The transition of the European energy system: Key ACER focus areas alongside Slovenia’s Council Presidency


Christian Zinglersen, ACER Director
ACER celebrating its ten-year anniversary.
Many Presidency priorities. ACER seeks to contribute.

A. Fit for 55 Package
   (e.g. revision of the
   Renewable & Energy
   Efficiency Directives)

B. TEN-E Regulation
   (plus emphasis on
decarbonisation package
   – new gases, H2 etc.)

C. Focus on alternative
   fuels and e-mobility
   (the intersection of
   transport & energy)

D. Strengthening cyber
   security
   (enhancing broader
   system resilience)
ACER releases its second 70% target report on the minimum margin available for cross-zonal electricity trade in the EU

Average relative MACZT (margin available for cross-zonal trade) on elements where the minimum 70% target is not reached

Energy market integration: A box not yet ‘ticked’.

A. Fit for 55 Package (e.g., revision of the Renewable & Energy Efficiency Directives)
B. TEN-E Regulation (plus emphasis on decarbonisation package – new gases, H2 etc.)
C. Focus on alternative fuels and e-mobility (the intersection of transport & energy)
D. Strengthening cybersecurity (enhancing broader system resilience)
Multiple routes to meet the 70% target.

Note: In addition, in the short-medium term, Member States may also apply transitory measures (derogations or action plans).

- Applying remedial actions (e.g. redispatching)
- Bidding zone review
- Network investments

ACER decisions on various key methodologies in 2020 (implementation pending)
More broadly: A vision of ‘shared resources’ …
... may require revisiting some ‘old truths’.

New electricity transmission connection to Sweden is progressing – Energy authorities issued a decision on the project’s cost allocation

The joint project of the transmission system operator Fingrid Oyj and the Swedish TSO Svenska kraftnät for a third cross-border electricity line between the countries was issued a decision on cost allocation by the energy authorities. The transmission line, scheduled to be completed in 2025, will even out the price differences between the countries and improve the sufficiency of electricity.

The proposal was based on a cost-benefit analysis, according to which Finland will benefit the most from the project. According to the decision, Fingrid Oyj is responsible for the investments in the cross-border transmission link project that take place in Finland in full and for 80% of the transmission line investments on the Swedish side of the border. A decision on cost allocation by the energy authorities is a prerequisite for EU funding.

Note: Press release by Fingrid of 6 April 2020. [LINK](#).
Thus, scaling up infrastructure may prove challenging.

Already today, delays remain a recurrent feature. For electricity PCI’s, permit granting for example accounts for more than 40% of delays.

Here, taking lessons from early gas market integration efforts across Europe. Early intervention may avoid unwanted lock-in effects ...
Thus, opting for a gradual, dynamic regulatory approach will likely prove relevant given the current outlook and uncertainty.

Note: Joint ACER-CEER position paper of 9 February 2021 on when & how to regulate hydrogen networks. [LINK](#).
Turning to electric mobility … a broader revolution.

In our net zero pathway, renewables make up nearly 90% of electricity generation in 2050, propelled largely by solar PV and wind.

‘Flexibility’ thus becoming ever more crucial.

ACER’s role is, inter alia:

- To monitor and assess barriers to market entry, including for new entrants and small players (e.g. demand side response and aggregators)
- To initiate changes to the current set of network codes and guidelines to further demand side flexibility.

Note: Zsuzsanna Pató of the Regulatory Assistance Project in Foresight, December 2020. [LINK](#).
Linking to European resource adequacy, too.

Resource adequacy assesses the level of (electricity) security of supply in the long term: Does Europe / its Member States have enough generation, storage, network to supply demand from now until 2030?

A European approach:

- Highlights the benefits of mutual interdependence
- Paves the way for new technologies (storage, demand-response …)
- A key ACER priority in the coming years

Investing more & faster, yes, … but in what (& where)?

Note: Figure is taken from ENTSO-E.
Building cyber resilience of Europe’s energy sector with binding EU-wide rules, e.g. via ACER’s work on & subsequent monitoring of a new EU cybersecurity network code.
All-in-all: A good ‘anniversary match’ for 2021!
Thank you.
Looking forward to further discussions.