



European Commission  
DG Energy - ENER.B.2  
'Electricity and Gas'  
Rue De Mot 24-26  
B-1049 Bruxelles  
Belgium

Milano, April 7<sup>h</sup>, 2011

**EDISON ANSWER  
EUROPEAN COMMISSION PUBLIC CONSULTATION**

**Establishment of the priority list for the development of network codes  
for 2012 and beyond**

**WHO WE ARE**

Born in 1881, Edison is one of Europe's oldest energy companies. In 2009, it reported sales revenues of 8.867 mln €, and is carrying out an ambitious investment plan in the electricity and gas sectors. Edison had to diversify its business, when the national monopoly on electricity was established in Italy in 1963. Thanks to the first wave of EU Directives in 1996, it could re-focus its business on energy once again, this becoming the largest new entrant on the Italian market. With 50,3 TWh produced in 2009, it is now Italy's second largest electricity generator. Thanks to 7.000 MW of new highly efficient and low emission plants (CCGT thermo plants, as well as hydro and wind power plants), the Company has now a total installed capacity of 12.500 MW. In the hydrocarbons business, Edison has an integrated presence in the natural gas chain, from production to importation, distribution and selling, with sales of 13.2 billion cubic meters in 2009.

In 2009 the new LNG terminal in Rovigo started to contribute to the diversification of Italy's supply sources with its regasification capacity of 8





bcm of natural gas a year, equal to 10% of Italy's demand for natural gas. The start up of Galsi and ITGI pipelines will further connect Italy to Algeria and Caspian Sea, two areas rich in hydrocarbons.

## **CONSULTATION QUESTIONS**

### **GENERAL REMARKS**

Edison acknowledges and supports the role of the European Commission in promoting the development and completion of the Internal Energy market by 2014. A timely definition of the EU Guidelines and Network Codes envisaged in the 3rd Energy Package will be paramount in achieving this objective by providing market operators and TSOs with the necessary legislative and regulatory perspective for a more integrated market to develop.

EDISON welcomes the opportunity to comment on the priorities for the development of Framework Guidelines and Network codes for 2012 and beyond. The definition and achievement of annual priorities for the development of network codes will facilitate the completion of the Internal Market within 2014.

#### **1. Are the priorities proposed for 2012 the correct ones?**

Edison agrees on the priorities identified by the Commission in the consultation paper and stresses the need to build upon the work already started in 2011 with regulators and stakeholders.

For electricity it will be paramount to build upon the work already started in 2011 on CAM and CMP. An optimal use of transmission capacity across Europe will help addressing in a more efficient way the actual need for additional capacity and interconnections. Harmonised transmission tariff structures will contribute as well to evaluate new crossborder investments.





As regards electricity grid connections, it will be paramount to actively involve relevant stakeholders in order to address the need to guarantee sufficient harmonisation of standards and requirements at European level. These harmonization efforts should be consistent with the need to ensure an equitable treatment of generation and consumption units across Europe, while safeguarding the safe operation of the system.

For natural gas Edison holds the view that CAM, balancing, harmonised transmission tariff structures and interoperability are key priorities to address building upon the work already started in 2011. In particular Edison believes that a Network Code for CMP, instead of a revision of the Annex to the Gas Regulation, would better meet the need to guarantee a shared and participated process on key aspects of market functioning and to ensure consistency with the proposals that are currently being developed in the CAM Network Code, an issue to which CMP are strictly related.

**2. What should be the longer-term priorities for 2013 and beyond? Please also specify in your response the expectations you have for the scope of these priorities.**

Edison supports the priorities identified by the Commission for 2012. CAM / CMP, balancing, tariff harmonisation and interoperability should receive the utmost importance in order to foster an optimal use of capacity and allow the market to really assess the need for additional capacity and interconnections for security of supply, including the assessment of the relative costs and tariff structures. A timely development of Framework Guidelines and Network Codes in these areas will offer market operators the necessary certainty to build upon a gas target model for the internal market.





**3. In the 3-year-plan for electricity, several network codes are proposed for a single framework guideline. In gas, only one network code per framework guideline is foreseen. The Electricity and Gas Regulations do not specify whether a framework guideline has to be mirrored by a single network code or whether the issue can be divided into several sub-issues. Do you agree that keeping both options, as used by ENTSO-E on the one hand and ENTSG on the other hand, are viable? Do you agree with the order in which the sub-issues in electricity will be tackled under the framework guidelines for capacity allocation and congestion management, network connection and system operation? Do you agree that the sub-issues marked red in the 3-year-plan for electricity in Annex 1 are the essential ones to ensure completion of the single market by 2014?**

As long as market operators and stakeholders are timely and intensively consulted upon and consistency is granted between the processes involved, the two options are considered both viable.