

**EuroPEX Response to the “*European Energy
Regulators 2010 Work Programme*”**

2 November 2009

Table of Contents

I.	Introduction.....	3
II.	EuroPEX responses to the questions from the Public Consultation on the ERGEG Work Programme 2010	3
	<i>Question 1: How do you assess our general approach and objectives?</i>	3
	<i>Question 2: Do you consider that the deliverables we have proposed are an adequate means to reach our key objectives?</i>	4
	<i>Questions 3 and 4: respectively, please indicate the deliverables you consider as “very important”, “important” or “not important” and for the deliverables with consultations or hearings do you intend to actively participate?</i>	4
	<i>Question 5: Do you have any specific comments on any of the individual deliverables?</i>	8
III.	Comments on implementation of the Third Energy Package.....	8
IV.	Comments on Regional Market Integration	9

Methodology

EuroPEX response to ERGEG consultation on “*European Energy Regulators 2010 Work Programme*” is divided in three parts including the introduction, response to the questions and comment on implementation of the third package and regional market integration. EuroPEX response to the consultation aims to contribute the proposed strategic perspective on the seven topics to be covered by ERGEG over 2010.

I. Introduction

1. On 9th September 2009, the European Regulators Group for Electricity and Gas (EREG) launched a public consultation on *EREG Draft 2010 Work Programme*. The consultation aims to collect the views of interested parties on the proposal which covers seven areas: implementation of the 3rd Package, security of supply, Affordability and consumer issues, climate change and energy issues, financial services, regional market integration and external issues.
2. EuroPEX welcomes the opportunity offered by EREG to comment on and provide input to the *EREG Draft 2010 Work Programme*. EuroPEX very much appreciates that EREG has decided to submit its work programme to a full consultation with stakeholders. It is indeed essential that consultations remain at the core of the regulators working methodology, and are applied in an efficient, non-discriminatory and systematic way.
3. Power exchanges, being major actors in the development of an integrated European electricity market, commit to be very active participant and contributor on all the matters where expertise is required. EuroPEX is pleased to closely work with EREG/CEER and will maintain its ambition to provide insight in the future consultations carried out by the new Agency for the Coordination of Energy Regulators (ACER).

II. EuroPEX responses to the questions from the Public Consultation on the EREG Work Programme 2010

Question 1: How do you assess our general approach and objectives?

4. The general approach put forward in this consultation is quite ambitious and will require full coordination of CEER/EREG with all interested stakeholders. The objectives of the work programme of EREG (and in the future of ACER) for the year ahead should not conflict with vision of the European Commission and the objectives aligned by ENTSO-E and ENTSO-G and should be in line with the current development of the market and regions toward an integrated European energy market.
5. EuroPEX shares the idea of EREG to anticipate the potential implementation of the 3rd Package, involving stakeholders, and prepare the transition to ACER. However,

ERGEG Draft 2010 Work Programme presents several subjects for consultation, with appropriate indication of the aim of each item, but lacks to present in detail the main objectives and the overall framework and how each consultation will contribute in achieving these objectives.

Question 2: Do you consider that the deliverables we have proposed are an adequate means to reach our key objectives?

6. The deliverables proposed in the ERGEG work programme 2010, in general terms, are adequate means to reach the key objectives.
7. EuroPEX considers the new modifications to the European legislation currently in place regarding cross border congestion management a lower priority. In fact there is less evidence of benefits to be gained from transposing the current Regulation and Guidelines into Codes. However, it will be very interesting to know the opinion of ERGEG on the proposed public consultations “*Input to the Framework Guideline on capacity allocation and congestion management*” and “*ERGEG Conclusion Paper on long-term allocation rules for electricity*”.
8. Among different topics that are presented, **transparency** is one of the issues that should be kept as priority. EuroPEX shares the same position as ERGEG that rules for transparency concerning physical market information on electricity should be considered a high-priority. The proposed public consultations “*ERGEG Status Review on regional electricity interconnections management and use*” is also considered as priority.

Questions 3 and 4: respectively, please indicate the deliverables you consider as “very important”, “important” or “not important” and for the deliverables with consultations or hearings do you intend to actively participate?

9. The tables here below summarily respond to the above questions. Amongst the seven proposed areas, implementation of the 3rd package, financial services and regional market integrations are first and foremost important for the power exchanges:

Proposed work in detail		Relevance to EuroPEX			EuroPEX will actively participate to this consultation
		Very Important	Important	Less Important	
Electricity					
1	Pilot Framework Guideline on electricity grid connection		√		Yes
2	Input to the Framework Guideline on capacity allocation and congestion management	√			Yes
3	Input to the Framework Guideline on operational security		√		Likely
4	ERGEG Conclusion Paper on long-term allocation rules for electricity	√			Yes
5	ERGEG Status Review on regional electricity interconnections management and use	√			Yes
6	ERGEG advice on the 10-year electricity network development plan			√	Likely
7	Guidelines of Good Practice on generation adequacy treatment			√	Likely
8	ERGEG advice on intelligent energy networks (smart grids)			√	Likely
9	Input to the Framework Guideline on transparency in electricity	√			Yes
10	CEER Guidelines of Good Practice on harmonised surveys on quality of electricity supply			√	Likely
11	Response on energy efficiency			√	Likely
12	CEER status review of the implementation of the Climate and Energy Package			√	Likely

Proposed work in detail		Relevance to EuroPEX			EuroPEX will actively participate to this consultation
		Very Important	Important	Less Important	
Gas					
13	Pilot Framework Guideline on CAM & CMP and Draft Comitology Guidelines	√			Yes
14	EREGG Guidelines of Good Practice on CAM & CMP to storage facilities		√		Likely
15	Input to the Framework Guideline on gas balancing rules	√			Yes
16	EREGG advice on best practices applied in all types of LNG terminals regarding congestion management procedures, anti-hoarding measures and notices periods		√		Likely
17	Response to GTE+ 's 10-year network development plan based on CEER model-based analysis			√	Likely
18	EREGG status review of intra and inter-regional coordination of open seasons		√		Likely
19	Input to the Framework Guideline on harmonised transmission tariff structures	√			Yes
20	EREGG Benchmarking Report on storage tariffs		√		Likely

Proposed work in detail		Relevance to EuroPEX			EuroPEX will actively participate to this consultation
		Very Important	Important	Less Important	
Cross - sectoral					
21	EREGG Guidelines of Good Practice on retail market monitoring			√	No
22	EREGG Guidelines of Good Practice on regulatory aspects of smart metering for electricity and gas			√	No
23	EREGG Guidelines of Good Practice on customer complaint handling for service providers and third-party bodies			√	No
24	EREGG status review on end-user price regulation as of 1 January 2010 (CWG)			√	No
25	EREGG compliance Monitoring Report on the implementation status of DSO unbundling			√	No
26	EREGG advice on the regulatory oversight of energy exchanges	√			Yes
27	EREGG response on market supervision issues	√			Yes
28	EREGG response on transparency in energy trading	√			Yes
29	CEER response on interdependencies with other markets	√			Yes
30	EREGG advice on wholesale trading licenses	√			Yes
31	Status review on the EREGG Regional Initiatives	√			Yes
32	CEER advice on the modification and enforcement of network codes	√			Yes
33	EREGG status review of the liberalisation and implementation of the energy regulatory framework	√			Yes
34	EREGG Conclusions Paper on a strategy for delivering a more integrated European energy market through the Regional Initiatives	√			Yes

Question 5: Do you have any specific comments on any of the individual deliverables?

10. Thorough comment on the proposed topics for consultations in *ERGEG Draft 2010 Work Programme* is very limited since the titles do not necessarily suggest the overall content of the document that will be published for consultation. However, EuroPEX, in the light of the already public documents, is pleased to present here below some points for consideration concerning the implementation of the 3rd Package and regional market integration.
11. Along the consultation proposed by ERGEG, EuroPEX will take the opportunity to better develop and demonstrate its involvement so far on integration of the electricity market and the crucial roles power exchanges will play in the preparation of framework guidelines.
12. ERGEG's consultation No 26 entitled "Advice on regulatory oversight of energy exchanges" will be based on a 2009 benchmark on the supervision of energy exchanges. EuroPEX considers of crucial importance that a bilateral discussion should take place between EuroPEX and ERGEG on this topic before proceeding to a consultation since the consultation will be used (according to the ERGEG Work Programme 2010) as input for "recommendations on the supervision of energy exchanges". EuroPEX is concerned by this fact and would like to have further information whether this consultation or eventual recommendation has been requested by national regulators or any other entity.

III. Comments on implementation of the Third Energy Package

13. ACER or ENTSO-E upon the request of the EC will consult with stakeholders on different topics referred to in the 3rd Package as required by Art.10 of the Reg. (EC) No 714/2009. In this context, it is of crucial importance for the development of a competitive integrated European market that ACER, according to the Art.9 (1) of the Reg. (EC) No 714/2009, properly monitors the implementation of the 3rd Package.
14. On one hand, ACER shall be aware that the scope of the codes in the charge of the ENTSO-E should be limited to the specific tasks related to transmission system operation and grid access only, including security and reliability rules, operational procedures in an emergency, energy efficiency regarding electricity networks, grid

connection and access rules, interoperability rules, balancing and reserve power rules, dispatching rules, transmission tariffs structures, data exchange and settlement rules.

15. On another hand, there are shared competences¹: areas such as capacity allocation and congestion management rules, gate closure times for implicit mechanisms and transparency on generation and distribution related information, although they are in the scope of TSOs competences, should imply full involvement of ACER and power exchanges during the drafting, consultation and implementation.

IV. Comments on Regional Market Integration

16. Power exchanges have extensive experience in topics related to market design, trading arrangements in all timeframes, and regional and interregional integration. These areas are already being addressed by EuroPEX and power exchanges in many successful regional initiatives and ongoing projects such as the development of regional market concerning the price coupling solution that will cover spot markets from Portugal to Finland.
17. EuroPEX members are committed to regional cooperation. Power exchanges involvements in ERGEG's electricity regional initiatives as well as in ad-hoc regional cooperation achievements are some facts of dedication towards markets integration. Great cooperation among the power exchanges and with TSOs has been the ground for the power exchanges to fruitfully develop well functioning markets and will continue to get closer to a truly integrated European market.
18. In the 15th meeting of the European Electricity Regulatory Forum, ERGEG was invited to establish a Project Coordination Group (PCG) of experts with participants from the EC, regulators, TSOs, EuroPEX, Eurelectric and EFEF, involving member states' representatives as appropriate. The work of the PCG has evolved quite a lot and over 2010 the work is expected to be continued (depending on the recommendations from the next Florence Forum). It would be interesting to know where the PCG interfere with the ERGEG work programme 2010.

¹ Some of these competencies are defined in the Art.8 (6) of the Regulation No 714/2009 as being "tasks of the ENTSO-E"