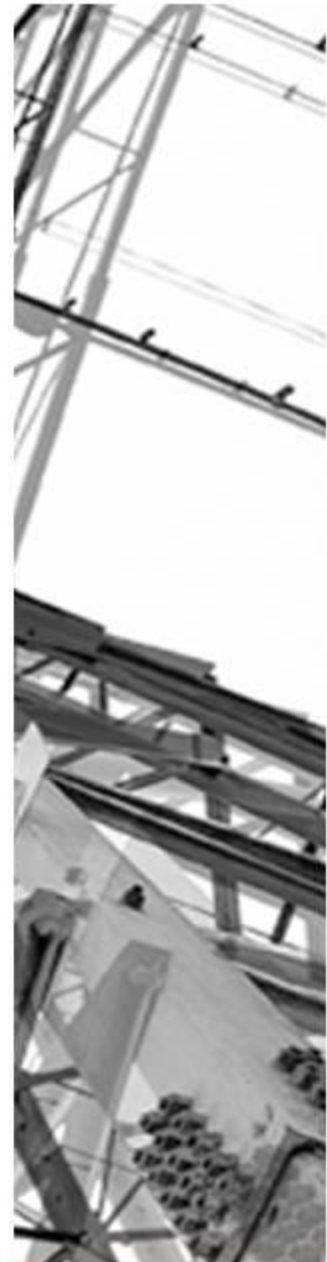
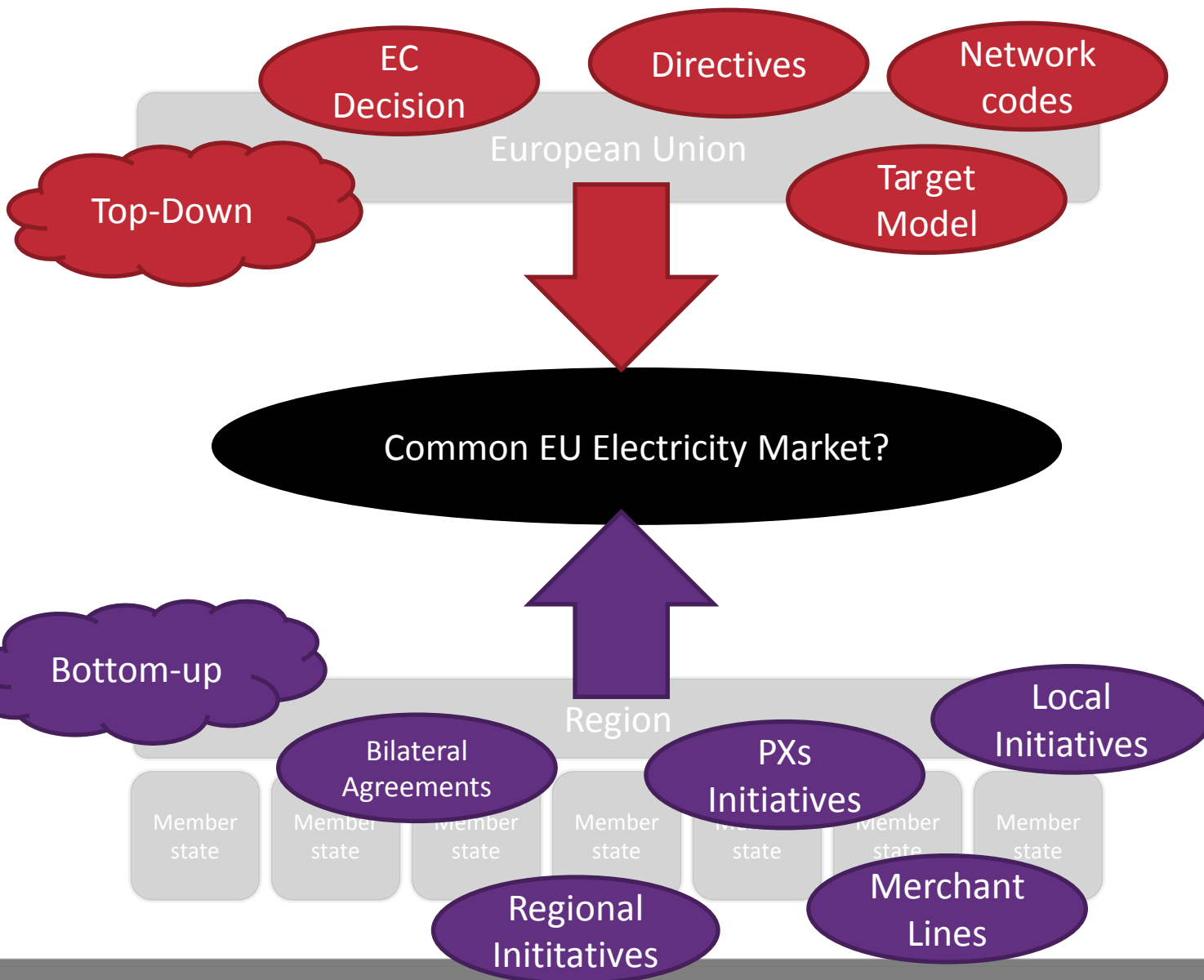


# AHAG Intraday

- Development of a target model for Intraday Market
- Regulation and Governance
- Market organization
- Outline of a roadmap for implementation of the target model including description of intermediate solutions



# Conclusion



# Well unbundled connectivity

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