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DIRECTORATE-GENERAL FOR ENERGY

Directorate B - Security of supply, Energy markets & Networks  
The Director

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Lord John Mogg  
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**Subject: Extension of the initial deadline for Framework guidelines on electricity grid connection and electricity capacity allocation and congestion management, mandate for starting the work in the area of system operation and priorities for network codes and guidelines for 2012 – 2014**

In response to your letter of 15 October asking for extension of the initial deadline for framework guidelines on electricity grid connection and electricity capacity allocation and congestion management I would like to inform you that we accept the extension of the deadline as requested. The new deadline for framework guidelines on grid connection will be end of December 2010 and for framework guidelines on capacity allocation and congestion management end of February 2011. We are not particularly happy with these delays but we understand the reasons why the preparation of these guidelines has taken more time than originally planned.

I would like to use this opportunity to inform that we intend to launch the six month period for the preparation of the electricity system operation framework guideline starting from 1 January 2011. The scope of the work has been discussed in previous Florence forums and it has been also subject to scoping discussions between ERGEG, ENTSO-E and the European Commission. A presentation on the scope of the Framework guideline and network codes on system operation will be given by ERGEG and ENTSO-E in the Florence forum 13.-14.12.2010. We will take into account the stakeholders' views on the scope and priorities regarding these rules when preparing the mandate for ERGEG to start the work on the framework guideline on system operation.

According our initial view, the work on the system operation framework guideline should be comprehensive regarding the overall topic. However, as the area of system operation is large, the work should first concentrate on rules which are the most urgent and which give the biggest added value when implemented. In particular the focus should be on system operation rules needed to integrate variable electricity generation sources and on rules which support the development of the European day-ahead, intra-day and balancing markets.

I would also like to communicate initial ideas for the priorities regarding the work on network codes and guidelines for the period of 2012 – 2014. As discussed between ERGEG, ENTSOs and the European Commission, the priorities will be consulted in public consultation in February 2011 after the initial discussion in Florence forum. The Commission will publish the final priorities end of March 2011. This timetable allows ACER and ENTSOs to take these priorities into account in their work programmes and stakeholders to prepare themselves to provide input to the process.

The work on forward market, balancing and network access already appear in the ACER work programme for 2011. These priorities have been agreed earlier. In 2011 the work on system operation framework guideline and several network codes under the framework guideline on grid connection and framework guideline on capacity allocation and congestion management will be ongoing. These network codes are very important and thus their timely preparation with high quality should be of highest priority. If resources do not allow proper preparation of these codes, introducing new topics should possibly be delayed.

For the period 2012 – 2014 our initial ideas for priorities, on which we would like to get an opinion from the stakeholders, are the topics already discussed in the planning group. This group is composed of ERGEG, ENTSOs and the European Commission and it monitors the progress in guidelines and codes and establishes a three year plan for the preparation of these guidelines and codes. The suggested priorities are (i) tariffs, (ii) incentives for TSOs to invest and (iii) incentives for TSOs to increase cross-border trade. These topics are closely linked with the infrastructure package of the European Commission adopted in November 2010. The Energy Council confirmed on 3 December the importance of fostering infrastructure investments and the Commission intends to follow up on the infrastructure package in 2011 with concrete initiatives addressing inter alia the planning procedure issue as well as the development of financing instruments. The framework guidelines on tariffs and incentives for TSOs are equally important and should clarify how new European transmission infrastructure can be efficiently planned and financed for example taking into account new ways to share the costs and benefits of these investments.

Stakeholders' initial views on the priorities for 2012 – 2014 will be discussed in the Florence forum, more detail contributions are expected during the public consultation during February 2011.

Yours sincerely,



Heinz Hilbrecht

c.c.

ENTSO-E,

Florence forum participants