

Workshop

European electricity market regulation: implementing past, present and future reforms

18 April 2024

Theatre - Badia Fiesolana, Via dei Roccettini 9 - San Domenico di Fiesole (Fiesole, Florence)

Scientific Organisers:

Leigh Hancher | European University Institute

Torbjørn Jevnaker | Fridtjof Nansen Institute

Introduction

Purpose: Showcase results from the research project “Implementing Network Codes” and get feedback to on going research; link up to discussions of ongoing/prospective discussions on the internal electricity market from perspectives of law, politics, and markets.

Target audience: TSOs, NRAs, ACER, CEER, EC, major stakeholders, academics, ministries.

Format: workshop of 20-30 participants attending in persons (remote participation may be facilitated). Draft version of short discussion notes circulated to participants in advance, and developed into policy briefs after event.

About the INC project

“Implementing Network Codes” (INC) is a collaborative and interdisciplinary research project focusing on the implementation of EU electricity market laws. Specifically, it examines the rulemaking process of market and system operation guidelines and their underlying terms and conditions or methodologies (TCMs) to analyse the impact on the integration of the European electricity market.

The 4-year project runs until 2024, and is funded by the Research Council of Norway, with co-funding from Norwegian stakeholders. It is led by the Fridtjof Nansen Institute, and an international team of scholars from political science, law and economics work in close collaboration with industry experts, user partners and other relevant stakeholders. Read more at www.fni.no/INC

The INC project examines:

- The regulatory framework for developing and adopting TCMs
- Actual processes of TCM development and adoption
- Whether TCMs lead to converging or diverse rules for the European electricity market(s)
- Legal and political contestation related to TCMs
- Legal and democratic accountability of TCM processes in practice
- Impact on electricity trade and subsequent policy reform

Researchers: Fridtjof Nansen Institute, Florence School of Regulation, University of Oslo, University of Göttingen, Osnabrück University, DNV, Thema Consulting Group, Utrecht University, University of Konstanz, Comillas Pontifical University

Stakeholder partners: Renewables Norway, Statkraft, Statnett, Ministry of Energy, Elvia, Hafslund E-CO Vannkraft, Skagerak Kraft, Nord Pool

Programme

18 April

09:00-09:30 *Coffee & tea*

09:30-09:40 **Introductory remarks**

09:40-10:55 **Session 1: Applying and enforcing the TCMs**

Speakers:

Maria Barroso Gomes | Agency for the Cooperation of Energy Regulators

Mari Holen Christensen | The Norwegian Energy Regulatory Authority

Julian Hentschel | THEMA

Fokke Elskamp | European Network of Transmission System Operators for Electricity, TenneT

Chair:

Leigh Hancher | European University Institute

The session will focus on what happens after TCM adoption by ACER, or agreement among NRAs in a region, including TCM adoption via individual decisions by each NRA, and the process for adopting TCMs within the EEA EFTA countries. The session will also showcase examples from regional cooperation in the Nordic and Core regions, as well as from the European level.

The session will have a short presentation of a discussion note by a researcher in the INC project, with reactions from a panel of invited speakers. Thereafter a conversation based on a set of prepared questions:

1. What is the process for incorporating/preparing TCM implementation in your country?
2. What are the approaches to regional/European cooperation among TSOs/NEMOs on applying the TCMs, and among NRAs on monitoring and enforcing the TCMs?
3. What impact of the following on TCM implementation? a) iterative TCM amendment processes; b) the energy crisis?

10:55-11:15 *Break*

11:15-12:30 **Session 2: After EMR: what next for network codes and TCMs?**

Speakers:

Oliver Koch | European Commission

Camilla Berg | Nord Pool

Fabio Genoese | European Network of Transmission System Operators for Electricity

Torsten Knop | EU.DSO Entity

Chair:

Torbjørn Jevnaker | Fridtjof Nansen Institute

A major development that emerged from the previous legislative reform (Clean Energy Package) was the code on demand response and a new European DSO entity. The ongoing electricity market reform (EMR) could also have implications for prospective work on network codes and guidelines (re-starting CACM revision), and the terms, conditions and methodologies (TCMs). What can we expect from these processes in the aftermath of EMR adoption? Given the EU's 2050 climate ambitions, the electricity sector would need to decarbonize by 2040. How might this affect the processes for developing new, and revising existing, network codes, guidelines and TCMs?

The session will have a short presentation of a discussion note by a researcher in the INC project, with reactions from a panel of invited speakers. Thereafter a conversation based on a set of prepared questions:

1. What experiences have been made with the new codes and the governance of NC/GL/TCM procedures under the Clean Energy Package?
2. What impact will the EMR have on guideline revision, including a relaunched reform of the CACM guideline?
3. How could a future electricity market reform build upon or change the existing regulatory approach of NC/GL/TCMs?

12:30-13:30 *Lunch*

13:30-14:45 **Session 3: An offshore market design: How seaworthy are network codes and TCMs?**

Speakers:

Ceciel Nieuwenhout | University of Groningen

Charles Esser | Council of European Energy Regulators

Hakan Ergun | KU Lueven/Energy Ville

François Beaudé | Agency for the Cooperation of Energy Regulators

Chair:

Catherine Banet | Fridtjof Nansen Institute & University of Oslo

In principle, the EU electricity market regulation, including subsidiary rules like network codes, guidelines and TCMs would apply also to an offshore electricity market. However, the further development of interconnected offshore grid solutions could create needs for regulatory adjustment and supplementary rules, as seen with the discussion on offshore bidding zones and transmission access guarantee in the ongoing EMD negotiations. The regulation of an interconnected offshore electricity grid should be seen as an integral part of the discussion on reform of the electricity market design in the next EU electoral cycle. This session will discuss the regulation of electricity market with offshore energy production and interconnected grid systems, focusing on the application of NC/GL/TCMs offshore. The discussion could take the North Sea basin as a case study, where there is collaboration with the UK and Norway. The session will focus on the following questions:

1. What is the extent of the jurisdiction of EU energy market law at sea behind the baseline and out to the exclusive economic?
2. Which network codes and guidelines will be the most important ones for offshore wind developments with interconnected grid solutions?
3. Will there be a need for adaptation of existing network codes, guidelines of TCMs? And a need for supplementary rules in the form of new network codes?

14:45-15:05 *Break*

15:05-16:20

Session 4: Evolving role of ACER through crises and transition

Speakers:

Jérôme Le Page | Energy Traders Europe

Carlo Tovo | Court of Justice of the European Union

Christian Baer | Association of European Energy Exchanges, EUROPEX

Marco Pasquadibisceglie | Italian Regulatory Authority for Energy, Networks and Environment

Chair:

Eva Ruffing | Osnabrück University

The session will focus on the changes over time as regards to the role of ACER – formally and informally – within and beyond the regulation of the EU electricity market. While several tasks have been placed at regional and European levels, enforcement remains very much in national hands. The session could discuss whether more cooperation at regional and European level might be needed, e.g., moving beyond monitoring, capacity-building, and identification of best practices. Enhancing regulatory cooperation at EU level, including via ACER, also raises the issue of participation of non-EU NRAs as well as issues of accountability and subsidiarity. The session will discuss the role of ACER through the energy crisis and linking up with the energy transition agenda, and look ahead towards a potential new round of reform of the electricity market design in the next electoral cycle in the EU (2024-2029).

The session will have a short presentation of a discussion note on the role of ACER by a researcher in the INC project, with reactions from a panel of invited speakers. Thereafter a conversation based on a set of prepared questions:

1. What are the implications for the role of ACER that energy markets and energy transition is being coordinated more in EU policy?
2. How could existing arrangements for regulatory cooperation at EU level be improved to support the energy transition?

16:20-16:30

Final remarks