



REGIONAL CIGRE CONFERENCE:
For synchronous operation of the East-West interconnection



Main Trends of the Electric Power Market Development in the CIS countries

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Starting Points

Differences:

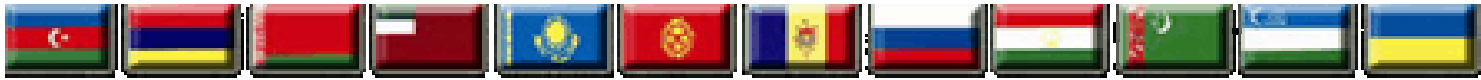
- ✦ In legislation of the CIS countries,
- ✦ In economic conditions,
- ✦ In a degree of real market introduction in the Electric Power Sector in the CIS countries.

Similarity:

- ✦ Unified technological base,
- ✦ Identical initial conditions of the Electric Power Sector organization.

Basis for the Market Creation:

- ✦ Decree of the CIS Electric Power Council



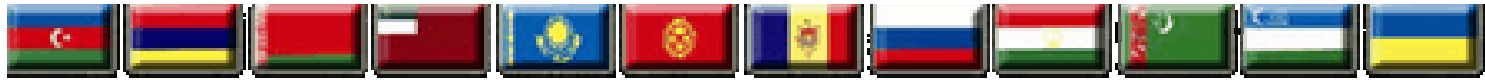
Starting Points

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A variety of market models

Examples by countries:

- ✦ **Kazakhstan** – for the most part – direct contracts, trade by deviations from contracts volumes, a separate sale of power reserves
- ✦ **Ukraine** – “Pool Model” with centralized purchase and sale of electricity
- ✦ **Russia** – “Transition Model”, combination of:
 - Regulated Segment (Regulator fixes prices),
 - Segment of a hourly price auction for the next day with free prices for supply and demand, and also
 - Obligatory Deviation Segment with special prices&terms that are fixed by Regulator



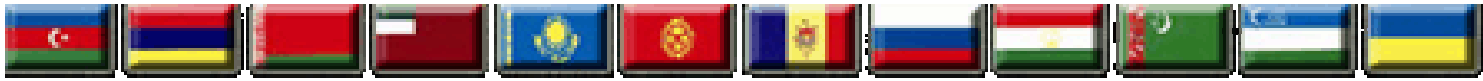
Electric Power Market of the CIS countries:

Mission: Efficiency rise in Electric Power Industry operation in the CIS countries

Way of Realization: Organization of interactions on electricity purchase-sale and on rendering services between Electric Power entities in the CIS countries on the base of common rules and a contractual system

Necessary Conditions:

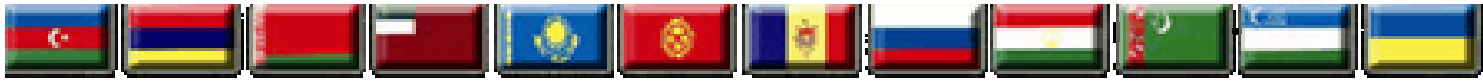
- ✦ Co-ordination of reforming' processes in the CIS Electric Power Industry with taking into account of their own and world experience,
- ✦ Harmonization of the CIS countries' legislative base.



Basic principles of the CIS Electric Power Market are developed

The principles determine:

- ✦ **Structure of participants of the Market,**
- ✦ **Identity of organization's conditions of Electric Power Industry management,**
- ✦ **Opportunity of investments into industrial sphere,**
- ✦ **Principles of opening the Market for the Consumer,**
- ✦ **Conditions for an electricity transit,**
- ✦ **Principles of organization of economic relations in the Market conditions,**
- ✦ **Principles of technological interactions.**

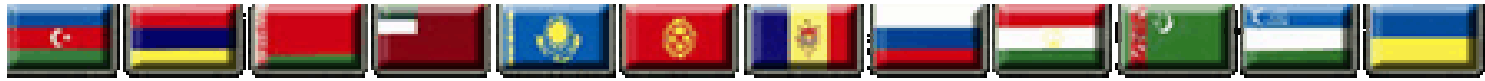


Market participants can be:

Entities of the CIS Electric Power Industry carry out business in:

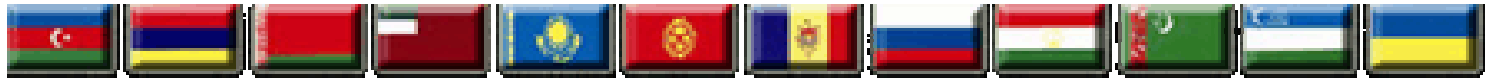
- + Generation,**
- + Transmission,**
- + Distribution,**
- + Operational technological control,**
- + Trade arrangements,**
- + Purchase and/or sale.**

Abovementioned participants in accordance with the legislation of their countries must have an access to the internal market of the country and to the CIS Electric Power Market.



Opportunity of investments into industrial sphere is determined by the rights:

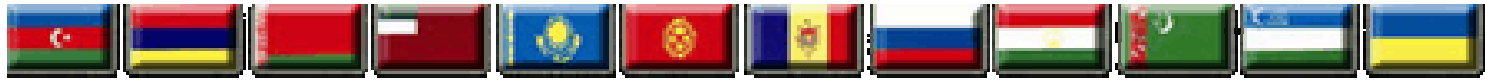
- ✦ **Construction and operation of new power plants on the territory of any CIS country**
- ✦ **Purchase and sale of generating units by physical and artificial persons on the terms determined by the internal legislation of the country**
- ✦ **The issue of disseminating similar rights on purchase of network assets is under discussion**



Opening of the CIS Electric Power Market for the participants

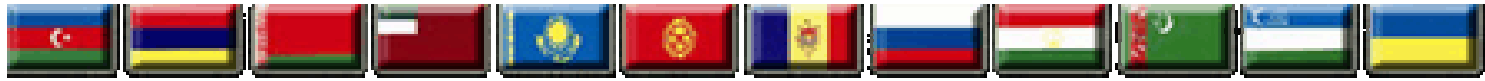
- ✦ The right to play on the CIS Electric Power Market for the sellers and buyers with an opportunity to sign contracts (within framework of the Market rules) between players of different countries (including contracts on electricity transit) is established
- ✦ Total amount of capacity (electricity) to become a market player is established, but a determining amount is amount accepted by the legislation of a concrete country is determining. A rate of openness as for the common market so for local markets should be reduced gradually

Comment: At the first stage the scheme of trade through commercial representatives of the countries – national export/import operators - is possible



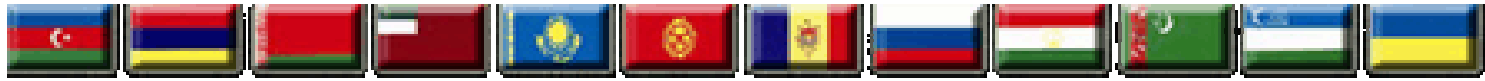
Principles for Economic Relations' Organization in the Market Conditions

- The CIS Electric Power Market assumes existence of separate segments:
 - ✚ Bilateral (direct) relations between the Sides (a perspective scheme),
 - ✚ The Stock exchange segment, providing trade by electricity and financial obligations (standard contracts),
 - ✚ Balancing segment – on-line market.
- A specific contracts' system determined by market' rules is in force within each segment.



Main Principles for Technological Interactions of the CIS Countries

- ✦ **The CIS countries establish minimal technical requirements for connection of consumers to the transmission system on an objective non discrimination basis;**
- ✦ **The countries nominate Transmission System Operators, operating within frameworks of market rules;**
- ✦ **Each country is responsible to maintain a power balance on its territory, including a reserve availability (with taking into account contracts, concluded on the Market);**
- ✦ **Planning regimes within a zone of a national TSO's responsibility is to be fulfilled with taking into account contracts and deals signed at the Power Stock exchange.**



Main Principles for Technological Interactions of the CIS Countries

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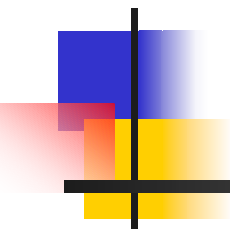
- ✦ **All the participants of the CIS Electric Power Market have equal rights to access transmission network that are determined by the Market' rules;**
- ✦ **Planning network's regimes (the countries networks), including capacity repaired, is to be fulfilled with a reliability factor taking into account a possibility to fulfill market contracts' obligations under a lose of one element of the network;**
- ✦ **Calculations on the Market are executed on the base of data of automatic systems of commercial records with possibility to fix a half-of-hour's intervals.**



Conclusions

In the CIS countries' Power Field the first steps towards creation of a Common Electric Power Market are executed:

- **“Basic Principles for Forming of the CIS Electric Power Market” are developed and approved by the CIS Electric Power Council;**
- **Work on development of the CIS Electric Power Market' normative base is started:**
 - ✚ **A conceptual market model (April 2004);**
 - ✚ **Market's Rules (commercial and technological parts) (late in 2004).**



Thank you for attention
