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Title - Innovative Market Design: The Key Role of TSOs

Making it possible to pool generation facilities, loads and demand-side flexibility at a continent scale, European transmission grids are a fundamental tool to optimize electricity costs, CO₂ emissions and security of supply. TSOs allow minimizing investments in new generation and using at best primary energy resources.

But TSO's added-value goes far beyond the transmission infrastructure: the hardware cannot be separated from the 'software', the market design which is supposed to drive market participants towards efficient behaviors for the society at large. There is no 'perfect' market design: it should be suited to a given physical system complexity (including the generation mix and the importance of grid congestions) at a given time. Transmission System Operators are at the ideal place to guide the market design towards efficiency and to bridge the gap with the physics, under the supervision and control of Regulators. In Europe, TSOs have played a key role in designing and implementing continental-wide market coupling. ENTSO-E, their association, has drafted the 'Network Codes' making it possible to have a fully integrated European market. TSOs also promote market innovation through experiments and implementation on topics like flexibility markets and smart grids.