

Europe's electricity market at a crossroads

As Europe's electricity system becomes increasingly interconnected and dependent on renewable energy sources, the rules governing cross-border electricity trading are facing new challenges. How can Europe optimize the use of its existing power grids while keeping the system secure? This question was central to discussion at the **17th Balkan Energy School (BES) Seminar**, held online on October 6, 2026. Dedicated to the revision of the Capacity Allocation and Congestion Management (CACM) framework, the event brought together regulatory, transmission system and electricity market perspectives to explore the next steps towards a more integrated European electricity market.

CACM 2.0: rewriting the rules of market integration

The CACM Regulation provides the regulatory foundation for Europe's day-ahead and intraday electricity market coupling, allowing electricity to flow across national borders through coordinated trading arrangements. However, years of practical experience have highlighted limitations in both the efficient use of transmission capacity and the governance of common market processes.

The proposed CACM 2.0 reform seeks to address these challenges by **improving cross-zonal capacity calculation, strengthening regional coordination and reshaping how market coupling is managed**. The aim is not simply to facilitate more electricity trading but to make Europe's internal electricity market more efficient, transparent and resilient.

The 70% rule: opening the borders without compromising security

One of the central issues addressed by the reform is the requirement to make at least 70% of relevant transmission capacity available for cross-zonal electricity trading, in accordance with EU electricity market rules.

Making more capacity available can improve competition and market integration, but electricity networks have physical limits. The seminar examined how the proposed framework would strengthen capacity calculation procedures and extend the focus on minimum cross-zonal capacity into intraday markets. A key role is assigned to **remedial actions**: operational measures that help relieve network constraints and maintain system stability. The challenge is to use these measures effectively without exhausting the resources needed to respond to unexpected events. More trading capacity must therefore go hand in hand with robust operational safeguards.

Managing congestion: who decides and who pays?

When electricity flows exceed the safe operating limits of parts of the network, transmission system operators must intervene to manage congestion. The proposed reform would reinforce the role of **Regional Coordination Centres (RCCs)** in coordinating capacity calculation and remedial actions across interconnected systems. National transmission system operators, however, would remain responsible for the secure operation of their networks.

This raises questions that extend beyond technical considerations: who should make operational decisions, who should bear the associated risks and how should congestion-management costs be shared?

The seminar highlighted the importance of **cost-allocation methodologies**, including the principle that costs should reflect contributions to congestion. Finding a fair balance between regional efficiency and national responsibilities remains a central challenge.

Market coupling: towards a new governance model

The reform also addresses the institutional architecture behind European electricity trading.

Today, **Nominated Electricity Market Operators (NEMOs)** jointly perform the common functions required for day-ahead and intraday market coupling. The Commission's proposal envisages a single Market Coupling Operator (MCO) entity, with a governance structure involving both transmission system operators and NEMOs.

The aim is to overcome fragmented decision-making, accelerate implementation and provide clearer accountability for common market-coupling activities. However, a more centralised model also raises questions about the balance between collective governance, operational independence and the commercial interests of market participants. The reform must reconcile the **benefits of common European infrastructure** with the different responsibilities of those who manage networks and operate markets.

Towards a more integrated European electricity market

The central message of the seminar was that **market integration depends on more than interconnections and trading platforms**. It requires rules capable of aligning technical constraints, economic incentives and institutional responsibilities across borders.

For the **Balkan region** these developments are particularly relevant as regional electricity markets pursue deeper integration with the European market framework.

As the CACM review progresses, the challenge is to create an electricity market where expanded cross-border trading, operational security and effective governance are mutually reinforcing.

