

## CONCLUSIONS

### **XX<sup>th</sup> European Electricity Regulatory Forum Florence, 23-24 May 2011**

The XX<sup>th</sup> meeting of the European Electricity Regulatory Forum took place in Florence on 23 and 24 May 2011. The Forum was attended by representatives of the Commission, ministries and regulators of the Member States and the Agency and all interested stakeholder associations. There were representatives of Norway and Switzerland.

The next Forum will take place on 5 and 6 December 2011.

#### 1. Infrastructure development (EIP legislative proposal)

The Forum welcomed ENTSO-E's preparatory work underway for the 2012 ten-year network development plan (TYNDP). Participants recognized that this plan will be the key input to identifying projects of common interest under the new legislative framework to be proposed in October 2011.

Forum participants acknowledged the particular investment challenge for electricity infrastructure to achieve the 2020 objectives and the urgency to deliver investments, which could exceed 140 billion euros for the period up to 2020.

The Forum welcomed the Commission's general approach to identify and select projects of common interest, based on regional cooperation, objective and transparent criteria with quantifiable indicators and energy system-wide cost-benefit analysis. The Forum underlined that the TYNDP should be the main starting point for identifying such projects.

The Forum recognised the particular difficulties faced by TSOs and DSOs in securing the necessary permits. It underlined the need for more efficient and transparent permit granting procedures and welcomed the Commission's proposal, notably for the national prioritisation of projects of common European interest; the establishment of a one-stop shop at national level; and the possible establishment of defined time limits for the permit granting procedure.

The Forum underlined the importance of infrastructure projects with a cross-border impact and stressed the need for a regulatory framework, which would adequately reflect European socio-economic benefits as well as the investment risks to foster private and public investments in energy infrastructure, while at the same time recognising the technical difficulties linked to it. This may require cost allocation principles for projects with a complex cross-border impact on the wider EU network. There was general support for the appropriate use of public funds for certain projects of common European interest, which would otherwise not be implemented using the available regulatory and market-based instruments alone.

The Forum endorsed the overall approach proposed for the "Electricity Highways Stakeholder Platform" and its role in advising ENTSO-E to establish a Modular Development Plan for a pan-European Electricity Highways System (MoDPEHS). The Forum also emphasised the need for close link and full consistency between the TYNDP and the Electricity Highways Stakeholders Platform.

## 2. Electricity Regional Initiative

The Forum welcomed the proposal of the Commission, following its Communication and the public consultation, to adapt the Regional Initiative's tasks but to retain their composition whilst leaving the regional governance to remain flexible at this stage.

The Forum supported the Commission's request for a concrete "EU Energy Work plan 2011-2014" at a Pan-European and regional level which, in order to focus the Regional Initiatives on the results, they should deliver by 2014, as decided at the European Council in February 2011. The Forum welcomed that ACER intends to ensure consistency of these work plans.

## 3. Market integrity framework and transparency

The Forum encouraged all involved to work towards a rapid agreement on REMIT to allow for the implementation of the new market integrity and transparency framework for the internal electricity market without delay.

The Forum welcomed the successful completion of the pilot project by CEER and EFET, which shows the feasibility of single transaction reporting framework covering energy exchanges and OTC trading across the internal market. The Forum underlined that the experience gained will be of great value in the development of the legally binding transaction reporting framework under REMIT.

The Forum welcomed the intention of the Commission to begin work quickly on the development of this reporting framework to make REMIT operationally effective and calls on all stakeholders and public authorities to cooperate in its development.

The Forum also welcomed the intention of the Commission to propose a Comitology guideline on fundamental data transparency based on the ERGEG advice in Autumn of this year.

## 4. Internal market: single market by 2014

The Forum welcomed the numerous presentations by ACER and ENTSO-E, with the contribution of Europex, on the early results of the AESAG activities in pursuit of the target model. The Forum urged ACER to continue the work within AESAG towards the definition of ambitious but realistic implementation of European roadmaps on long-term, day-ahead, intra-day capacity allocation and congestion management and on balancing markets as a contribution to the regional roadmaps, including the preparation of a governance guideline for the day-ahead market coupling and for the European intra-day market.

The Forum also invited ACER to closely monitor the implementation of these roadmaps once adopted in the regional or project specific workplans.

The Forum supported the continuation of the NWE project for both day-ahead and intra-day markets, in order to meet the target date of 2012. The Forum urged that the NWE project actively keep stakeholders in other regions well informed and involved as much as possible about progress in order to allow the evolution of a pan-European solution by 2014 in line with the target model.

The Forum welcomed the presentation by Professors Newberry and Strbac on forward markets, which expressed in particular the importance of contractual firmness and their strong preference for financial transmission rights (FTR). The study will provide input for ENTSO-E work on a network code on long-term cross-border capacity allocation.

The Forum welcomed the report by ACER and ENTSO-E on the progress made on grid connection framework guidelines and the pilot connection network code. The Forum stressed the importance of consulting on the code, in particular with DSOs and closed distribution systems, and of making a proper impact assessment. The Forum welcomed the progress made regarding the scoping of the framework guidelines on system operation.

The Forum took note of the report by Eurelectric on market design and welcomed the CEER report on RES integration in anticipation of further work.

The Forum welcomed the priorities the Commission proposes for 2012 and onwards. The emphasis shall be on framework guidelines and network codes necessary to implement the target model of the European electricity market by 2014 as requested by the Heads of States in the February 2011 European Council.

## 5. Any other business

The Forum was informed and updated:

- a) by the European Commission on its recent Communication "Smart Grids: from innovation to deployment";
- b) by the Institute for Energy of Petten (part of the Joint Research Centre) on its study on Smart Grids Research and Development, Demonstration and Deployment projects;
- c) by CEER about the latest progress and prospects for ICER;
- d) by CEER on the 2011 work plan of its Electricity Working Group.

CEER recalled that timely implementation of the third package is important for TSO certification to be realised on time.

CEER gave an update on the conclusions of a workshop on mitigating VAT fraud in energy trading. Possible issues to be addressed include sound licensing procedures. The Forum would appreciate CEER leading a small working group to establish a catalogue of measures.

BNetzA, echoed by ENTSO-E, reported the concerns of TSOs related to lacking European grid stability in autumn and winter following potential reduction of generation capacity in continental Europe, including most recently the closure of German nuclear plants. BNetzA added that it has started most careful analysis with the important objective of ensuring the future security of the system.

The Forum thanked Heinz Hilbrecht for his passionate contribution for the European electricity market.