

# Some issues with merging entry/exit zones

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# Proposals to merge entry/exit zones have to address a number of concerns

1. Is it necessary? Competition can take place across zonal boundaries
2. Will it help? One can merge zones without creating a single market
3. Will merging zones create distortions? If there is congestion at zonal boundary then incentives to arbitrage between day-ahead and balancing market (cf British experience in electricity)
4. Increased need for an Inter-TSO Compensation mechanism
5. If long-term transmission capacity financed via Open Season, short-term is free then risk of distortions
6. Practical difficulty of harmonising market rules across Member States (cf Irish experience with SEM)