



11th Florence Forum

16-17th Sept 2004

**Draft Guidelines on Inter TSO
Compensation**

Directorate-General for Energy and Transport



General



- Commission to adopt guidelines supported by Committee of MS
- Advice from ERGEG
- Consultation with industry



Main discussion points



- Continuation of transits methodology
- Simplified treatment of losses
- New procedure for estimation of costs
- Treatment of non-participating countries



Continued “transit” approach



- Model provides reasonable, understandable results
- Other possibilities not yet mature in terms of data requirements
- Conclusion: retain current methodology for 2005



Further work



- Explore other approaches based on full flows: these appear to REDUCE the amounts of compensation
- Run a parallel experimental system from early 2005
- Re-examine guidelines for 2006



LRAIC



- LRAIC a requirement of the regulation
- Rules in guidelines about how to estimate it to be applied by each regulator\TSO
- Regulator to provide single €\year estimate of annual amount required to cover LRAIC



External countries



- “Edge” countries may continue with specific injection charges
- Further €1/MWh charge to reflect further flows beyond “edge”
- Exception if de-minimis rule is fulfilled





Thank you for your attention

Directorate-General for Energy and Transport

