



Expert Workshop

“Challenges Ahead in European Electricity Market Design”

16th October 2014

**Martin’s Brussels EU
Boulevard Charlemagne 80
1000 Brussels
Belgium**

INVITATION & AGENDA



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INVITATION to the EXPERT WORKSHOP of the Project MARKET4RES

In the last decade, the European electricity market has been gradually developed. Although many achievements can be mentioned there are still many challenges ahead having to be solved to meet the EU policy goals up to 2020 and beyond.

Besides the continuous further development of the electricity markets in the different European countries also a continuously increasing shares of RES-E generation technologies has been achieved, not least thanks to favorable financial support instruments.

In the recent past, however, inherent lacks and distortions of electricity market design accompanied with high shares of RES-E generation increasingly have made apparent the challenges in so-called “energy-only” markets, meaning that a multitude of adverse effects has been occurring for many market participants as there are e.g.

- Partly negative wholesale electricity market prices
- Significantly reduced operation time of thermal power plans
- Interdependences with and adverse effect on the heat market in case of CHP-plants
- Lack of future investments into firm generation capacities
- Many others

This finally raises the question on how to amend the currently existing European electricity market design to guarantee sustainable framework conditions in the long-term for both market-compatible integration of further RES-E technologies and maintenance of adequate firm electricity generation capacities.

Several of the above mentioned challenges are addressed in the European IEE-project Market4RES. In this special expert workshop we'd like to address – together with your help and your inputs – the following questions in particular:

Long-term electricity market

- Is it reasonable to think that the implementation of the ‘Target Model (TM)’, as now devised, will result in strong enough incentives for investing in the new generation that the system will require?
- If this is not the case, how the TM should be complemented to achieve this?
- Do you think Capacity Remuneration Mechanisms are necessary?
 - > What type of CRM is more suitable (capacity payments, mechanisms involving very long term contracts for RES generation and/or conventional generation, etc.)
 - > Do you think it is reasonable that demand response participates in CRMs?
 - > Is it necessary to regulate/coordinate national CRMs at a regional level?
 - > Can “neighbors” provide long-term security of supply? How?

Day-ahead electricity market

The target model comprises a well-defined design for day-ahead markets. As far as the functioning of this market is concerned:



- Do you think the day-ahead market (Price Coupling of Regions (PCR)), as now devised, is flexible enough for market agents to reflect in their bids their real operation costs and constraints?
- Should all cross-border capacity be allocated by the PCR?
- Are price areas considered in the Integrated European Market (IEM) of the EU reflecting accurately enough congestion in the European grid? If not, how these areas could be modified?

Very short-term electricity market

Regarding the definition of closer to real time markets than the day-ahead one:

- Do you think a continuous short-term market is preferable over a series of intra-day ones?
- Do you think it is possible to achieve in the 2020 time frame the integration of balancing markets? Which obstacles are there to achieve this?
 - > How responsibilities for power imbalances should be settled?
 - > Do you believe demand could participate in very-short term markets? Could RES generation provide regulation reserves?
 - > Can “neighbors” provide real time operation services?
 - > How this could be articulated?

To answer several of the questions above, the Market4RES Consortium continuously discusses and exchanges its ideas with European experts and associations in the field in order to comply also with the latest developments in the policy discussion to further develop the European electricity market.

Therefore, we'd like to invite you to this special Market4RES expert workshop, to be held on

16 October 2014 in Brussels

We would very much appreciate if you could contribute with your expertise and knowledge. Please confirm your participation with an Email-reply to this invitation to one of the following contacts:

Hans Auer, EEG TU-Wien, Expert Workshop Coordinator, Email: auer@eeg.tuwien.ac.at

Sharon Wokke, EWEA, Local Workshop Organizer, Email: sharon.wokke@ewea.org

Andrei Morch, Sintef, Project Coordinator, Email: andrei.morch@sintef.no

Looking forward to seeing you soon!

The Market4RES Team



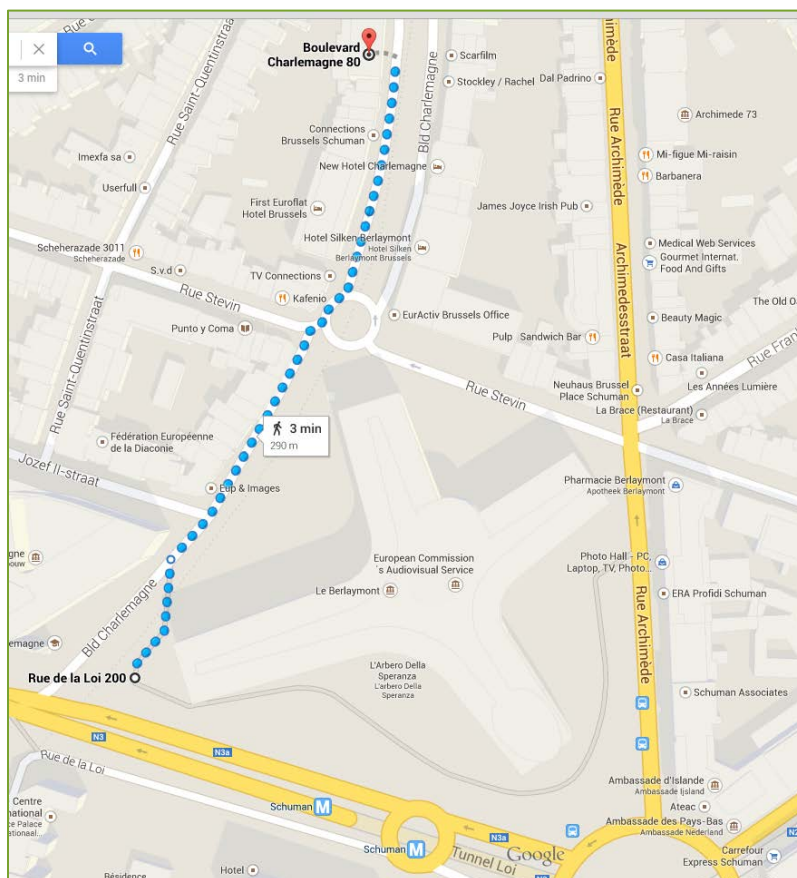
AGENDA

10:00-10:15	<i>Welcome coffee</i>
10:15-11:30	<p>Introduction: Challenges in the European Electricity Market</p> <p><u>Welcome from the Project Coordinator</u> Andrei Morch, Sintef</p> <p><u>Keynote: ACER's Contribution toward a Single European Energy Market</u> N.N. (ACER Representative to be nominated)</p> <p><u>Background of the Energy-Only Market Problem</u> Hans Auer, EEG TU-Wien</p> <p><u>Brief Introduction to the Diagnosis of the European Target Model</u> Luis Olmos, IIT-Comillas</p> <p><u>Introduction to the Group Work (Outline of major questions (see introduction) to be addressed in the next session)</u> Hans Auer, EEG TU-Wien & Luis Olmos, IIT-Comillas</p>
11:30-11:45	<i>Coffee break</i>
11:45-13:00	<p>Parallel Working Groups</p> <p><u>Work in the Parallel Working Groups</u> All Participants</p>
13:00-13:45	<i>Lunch</i>
13:45-15:15	<p>Presentation of Working Group Results, General Discussion</p> <p><u>Presentation of Working Group Results</u> Representative of Each Working Group</p> <p><u>General Discussion</u> All Participants</p> <p><u>Summary, Concluding Remarks</u> Hans Auer, EEG TU-Wien</p>
15:15	<i>End of Expert Workshop</i>



VENUE

Hotel: Martin's Brussels EU, Boulevard Charlemagne 80, Brussels



From the Schuman metro station (metro lines 1 and 5): exit at Berlaymont, the main European Commission building, and turn to the right in Boulevard Charlemagne; walk for approximately 3 minutes straight to nr. 80. For more information on how to reach the Martin's Hotel, please visit: <http://www.martinshotels.com/en/hotel/martins-brussels-eu/contact>

CONTACT PERSONS

Venue: Sharon Wokke, EWEA, Email: sharon.wokke@ewea.org

Agenda/Contents: Hans Auer, EEG TU-Wien, Email: auer@eeg.tuwien.ac.at

Project Coordinator: Andrei Morch, Sintef, Project Coordinator, Email: andrei.morch@sintef.no