

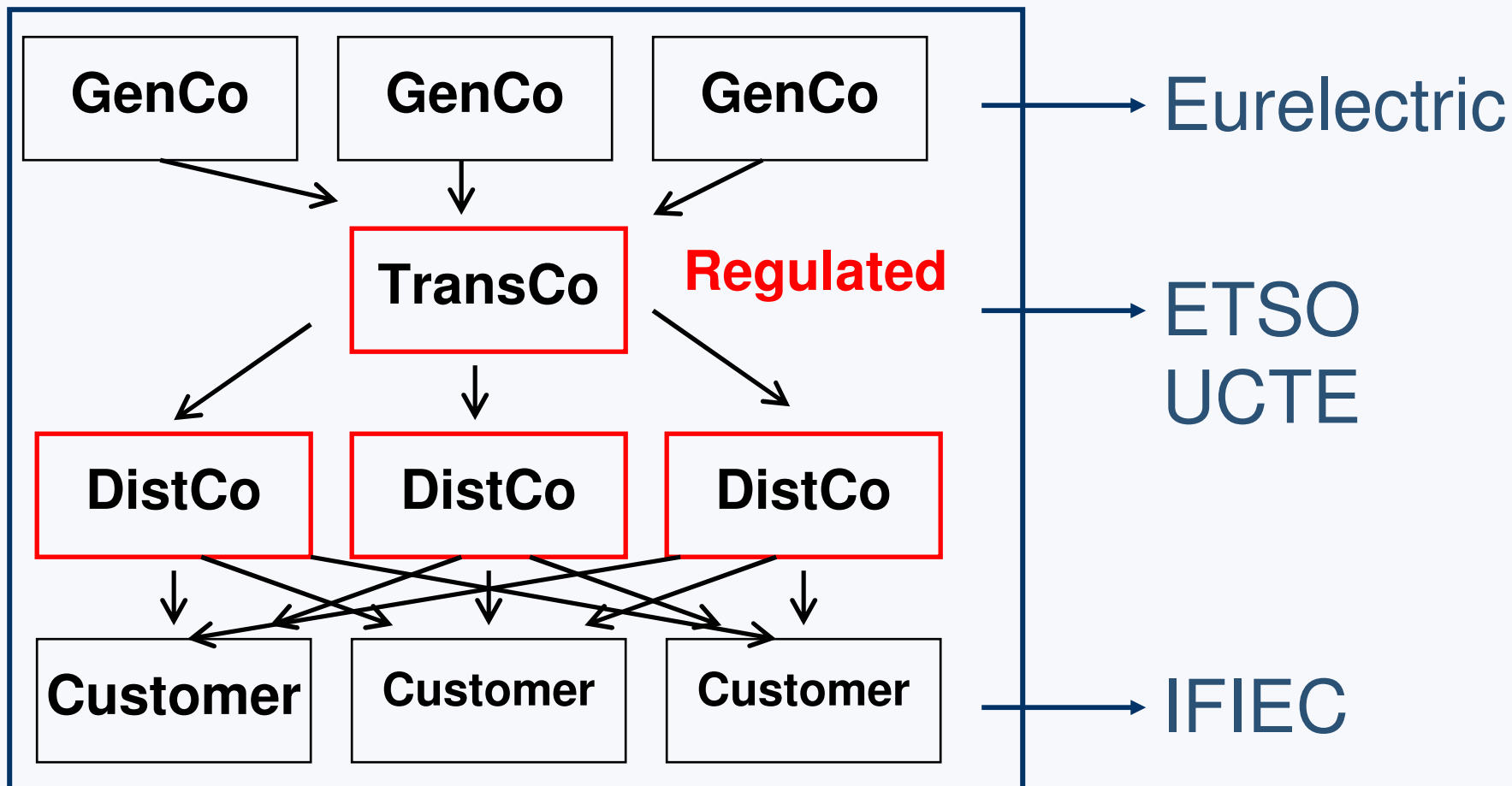
WP4

Regulatory and Market Framework of Energy Markets

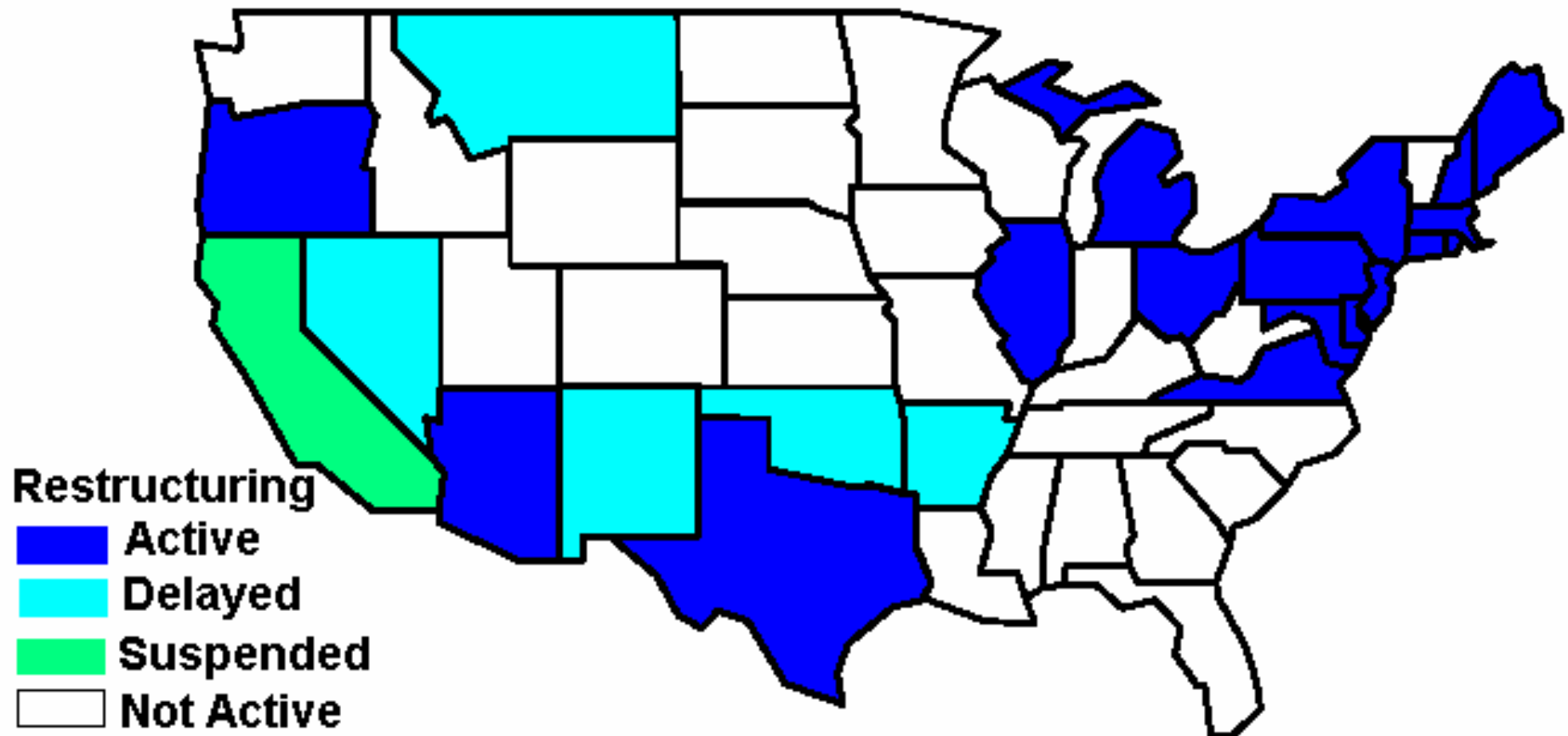
R.Belmans – J.Driesen

- Analysis of the current legislation and regulation of the liberalised market, the directives on renewables and CHP, and on emission trading
- Specification of “boundary conditions” and “guidelines” for proper functioning of future energy markets

DG-TREN



- No federal legislation



Info source: EIA 2003

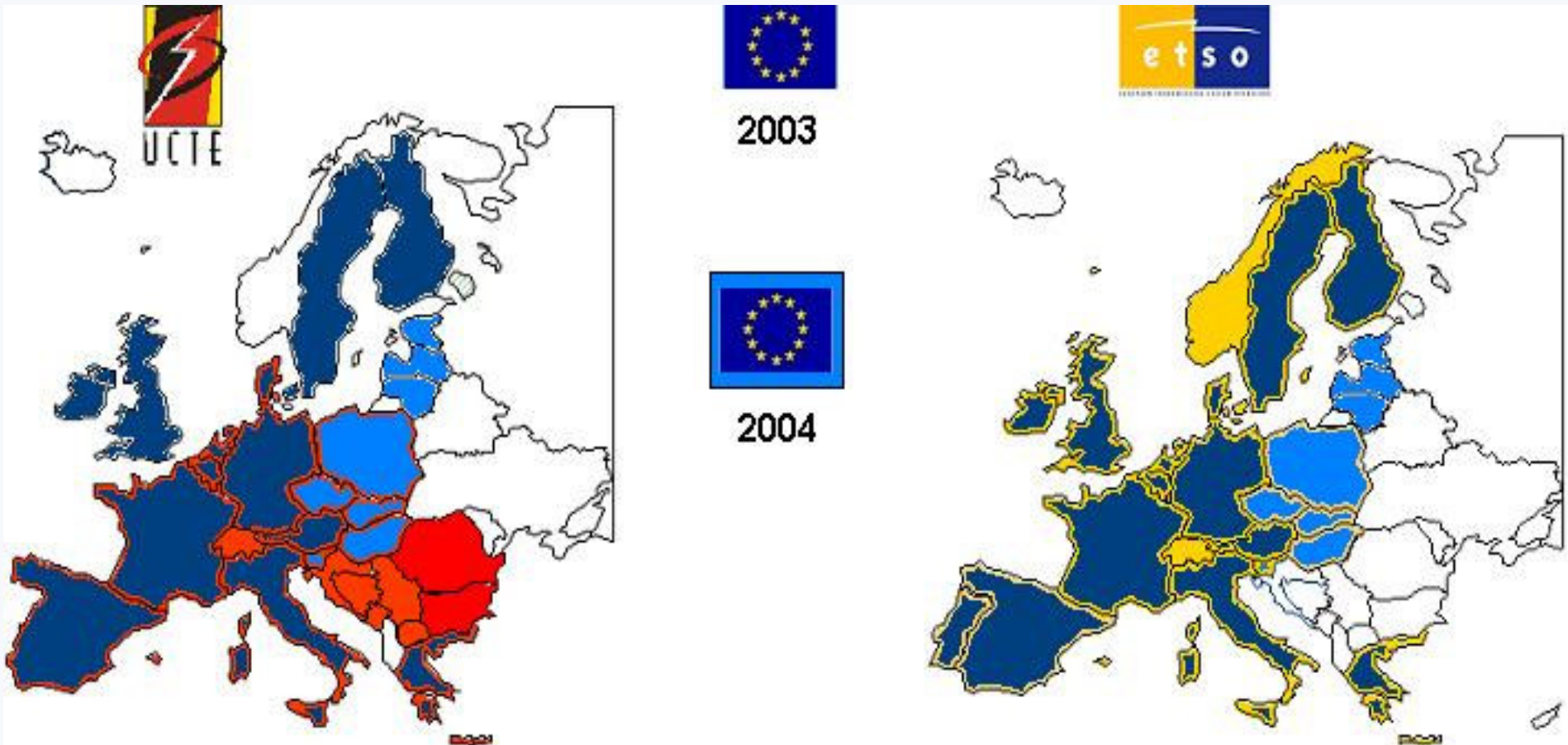
“Keeping the lights on in the synchronous area”

“Let the market happen”



European Associations Directives of the EU

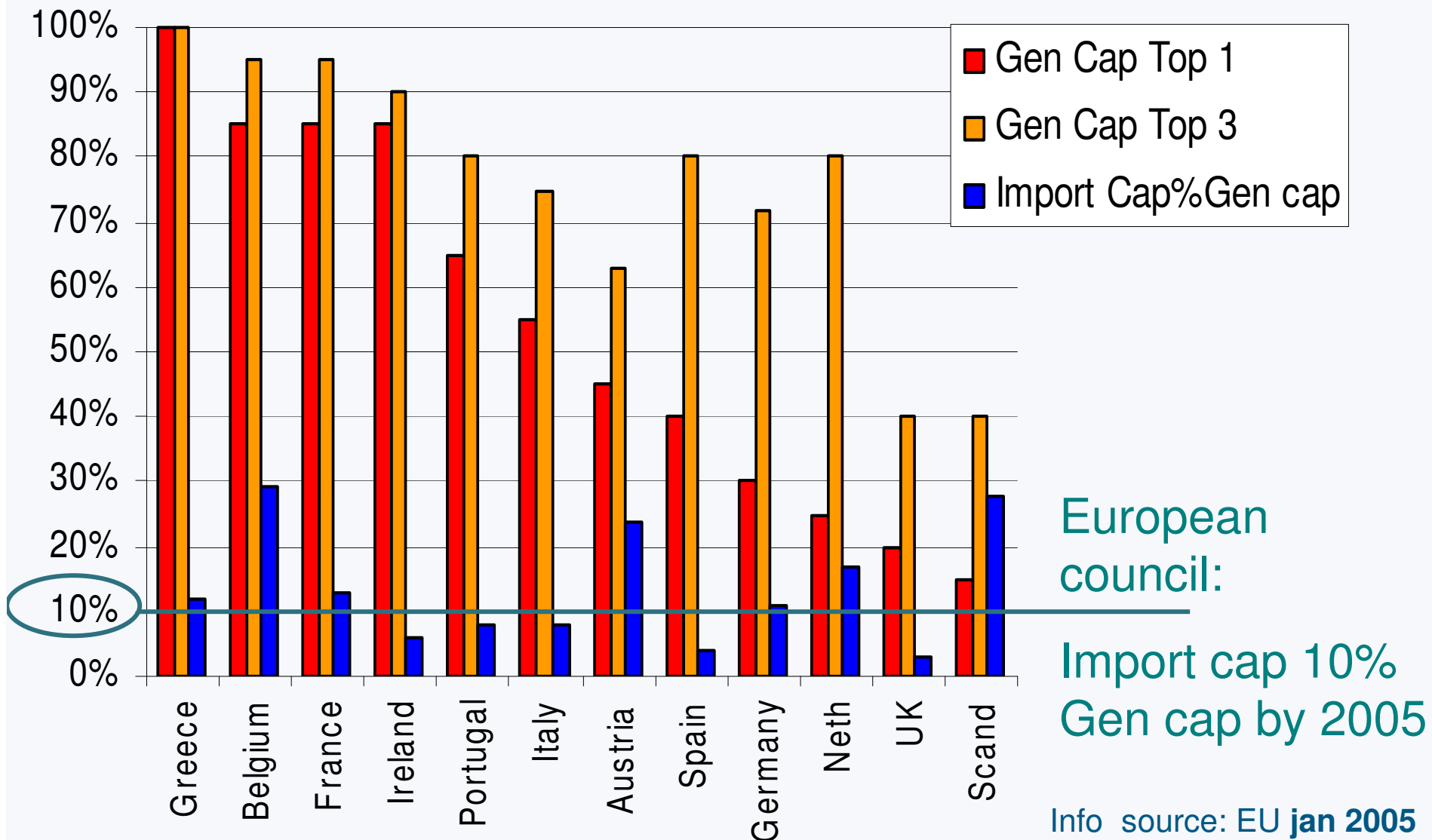
“Competitive but reliable internal market”



- First Directive 96/92/EC
 - A lot of freedom and long term deadlines
- Second Directive 2003/54/EC
 - Less freedom and shorter deadlines
- Not sufficient!

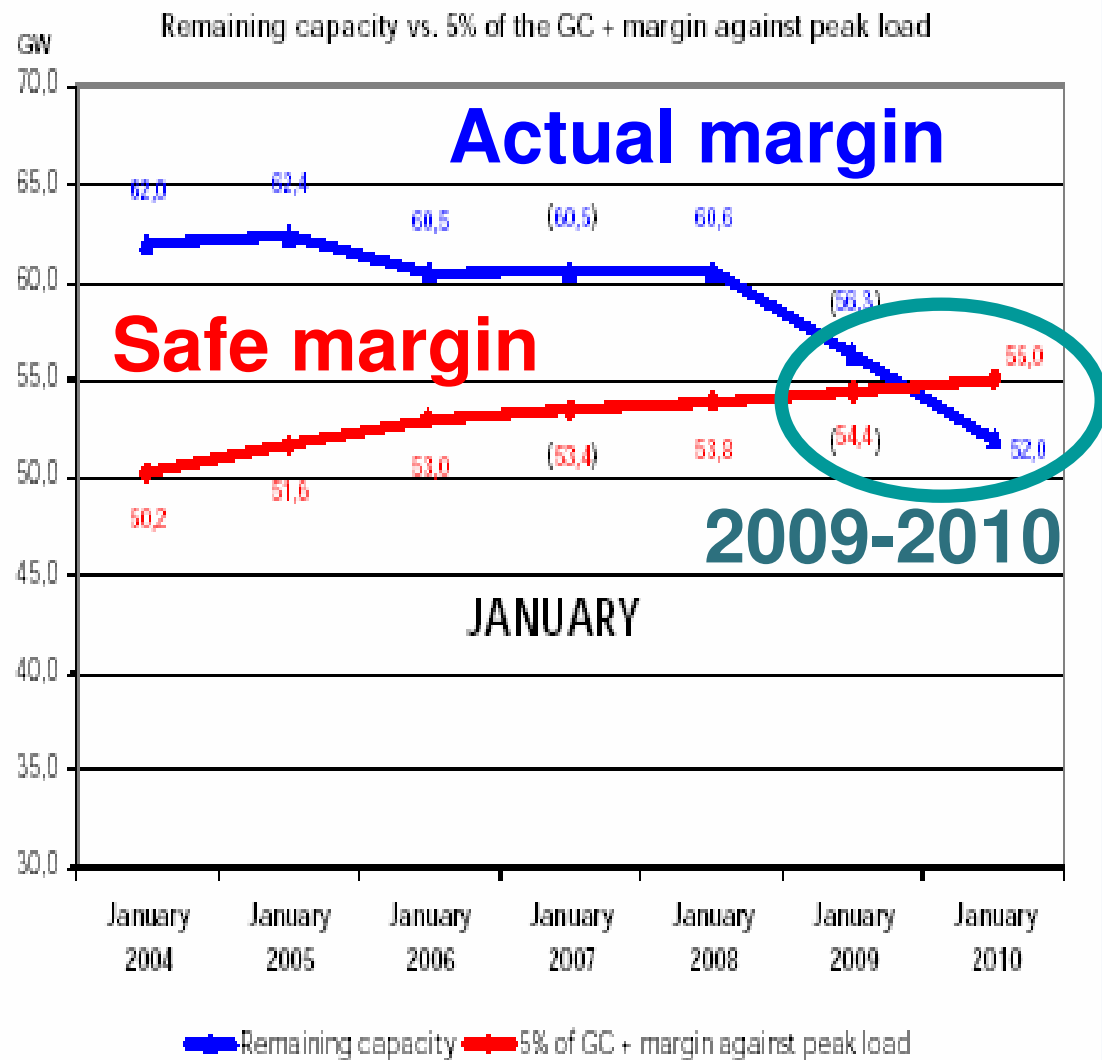
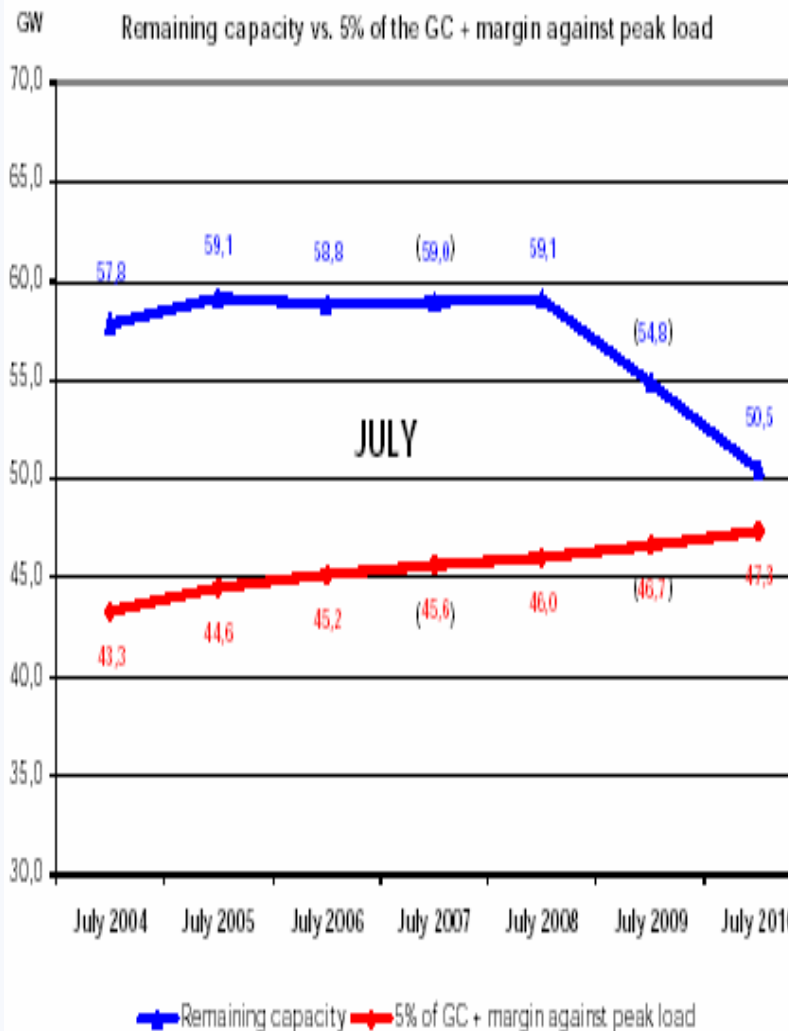
Reality show

Market opening (100% by 2007)



Reality show

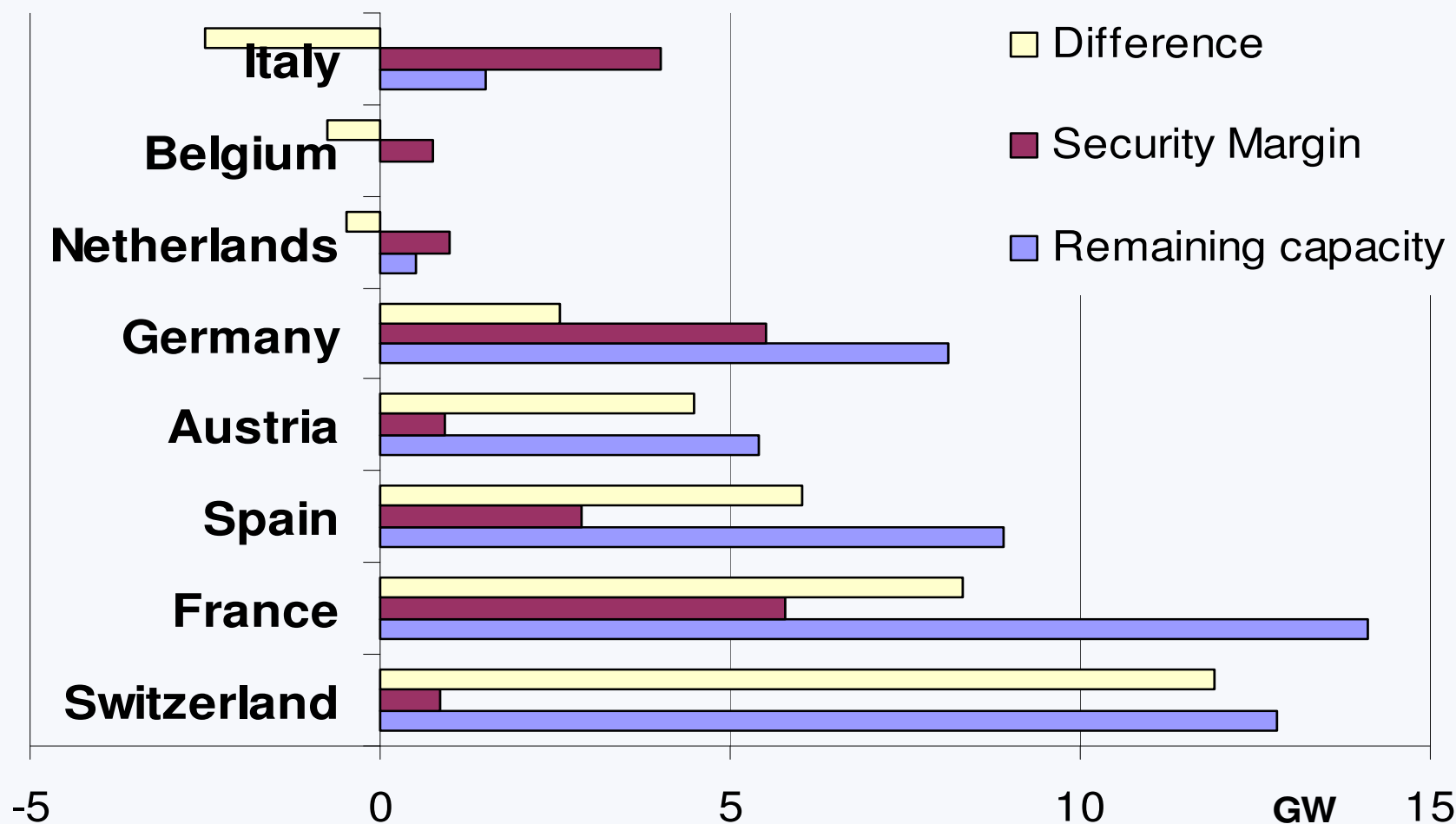
UCTE system adequacy forecast



Reality show

Security of supply

Present situation

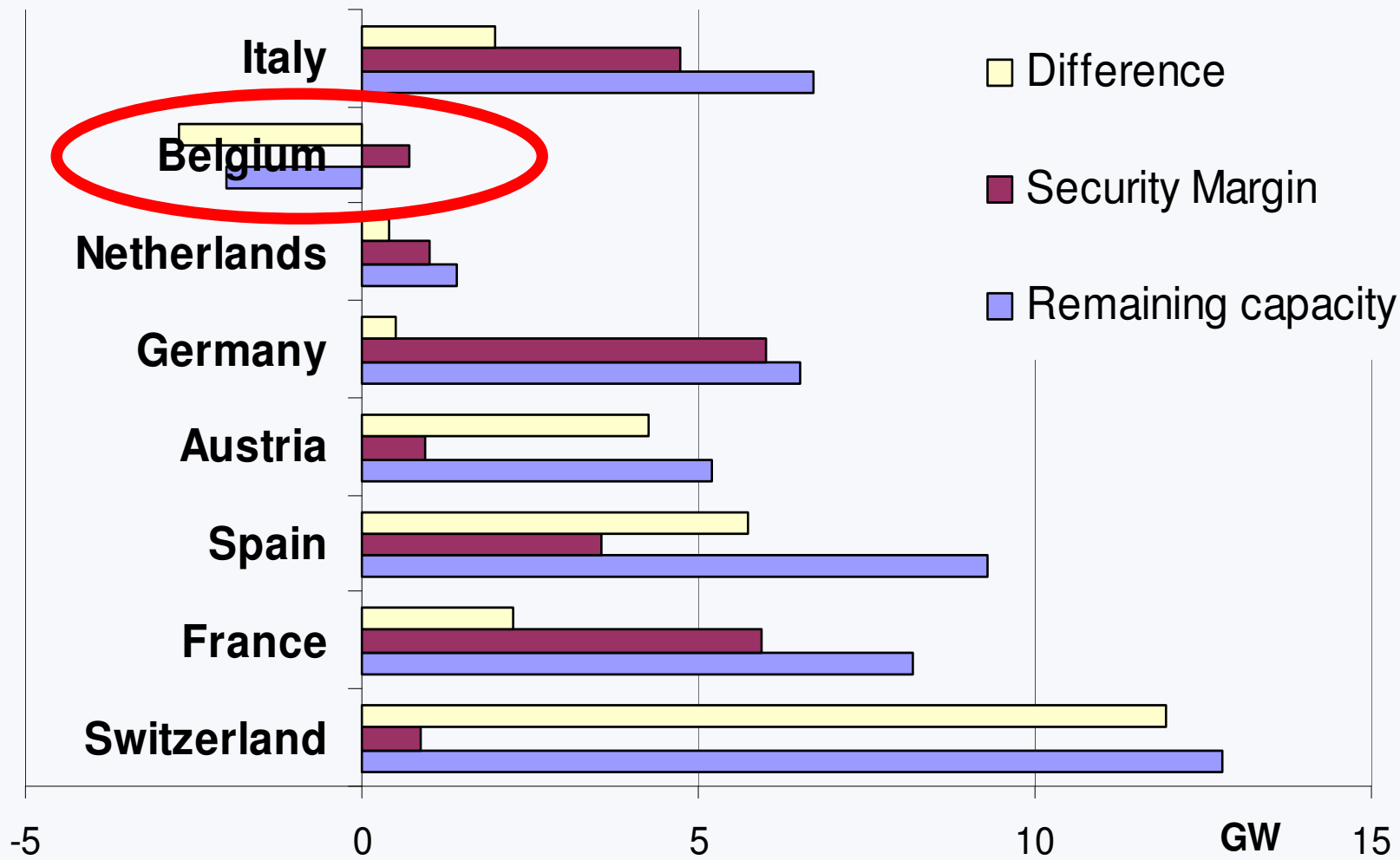


Source:
UCTE Dec
2003

Reality show

Security of supply

2010 UCTE forecast



Source:
UCTE Dec
2003

Reality show

Security of supply

- Second Directive
 - *Member states have to commit themselves to take measures to ensure sufficient generation capacity*
- Building power plants by 2010

	Coal	Gasturbine	STEG	Wind	Nuclear
Capacity [MW]	470	50	540	200	1000
Lead time [Years]	6	1,5	2	2	8

Reality show

Security of supply

Measures to promote new capacity

No

Market based

Belgium, The
Netherlands,
France, Germany,
Denmark, Finland,
UK

Yes, (planned)

Incentives, bijv.
Capacity payments

Austria, Ireland,
Spain, Italy, Sweden,
Norway

Obligation TSO/
Supplier

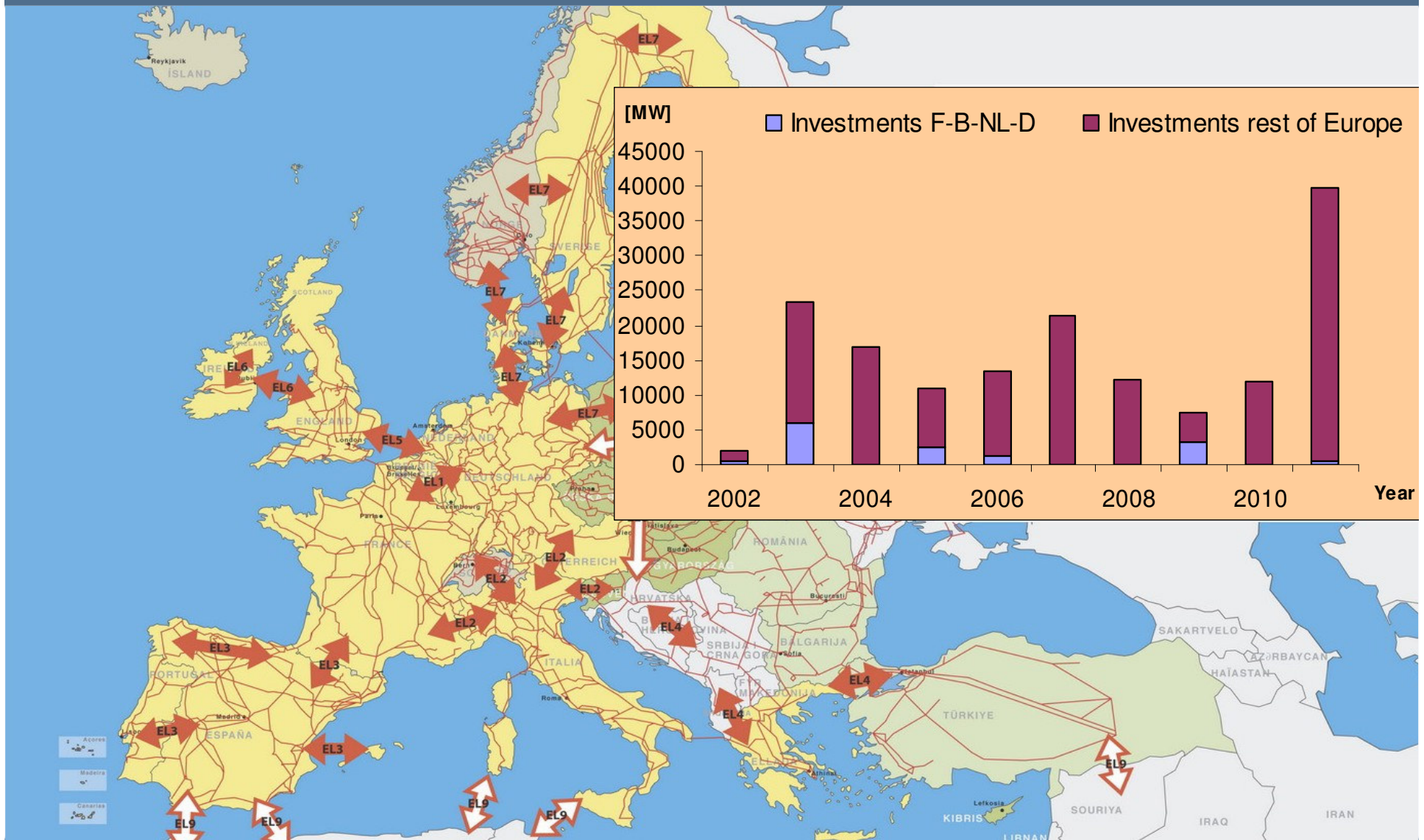
(Belgium, The
Netherlands)

Tender

Ireland, Greece
(France)

Info source: EU jan 2005

Trans European Energy Network Solving Bottlenecks



Need for stable regulatory framework and international market tools

- EU and national legislation
 - Green and CHP certificates
 - How to keep Kyoto within reasonable costs
 - **E.g. Finland invests in nuclear**
 - Internationally harmonise and coordinate markets
 - **E.g. coupling Belpex, Powernext and APX**
 - Allocation of border capacity rights
 - Balancing markets
 - Reserve markets