


ACER

 Agency for the Cooperation
of Energy Regulators

3.1 Highlights on implementation of electricity NCs – Market Coupling Governance

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Market coupling operation:

- The cornerstone of an efficient Internal Electricity Market

Theory

- ❑ Market coupling operation is a natural monopoly, and must be subject to an efficient regulation to meet the evolving needs of the IEM

Legal context - CACM GL

- ❑ NEMOs are required to jointly operate, maintain and develop the Market Coupling Operation (MCO) function, while at the same time compete against each other

Experience

- ❑ Conflicting interests with regards to the commercial interests of NEMOs interferes with an efficient operation and *development* of the market coupling – examples are:
 - ❑ Discussion on XBID performance requirements
 - ❑ Discussion on Cross-NEMO clearing costs
 - ❑ Discussion on products design and algorithm performance
- ❑ Most would agree that part of that has been down to the challenge of asking entities which compete in most markets to cooperate in others

Future Governance

- ❑ The future will be even more complex (co-optimization, 15 minutes resolution, bigger regions for flow-based)
- ❑ NRA powers are currently fragmented and lack effective means for ensuring compliance, cost control and a timely development of the market coupling
- ❑ We need to learn lessons and ask ourselves whether we have a fit-for-purpose governance structure?
- ❑ ACER/CEER call for a reinforcement of the governance and of the regulation on market coupling operations continuously providing robust, efficient and non-discriminatory solutions
- ❑ ACER/CEER is working on different options to prepare/support future developments such as
 - ❑ Better rules for governing the MCO function
 - ❑ Single, independent MCO entity