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Consultation on the Priority List for the Development of Network Codes for 2012 and Beyond

April 8th, 2011

Dear Ladies and Gentlemen,

EnBW welcomes the opportunity to comment on the proposed "priority list for the development of network codes for 2012 and beyond".

The present document enables a quick and transparent overview of the planned actions, the timeline and relevant milestones that are necessary in setting up single European markets for electricity and gas. We would welcome if the institutions that are involved in the development of network codes could maintain this form of illustration to give a clear outline of the progress and further actions in the years to come. This overview will especially be necessary in the annual report according to Art. 8 (3) of Regulation (EC) No. 714/2009 and Art. 8 (3) of Regulation (EC) No. 715/2009.

EnBW welcomes as well that the 3-year work plan has been developed in close cooperation between the European Commission, ACER and the ENTSO's. Due to this early cooperation the plan represents already of a very high quality.

Our comments to the questions of the consultation are as follows:

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

In general, yes!

Never the less, it should be clear that there will be a huge workload especially in 2012 for all relevant parties/stakeholders to keep the timetable. If it turns out that the parallel work in 2012 will be too much, the European Commission should be

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flexible in a way to prolong some timelines. High quality is of higher importance than the quantity of finalised network codes or guidelines.

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?

In due consideration of the increasing necessity to further develop the network system in order to effectively incorporate renewable energies (e.g. off-shore), ensure security of supply and finalize the integrated energy market we believe the European Commission should further focus on investment incentives.

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 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?

In general there is no right or wrong in tackling the issues set up in the framework guidelines as long as the process guarantees an efficient approach as well the coherency between the different sub-issues that are to be addressed according to a single framework guideline.

In essence the priority list set up by the European Commission which ultimately sets the stage for the further development of network codes must reflect the differing maturity of both the electricity and gas markets within a Member State and certainly between Member States. Furthermore the European gas and electricity markets have evolved at a differing pace. This not only means that the number of steps and the progress may differ between electricity and gas but that in certain areas it may also be reasonable to divide certain framework guidelines into sub-issues to be able to tackle them separately.

What may seem as an adequate approach in electricity, where the principles set up in the respective framework guidelines will be split between different drafting teams and finalised in cascades, does not necessarily apply to the gas sector.


With respect to the CEER's approach in setting up a Gas Target Market Model we believe ACER and ENTSO-G should focus on ensuring that the framework guidelines and the network codes are inline with the envisaged target model instead of further subdividing the relevant issues. This is especially important when it comes to the issue of capacity management. Designing a regulatory concept for non-discriminatory capacity allocation procedures that truly facilitates competition in the gas market is only conceivable if congestion management mechanisms capa-

ble of stimulating competition, increasing gas liquidity and promoting a level playing field for all market players are additionally borne in mind. Assuming that further adjustments are possible in the course of the long consultation during the development of each network code, it will become increasingly difficult to ensure the compatibility of strongly interrelated gas issues if the framework guidelines are further segmented into several sub-issues.

Regarding the order in which the sub-issues in electricity will be tackled we believe that the Capacity Calculation Network Code should be dealt with before or at least simultaneously with the other sub-issues Intraday Platform and Day Ahead Network Code. Calculation of available capacity is the first step in capacity allocation; it would therefore make sense to deal with the issue first or at least in the common scoping discussion some basic criteria should be agreed on by all stakeholders.

We remain at your disposal should you have any further questions.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'P-N. Otto', is written over a light blue rectangular background.

i. A. Philipp-Nikolas Otto