

Market Coupling to Achieve the EU Internal Market?

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Intro: Market & C°

- Why market? Why prices ?
- Market laws and market failures (externality)
- Externality laws?
- Rational fixing of markets: market design (EU ETS – PXs)
- Fixing markets at EU level = achieving EU market

Overview

Introduction: market / prices / laws / proxies

1. From Grid access to Price coupling?
2. Coupling tasks between TSOs and PXs
3. Institutional feasibility: central matching vs decentralized coupling

Conclusion: laws vs proxies

1. From Grid Access to Price Coupling

- Grid access or market access?

- 1- Grid as monopoly (essential facility)

- 2- Monopoly submitted to competition by capacity auctioning

- 3- so called “Explicit auctioning”

- 4- Visible errors: prices and flows not coordinated

- 5- Grid allocation and energy trading to be coordinated >> Market access by coupling?

1. From Grid Access to Price Coupling (End)

- Coupling volumes or coupling prices?

1- Coupling volumes: Kontek cable

2- Visible errors: prices and flows not coordinated

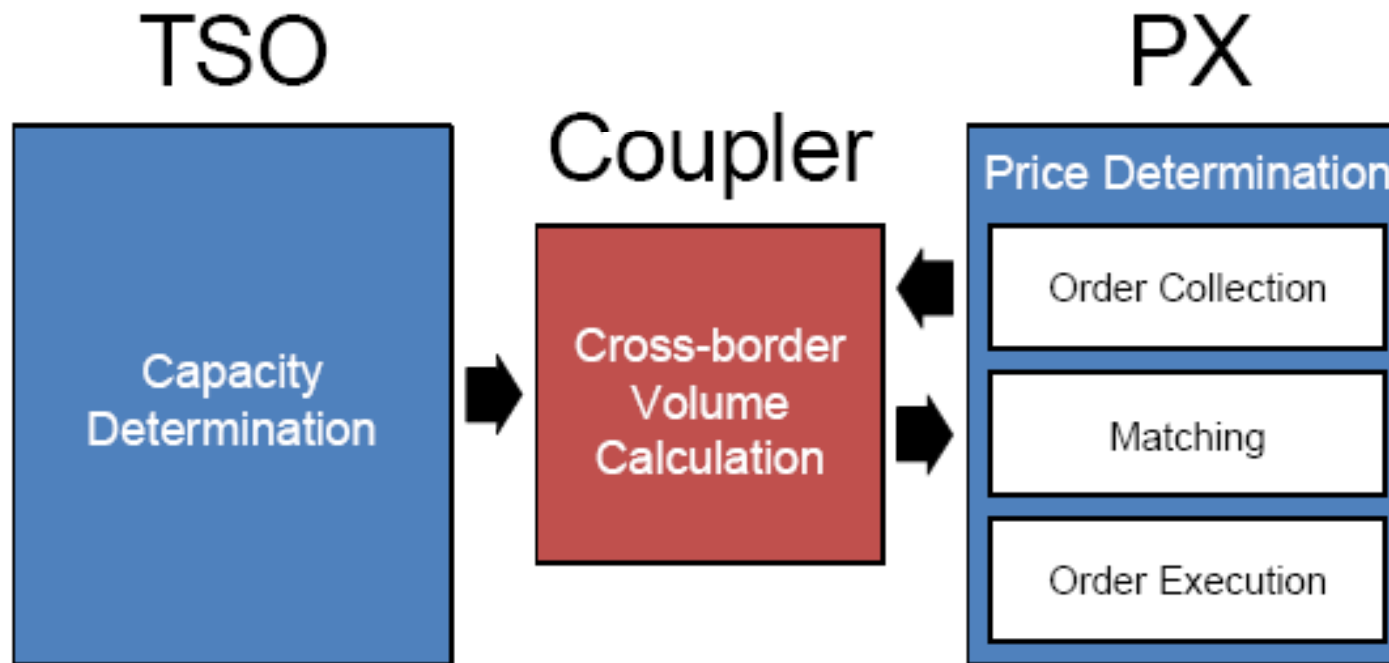
3- Experience stops after 10 days

4- More than one year of tests and fixing

5- Reopening in 2009: Nord Pool coordinates pricing (through EMCC)

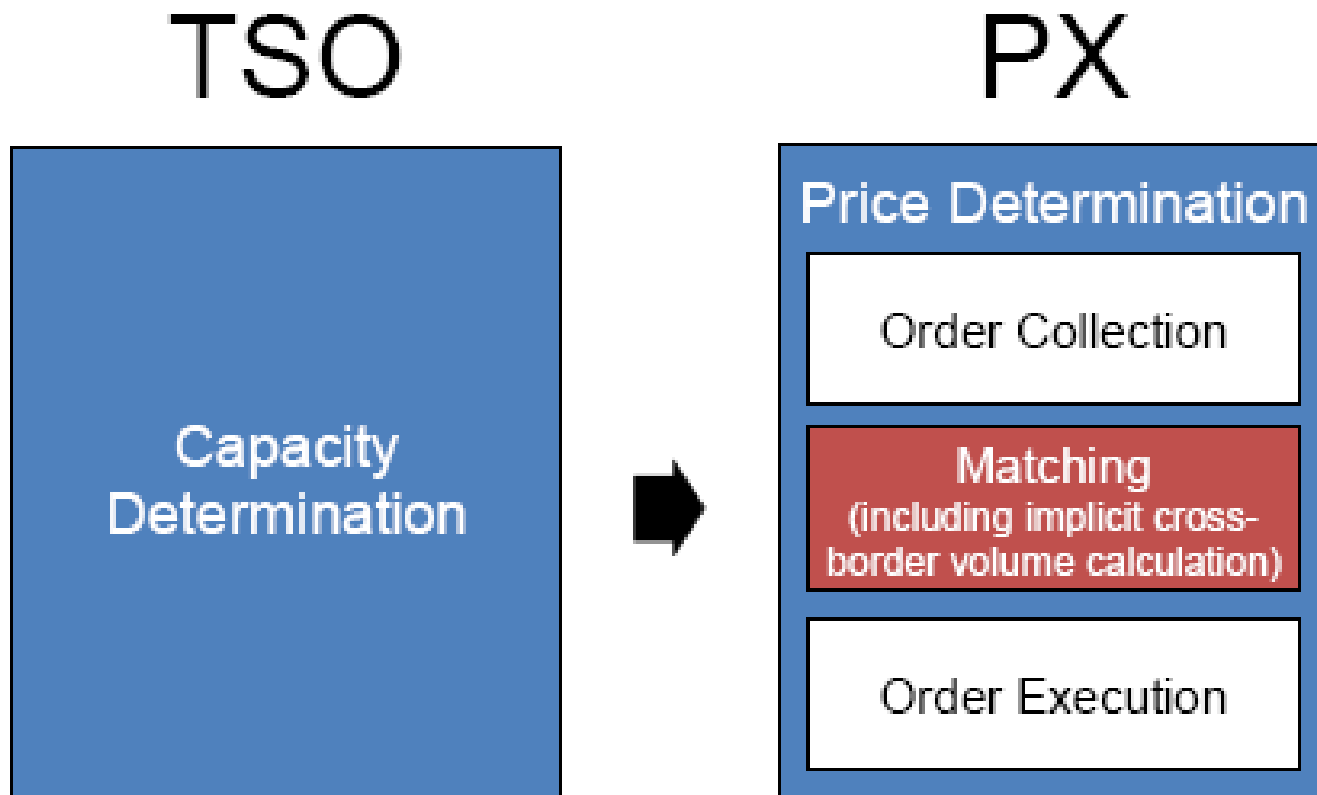
2. Coupling tasks between TSOs and PXs

- Kontek volume coupling



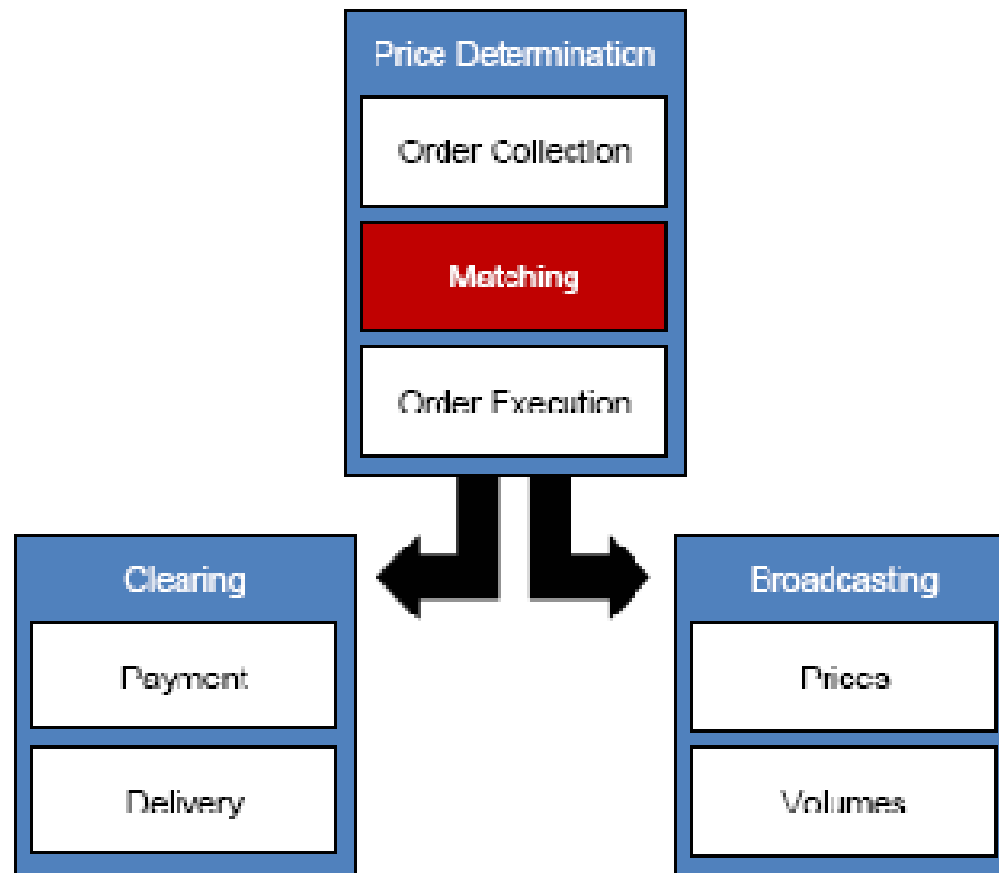
2. Coupling tasks between TSOs and PXs

- Typical Price Coupling

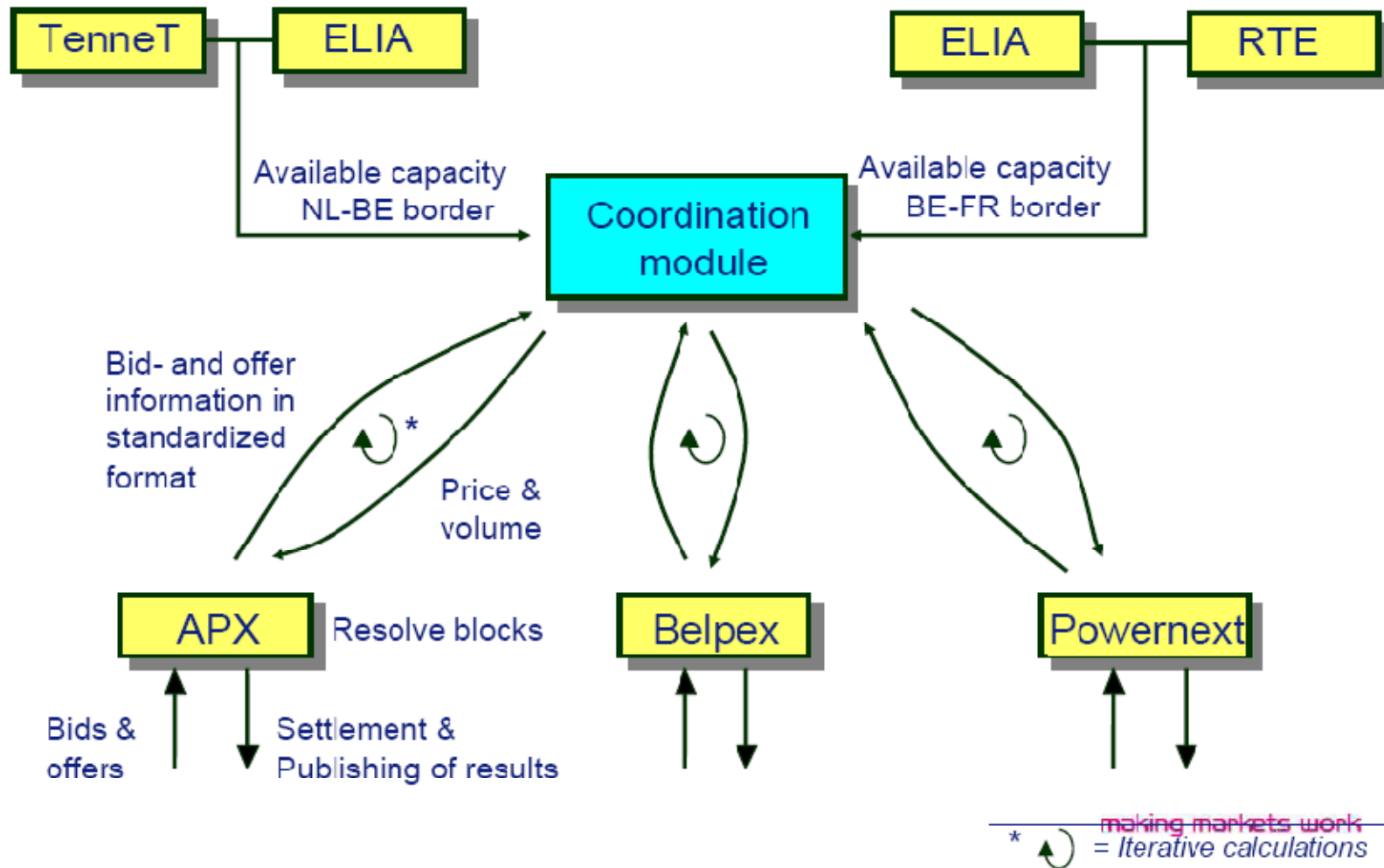


2. Coupling tasks between... PXs

- Extended vs Limited Task Coupling between PXs

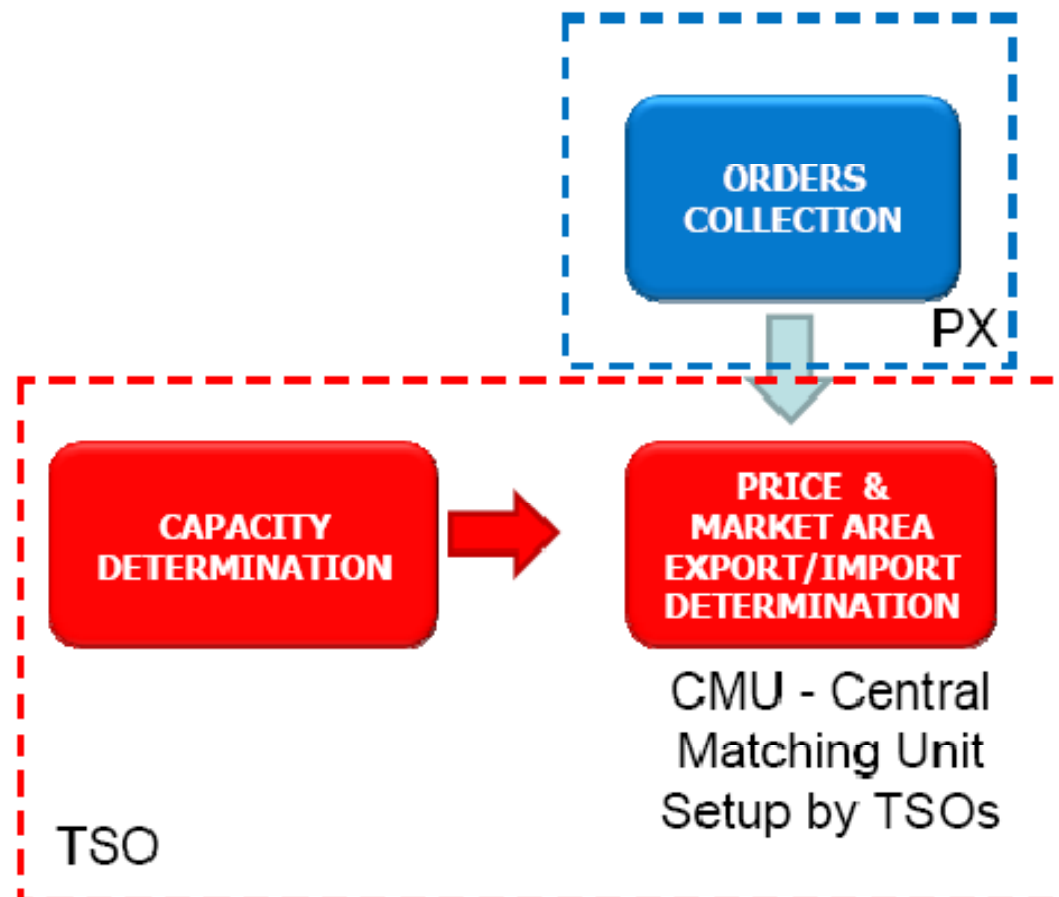


2. Coupling tasks: trilateral market coupling



3. Institutional feasibility: central matching vs decentralized coupling

CMU: (European) Central Matching Unit



Appealing (“technically”)




- to get a more coherent calculation of grid capacity
- of grid allocation among interconnections
- & coordination of prices and flows directly at the EU level

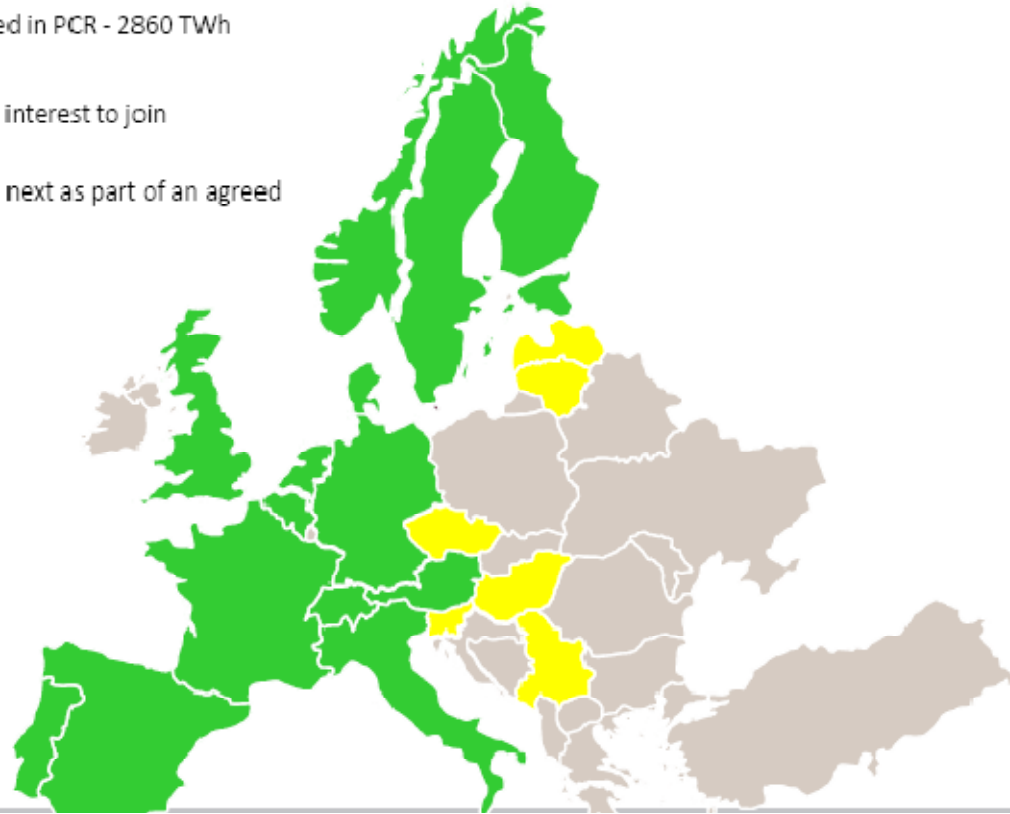
Demanding (“Institutionally”)

- PXs are mainly independent companies owning their customer base and price making as asset
- How to unify at EU level TSOs being not yet unbundled at country level?
- How to bypass existing countries’ laws and regulations?
- Where is the EU regulator to monitor the EU monopoly of TSOs on price making?

Appealing (“Institutionally”)



-  Markets initially included in PCR - 2860 TWh
-  Markets which showed interest to join
-  Markets that could join next as part of an agreed European roadmap



Demanding (“technically”)

Day Ahead coupling “visible part of iceberg”

Conclusion: laws vs proxies

