

The three T's when borders are crossed in Europe

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Topics

- Objectives & means
- Issues & principles
- Agenda & timing
- Issues for mutual interest

The challenge

- A single european free market
in gas & electricity
- Or ...



The objective

Promote & develop internal & external EU trade
in electricity

- Within (national) TSO-systems
- Between TSO-systems
- Crossing national and/or TSO-borders

The means

- **Process at EU-level**
 - EU institutions (Council, Commission)
 - Florence and Madrid fora
 - CEER
 - ETSO
- **National levels**
 - National regulators
 - National TSO's

Issues

- **Crossing borders, three T's:**
 - Transmission & transits
 - Trade
 - Tarification
- **Managing congestions**

Principles (1)

- CEER: 14 concrete principles for implementation
- Independance of TSO's
- Harmonisation national tariff system
- Inter TSO-payments scheme
- Congestion management schemes
- TEN's and reliability standards

Principles (2)

Harmonization national tariff systems

- Network tariffs non-transaction based
- Locational signals based on losses
- Network costs mostly changed on loads

Principles (3)

Inter TSO-payments scheme

- Only losses and new investments
- Harmonised allocation to tariffs
- New investments based on clear rules
- Existing asset costs via special procedure

Principles (4)

Congestion management scheme

- Public standards and rules
- Use of congestion rents
- Information exchange
- Market based solutions

Agenda & timing (1)

- **Inter TSO-payments scheme priority action:**
 - **Temporary scheme (200 mln. Euro)**
 - **Permanent scheme; ETSO-proposal based on CEER-guidelines; decision due in course 2002**

Agenda & timing (2)

- **Congestion management**
 - Concrete and specific criteria for explicit auctioning; agreed Florence VI
 - ETSO implementations, coöordinated auctioning process
 - Power exchanges have role in structural solutions
- **Continue dialogue CEER / ETSO**

Agenda & timing (3)

- **Harmonisation Tariff systems**
 - G/L split priority area
 - Continue dialogue CEER / ETSO / Eurelectric
- **New CBT-issues**
 - Cross border balancing markets
 - Dynamic capacity markets (peaking power issues)

CEER :practical results in consultation with stakeholders

CEC :organizing legal instruments

Office for Energy Regulation **dte**

Council of European Energy Regulators



Issues for mutual interest CEER - NARUC

- **Suggested issues:**
 - Models for inter-TSO coöperation (RTO's?)
 - Relation TSO-power exchange (PJM-model?)
 - Inter TSO balancing regimes
 - Dynamic capacity markets
- **Suggested approach:**
 - One-day specialist seminars
 - **Field trips**