

Fay GEITONA
Secretary General
CEER
28 rue Le Titien
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Brussels, 6 November 2009
AMG/nh

Dear Ms. Geitona,

EURELECTRIC welcomes the consultation process on the ERGEG Work Program 2010 and recognises that setting right priorities and planning timely actions for the interim period will play a crucial role in effective implementation of the 3rd Energy Package.

We believe that the ERGEG Work Program 2010 has been able to capture the essence of the main relevant electricity and gas topics and is presenting a very intensive work schedule for next year. The programme as it stands will provide some helpful guidance to regulatory activities next year.

In our opinion, particular attention should be paid to making progress in integrating wholesale markets and to building new grid capacity. We believe that the **framework guidelines on capacity allocation and congestion management should be taken up immediately after the next Florence Forum so that proper steps are made towards building more integrated liquid and transparent day-ahead, intra-day and balancing markets**. In this respect, we believe that the proposal by ERGEG on the framework guidelines on Congestion Management should be accompanied by a corresponding network code and that the scope should be clarified (ie. clear reference to DA, ID as is the case for instance in the ENTSO-E work programme). EURELECTRIC is of the view that integrated wholesale markets and the timely development of the grid are not only important to fulfil the objective of a single electricity market but are absolutely crucial in meeting the RES target in the most cost efficient way.

In connection to this, the consistency in developing regional markets must be properly addressed. The review of the **ERGEG regional initiatives (3.3.2) and the ERGEG Conclusion Paper on a strategy for delivering more integrated European energy market through the RIG (3.3.3) should provide a most needed assistance to the process but this work should be based upon the progress and achievement made in the Project Coordination Group on inter-regional congestion management**. We see a clear necessity for developing a common understanding on a strategy towards an Integrated European energy market. Primarily, a common view should be developed on how the interplay between the bottom-up (ERI) and top-down approaches (ACER FG& NC) will effectively contribute to the process of stepwise market integration in the most efficient and timely manner.

In this respect, we deem it most important that whilst **EREGE ERI are actively contributing to the PCG roadmaps, this process including intermediate steps and deadlines for each region is clearly acknowledged in the EREGG work programme and recognised as a guidance for building ever converging regional market in the forthcoming years.** Should no direction been given to the regions, there is a concrete risk that regional markets will evolve in a non-consistent way, which would be difficult to streamline later even through binding guidelines and codes.

We very much welcome the proposal from EREGG of engaging in a status review on regional interconnections management and use (3.2.1), and believe this will provide a useful European picture on the level of efficiency of current congestion management mechanisms used on interconnectors. This is an exercise which has been made so far by some regulators and which extension to the whole European market will prove most useful.


In order to guarantee the development of a well-functioning market, EURELECTRIC believes that the different initiatives on transparency and market supervision should be integrated into a homogeneous sector-specific tailor made transparency and market integrity regime.

On the gas related issues, EURELECTRIC believes that **priority should be given to Framework Guidelines concerning capacity allocation and congestion management as well as balancing rules.** The regulatory framework allowing the optimum use of storage facilities as well as the development of new storage capacity against the background of higher penetration of intermittent renewable energy power generation is also regarded as necessary to be addressed by EREGG in 2010. On the other hand, we welcome the emphasis that has been given in the work programme to security of supply and regional gas markets integration.

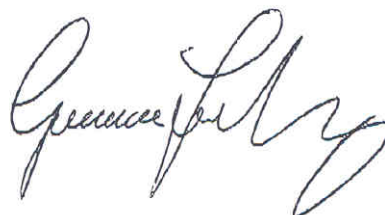
On the retail issues, we believe that **the work programme is well balanced and we very much support the issue of EREGG monitoring report on regulated end users prices as these are by far the main impediment to developing competitive retail markets.** As a main objective, and following the request of the 2ND CEF, EURELECTRIC will investigate in further detail how the third energy package provides the basis for well- functioning retail markets. A close dialogue with EREGG on all these related items will be continued.

We are hoping that these comments will be given due consideration and will help build further consistency in the discussion on priorities as it stands today from the reading of EREGG, ENTSO-E work programmes and the Commission's discussion paper.

Yours faithfully,



Hans ten BERGE
Secretary General



Gunnar LUNDBERG
EURELECTRIC Markets Committee Chairman

Cc.: Heinz HILBRECHT, Ana ARANA ANTELO, Konstantin STASCHUS