How to improve electricity price signals in South-East Europe

Contributions to reflections on a more resilient Internal Electricity Market

MESC meeting – 3 December 2025

SEE price signals: what is at stake?

- Price spikes in SEE during the summer of 2024 – Member States show **legitimate concerns as to electricity affordability** for their citizens and businesses

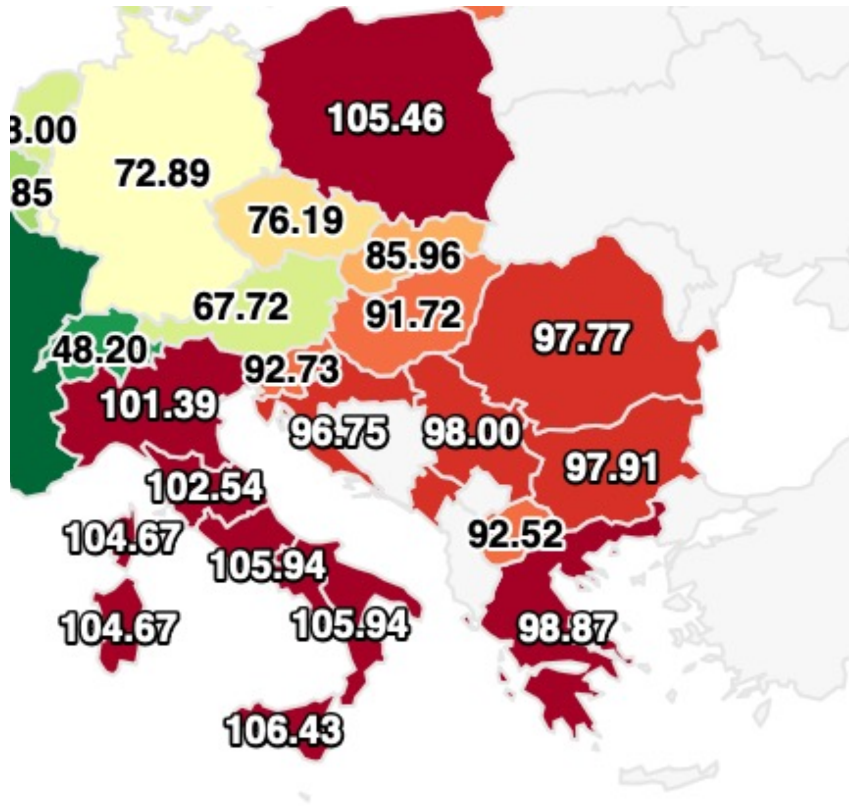
- Increasing **political pressure** coming from a number of Member States to act – with growing concerns as to **whether the market is sufficiently transparent and efficient**

- European Commission invitation to ACER to **present ideas to remedy the situation** – with an opportunity to also challenge Member States, NRAs and TSOs to ensure the IEM delivers on its promises

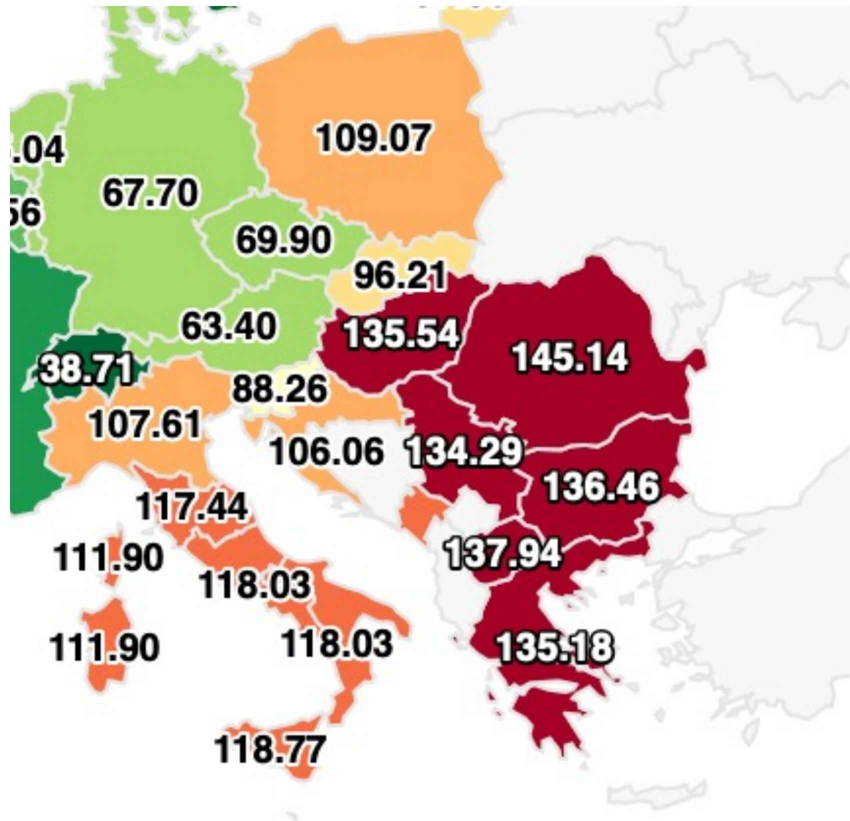
The reality of SEE prices in the summer of 2024

- The summer of 2024 was tense in SEE, but **need not be painted bleaker than it was** - average DA prices in SEE for:

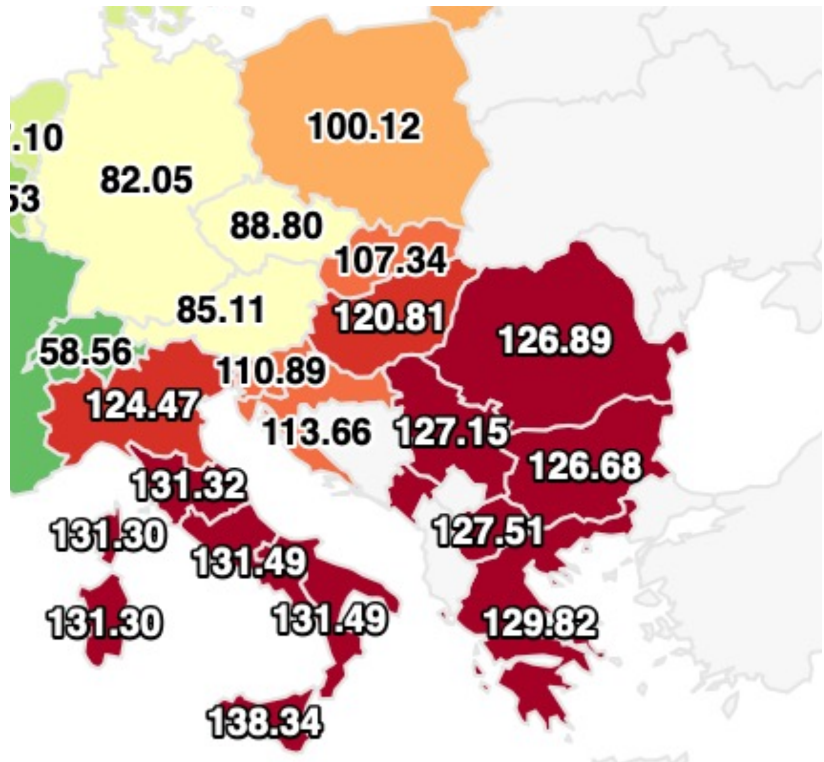
June 2024



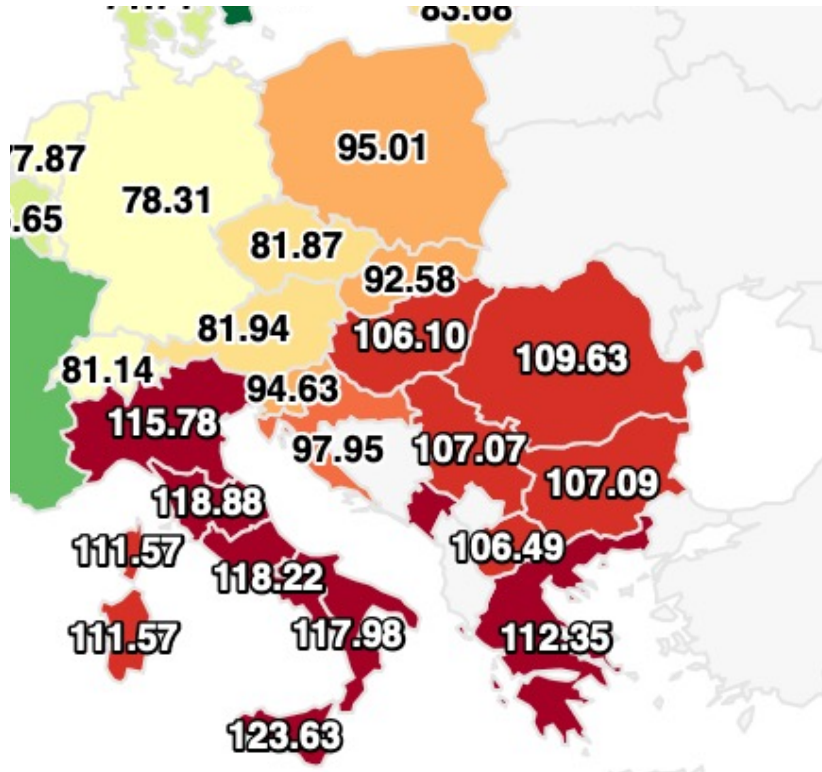
July 2024



August 2024

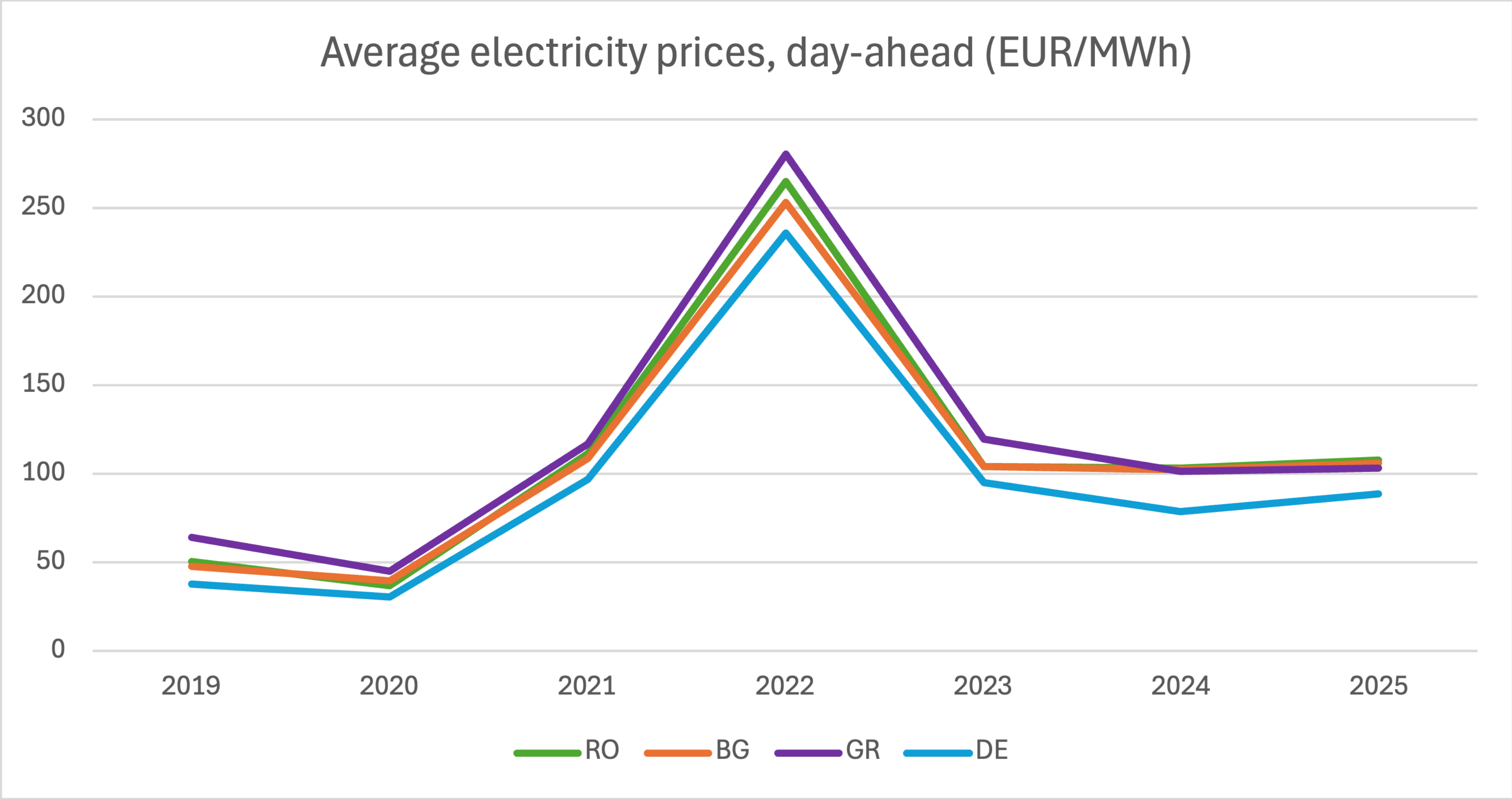


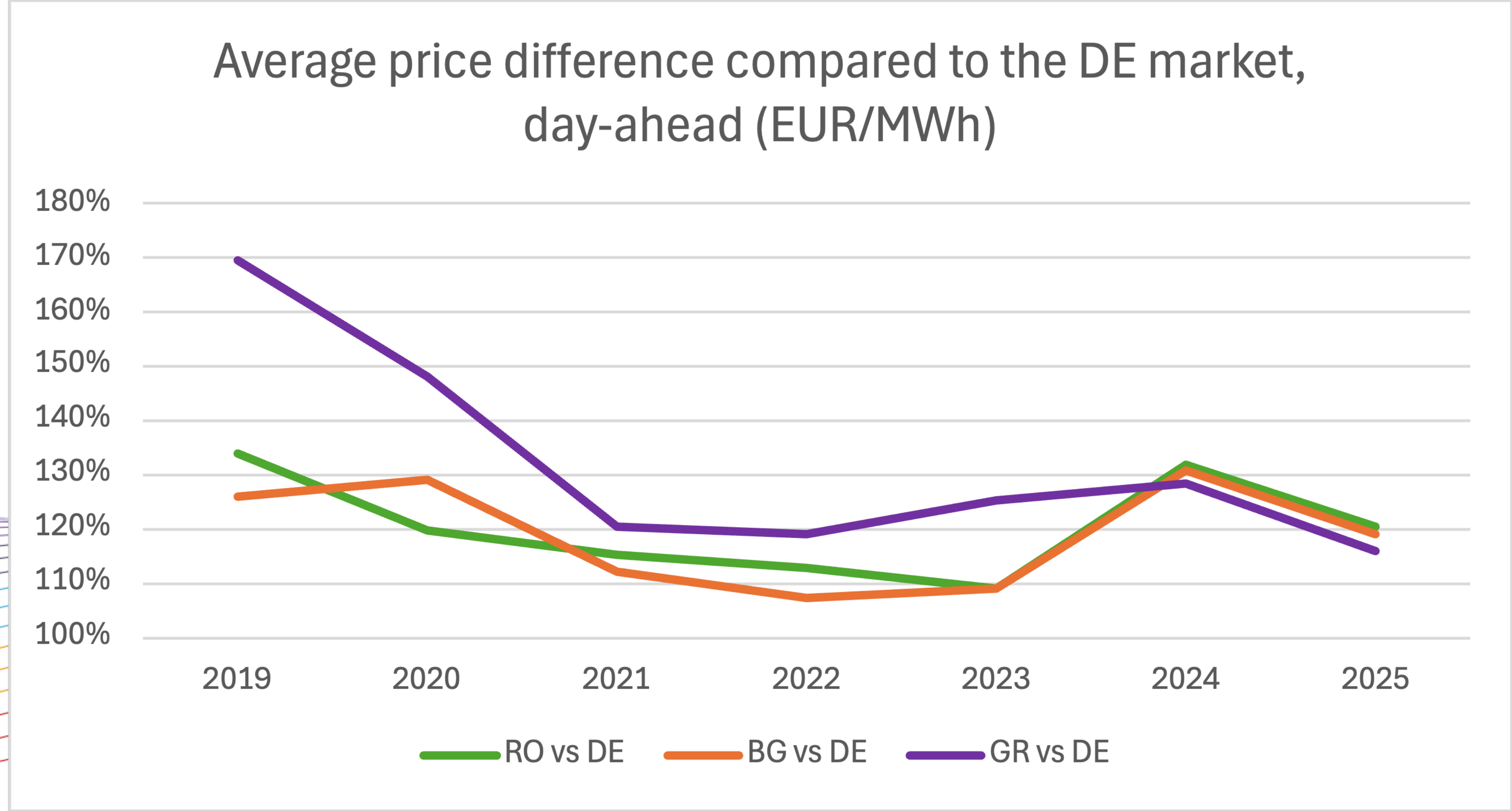
September 2024



Source: Fraunhofer

- **Absolute price levels have increased** in SEE since 2019, while **price spreads have decreased** with the rest Europe:





We broadly agree with ACER – and call to go further!

- In the preliminary analysis, ACER notes a number of **fundamentals underlying high prices** during the summer of 2024:
  - Extreme temperatures
  - Demand and supply fundamentals, especially in the early evenings
  - Outages of CCGTs + low hydro reservoirs
  - Limited storage and demand-response capacity
  - Limited transmission capacity availability from Central Europe to SEE at certain hours

- Important to note that the market functioned properly on the basis of these fundamentals – even if this resulted in outcomes that are less desirable for consumers

- ACER and the European should **take the opportunity to address other fundamental hurdles** that affect market results:
  - Limited transmission capacity availability in SEE itself
  - Insufficient level of interconnection capacity (especially in Romania and Greece)
  - Improper implementation of the electricity market model in SEE

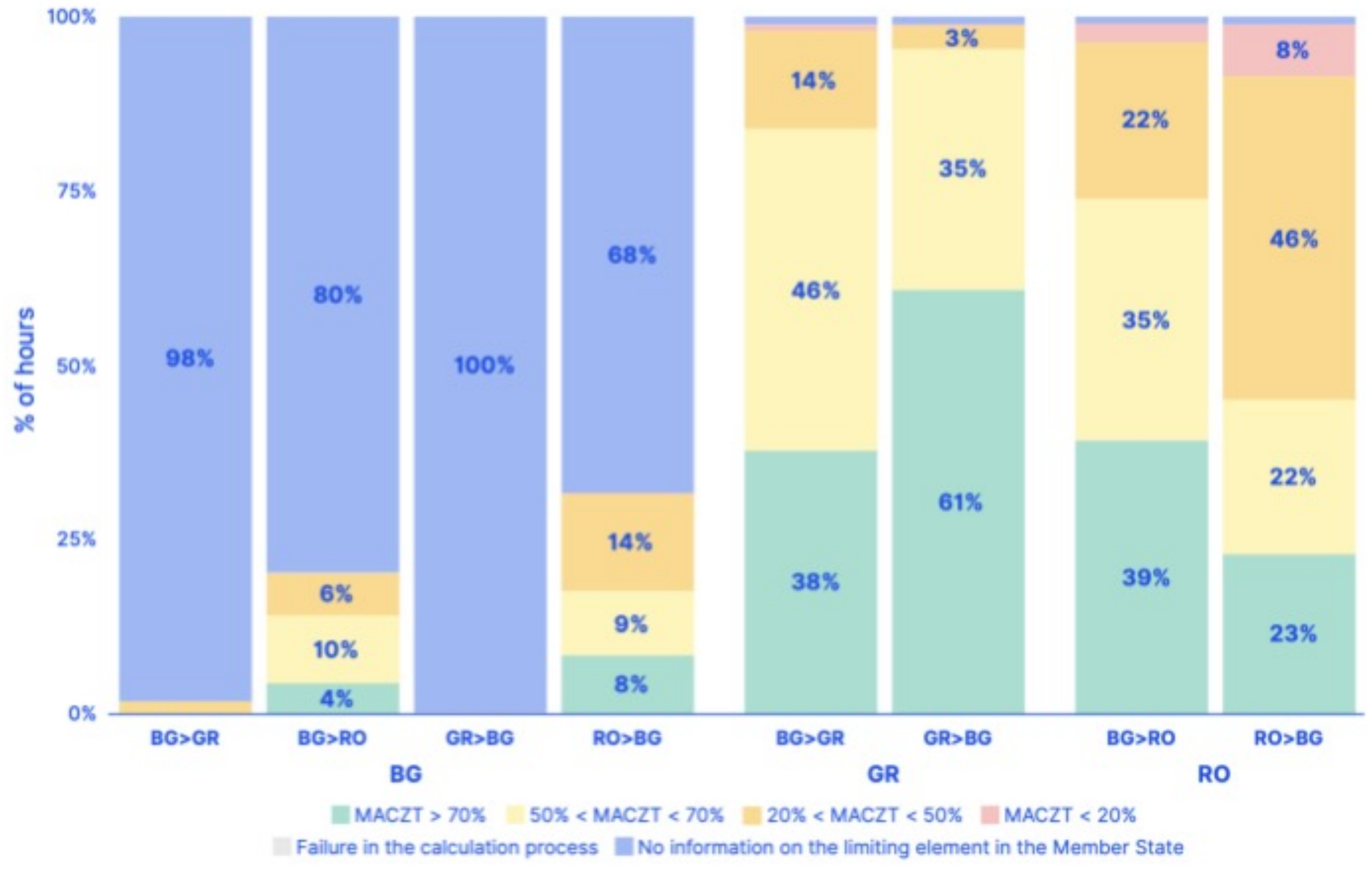
Transmission capacity availability needs serious improvements in SEE

State of play:

- No minimum capacity requirement in the SEE CCM (capacity can go below 20% RAM) – reform?

- Minimum 70% requirement:
    - RO: derogation 43%
    - GR: derogation 60%
    - BG: no derogation

Figure 42: Percentage of hours when the hourly MACZT was above 70% or within predefined ranges in the SEE CCR for each Member State and oriented bidding zone border, considering flows induced by third-country exchanges – 2024 (% of hours)



Source: ACER calculation based on TSO data.

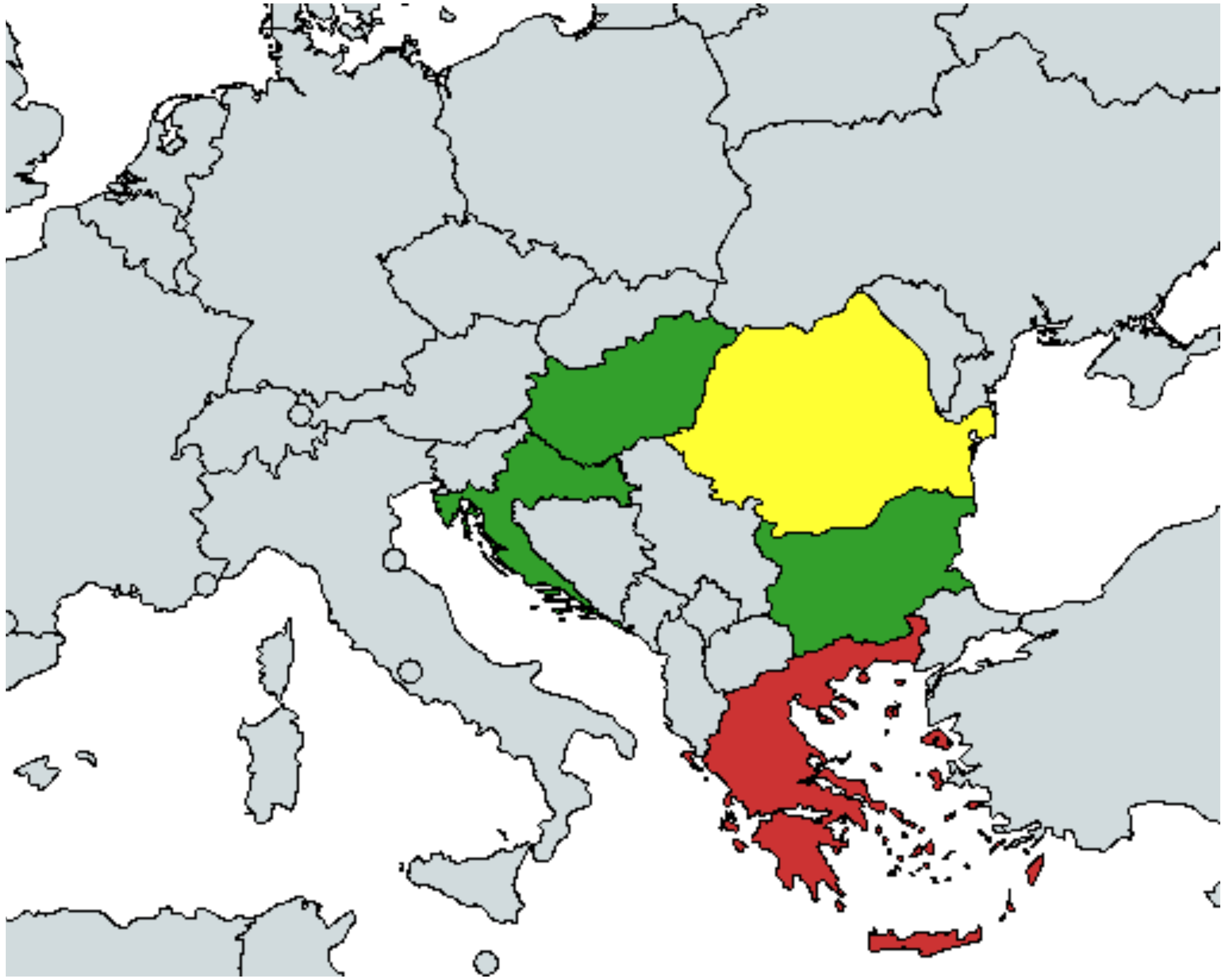
What to do?

- More stringent oversight by NRAs of the min 70% requirement + minimum 20% RAM as in Core (+ incentive framework?)
- Better redispatching/countertrading + cost-sharing methodologies to ensure all remedial actions are used
- Access to transparent, reliable and high-frequency TSO data for market participants + better CGMs
- Improved SEE CCM – consider flow-based calculation/allocation (esp. with future market coupling with EnC CPs)
- Monitor the effects of CBAM on capacity availability from EnC CPs and Turkey

Progress towards interconnection targets is underway but needs faster pace

State of play:
- The EU has set an interconnection target of at least 15% by 2030
- Interconnectivity in 2025:
  - Bulgaria 21,91%
  - Romania 12,72%
  - Greece: 6,2%

What to do?
- Improve outage plannings
- Fast-track infrastructure improvements (incl. DLR)
- Establish an incentive framework for transmission capacity newbuild
- Open competitive tenders for interconnectors if TSOs don't commit to building fast enough?



Source: European Commission 2025 https://energy.ec.europa.eu/topics/infrastructure/electricity-interconnection-targets_en

Market hurdles persist in SEE and reforms are needed

- **Making the market attractive to increase liquidity:**
  - Traders profit margin tax likely prolonged through 2026 (in budget law currently under discussion)
  - Licensing obligation (incl. mandatory seat in the EU)
- **Improving wholesale market functioning:**
  - Use-it-or-lose-it transmission rights at the border with Turkey
  - Accession to MARI: December 2025
- **Liberalising the retail market:**
  - Widespread regulated tariffs for end consumers
  - Cap on retail price for industrial consumers linked to DA price

- **Making the market attractive to increase liquidity:**
  - REMIT II implementation - penalties set as a minimum of 15% of turnover (instead of maximum 15% in REMIT II)
  - Licensing obligation (+ mandatory fee for foreign companies)
- **Improving wholesale market functioning:**
  - Independence of the regulator
  - Leftover effects of the most severe clawback mechanism in Europe (forward market has not really recovered)
  - Accession to MARI: Q2 2026? And to Picasso: April 2026

- **Making the market attractive to increase liquidity:**
  - Licensing obligation
- **Improving wholesale market functioning:**
  - Licensing obligation Restrictions to OTC trading within-Greece trades + mandatory registration through HENEX
  - Central dispatch: no transferring of DA positions into ID + balancing model
  - No ID allocation at the borders with Albania, North Macedonia and Turkey
  - Accession to MARI: December 2026

Conclusions

We appreciate the open discussion, broadly agree with ACER's assessment and recommendations.

However, it's **important to tackle all electricity market inefficiencies that affect affordability**.

High seasonal prices in SEE are not just a question of transmission capacity availability in central Europe. Member States, NRAs and TSOs should:

- **remove market design inefficiencies in SEE,**
- **improve infrastructure and develop interconnections**
- **significantly improve the access of the market to transmission capacity (in SEE just as well as in the rest of Europe)**

We count on the European Commission to deliver strong and broad messages to the EUTF.