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Ihr Zeichen	Ihre Nachricht vom	Unser Zeichen	Sachbearbeiter, DW	Wien, am 23/6/05
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Draft ERGEG Guidelines on Congestion Management, Transmission Tarification

Sir,
Madam,

we'd like to thank for the opportunity of commenting to the above-mentioned Draft Guidelines. Recognizing these Draft Guidelines as being welcome from the opening of the Internal Market's point of view as well as without contradictions to Regulation 1228/2003, we'd like to submit our comments as follows:

ad Draft Guidelines on Transmission Tarification

For ensuring a competitive marketplace without distortions, there should be explicitly strived for a harmonisation of the generation component (G-charge) within one control area as well as on European-wide level – as it is already mentioned in item 1.8 of the Congestion Management Guidelines and in items 1 & 2 of the Guidelines on Transmission Tarification, related to Art. 4 of Regulation 1228/2003.

ad Draft Guidelines on Congestion Management

ad Explanatory Note, page 2: We propose completion to

“An interconnection is to be considered as congested when the sum of demand for capacity including the forecasts for physical electric power flows”

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resulting from transactions accepted by other TSOs at a specific allocation timeframe exceeds the capacity available at that interconnection”

Rationale: Related to a specific interconnection, congestion can be caused

- (not only) by the demand for commercial transactions over this specific interconnection, (but also)
- by physical electric power flows resulting from transactions accepted by other TSOs over other interconnections and therefore as the result of all electric power flows on a specific interconnection

Therefore, for considering congestion, loads resulting from all electric power flows due to transactions relevant to one specific interconnection are to be considered.

ad Sub-clause 1.8.: We propose completion to

“Co-ordinated allocation procedures for allocation of capacity to the market shall be applied at least for the yearly, monthly and day-ahead allocation period latest from [01. January 2007] in the following areas: ...”

Rationale: The implementation of intra day allocation procedures on an implicit basis needs

- at least some experience with the regional approaches
- more data exchange and
- more coordination with market players (e.g. power exchanges).

It is unrealistic to have such schemes implemented by the end of 2006 (See 2.5.(4) and 4.1. (9) of the Guidelines).

ad Sub-clause 2.2. (e): We propose reduction to

“Products”

Rationale: The terms enclosed in the brackets refer only to the time periods for different products.

ad Sub-clause 2.3.: We propose modification/completion to

“In case of structural congestion, the congestion management methods shall ensure that the power flows associated with all allocated transmission capacity comply with network security specifications being at an acceptable level. A particular request for transmission service shall only be denied when the power flows resulting from its acceptance, in addition to other accepted requests, lead to an expectable situation where secure operation of the power system can no longer be guaranteed and where that request has an economic value (expressed through willingness to pay) lower than other request accepted under the same contractual conditions whose rejection would also secure the power system. ”

Rationale:

- a) Please refer to specifications or technical rules instead of standards which term should be reserved for deliverables established and published by Standards Organisations like CENELEC or IEC, in the electrotechnical field.

- b) TSOs are calculating the available capacity on data available at a given time frame and the best forecast. When dealing with forecasts and imperfect data it should be clear that TSOs can only make estimations concerning congestions.

ad Sub-clause 2.5 (13):

Acknowledging and agreeing with the basic objective of this paragraph,

“Priority access rights to interconnection capacity should not be assigned to those contracts which violate Articles 81 and 82 of the EC Treaty. Existing long term contracts should have no pre-emption rights when they come up for renewal but the capacity shall be made available through open, market based mechanisms.”

from our point of view, assessment of whether a contract of market actors could violate the EU Treaty cannot be task assigned to TSOs but of the responsible Authorities (e.g. Regulators) only.

ad Sub-clause 2.5. (14):

From our point of view, with the proposed text

“To promote the creation of liquid electricity markets, capacity should be tradable provided that the TSO is informed sufficiently in advance”,

there are linked two problems:

Tracking system: Who is the valid owner of the capacity in case of two parties declaring as being the legal owner ?

If the eligible trading partners are not limited to the energy sector, this provision may increase the problem of market power abuse.

ad Sub-clause 2.6.: We propose modification to

“In cases where nomination for an expected flow between two countries (TSOs) significantly affects conditions in any other country (TSO), congestion management shall be coordinated between the two countries (TSOs) concerned and the other countries (TSOs) through a common allocation procedure. National Regulators shall ensure that no congestion management procedure with significant effects on power flows in other networks, be devised unilaterally”

Rationale: In fact, the paragraph in the Draft Guideline requires the coordination of CM measures in a whole synchronised area (and not only within the areas given in 1.8. or between three or even more countries (TSOs)). We recommend to express that more clearly, e.g. by wording according to our above proposal.

ad Sub-clause 3.6.: Agreeing with the content of the paragraph

“When preparing the day-ahead grid operation, the TSOs must exchange information with neighbouring TSOs including their forecast grid topology, availability of generation units and load flows in order to optimise the use of the overall network through operational measures.”

on principle, we draw attention to the fact that in some Member States the legal system is not consistent with this obligation (e.g.: availability of needed data to TSOs; data protection is a constitutional matter in Austria). In order for TSOs to fulfil this requirement, a similar obligation of all other related market actors would also be needed.

ad Sub-clause 4.1. (2): We propose reduction, by deleting the term “firm” to

“The access rights of long- and medium term allocations shall be transmission rights with no obligation to be used. It shall be subject to the use-it-or-lose-it-rule at the time of nomination”

Rationale: Paragraph 3.3. already says that the TSOs shall offer transmission capacity to the market, what is as “firm” as possible.

ad Sub-clause 4.1. (4): We propose completion of the third sentence to

“This nominated capacity shall be taken into account as far as possible for netting in order to use the interconnection to its maximum of capacity.”

Rationale: At the time of nomination of the capacity on a specific interconnector, the TSO has not knowledge of the exact situation of active generation units, and also the trader normally has not fixed its actual generation contract. Without having knowledge of the real generation plan in the grids, the TSOs are not able to exactly forecast the physical electric power flows on the lines. Therefore, TSOs have to be careful with netting at the time of nomination, by using experience from similar situations in the past.

ad Sub-clause 5.5. (2):

Concerning the text

“monthly: month and year-ahead forecasts of the transmission capacity available to the market taking into account all information available to the TSO at the time of the forecast calculation (e.g. impact of summer and winter seasons on the capacity of the lines, maintenance on the grid, availability of the production units, etc.);”

two question arise:

- It is to be doubted whether it were appropriate for the TSOs to provide information to market players concerning the work of their competitors (availability of generation units).
- Is the availability of all information needed for congestion management to TSOs ensured ? We refer to our comment to 3.6.

ad Sub-clause 5.8.: We refer to our comment to 5.2 (2) above.

ad Sub-clause 6.2.: We propose completion to

“The revenues resulting from the allocation of interconnection capacity shall be used for one or more of the following purposes:

(1) To cover the costs for the allocation procedures

(2) Guaranteeing the actual availability of the allocated capacity

(3) *Network investments required for maintaining or increasing the inter-connection capacities*

(4) *As an income to be taken into account in the process of calculating the network tariffs."*

Rationale: As this list appears as determining all cases to be considered the financing of the costs for allocation itself needs to be included.

Asking for consideration of our comments, we remain,

with best regards,

AUSTRIAN ASSOCIATION OF ELECTRICITY COMPANIES

Dipl.-Ing. Gerhard Bartak

Deputy Secretary General