



ACER 

European Union Agency for the Cooperation
of Energy Regulators

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

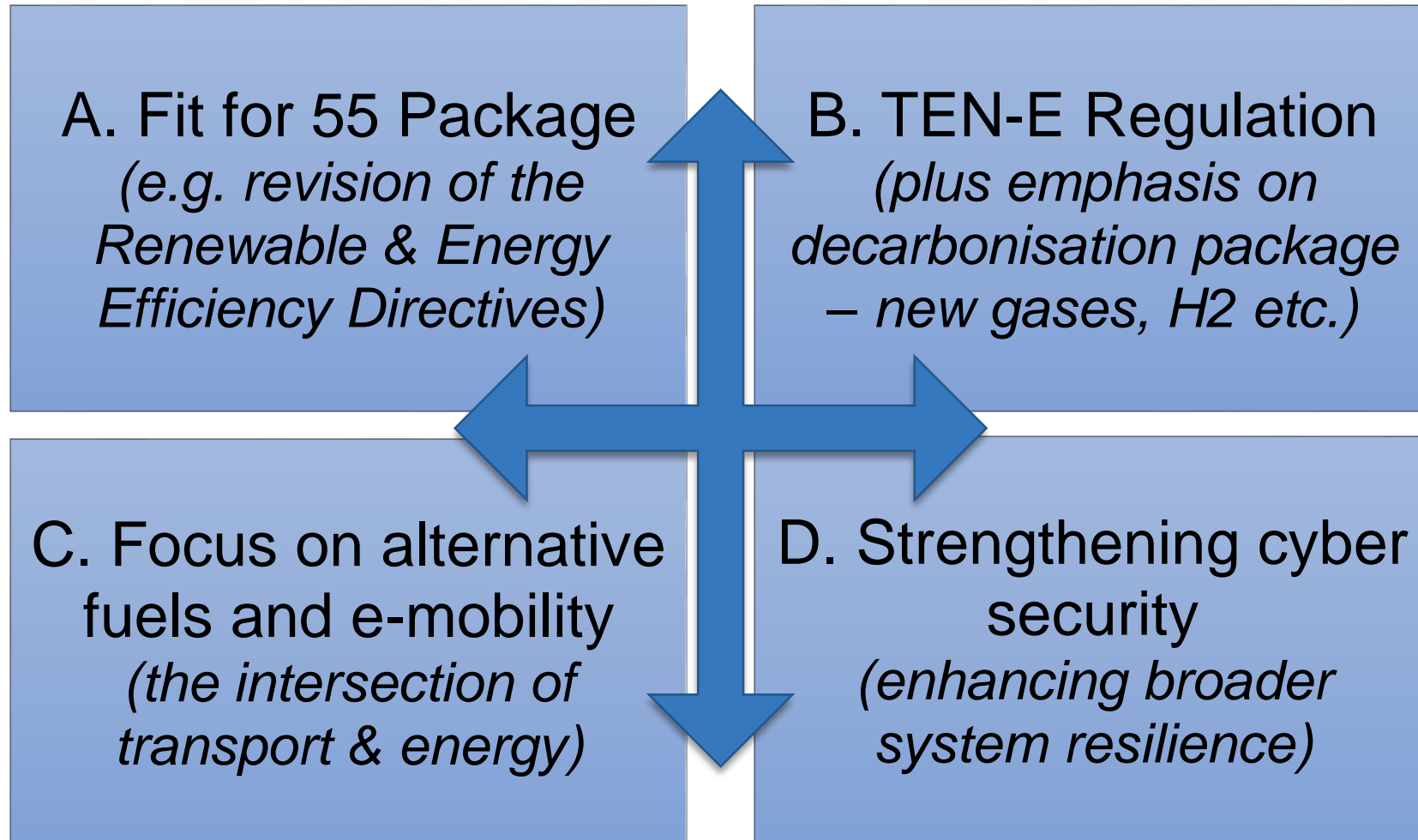
Conference on 7 July 2021 – *'Energy in Slovenia: Slovenian Presidency of the Council of the EU 2021'* – Energy Industry Chamber of Slovenia

Christian Zinglensen, ACER Director

ACER celebrating its ten-year anniversary.



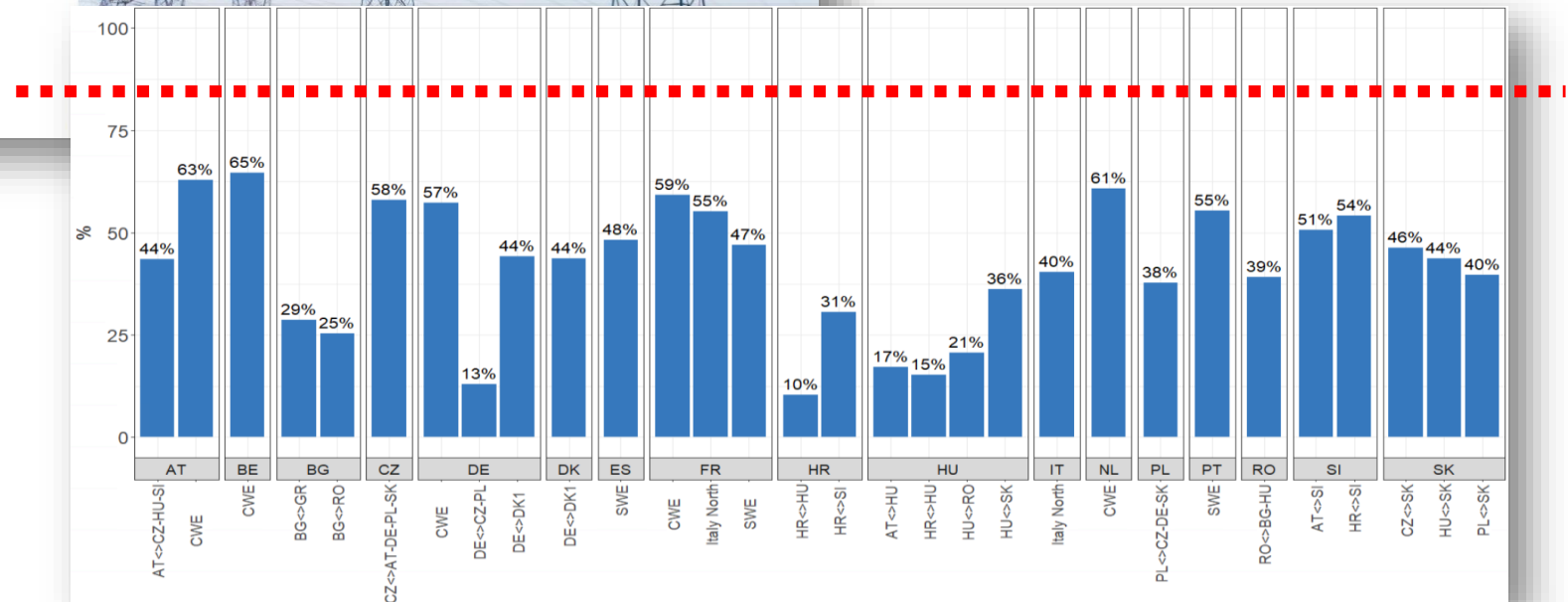
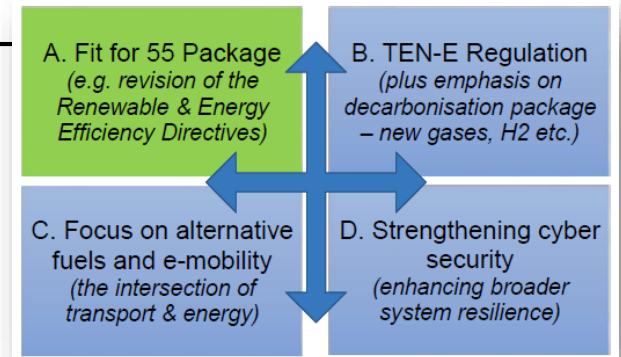
Many Presidency priorities. ACER seeks to contribute.



Energy market integration: A box not yet 'ticked'.

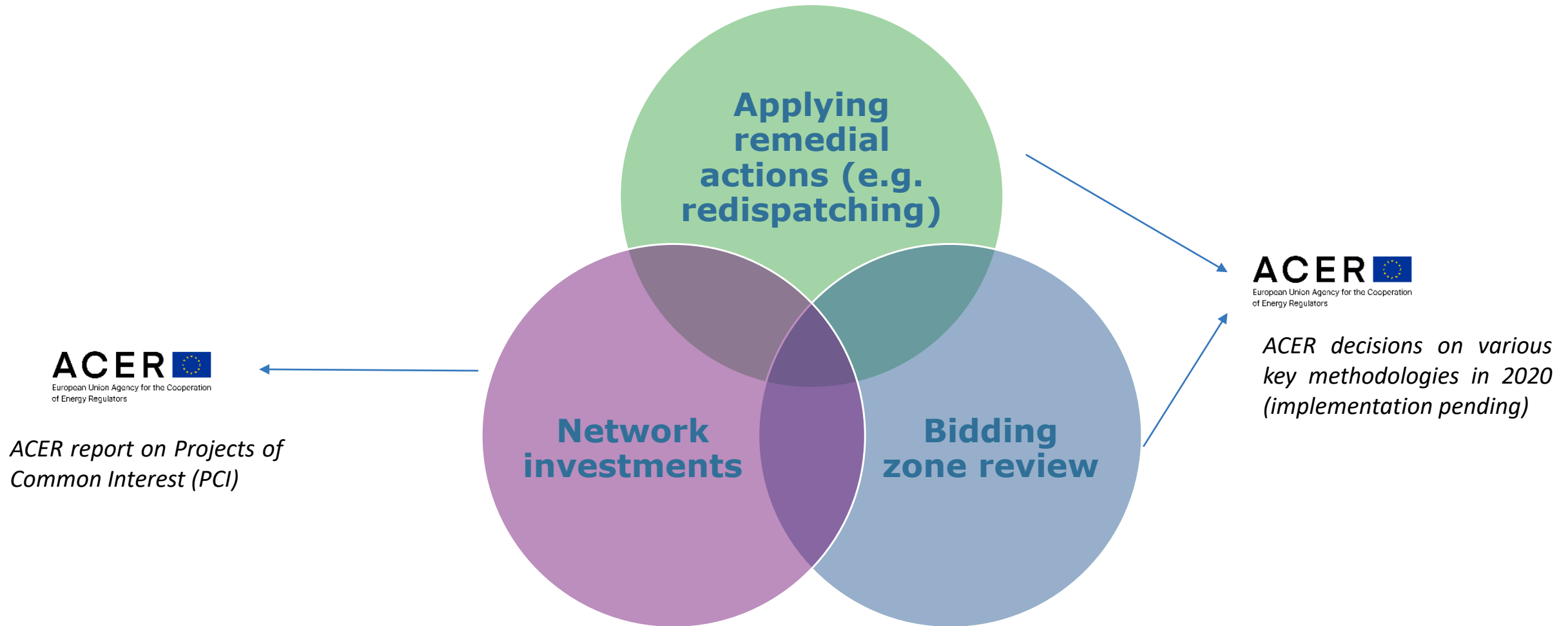
2.6.2021

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

Multiple routes to meet the 70% target.



More broadly: A vision of ‘shared resources’ ...



... may require revisiting some ‘old truths’.



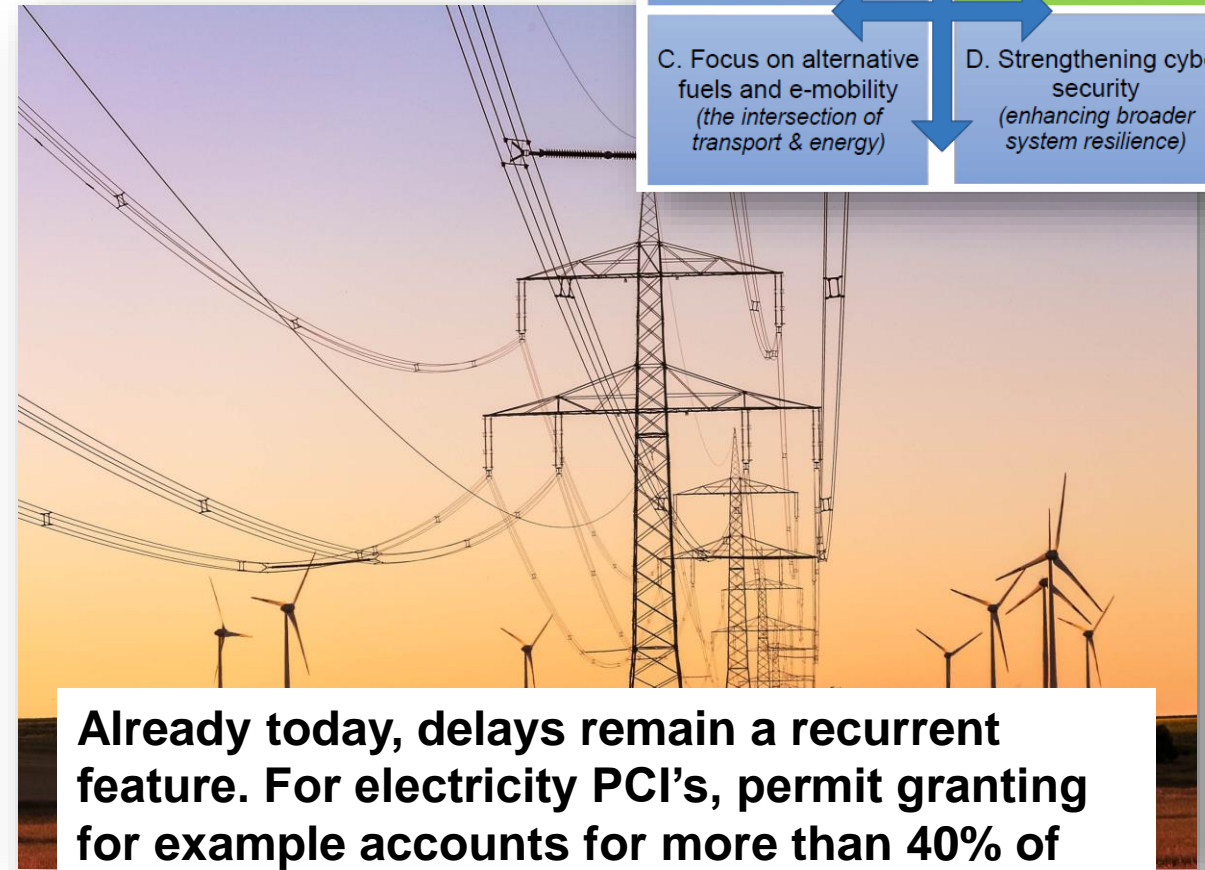
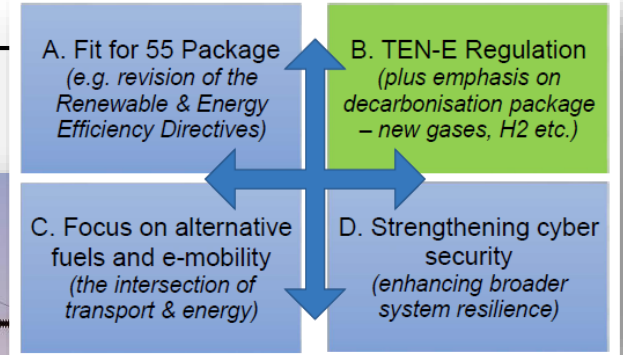
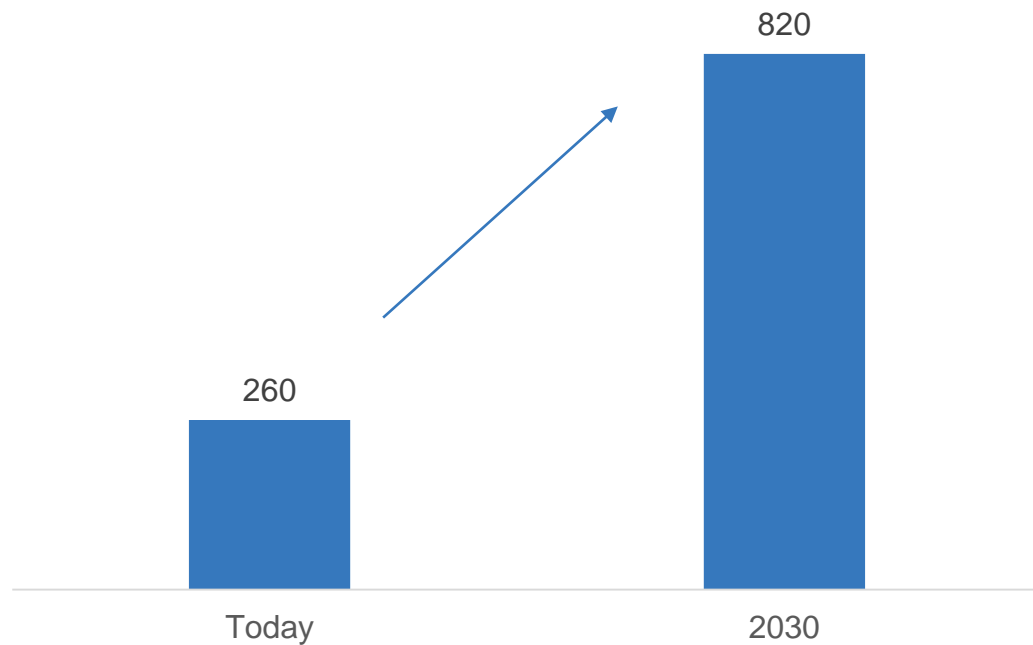
New electricity transmission connection to Sweden is progressing – Energy authorities issued a decision on the project’s cost allocation

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.

Thus, scaling up infrastructure may prove challenging.

Yearly global estimated T&D investment in USD (to net zero pathway)

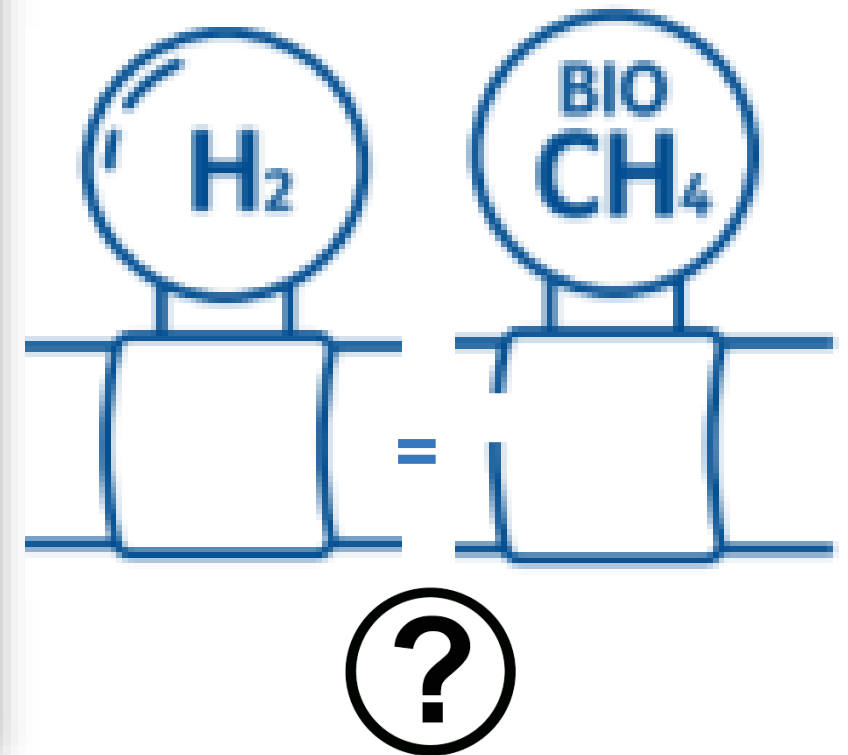


Already today, delays remain a recurrent feature. For electricity PCI's, permit granting for example accounts for more than 40% of delays.

Kick-starting a European hydrogen market ...



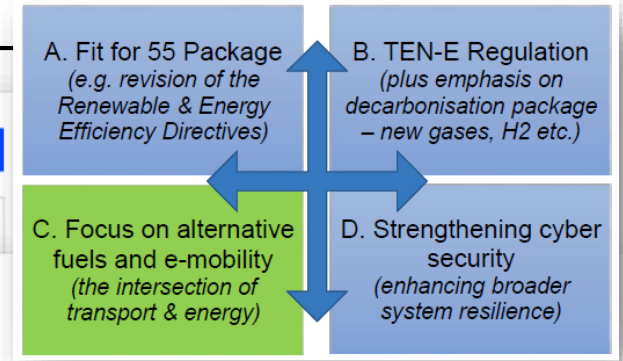
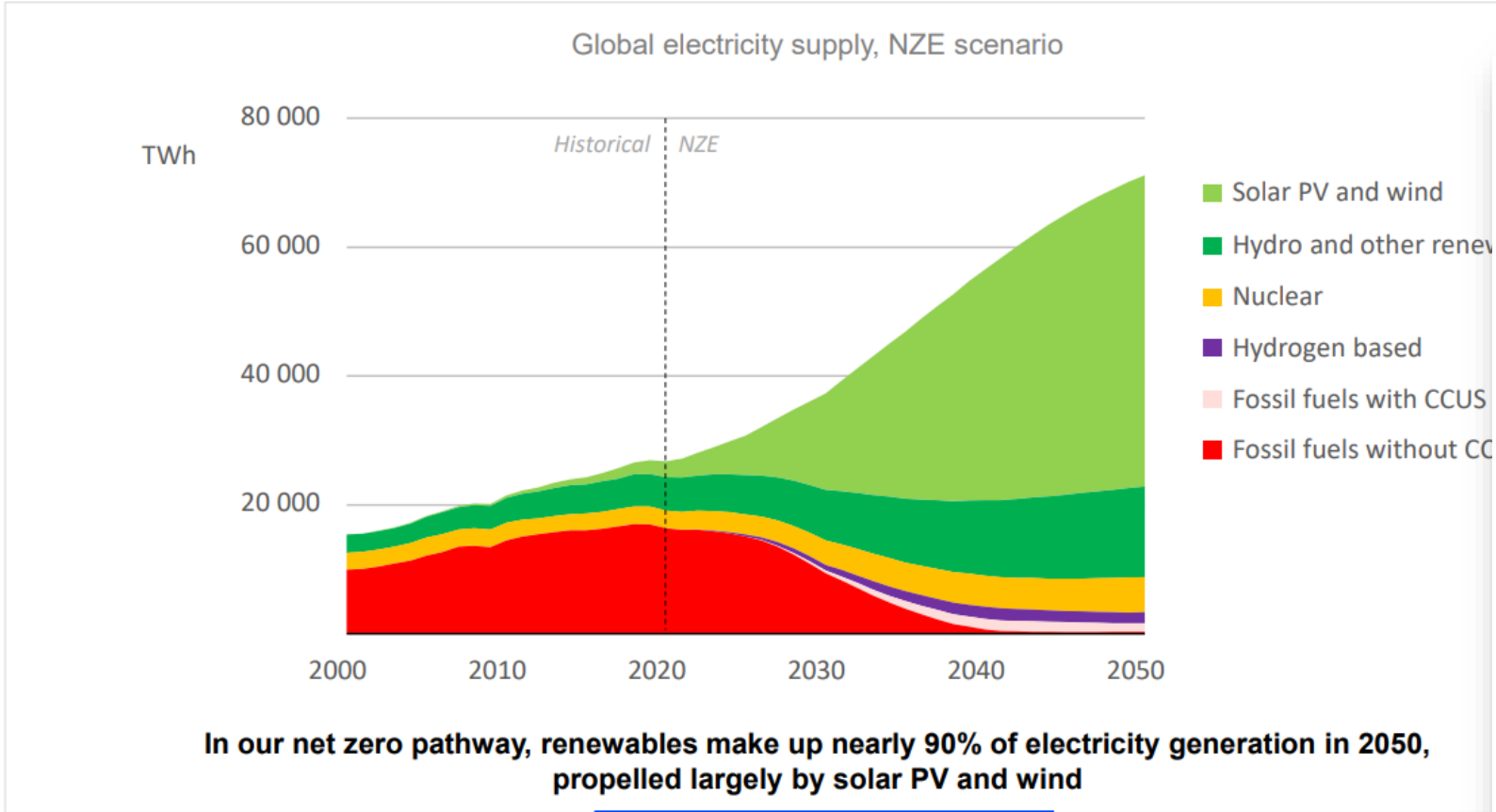
Here, taking lessons from early gas market integration efforts across Europe. Early intervention may avoid unwanted lock-in effects ...



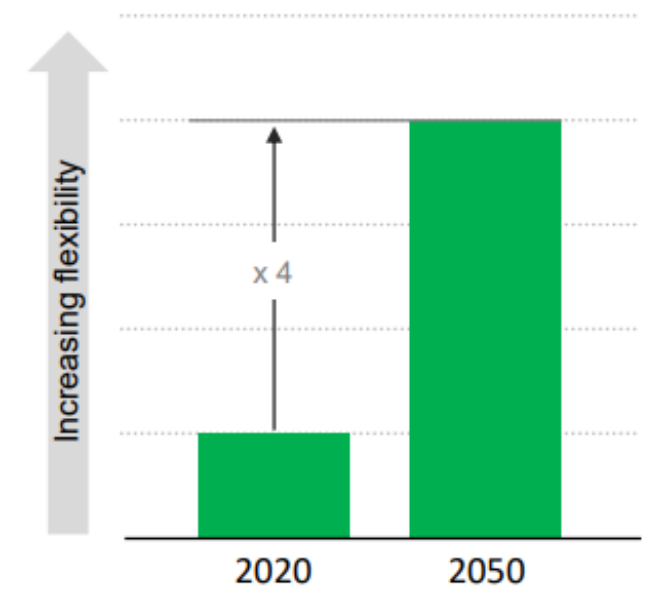
Thus, opting for a gradual, dynamic regulatory approach will likely prove relevant given the current outlook and uncertainty.

Turning to electric mobility ... a broader revolution.

Electricity leads the way to net zero

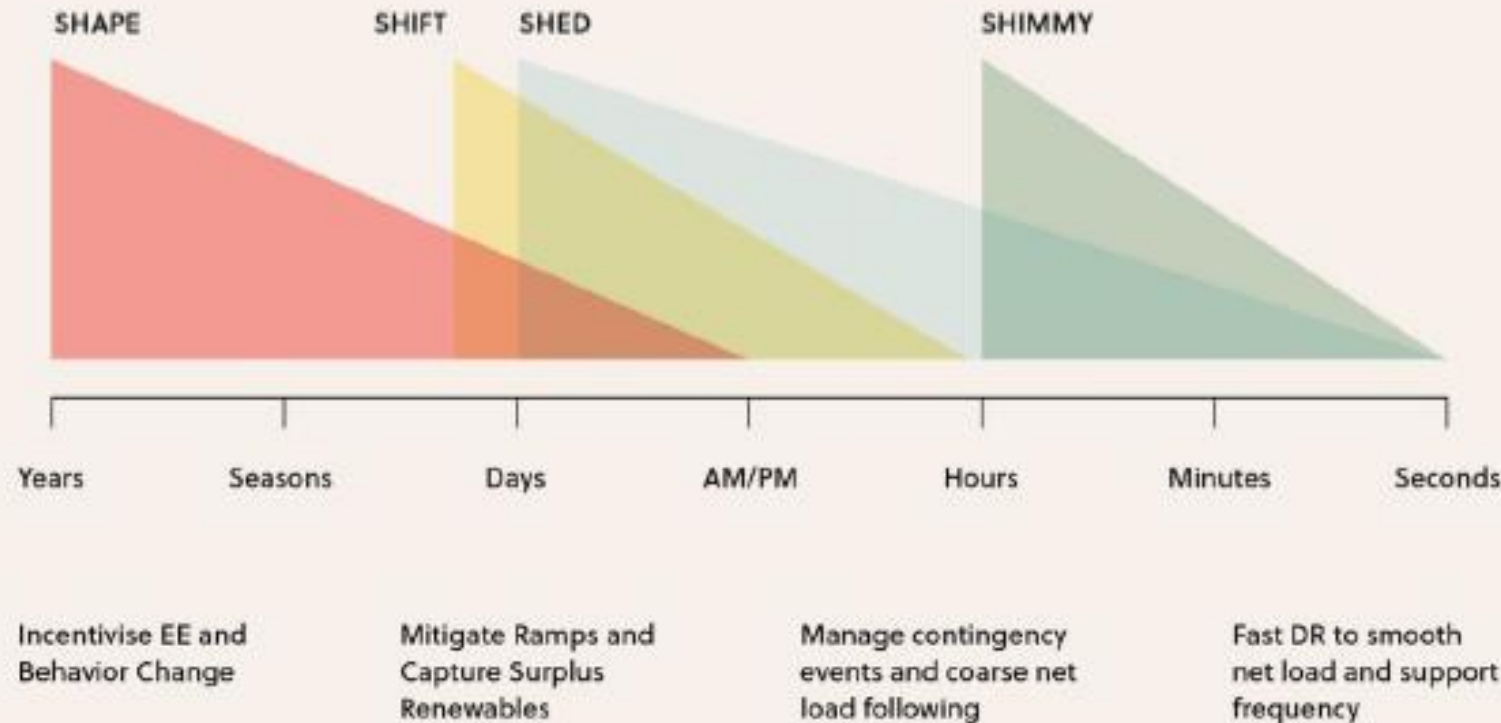


Electricity system flexibility needs



Note: IEA's 'Net Zero By 2050' report of 18 May 2021.

'Flexibility' thus becoming ever more crucial.

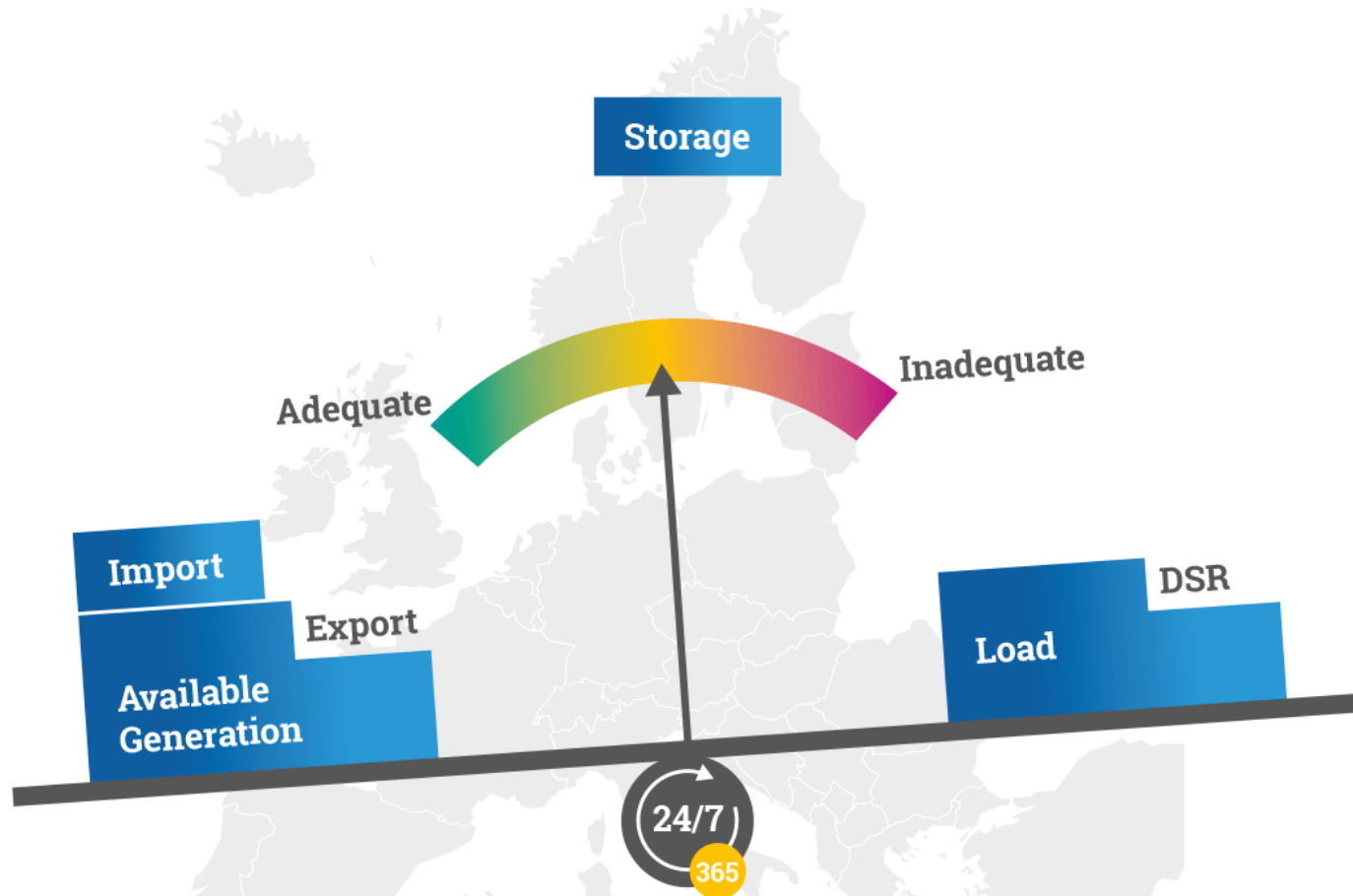


ACER's role is, inter alia:

- 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.

SOURCE: Lawrence Berkeley National Laboratory

Linking to European resource adequacy, too.



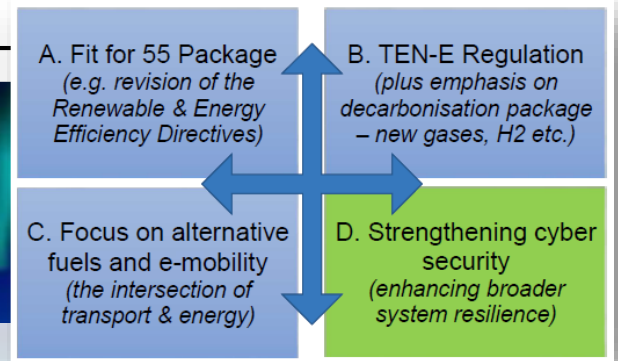
Resource adequacy assesses the level of (electricity) security of supply in the long term: Does Europe / its Member States have enough generation, storage, network to supply demand from now until 2030?

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)?

To close: Cyber-security – a new area for ACER.



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.*



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