

UCTE Comments on

EREGG Public consultation package from 2 May 2005

Guidelines on Transmission Tarification

1. Current Situation

- **1st para:** ... and in some Member States the 'G' charge is zero (**to be replaced by:** and the major part of the electricity produced in the IEM is subject to a G charge regime which may put G at or very near to zero.

Congestion Management Guidelines

1. Introduction (Explanatory Note)

- **4th para:** Security and reliability rules will be proposed in separate guidelines. (**to be deleted:** because TSOs and their associations have to have the only right to set rules within their synchronous zone. Regulators and/or the EU-Commission should not get involved in technical issues as their main focus is rather economical and concentrated on market issues.)
- **7th para, 2nd sentence:** Where (**to be inserted:** and when) there is no congestion, there shall be (**to be inserted:** in general) no restriction of access to the interconnection (**the last part of the sentence should be deleted in order to clarify the phrase.**)

4. Transparency (Explanatory Note)

- **last line of 1st para:** "and information on the installed generation capacity." **should be deleted.** (Justification: Bearing in mind art. 5(3) of 1228/2003 TSOs shall only publish data of the network and not those of the generation sector; see 5.7 + 5.8 too)

1. Efficient Use of Available Transmission Capacity

- **no. 1.2:** Sentence should **end** after "efficient level". Additional sentence **should be inserted:** "In that sense and under the priority of operational security TSOs shall choose non-cost measures first." (Justification: The rationale behind this is that according to the concept of economic efficiency cost-free measures should be given priority.)
- **no. 1.8, end of 2nd para after the word "authorities":** **To be inserted:** "However, it should be avoided that one or more countries are confronted to incompatible different sub-regional systems." (Justification: This idea has been expressed several times during the mini-fora and is of great importance for large countries interconnected to more than one regional market.)
- **no. 1.12, 3rd sentence:** **Inserting:** "...liable for the consequences in cases of gross negligence and premeditation." **Inserting into the 5th sentence:** "The key concepts of penalties in cases of gross negligence and premeditation and consequences failure ..." (Justification: The TSOs' first priority is to operate the interconnected grid in a secure manner. Penalties therefore only make sense if interconnector capacity is not available for reasons of gross negligence and premeditation. Nevertheless it must be possible to shorten capacities if TSOs face operational risks from high trade flows.)
- **no. 1.13, end of para:** ...allocated capacity (**to be inserted:** or not).

2. Mechanism for Congestion Management

- **no. 2.4, 1st sentence:** The expression “make efforts to...” **should not be deleted** as the guideline in itself harmonises the procedures for congestion management. TSOs (and Regulatory Authorities) are only the executing entities and therefore can only “make efforts” to facilitate this harmonization.
- **no. 2.5. (4):** The establishment of intra-day allocation mechanisms should be subject to their technical feasibility as stated in Article 4.1 (9) of the same guidelines. Therefore, the expression “If operational problems can be overcome...” **should be put before** the paragraph.
- **no. 2.5 (12), end of para:** Depending on the legal situation in each country the regulatory authority might not be the institution in charge of market power monitoring (competition authorities might also carry out this task). For this reason, the word “regulatory” in the second line should be deleted.
- **no. 2.6, end of para:** The establishment of a co-ordinated allocation mechanism could be hindered if one or more parties affected are not obliged to comply with EU legislation. Therefore, the following statement **should be amended** at the end of the paragraph:
It is also the task of National Regulators to take efforts on a political level that an appropriate co-operation with non-EU countries will be ensured.

3. Calculation of Interconnection Capacity

- **no. 3.2: To be replaced:** The **operational security** standards should form an ... **(deleting of the 2nd sentence;** Justification: Regulators and/or the EU-Commission should not get involved in technical issues as their main focus is rather economical and concentrated on market issues.)
- **no. 3.6, end of para: Inserting:** in line with the rules for safe grid operation.
- **3.8, 2nd sentence:** If the last part of the sentence (“and shall avoid limiting interconnection capacity in order to solve congestion inside their own control area.”) **would be deleted** this could help to clarify the whole paragraph.
Justification: TSOs permanently observe their grids and operate them as efficiently as possible without jeopardizing operational security. If congestions inside their control areas limit the interconnection capacity, it must be only to the extent that is justifiable from the technical viewpoint and for reasons of operational security as the third sentence expresses very well. For that reason, the part, which should be deleted, gives no additional information and is not necessary in that sense.
- **no. 3.8, end of para: Inserting:** If congestions with cross-border relevance occur by conflicting requirements of national legislation and of these guidelines, National Regulators ensure that any conflict is solved in a compromise way.

4. Timetable for Market Operations

- **no. 4.1 (7): Deleting** because (6) covers its objective and from an economic viewpoint and as stated by several mini-fora explicit and implicit auctions should be evaluated equally.

5. Transparency

- **no. 5.2 (8) + (9):** Both paragraphs **should be deleted**. (Justification: The publication (asap after real-time) of corrective measures taken by TSOs in order to solve system problems are not information which should be distributed to market participants. It is rather preferable that regulators receive those information in case they ask specifically for them. Otherwise it will be a huge burden and it will cause administrative costs for TSOs to provide information in all cases of corrective actions. Concerning (9) it doesn't seem possible that TSOs know each outage of lower voltage grid infrastructure or small generation units just on the next day.)

- **no. 5.5:** The para **should end** after "information shall be published." (Justification: If this information is published too early the danger of large flows caused by intraday trading activities become true. That makes the coordinating business of TSOs much more complicated and the number of corrective actions - non-cost and cost measures - might increase.)
- **no. 5.7. and 5.8.:** The information requirements on TSOs seem far too high and will most likely cause excessive administrative expenses. Additionally, bearing in mind art. 5(3) of 1228/2003 TSOs shall only publish data of the network and not those of the generation sector and that forecasting the overall electricity demand is not straightforward especially in countries with significant decentralized production. Therefore, both paragraphs 5.7. and 5.8. **should be deleted**.

6. Use of Congestion Income

- **no. 6.1, 2nd sentence:** ...will be established (**to be inserted:** by the involved TSOs and be approved) by the Regulatory Authorities ...

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