

Update on the latest developments in Poland

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❖ **Electricity market**

- ❖ Domestic market – key figures
- ❖ Unplanned flows
- ❖ New DC interconnection – LitPol Link

❖ **Infrastructure**

- ❖ Introduction of quality regulation (2016-2020)

❖ **Consumer protection**

- ❖ Soft regulation - unfair commercial practices of suppliers

❖ **REMIT**

- ❖ New competences and obligations being result of implementation into national law

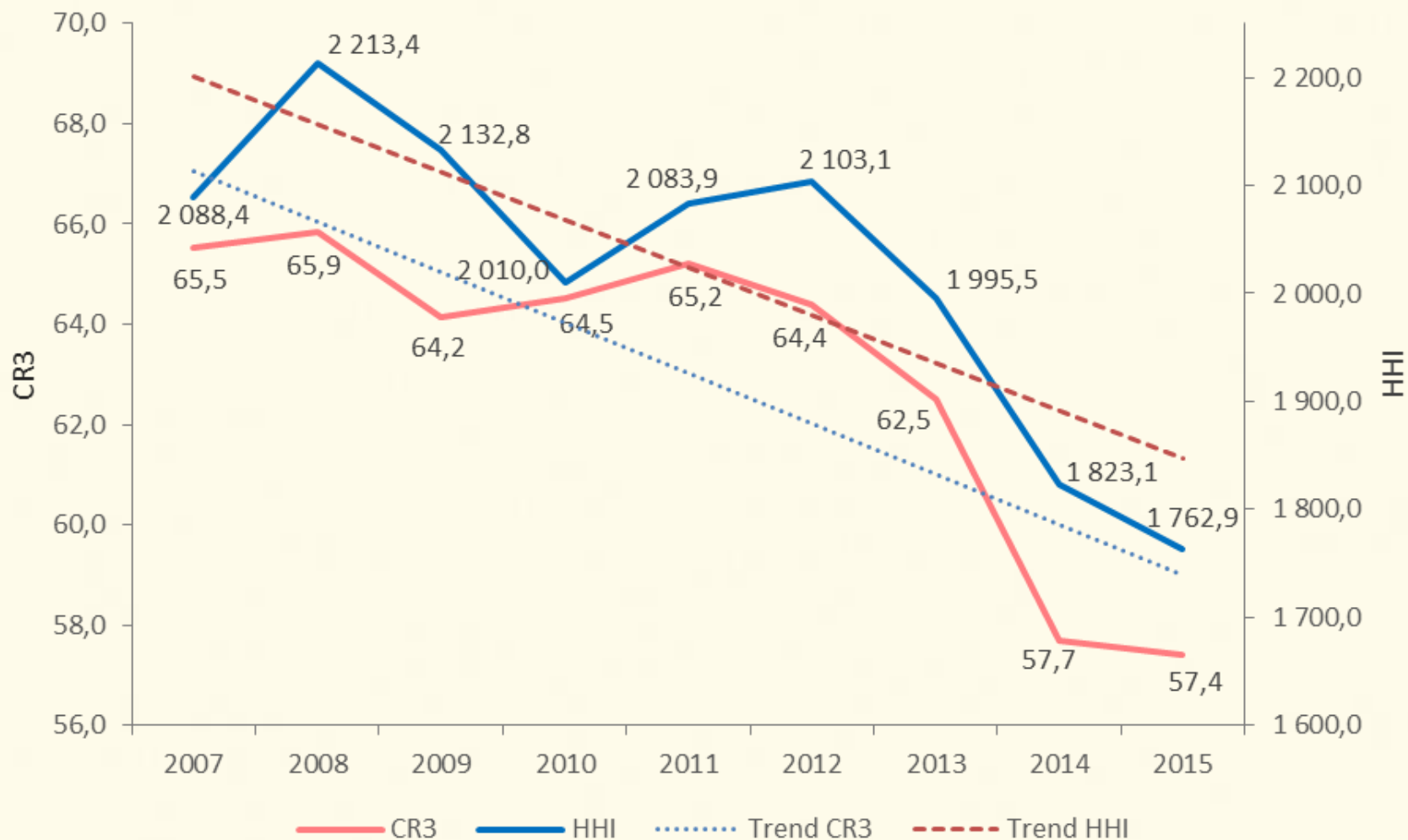
Domestic market (1)

2015

2014

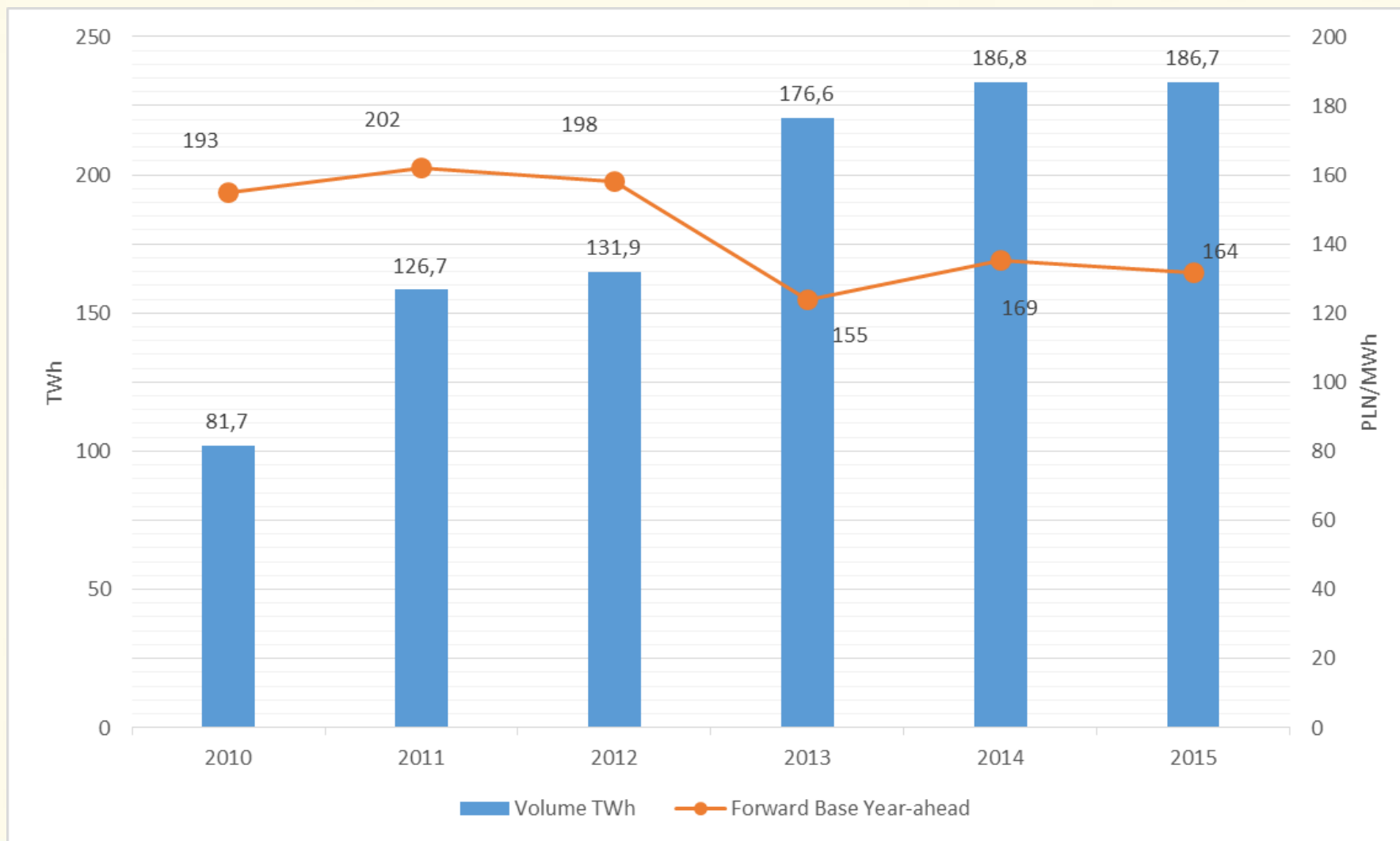
- ❖ Electricity production - 161.8 TWh (+3%)
- ❖ Electricity consumption - 161.4 TWh (+2%)
- ❖ Power Exchange (total turnover) - 186.7 TWh (0%)
 - ❖ Forward market 161.6 TWh (-1%)
 - ❖ Spot market 25.0 TWh (+5%)
 - ❖ Futures market launched in October 2015

Market share and concentration (electricity production)

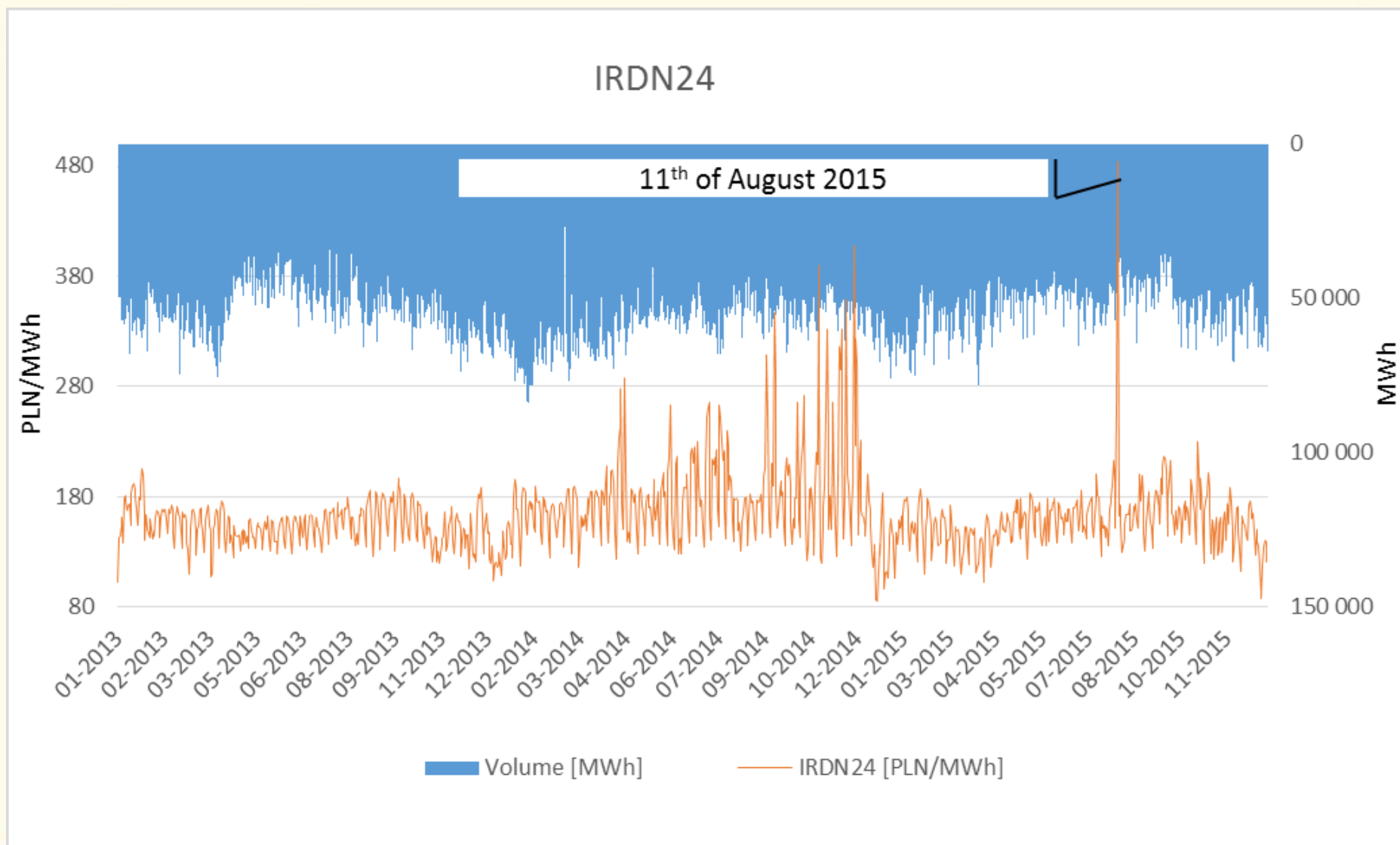


Domestic market (3)

Power Exchange – BASE contracted year-ahead (price) vs total turnover

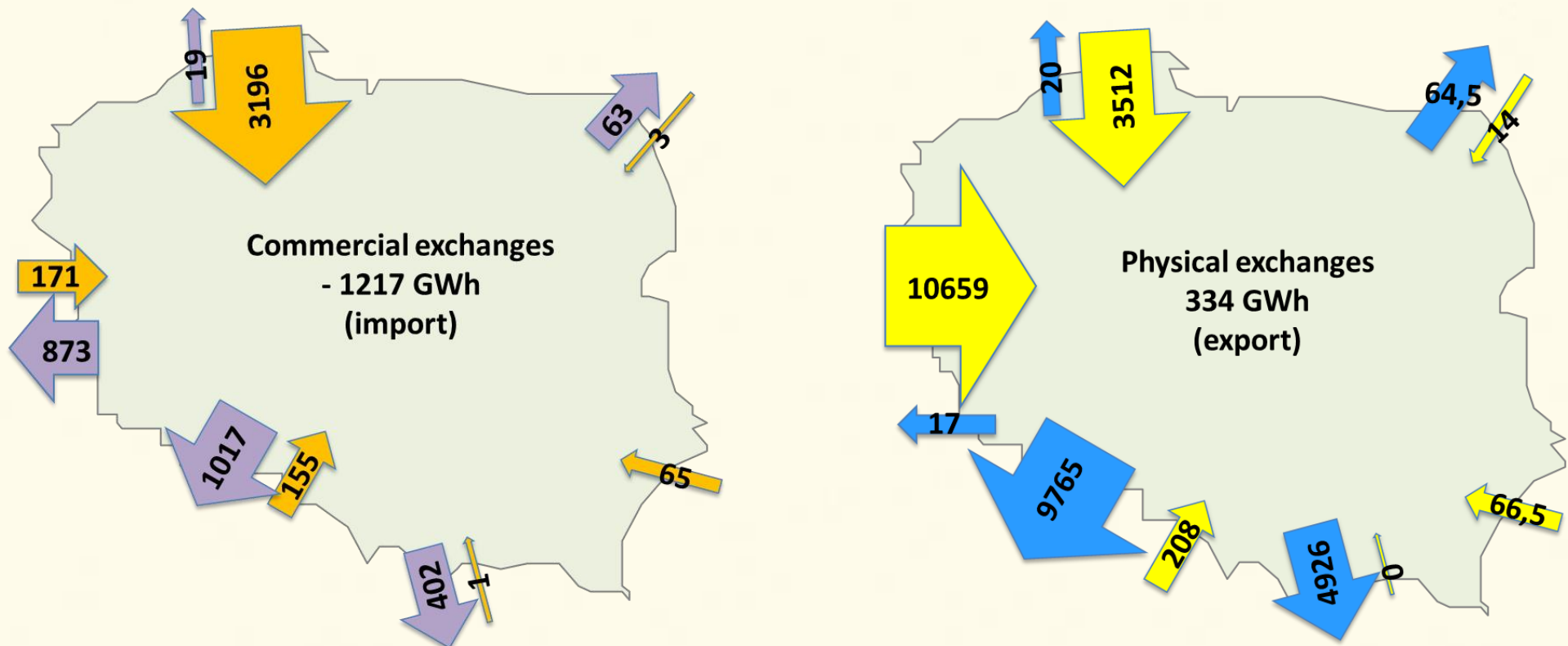


Power Exchange – Day-Ahead market prices and volumes



Unplanned flows (1)

Commercial vs physical cross-border electricity exchanges - 2015



Unplanned flows (2)

Evolution of unplanned flows (yearly average) – 2015 and 2014 [MW-h]



Request to ACER for the Opinion

- ❖ Uncoordinated cross-border capacity allocation in CEE region not compliant with Regulation No 714/2009 resulting in massive unplanned flows crossing neighbouring networks

Conclusions of ACER's Opinion

- ❖ DE-AT interconnection needs to be considered as usually and structurally congested
- ❖ Implementation of capacity allocation on DE-AT border (coordinated in CCE region) is required pursuant to EU regulations

Relevant EU processes

- ❖ Capacity Calculation Regions definition
- ❖ Implementation of Flow-Based Market Coupling, Harmonized Action Rules approval
- ❖ Reviewing existing bidding zones configuration

LitPol Link interconnector

LitPol Link started operating in December 2015



The direct current interconnection consists of:

- ❖ 53-kilometer double circuit 330 kV line Kruonis–Alytus
- ❖ back-to-back converter in Alytus
- ❖ 48-kilometer double circuit 400 kV line from Alytus to the Lithuania–Poland border in the territory of Lithuania and 106-kilometre double circuit 400 kV line border–Ełk on the Polish side

Cross-border capacity allocation:

- ❖ Started on 8th of December 2015 (delivery on the following day)
- ❖ Based on Day-Ahead Market Coupling (NPS and TGE)
- ❖ Currently up to 500MW in both directions

The main targets of quality regulation

- ❖ Improving the quality of services
- ❖ Improving the image of DSOs (focus on customer satisfaction)
- ❖ Regulated revenue optimization (ensuring the optimal level of investments, adjustment of incentives)
- ❖ Increasing the efficiency of enterprises
- ❖ Increasing the transparency of the regulatory process

Scope of quality regulations

- ❖ Quality of supply (SAIDI and SAIFI - **taken into account in the calculation of regulated revenues**, other parameters - monitored)
- ❖ Quality of service (time for connection to the grid - **included in the calculation of regulated revenue**)

Other parameters will be monitored, there is a possibility to change their status from monitored parameters to the model components in subsequent years.

Targets determined individually for each company

- Unfair commercial practices of suppliers

The new ERO campaign „Consumer! Please report us on unfair commercial practices”

Completed:

- ❖ List of suppliers applying suspected practices published on ERO website (based on number of submitted complaints so far)
- ❖ Notifications by customers collected (February – April 2016)
- ❖ Notification form available on ERO website

Pending:

- ❖ Conclusions/Recommendations
- ❖ Summary meeting with companies, The Associations of Energy Trading, Consumer organisations and Office of Competition and Consumer Protection



New competences stemming from REMIT

- ❖ Establishes and updates national register of market participants
- ❖ Cooperation with NRAs, ACER, financial and competition authorities in carrying out the monitoring of wholesale energy market and
- ❖ Prohibitions of market manipulation, insider trading and the obligation to publish inside information by market participants - new investigatory powers related to REMIT Regulation
- ❖ President of ERO may impose administrative sanctions for REMIT breaches

Need for additional resources

- ❖ Internal analysis prove the need of recruiting additional 14 employees

**Thank you for your
attention**



**Energy
Regulatory Office**

Vilnius, 3rd of May 2016