

CONCLUSIONS

XVIth European Electricity Regulatory Forum Florence, 4-5 June 2009

1. The XVIth meeting of the European Electricity Regulatory Forum took place in Florence on 4 and 5 June 2009. The Forum was attended by representatives of the Commission, the ministries and regulators of the Member States and all interested stakeholder associations. Moreover, representatives of Norway and Switzerland attended the meeting.
2. The Commission informed about the next Forum to take place on 10 and 11 December 2009 in Rome [tbc].

I. Presentation and discussion of the 3rd package status

3. The Commission, ERGEG and ENTSOE outlined the essential elements of the third internal market packet and made suggestions on how to use efficiently the interim period. In particular the pilot to prepare framework guidelines and network codes was discussed as well as what should be the next priorities.
4. The Forum welcomed the idea of starting with a pilot project but also highlighted the need to subsequently launch other codes and guidelines. Stakeholders are invited to contribute to this process and to send their ideas to the Commission, whilst copying ERGEG and ENTSOE.
5. The Forum took note of ERGEG's proposal that connection framework guideline is a suitable pilot project as well as ENTSOE's proposal on a pilot wind power connection code. Eurelectric expressed the wish that the priorities should be based on the need for market integration.
6. On this basis the Commission will set the priorities taking ERGEG's advice duly into account and will keep the Forum informed.
7. The Forum took note of the ERGEG proposals of the key elements of the "end to end process" for the development of framework guidelines and codes (including impact assessments, engagement with stakeholders, expert groups and appropriate coordination with the ENTSOs and the Commission). ERGEG stated their intention to issue shortly a document summarising the current position and regulators' proposed next steps.
8. The Forum congratulated the TSOs for the creation of ENTSOE and welcomed the presentation on its structure and draft work programme.
9. Concerning industrial sites, CEFIC called upon Member States to make full use of the possibilities offered by the third package to exempt closed distribution systems.

II. Regional Initiatives

10. The Forum welcomed the creation of the new ERGEG working group dedicated to the regional initiatives. The Forum considered that a better coordination of vertical issues will enhance the work in the different regions and welcomed that ERGEG will compare more actively the work within the different regions.
11. The Forum thanked ERGEG for the work done and the process achieved in the regions; however, the Forum also stressed the continued need for unconditional support and involvement of the various stakeholders and governments, as well as the need to accelerate the progress in some regions.
12. The Forum welcomed the European Commission's study on the regional initiatives which will define new milestones and deliverables for the work to be done within the regional initiatives after the adoption of the 3rd package. The Commission calls upon all stakeholders to work together with the consultant in a constructive manner with the aim of presenting the first results of the study at the Regional Initiatives Conference on 17 November 2009.

III. Market Integration Design Project (MIDP)

13. The Forum welcomed the presentation by the Chair of the Project Co-ordination Group (PCG) on the results of the work so far. A generic target model has been established for the integration of the regional electricity markets. The target model covers forward, day-ahead, intraday and balancing markets as well as capacity calculation and governance issues. There is a broad consensus amongst project participants on most of the issues. However, in some aspects of the target model there are different views and so aspects require further discussion.
14. The Forum welcomed the work of the PCG on the target model for European cross-border electricity market and congestion management. The Forum encouraged the PCG to finalise the generic target model before summer 2009 and in cooperation with ERGEG ERI to prepare a roadmap including a concrete action plan on the regional and inter-regional implementation for the target model including day-ahead, intra-day, forwards and balancing markets as well as capacity calculation. The PCG will keep the Forum informed at the occasion of its next meeting in December 2009 on the outcome of its work. The work of the PCG will provide a significant input to the Agency and to the work to be done under the 3rd Package.
15. The Forum stressed the importance of good coordination between the work of the PCG and the broader work of the regional initiatives.
16. CEFIC argued for a progressive suppression of the borders between states in the internal market for electricity.

IV. World Forum on Energy Regulation IV

17. The Forum thanked the CEER and RAE for the preparatory work in organising the 4th World Forum of Energy Regulation, which takes place from 18-21 October 2009 in Athens. The Forum welcomes this unique opportunity for the global regulatory community to exchange practices and experiences and to debate issues such as security of supply and infrastructure investments; the regulatory approach to climate change; LNG and the global gas market; the relationship between financial and energy markets and the implications of the global financial downturn.

V. CEER Status Review on sustainable development

18. The Forum took note of the Review undertaken by CEER on the range of issues involved in Sustainable Development, and welcomed the opportunity to contribute to its further development.
19. ERGEG highlighted that NRAs can play an important role in ensuring that the aims of sustainable development by incentivising the needed changes.

VI. 10-year plan, SoS and recovery plan

20. ENTSO-E explained their approach to the 10-year investment plan, which should be based on a scenario approach including a generation adequacy forecast. The first draft Community wide 10-year network investment plan will be started in the course of 2009.
21. ERGEG underlined their regulatory aspects of the 10-year network investment plan and stressed the need to develop a system adequacy forecast in parallel with the 10-year network plan. The regulators will continue to work on the scope and contents of the System Adequacy Forecast and the network development plan as well as on the criteria how the plan shall be evaluated by ACER. ERGEG highlighted the problems of licensing and financing.
22. The Commission presented the status of the recovery plan which aims at recovery from the financial crisis through speeding up investments in energy infrastructure. A list of projects has been established which is subject to a detailed evaluation this summer following the call for proposals, with a view to concluding the contracts around the end of the year.
23. Eurelectric stressed in particular that the RES targets should be a central parameter for the 10-year network investment plan.
24. The Forum welcomed the work done regarding the 10-year investment plan. In preparing the investment plan, the TSOs are committed to closely coordinate with the regulators. The TSOs will submit the finalised investment plan to the Agency for review.

VII. Transparency

25. The Forum welcomed the presentation by ERGEG on the context and results of CESR/ERGEG Advice delivered on trading transparency and market abuse. The Forum thanked ERGEG for the major efforts undertaken to with CESR elaborate a high quality advice.
26. The Forum took note of the report provided by the Commission on the first workshop on trading transparency held on 15 May 2009 in Brussels as a follow-up to the previous Forum. The work in this area shall be taken forward in the framework of dedicated ad-hoc workshops to be jointly organised by the Commission involving ERGEG and stakeholders within the framework of the Madrid and Florence Fora. The Commission underlined its continued interest in closely working with ERGEG/CESR in this area. The Forum will be further informed on ongoing activities.

VIII. ITC

27. The Commission informed the Forum about the current developments in regard to the Inter TSO Compensation (ITC) mechanism - in particular presenting feedback from the December public consultation.
28. ERGEG's criteria for an efficient ITC-mechanism appear to be in line with those of the Commission.
29. The Swiss government stressed the user pays principle and that the same rules should be applicable to all countries involved.
30. The Commission indicated that it was working on a proposal and an impact assessment which could possibly be presented to the Electricity committee in the second half of 2009.
31. The Forum welcomed steps to adopt binding Guidelines and asked the Commission to progress this work as a matter of priority.

IX. Switzerland

32. The Commission informed the Forum on progress in the negotiations with Switzerland. These negotiations are likely to include the third package as a precondition for a well integrated electricity market and also allowing for the possibility for Switzerland to participate in the new Agency. Considering the central location of Switzerland in the middle of the European and EU electricity system, the fact that Switzerland is not abiding the same rules as the surrounding countries is a major obstacle to market integration.

33. Both the Commission and Switzerland, supported by ERGEG, expressed the wish that the negotiations should be speedily progressed and concluded.

X. EC study on TSO liability

34. The Forum welcomed the European Commission's study on liability of TSOs. The study will look at third party and contractual liability of network operators in case they fail to supply. It will assess whether any differences national liability systems would warrant a uniform approach and/or a harmonisation on EU level. The Commission calls upon all stakeholders to work together with the consultant in a constructive manner. The Terms of Reference will be made available on the Forum website.