

CONCLUSIONS

XXI European Electricity Regulatory Forum

Florence, 5-6 December 2011

The XXI meeting of the European Electricity Regulatory Forum took place in Florence on 5 and 6 December 2011. The Forum was attended by representatives of the Commission, ministries and energy 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 22 and 23 May 2012.

1. Internal market: single market by 2014

The Forum welcomed the finalization by ACER of the Grid connection, the Capacity allocation and congestion management and the System Operation Framework guideline as well as the state of play of work on balancing. The forum welcomed the progress made with the Connection network code and the Capacity allocation and congestion management network code. The forum stressed the importance of appropriate engagement with stakeholders throughout the process of developing the codes and of making a proper impact assessment.

Eurelectric DSOs, GEODE and CEDEC stressed in a joint statement that the generation connection code should focus on minimum requirements strictly needed for the purpose of the European energy market and allocate system roles and responsibilities in an optimal way.

Eurelectric stressed that the generation connection code should focus on minimum requirements strictly needed for the purpose of the European energy market and allocate system roles and responsibilities in an optimal way. Eurelectric DSOs, GEODE and CEDEC stressed in a joint presentation that the connection code should concentrate on main cross-border issues such as frequency stability and should not address issues that can more efficiently be addressed at the local level such as voltage issues

IFIEC and CEFIC asked to take into account the specificities of industrial networks and not to treat them as simple loads in drafting grid connection code for demand.

EFET said that intra-day and balancing markets should be organised in a clear way and avoid TSOs distorting market outcomes in these time frames.

The Forum welcomed the opening of the public consultation on governance guideline. The European Commission invited all participants to submit a response to the consultation.

The Forum discussed the priorities the Commission proposes for 2013 and onwards. The emphasis is on the Framework guidelines and network codes necessary to implement the target model of the European electricity market by 2014 as requested by the Heads of State in the February 2011 European Council. The Commission will organise a public consultation on the priorities for 2013 in January 2012.

ACER, noting the long list of network codes under preparation, warned against overloading organisations risking that essential network codes for integration of the European market might not be achieved in time.

ENTSO-E emphasised that important resources are allocated to the network code process and asked for clarity from national regulators for accepting the incurred costs.

The Forum welcomed the consultant's report on long term allocation of cross-border capacity. It was considered as a valuable input for the debate. ENTSO-E would soon start the work on the network code on this topic. The Forum agreed that the solutions chosen for long-term capacity allocation should not jeopardise the implementation of the target model.

ENTSO-E asked for regulatory guidance on the trade-off between maximising interconnection capacity, providing firmness for long-term capacity allocation and system reliability.

The Forum welcomed the Commission's report on the state of transposition of the Third Package Directives and on the experience so far with regard to the TSO certification process. It encouraged the Commission to pursue an active enforcement policy. The forum underlined the need for NRAs and the ACER to be granted sufficient resources and independence to carry out effectively the new tasks entrusted to them under the Third Package and flanking measures such as REMIT.

2. Electricity Regional Initiative

The Forum took note of the presentation of the Commission on flow based capacity allocation and asked the regions to work together in order to achieve a co-ordinated flow based capacity allocation system.

The Forum welcomed the presentations prepared by the ACER, ENTSO-E and Europex and endorsed the roadmaps and the monitoring and the implementation of the European long-term, day-ahead, intra-day and capacity calculation for the day-ahead market coupling and for the European intra-day market. The forum welcomed the regulators' commitment to the process.

The Forum welcomed the progress made by ACER in organising the work of the Regional Initiatives and underlined the importance of effectively integrating energy infrastructure.

The Forum regretted that progress of the NWE-project regarding coupling of day-ahead markets had been slower than initially anticipated. The Forum urged that the NWE-project to do its utmost to unblock the situation in order to make swift progress and retain end 2012 for implementation. The Forum requested the NWE day-ahead project actively to keep stakeholders in other regions well informed about the progress with the aim of allowing a pan-European solution to evolve. The Forum encourages power exchanges to refine options for implementation of NWE day-ahead market coupling for discussion with TSOs in mid December 2011. This would be followed by a single solution in January 2012 for discussion with NRAs, TSOs and the European Commission. ACER offered to act as a facilitator for further progress if needed.

The Forum welcomed the progress of the NWE-project regarding intra-day capacity allocation including the interim model. The Forum urged the project to make swift

progress with the interim solution and in parallel develop an enduring solution. The Forum requested the NWE intra-day project actively to keep stakeholders in other regions well informed about the progress in order to allow evolvement of a pan-European solution.

The Forum took note on the situation in CEE-region where there was no agreement on starting the flow based explicit allocation. The CEE Electricity Forum has invited the TSOs to make a concrete proposal on the way forward by mid January 2012.

3. Energy Infrastructure Package and infrastructure financing

The Forum welcomed the proposal made by the Commission for a Regulation on Guidelines for trans-European energy infrastructure and noted of the state of play of discussions in the Council and the European Parliament.

The Forum agreed that, in view of implementing the Regulation's main provisions, preparatory work was needed in the course of 2012, notably on the identification of projects of common interest (PCI) and the cost-benefit analysis methodology. The Forum invited Member States, national regulators, transmission system operators and project promoters, ENTSO-E and ACER as well as stakeholders to adapt their work plans for 2012 accordingly to allow for this additional work to be carried out effectively.

The Forum welcomed the presentation by ENTSO-E of the forthcoming 2012 TYNDP and stressed its role in providing a sound basis to identify PCIs.

The Forum took note of the presentation by ENTSO-E on the state of play of the 2050 Modular Development Plan for Electricity Highways Systems and of the proposal submission.

Eurelectric underlined the need to have an independent CBA and stressed that storage facilities should not be regarded as regulated assets. GEODE welcomed the inclusion of smart grids also at the distribution level. IFIEC and CEFIC emphasised the importance of looking at social welfare and global competitiveness of EU industry.

The Forum welcomed the presentation by CEER on the implications of non-harmonised support schemes for renewables and invited all stakeholders to comment on the public consultation by January 2012.

The Forum also welcomed CEER's work on regulatory approaches to smart grids and recommended that the results and lessons learned from the demonstration projects be disseminated to all stakeholders.

4. Market integrity framework and transparency

The Forum welcomed the adoption of the Regulation of Wholesale Energy Market Integrity and Transparency (REMIT) and supported the Commission's implementation

plan including the preparation of Comitology Guidelines for fundamental electricity data transparency.

The Forum participants welcomed the presentation by ACER with regard to the early stages of implementation of REMIT and noted ACER's intention to receive comments from stakeholders on the guidance on the application of REMIT that will be issued at the end of the year. The Forum also welcomed ACER's intention to issue further guidance in a few months to meet to the extent possible the market participants' concerns and its commitment to transparency.

The Forum supported a Member State's call for collaboration of all stakeholders in the implementation phase of REMIT.

The Forum strongly welcomed and supported measures to detect and prevent VAT fraud on traded energy markets as set out in the Joint Statement presented to the Forum. It also welcomed the work presented by CEER on the oversight of energy exchanges and took note of its considerations for an EU wide trading passport.

The Forum encouraged ENTSO-E to continue its preparations for the timely introduction of its electricity transparency platform.

The Forum welcomed ENTSO-E's presentation on the Winter outlook 2011-2012 and encouraged TSOs to coordinate in order to ensure maximum cross-border flows under severe weather conditions.

The Forum welcomed Regulators' planned activities for 2012 and recognised the importance of reflecting the impact for European customers of the joint efforts to achieve a competitive internal market.

5. Any other business

The Forum was informed and updated:

by the ENTSO on its recent Winter Outlook

by EC on Electricity Coordination Group

by CEER on its 2012 work programme and on its annual conference on 25th January 2012.