



ERGEG Comments on the proposal of Guidelines on Transmission Tariffs drafted by the European Commission

**11th European Electricity Regulatory
Forum Rome, 2004-09-16**

Agenda

- Context
- CEER views
- Further work needed

Context

EC Proposal for guidelines on tariffs harmonization for generators

- Main purposes
 - ◆ Level the generation playing field
 - ◆ Foster the generation competition in the short run
 - ◆ Remove any international supply contract based charges
- Does not address long term locational issues
- Is based on a conventional parameter defined as the “National average G”

CEER Views (I)

- CEER is in favour of the principle of tariffs harmonization.
- But the main aim of tariffs is :
 - to allocate fairly the grids operators costs between users,
 - without too much distortions of the competition.
- Charges relating to initial connexion, losses, ancillary services need not to be harmonised as far as they are cost reflexive.
- Charges recovering shared infrastructures costs are the best candidate for such an harmonization.

CEER Views (II)

- Not distorting the generation competition in the short run is of primary importance.
- A pragmatic approach should be applied to take into account relevant regional markets.
- Global harmonization should require further steps.
- The definition of the parameter “ National average G” will have to be set so as not to be penalising for short annual use of the authorised power capacity.

CEER Views (III)

- On the “ continental plate“ a small G term (less than 0.5€/MWh) is unlikely to be distortive.
- In the short run existing G charges in some peripheral regions can be kept as they are (including their structures with capacity and energy terms).
- Removal of the international supply contract based charges (import, export or transit fees) is a major achievement.

Further work needed

- Search for a better suited parameter than the proposed “National average G” for the inter regional harmonization steps.
- Better assess the actual need for long term locational signals (short term can be delivered by congestion management methods and reflection of losses costs) and the range of tariffication means to send such signals
- Search for an appropriate method (if any) to send influential long term locational signals by the use-of system tariffs G component.