



Regional Initiatives Progress Report

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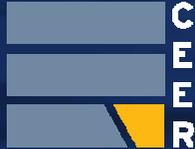
Chair – EREGEG's RIG

Florence Forum, Rome,

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Contents

- I. A new single report
- II. Progress is underway
- III. No evidence of divergent approaches
- IV. The Third Package changes the context
- V. Summary



I. A new single report

- The 2009 Progress report was published on 17 November 2009 at the occasion of the RIs Annual Conference.
- **Merging** our annual report and C&C reports into a single document.
 - All information is now in a **single report** rather than two;
 - Easier to access for non-experts;
 - More focus on **inter-regional** issues;
 - But keeping our emphasis on **public consultation** with regard to C&C issues;
 - The deadline for comments is **31 December 2009**.

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II. Progress is underway (1)

- **Modest progress** in new **interconnection capacity** (e.g.: regional input to EU coordinators);
- **Significant improvements** in **transparency** (common understanding under EU regulation and guidelines). 5 regionally-based transparency reports (CE, CS, CW, N & SW);
- **Progress** with regard to common rules for the allocation of **LT capacity** (e.g.: CW (2009), CE (2010), CS & SW).
 - **ERGEG benchmark** of LT allocation rules to: identify best practices & to improve the level of harmonisation of LT products (coming soon).
 - **Single auction offices** with a common set of rules.

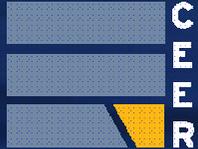
II. Progress is underway (2)

- A long way still to go in **short term capacity allocation**.
 - **Day-ahead:** Towards **price** market coupling.
 - CW/Pentalateral;
 - CW-Northern-SW: Proposal of Price Market Coupling of Regions by EPEXSpot-NordPoolSpot-OMEL; Support by SW RCC.
 - **Intraday:** preference for **continuous** trading (PCG: “second layer” through auctions).
 - Bilateral solutions: NL-DE or NL-BE in CW;
 - Explicit auctions: UK-FR;
 - Common position by CW RCC for the future.
 - **Balancing: TSO-TSO** model.
 - UK-FR (Balit);
 - MIBEL (First step of three-step project).
- **CB capacity calculation:** Maximising available CB capacity is **key**.
 - CW: from **ATC** to Flow-based;
 - CE: **Flow-based** scheme in March 2010;
 - CS, SW.

II. Progress is underway (3)

Further progress is expected:

- There is a **growing consensus** across Europe towards **target congestion management** mechanisms. PCG's work will be also an input in developing Framework Guidelines.
- The regions continue their work on three major **priorities**:
 - harmonisation and improvements to **congestion management** (calculation and allocation);
 - harmonising **transparency**; and
 - integrating **balancing** markets: ERGEG Guidelines of Good Practice on balancing markets (voluntary).



III. No evidence of divergent approaches (1)

- Regional Initiatives **encourage co-operation.**
- **No serious evidence of lack of coherence or divergence.** Perhaps we say divergence when it is about different starting points, local specificities, challenges and political will. **Involvement of national governments is key.**
- Europe is not a homogeneous place and so **homogeneous progress should not be expected.**
- This is the **subject of our consultation**; we want the views of others on this aspect.

III. No evidence of divergent approaches (2)

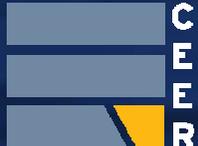
- On the contrary, **inter-regional dimension** is becoming more relevant.
 - **Best practices** spread across regions:
 - Transparency;
 - Regional monitoring reports (e.g.: SW region).
 - Regional **auction platforms** could merge (e.g.: CW & CS).
 - **Price market coupling of regions (SW, CW & N)** is on the table (Joint work by OMEL-EPEXSpot-NordPool Spot).

IV. The Third Package changes the context

- **No agreement** has meant **no progress**.
- **3rd Package obligations** (e.g. Art. 6 & 7 of the E & G Directives; Art. 6.9, 7.3 & 14.4 of the ACER Regulation) for **regional cooperation** of Governments, NRAs and TSOs.
- **Regulatory changes** (e.g.: Comprehensive EU regulatory framework (Framework Guidelines & network codes)).
- **Jurisdictional changes** and governance issues. New EU jurisdiction on CB and inter-regional issues through ACER.
- **Legislative changes**: Proper (& timely) transposition by MS is crucial.
- These **top-down tools** must be **married with bottom-up** practical activities in the regions. Regional Initiatives must adapt to the new context (*EREGEG Strategy paper under public consultation*).

V. Summary

- We see **progress** in some important areas **and further progress is expected.**
- **Diversity of situations** (starting points, local specificities or political will) **instead of divergent approaches.** Homogeneity and integration at the same pace in different regions should not be expected.
- **We are consulting on the convergence** of the regions in the ERGEG Progress Report.
- The **3rd Package changes the context** in which the Regional Initiatives operate – rules rather than just voluntary.
- The **Regional Initiatives must change to adapt** to this new context, including being open to greater Member State involvement.
- We are also consulting in the **ERGEG Strategy on the future role of the Regional Initiatives.**



Thank you for your attention!

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