

## CONCLUSIONS

### **XVII European Electricity Regulatory Forum Rome, 10-11 December 2009**

The XVII meeting of the European Electricity Regulatory Forum took place in Rome on 10 and 11 December 2009. The Forum was attended by representatives of the Commission, the European Parliament, the ministries and regulators of the Member States and all interested stakeholder associations. Moreover, representatives of Norway and Switzerland attended the meeting, as well as SEE.

The Commission informed about the next Forum to take place on 10 and 11 June 2010 in Florence.

#### **I. Regional Initiatives**

1. The Forum welcomed the presentation by everis/MercadosEMI on the Draft Final Study on the Regional Initiatives, as well as by ERGEG on the consultation document 'a Strategy for delivering a more integrated European energy market: the role of the Regional Initiatives' and on the ERGEG Progress Report on the Regional Initiatives.
2. The Forum acknowledged that the Draft Final Study contains interesting suggestions on the development of a reference model and on governance issues to further improve the effectiveness of the Regional Initiatives. The Draft Final Study will be sent to the Forum participants not later than 18 December 2009. The Commission invites the regulators, Member States and stakeholders to submit any comments, ideas and suggestions by 31 January 2010.
3. The Forum agreed that a strategic view was needed to set the overall direction of market integration; that Member States, the Commission, regulators and all stakeholders would have a significant role in this regard; and that progress in all regional projects, including the Regional Initiatives mostly should be consistent with the strategic view. ERGEG was encouraged to develop its conclusions paper in the light of responses to its consultation and invited to report its findings to the Forum.
4. Eurelectric announced its intention to publish a report on regional market developments which will be presented at a conference on 17 March 2010.
5. The Commission will take due account of the study on the Regional Initiatives, ERGEG's Strategy Paper, ERGEG's Progress Report, Eurelectric's report and comments received during the consultation process. The Commission will adopt a Communication on the Regional Initiatives by June 2010 and will keep the Forum updated.

## **II. Interregional coordination of congestion management – proposition on a target model and roadmap**

6. The Forum thanked the Project Coordination Group (PCG) for the good work and welcomed the establishment of a European target model for electricity market and a tentative roadmap for the implementation. The forum emphasised the need to continue the work in form of concrete implementation projects.
7. The Forum supported ERGEG's proposal to continue the work through an Ad Hoc Advisory Group (AHAG) of all stakeholders which will assist ERGEG in overseeing the work and solving issues which might hinder progress. Three implementation projects will be launched:
  - a. ENTSO-E will chair a project to develop a European capacity calculation concept based on a common grid model and flow based calculation, where clear benefits can be demonstrated.
  - b. ENTSO-E will also chair a project to develop the target model for intra-day trade as well as means for its implementation where appropriate.
  - c. The Commission will chair a project that will design a governance framework for day-ahead market coupling followed by implementing a common European day-ahead market coupling by 2015 including using price-coupling methodology. The Commission will present a first outline at the next Forum.

These three projects provide input to ERGEG's work on the framework guidelines for capacity allocation and congestion management as appropriate.

8. The Forum welcomed work of ERGEG on follow-up of the regional initiatives and in particular a project to explore the possible development of greater coverage of power exchanges in Europe in order to have a liquid spot market in all countries allowing market coupling.
9. The Forum noted that there is a study included in the ERGEG Work Programme on forward market that could potentially lead to an additional implementation project.
10. The Forum took note of the Europex presentation of a decentralised multi-regional price coupling concept. The objective is to quickly deliver a price coupling solution covering the Nordic, Central West and Southern regions, i.e. more than 75% of total European electricity consumption.

## **III. 10-year network development plan**

11. The Forum welcomed the ERGEG and ENTSO-E presentations on the preparation of the first 10-year network development plan. The Forum took note with interest on the ERGEG proposal to define criteria for regulatory opinion on the 10-year network plan.
12. The Forum expressed certain concerns with regard to the criteria which should be taken into account, in particular with regard to the need for adequate transmission investments. The Forum will come back on this issue at its next meeting.

#### **IV. Third Internal Market Package: overview and implementation**

13. The Commission recalled the Forum that Member States are responsible for a timely and correct transposition of the Electricity Directive (2009/72/EC) and the Gas Directive (2009/73/EC) into their national laws. The transposition deadline is 3 March 2011. The Commission will offer assistance to Member States during the transposition period by issuing interpretative notes on a number of key topics (unbundling, independence and powers of regulators, retail issues), by organising bilateral meetings with Member States and, where appropriate, by organising multilateral meetings to discuss any transposition issues which may arise. In order to ensure a level playing field, a timely and correct transposition of the Directives in all 27 Member States is considered of key importance.
14. The Forum discussed the priorities for the preparation of codes and guidelines. The Forum supported the priorities on codes and guidelines as presented by the Commission, ERGEG and ENTSO-E: grid connection (pilot), capacity allocation and congestion management, and system operation.
15. This work should reflect the outcome of the European target model and the roadmap presented by the PCG, as well as future work coordinated by the Ad Hoc Advisory Group (AHAG).
16. The Commission intends to send the corresponding letters to ERGEG before the end of March 2010.
17. Regarding transparency rules, ERGEG agreed to give an advice to the Commission on a legally binding guideline by the next Forum in view of ERGEG developing a final draft by the end of 2010. This work shall be prepared in close co-operation with ENTSO-E and with full consultation of the stakeholders.
18. The Commission will, in close cooperation with ERGEG and ENTSO-E, draft a Work Programme on framework guidelines and codes for 2011-2012 and present it to the next Forum.

#### **V. Sector specific regulation for energy trading (Transparency of trading and fundamental data)**

19. The Commission reported to ongoing preparations for a regulatory initiative on transparency and integrity of traded wholesale markets for electricity and gas (with the option to also capture emissions markets). It invited stakeholders for comments by February 2010 on its discussion paper on basic design options for such a regulatory initiative. ERGEG reported on its contribution to the process and EFET presented the results of its work on fundamental data transparency which had undertaken in the framework of the workshops organized by the Commission.
20. The Forum took note of the Commission's plans regarding the process leading towards a legal proposal by the Commission in 2010. The Commission will ensure

a broad stakeholder involvement in the preparatory process, where appropriate beyond the Florence and Madrid Forums (e.g. stakeholders from financial markets, emissions market). Stakeholders confirmed their commitment to actively contribute to the planned consultation process and series of workshops to be organized by the Commission in the first half of 2010. The Commission and ERGEG will closely coordinate on their related work programmes for 2010.

21. The Forum suggested a pragmatic and closely coordinated approach with regard to G-20 and the Commission (DG MARKT) initiatives reflecting the sector-specificity of energy.
22. The Forum also took note of the Europol press release on a large case of VAT fraud on carbon trading which could also affect gas and electricity market.

## **VI. Climate change – influence on electricity market**

23. ERGEG presented the outcome of the Fourth World Forum of Energy Regulation, the declaration on climate of the newly founded International confederation of Energy Regulators and a consultation paper on integration of wind power to the grid.
24. ENTSO-E presented the organisation and activities of the European Wind Integration Study in relation to the 10-year network development plan. The Forum stressed the importance to study the influence of renewables and climate change policies to electricity market and welcomed the idea of the Commission to organise a workshop on this topic before the next Forum.
25. Eurelectric and EFET stressed that the 20-20-20 renewables targets can only be achieved through market integration and prompt grid investments.

## **VII. ITC**

26. The Forum welcomed the development of proposals for binding Guidelines on the Inter TSO Compensation mechanism and tariff harmonisation by the Commission.
27. The Forum welcomed the announcement by ENTSO-E that it intends to implement an interim contract for ITC based upon the Commissions proposals to apply until the Guideline is in force.
28. The Forum welcomed the intention of ENTSO-E to present ex ante estimates of indicative net-ITC payments to the Commission and Member States to inform the Cross Border Committee.
29. Switzerland underlined the importance that the new system will lead to fair compensation for the costs for transit.

**VIII. Any other business (Smart grids)**

30. The Commission presented the creation of the Task Force on Smart Grids and agreed to come back on the Task Force activities at the next Forum.