

EU & US regulatory debates on regional electricity markets

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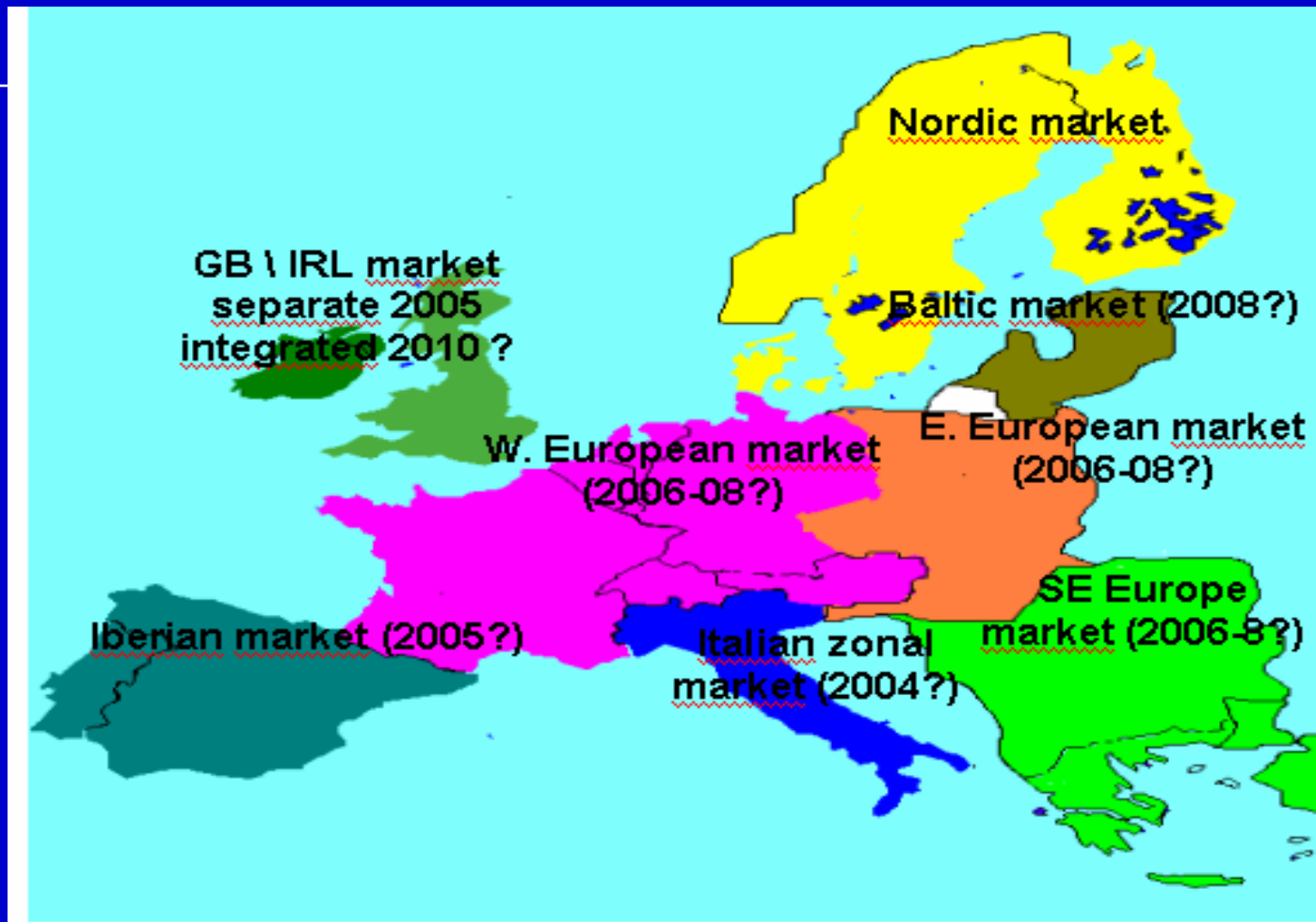


Introduction

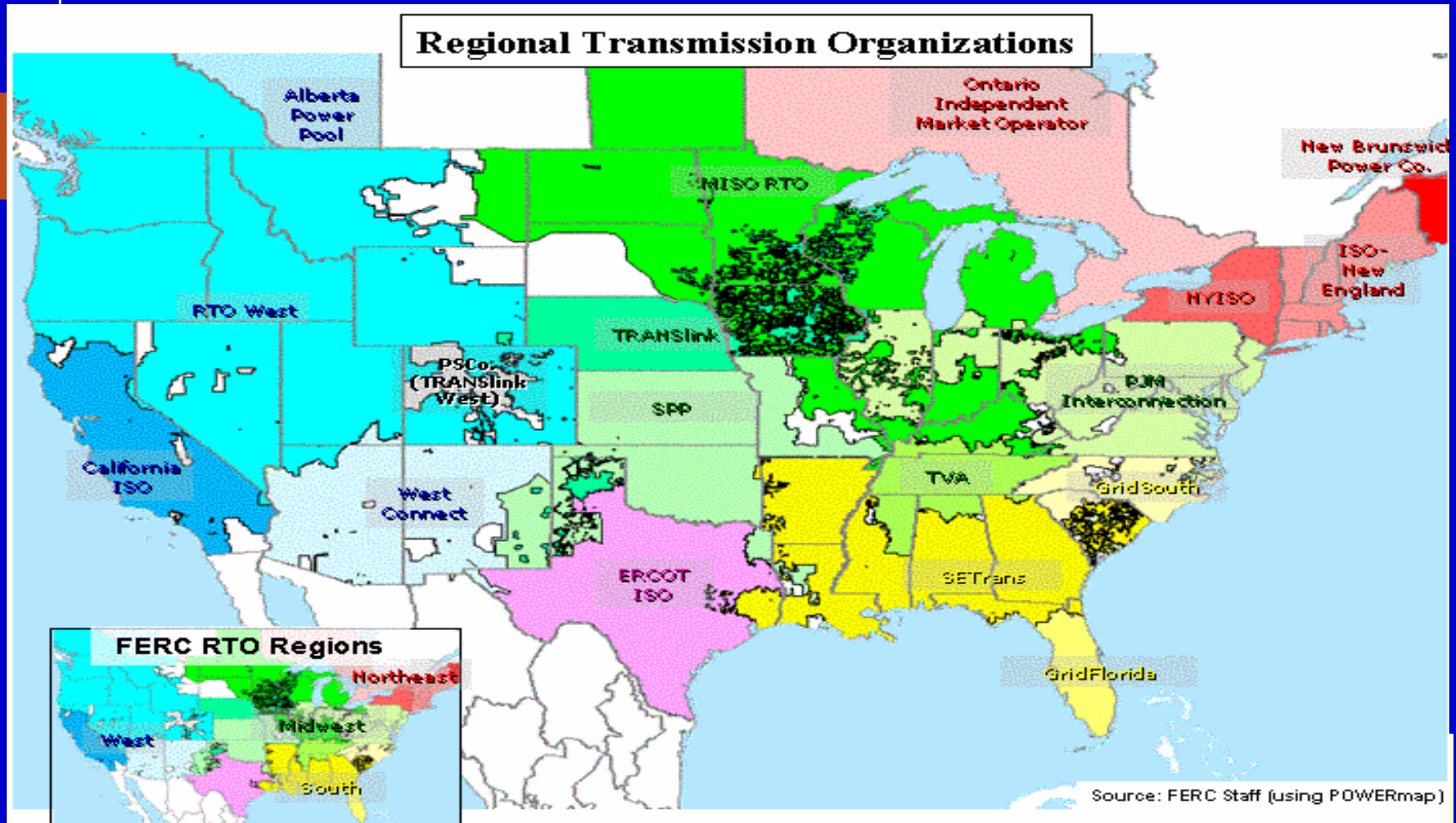
- **IEM goes “regional”**
 - EC strategy paper, Florence Forum, mini fora
- **RTO for US wholesale markets ?**
 - FERC actions challenged, regional platforms, new Energy legislation ?
- **EU-US:**
 - Large differences
 - Many joint issues



EU regional electricity markets



US- Regional Transmission Operators



EU-US differences

EU:

- overall legal framework for liberalisation
- TSO's: experience in joint cross border system operation
- Top down

US:

- strong regulatory frameworks
- some efficient & successful cross border electricity markets
- Bottom up



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The 'Regional Approach' in Establishing the Internal EU Electricity Market

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EU-US joint issues

- Congestion management
- Transmission tariff structures
- Independent TSO-governance
- Resource planning & adequacy
- Market monitoring & mitigation
- Jurisdiction & subsidiarity
- System failures
- Gas & electricity interactions
- Emission trading & renewable support schemes



EU-US joint technical issues

Managing congestion:

- US: efficient market based experiences
- EU: mainly drawing boards

Resource planning & adequacy:

- EU: discussions pending
- US: regional approaches

System failures:

- Structural issue
- EU: inter TSO-framework;
- US: discussion pending



EU-US joint economic issues

Transmission Tariff structures:

- US: yes, EU: no

Market monitoring & mitigation:

- US: regulatory procedures & arrangements; EU: awareness, no action (yet)

Gas-electricity interactions

- Supply security, market rules, regulatory consistency

Emission trading & renewable challenges:

- Market based instruments;
- global (EU) versus state (US) approaches



EU-US joint institutional issues

Independent TSO governance:

- **EU, business models**
- **US, market functionality**

Jurisdiction & subsidiarity

- **Legally complex; political sensitive**
- **US regional platforms, FERC oversight**
- **EU regional markets (mini-fora?), EC-role ?**



Lessons to be learned ?

For the US from the EU:

- **mandatory liberalisation with full supplier choices for all**
- **stakeholder participation in regulatory processes**
- **Voluntary models for TSO-cooperation (incl. system reliability)**
- **Market interactions (electricity, gas,**

For the EU from the US

- **Regional market governance, stakeholder involvement, regulatory jurisdictions**
- **Congestion mgt & transmission pricing**
- **Market monitoring & mitigation**
- **Generation planning & system adequacy**



Agenda continued EU-US discussions (1)?

Development of regional market models

- **Technical & economical** (managing congestions and LMP-models; transmission tariff designs; market monitoring and market power mitigation)
- **Legal & jurisdictional** (governance of RTO-models and TSO coordinated actions; regulatory involvements & oversight; (un)restricted market information; EU-Commission role versus national regulators in regional market models)



Agenda continued EU-US discussion (2)

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Generic issues in electricity market regulation

- Generation and transmission adequacy schemes
- Emissions trading and renewable energy support schemes



Continued dialogues ?

