
ELECTRICITY AND GAS MARKET INTEGRATION IN SEE



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Current situation



Desired situation



Source: ING Research

- **Today's energy crisis is a wake-up call**
- The energy crisis has put the other two pillars of the energy system; reliability and affordability, in the spotlight again.
- The reliability of energy systems is no longer a guarantee
- **The current energy crisis calls for a rebalancing of priorities:**
from a sustainability, or '*renewables only*' approach towards a balanced approach that includes the reliability and affordability of the European energy systems

Russia's invasion of Ukraine has massively disrupted European and global energy markets. **REPowerEU** is the European Commission's plan to end of dependency on Russian fossil fuel imports.



SAVING

Every citizen, business, and organisation can save energy. Small behavioural changes, if we all commit to them, can make a significant difference. Contingency measures for supply interruptions will also be needed.



DIVERSIFYING

The EU is working with international partners to find alternative energy supplies. In the short-term, we need alternative supplies of gas, oil and coal as quickly as possible, and looking to the future we will need renewable hydrogen too.



ACCELERATING CLEAN ENERGY

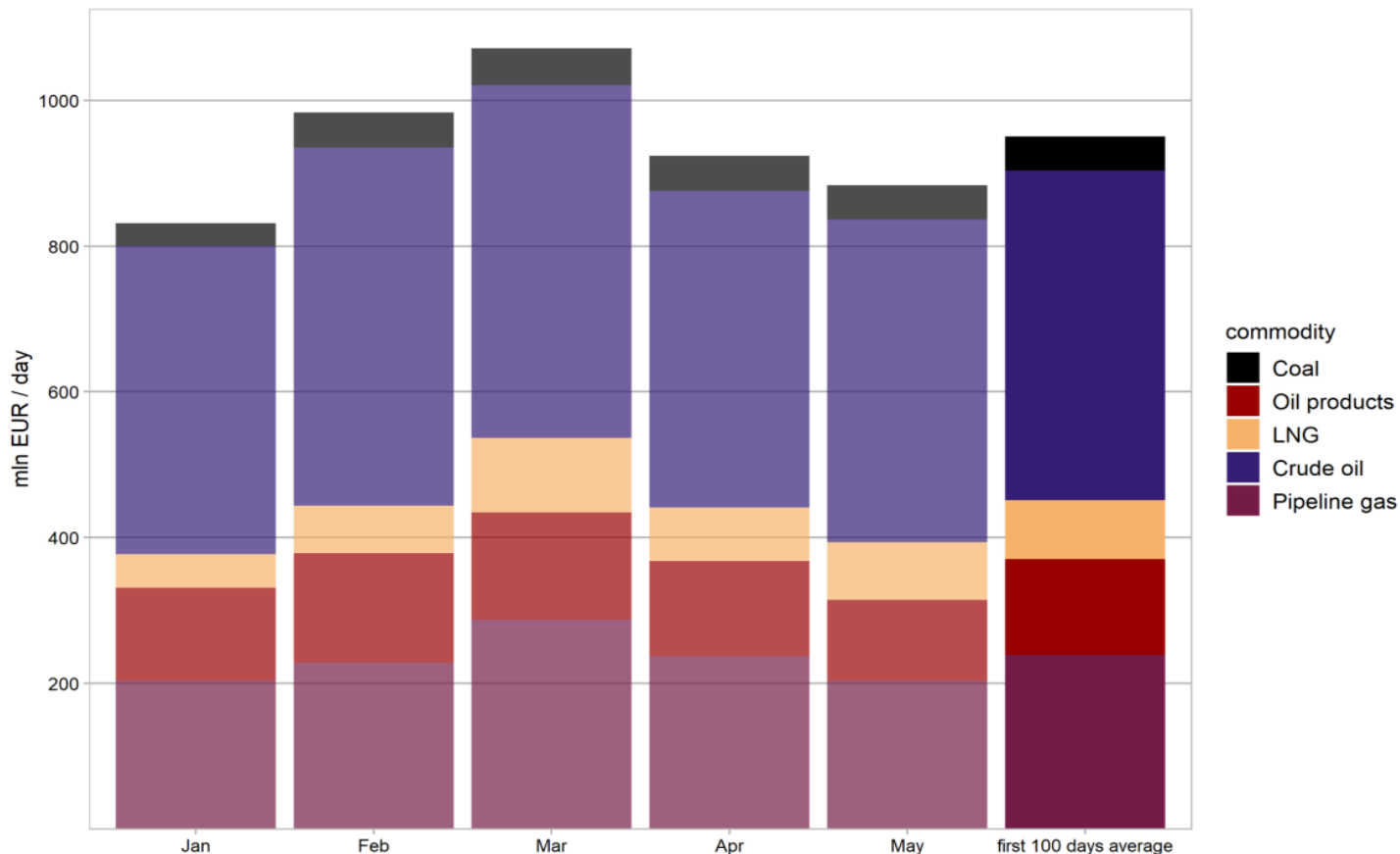
Renewables are the cheapest and cleanest energy available, and can be produced domestically, reducing our need for energy imports. **REPowerEU** will speed up the green transition and spur massive investment in renewable energy. We also need to enable industry and transport to substitute fossil fuel use faster to bring down emissions and dependencies.



INVESTMENT AND REFORM

Additional investments of €210 billion are needed between now and 2027 to achieve our independence from Russian fossil fuel imports, currently costing European taxpayers nearly €100 billion per year. The Commission proposes that Member States develop national **REPowerEU** plans to implement these new priorities.

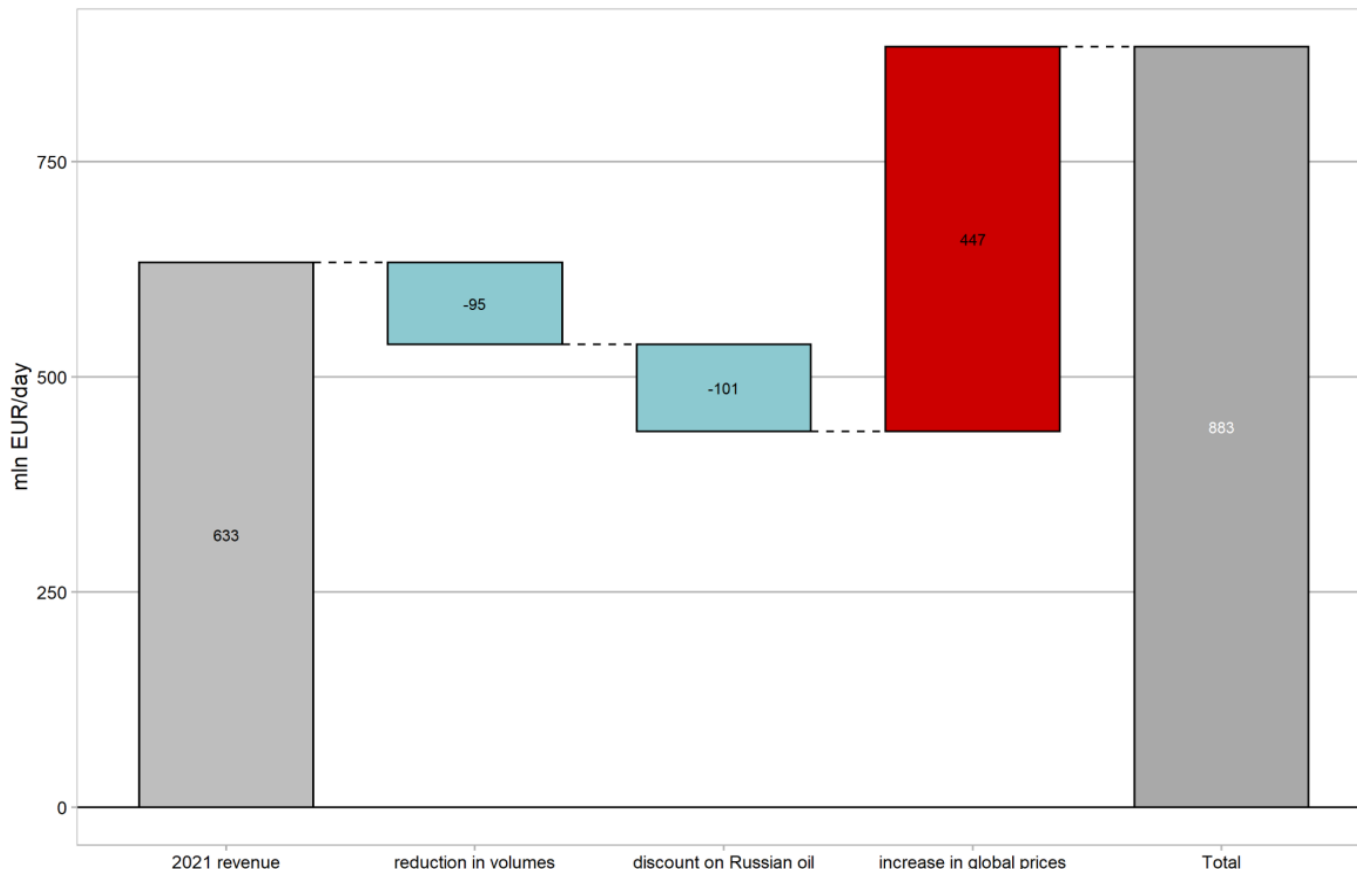
Russia's estimated revenue from fossil fuel exports



Source: CREA

Russia earned **EUR 93 billion** in revenue from fossil fuel exports in the first **100 days of the war** (February 24 to June 3). The EU imported 61% of this, worth approximately 57 billion EUR.

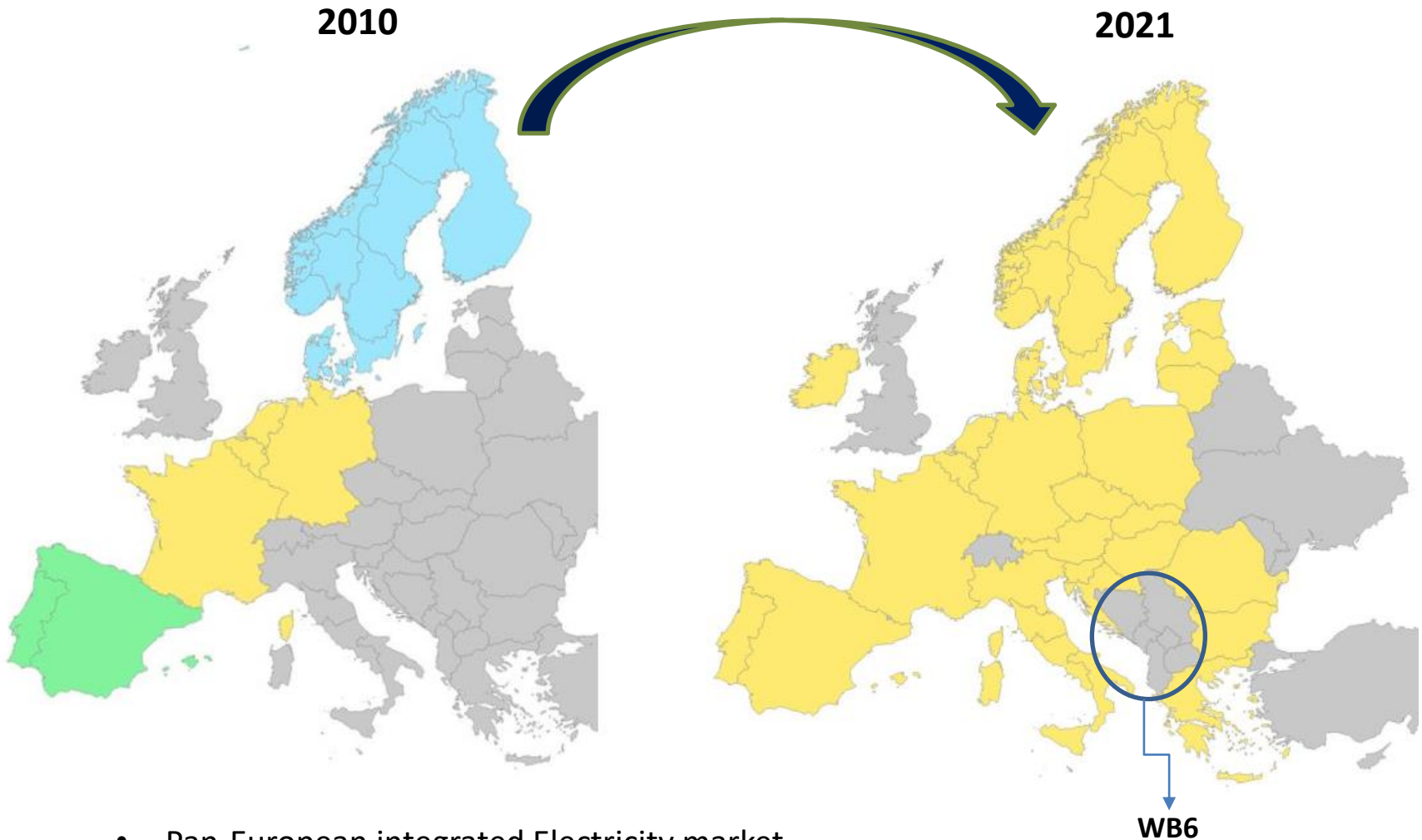
Change in Russia's fossil fuel export revenues from May 2021 to May 2022



Source: CREA

EU gas imports from Russia declined by 23% in the first 100 days of the invasion. In the first two weeks, imports increased to the highest volume observed this year, but have declined afterwards, falling 30% year-on-year in May. *However, Gazprom's revenue is still much higher than the year before, **due to high prices.***

EU day ahead market areas coupled in 2010 (left) and 2021 (right)



- Pan-European integrated Electricity market
- One Pan-European algorithm - EUPHEMIA (Pan-European Hybrid Electricity Market Integration Algorithm)
 - It calculates day-ahead electricity prices across Europe

	Legal basis for PX establishment	PX company established	Service provider for PX selected	PX operational	Legal basis for NEMO designation
Albania	●	●	●	●	●
Bosnia and Herzegovina	●	●	●	●	●
Kosovo	●	●	●	●	●
Montenegro	●	●	●	●	●
North Macedonia	●	●	●	●	●
Serbia	●	●	●	●	●

● In place ● In progress ● Not in place

Source: compiled by the Energy Community Secretariat.

Five years after the launch of Serbian power exchange SEEPEX, the only operational day-ahead market in Western Balkans, all other parties, except Bosnia and Herzegovina, are a step away from setting up a day-ahead market



On 21 July 2021, a Memorandum of Understanding about trans-regional cooperation on the development of an integrated South-Eastern and Eastern European gas market was signed by the Energy Community Secretariat, energy exchanges and trading service providers BRM, UEEX, TGE, CEEGEX and ECG and transmission system operators Moldovatrangaz, GTSOU, FGSZ and GAZ-SYSTEM.

The signatories aim to cooperate on the development of cross-border natural gas trading, e.g. on exchange platforms, and introduce transparent and competitive interregional market-based pricing mechanisms and efficient cross-border gas transmission and interoperability.

**THANK YOU
FOR YOUR ATTENTION**
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