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Your reference
E09-RIG-04-03

Re
Draft Strategy for delivering a more integrated European energy
market: The role of Regional Initiatives

Dear Sir, Madam

Liander's reaction to the ERGEG public consultation E09-RIG-04-03:

"Draft Strategy for delivering a more integrated European energy market: The role of Regional Initiatives"

Introduction

Liander is one of the largest DSOs in the Netherlands. We build, maintain, replace and manage the electricity and gas grid in large parts of the country. Our grid supplies the energy to 2.8 million electricity and 2.1 million gas customers. In addition, we facilitate the market by handling over 448,000 switches annually.

In the Netherlands there is a strictly ownership unbundling between network operators and other parties on the energy market (trade, generators and retailers).

Liander has read the ERGEG public consultation paper with great interest. We welcome the work done by ERGEG, and would like to take the opportunity to contribute to the process with this set of comments on the public consultation.

Before answering the various questions in the consultation paper, we would like to make some general comments

Liander is a supporter of the existence of a competitive, healthy internal energy market. We believe that a mature market is able to address all the challenges regarding security of supply, reasonable pricing and renewable energy sources.

Both the top-down as the bottom-up approach are - in our view - a necessity to achieve a mature market. Regional initiatives are important not only to solve issues "at the bottom" but perhaps even more important to start the dialog between the - until recently - different markets. Regional initiatives can be seen as the operation to achieve the European strategic vision

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In response to the specific questions mentioned in the consultation document

1. Questions - set 1

There is no 'blueprint' for achieving a single energy market, and yet activity towards that goal is taking place across a number of levels. Do you consider that a high level/strategic vision is needed to set the overall direction of market integration? Should this vision be the same in gas and in electricity? How do you think it should be formed, and who should be involved? Which sort of forum do you think would be appropriate for the development of such a strategic vision? Do you see a risk that developing a strategic vision may delay implementation in the regions under current structures, or that it could facilitate progress?

Liander's reaction to question 1.

In our view an overarching high level/strategic vision is needed to achieve a single energy market. This overarching high level / strategic vision should incorporate both electricity and gas. To divide the high level / strategic vision into electricity or gas would in the end result in a sub-optimisation. To achieve the high level / strategic vision a debate should be started with experts on various fields, important is the aid of regional experts in this debate. To our opinion it is the absence of a forum / debate about the high level / strategic vision a greater danger to the development of the single market. In our vision it is "time well spend" because of the current differences between markets.

2. Questions - set 2

Member States have an important role in establishing a legally binding cross-border regulatory framework, as well as in relation to their own Member State's interests. Work in the Regional Initiatives will be very relevant. Do you agree that Member States should be more closely involved in the work of the Regional Initiatives? If so, how should this happen?

Liander's reaction to question 2.

We agree that member states and market parties operating in those member states needs to be involved in establishing the regulatory frame work. We believe that a regional forum would be an excellent platform for the member states and market parties to get involved.

3. Questions - set 3

There are currently 7 electricity regions in the ERGEG Regional Initiative, and 3 in gas whereas the overall target is to create a single region – the Single European market. How should the number of regions in the ERGEG Electricity Regional Initiative evolve towards a single market? Should the number of regions be reduced? And/or should specific topics firstly be merged across the regions? Which regions do you think should be merged or topic areas reconfigured, and what criteria should be used in reaching a view? How many regions should result initially, and what topics might be reconfigured?

Liander's reaction to question 3.

In our view a region should consists of area's that are more or less the same in maturity and market design and who would work actively together to harmonize their markets even further. The merger of two regions should be able if there is a minimal set of market rules that are common. In this respect it is worth wile to consider if in a single region electricity and gas can merge before the merger of two different electricity regions.

4. Questions - set 4

Not all regional market projects are part of the ERGEG Regional initiative, and yet the achievement of a single European energy market is the goal of all such regional projects. Do you agree that the regional market initiatives which are outside of the ERGEG Regional Initiative should be incorporated in some way in the overall approach to achieving a single European energy market? How do you think this should happen? If you disagree, what role do you think these initiatives should have and how do you think convergence of European markets should be achieved?

Liander's reaction to question 4.

The goal and the approach of the regional initiative should be the leading factor, not if they are part of ERGEG. However coordination between regional initiatives is necessary for quick implementation.

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5. Question 5

Could ACER improve co-ordination across the regions in a better way than is proposed in this paper?

Liander's reaction to question 5.

To create a single energy market there is the need for a broad and high level / strategic vision about the content of such a market and the elements it consist of. Implementation requires a roadmap and central coordination; regional initiatives are playing an important role in this process.

We hope that you find this response helpful. Please do not hesitate to contact us if you would like to discuss any of the issues raised in more detail.

Kind regards,

regulering@liander.nl