

KIP Workshop on CSP Markets, System Value & Financing

Market integration barriers and support mechanisms

Energy Market Integration panel

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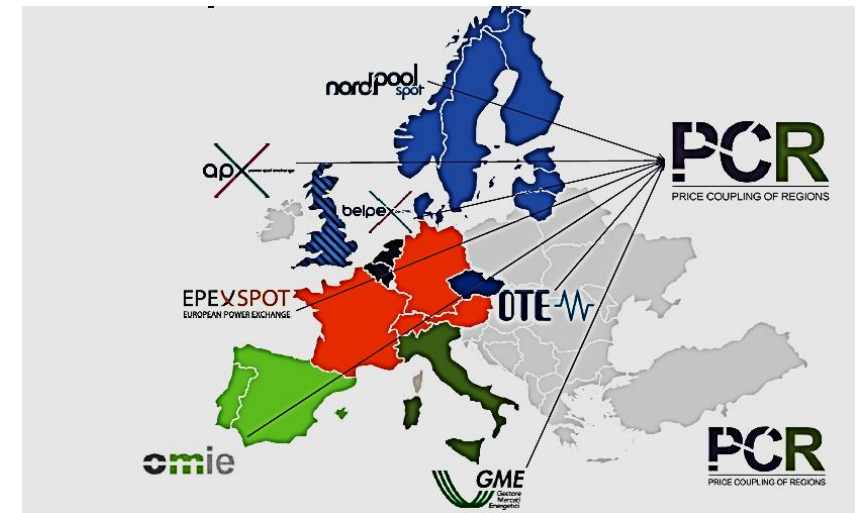


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Main obstacles to electricity market integration

- ❑ National legislative frameworks and national delicate internal equilibriums among the agents in the electrical sector in the current energy transition process
- ❑ Lack of interconnection (impeding physical exchanges and hence wider markets, be it market coupling, implicit or explicit auctioning, etc..) Lack of political framework to rationally improve as country's interest prevails
- ❑ Lack of common trading instruments like common balancing markets, regional power exchanges, etc.

There are clear interest and attempts to overcome these barriers (Price Coupling of Regions, unbundling, deregulation, market design, coordination among regulators, among TSOs, ...) but the situation is very complex and there are concerns on the achievements. The impact on **higher efficiency** of the system and **lower electricity prices** for final users is not significant yet



Cooperation Mechanisms

- ❑ Cooperation mechanisms, including Join Projects within MS (art. 7) and with neighbouring countries (Art. 9) and Join Support Schemes (Art. 11) – were established in the current RES Directive (2009)
- ❑ The new draft of the RES Directive says *Agreements with third countries concerning the organisation of such trade in electricity from renewable energy sources will be considered* and Art. 11 and 12 refer to *Joint Projects between Member States and third countries* and *Effects of joint projects between Member States and third countries*

Reasons why cooperation mechanisms - in particular imports from third countries – haven't be used

- ✓ MS didn't feel yet an urgent pressure to accomplish the targets and they think that they can be achieved domestically
- ✓ Potential extorter countries have being increasing their electricity demand in the mean time. Therefore they put much more priority on supply their own needs than thinking on the eventual benefit of exports



EU commitments with Neighbouring Cooperation and Sustainability

- Through its European Neighborhood Policy (ENP), the EU works with its southern and eastern neighbours - 16 countries including N.A. - to achieve the closest possible political association and the greatest possible degree of economic integration. Multilateral Partnership - as the Union for the Mediterranean - complement the bilateral ENP approach

Regarding energy aspects, the EU is increasingly interconnected with the energy systems of its neighbours, and remains dependent on energy supplies from outside the EU. The security and stability of the EU's energy supply is therefore dependent on the security and safety of our neighbours' energy infrastructure and supply. Several neighbouring countries directly exchange energy with the EU or are transit countries for EU energy supplies

- The EU has committed to implement the U.N. Sustainable Development Goals. Energy is explicitly addressed in goal 7 but it is implicitly involved in all of them



The Commissioner for International and Development, Neven Mimica, said recently –at the occasion of Africa Renewable Energy Initiative summit
"As the hottest year on record draws to a close, the European Union confirms its strong commitment in Africa for both reducing emissions and improving energy access ... But we must ensure that these pledges materialise into new projects. Concretely, by 2020, the EU has promised to facilitate investments that will increase the renewable electricity generation capacity of at least 5 GW. This is already half of the 10 GW goal of the Africa Renewable Energy Initiative for 2020."

Thank you for your attention

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