
**Cover Note to ERGEG Guidelines for Good Practice on
Regulatory Accounts Unbundling
28 April 2006**

On 28th April 2006, the European Regulators' Group for Electricity and Gas (ERGEG) launched a public consultation on Guidelines for Good Practice on Regulatory Accounts Unbundling. The proposed guidelines make a number of recommendations and establish basic principles on regulatory accounts unbundling.

The guidelines are directed to regulators. They can also serve as a benchmark for analyzing national unbundling of accounts.

The ERGEG invites stakeholders to comment on issues raised in the text. The main issues are whether to include specific cost into the regulatory accounts (i.e. to answer the question "Are the cost elements really related to the network business") and whether to accept the proposed cost (i.e. to answer the question "Are reported costs really market based"). Specifically ERGEG would like responses to the following questions:

1. *General: Are there any other general guidelines you would like to propose in order to improve cost separation between integrated network companies and other services provided within the group or even within the network company (e.g. for "multi-network" companies)?*
2. *G1: Are the mentioned transactions sufficient to cover economic relations between network and affiliated companies?*
3. *G2: Do you agree that these pieces of information should not be published but only made available to the regulators? Do you agree that the additional information included under G2 may constitute an economic incentive for unequal treatment of affiliated and non-affiliated companies?*
4. *G4: A clear definition of necessary network services is supposed to be the basis for cost allocation. Do you agree that in order to treat economies it is proposed to use the method of "stand alone cost". Could you imagine different practical solutions to allocate economies? If yes, what are the specific advantages of those methods?*

5. *G5: Working competition via public tendering should guarantee market based prices. Do you agree that these prices should be accepted as market based and do you have proposals on how to calculate cost in case of non-market based procurement (for instance in case of specific services which are only provided by the affiliated company)?*
6. *Do you agree that ownership (financing) of assets should not have any impact on capital cost?*

Following the end of the public consultation period, ERGEG will publish all responses by placing them on the ERGEG website www.ergeg.org unless they are marked as confidential.

Any comments should be received by **23rd June 2006** and should be sent by e-mail to :
ergeg-unbundling@ergeg.org.

Any questions relating to this public consultation document should in the first instance be directed to:

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