

Conclusions of the 22th meeting of the European Electricity Regulatory Forum, Florence 22 and 23 May 2012

RES integration

The Forum underlines the need to integrate renewable energy sources (RES) in the single energy market and to ensure a level playing field.

The Forum agrees that the network codes, alongside market functioning, should support the transition towards the development of an energy market where RES and energy efficiency will have greater importance, along with growing challenges to secure system operation and the need for all parts of the system to cope with the challenges.

Balancing and demand response – Security of supply

The Forum takes note of the conclusions of the meeting of the EU Directors General for energy on security of supply on 26 March 2012. It welcomes the report by Council of European Energy Regulators and the Energy Community Regulatory Board on the quality of supply. These reports reflect the direct consumer experience, and underline the significance of RES integration and the growth of distributed generation in ensuring the quality of supply at low voltage level.

The Forum welcomes the presentations on the lessons learned during the February cold spell. It stresses the need to enhance cooperation among Member States to deal with extreme operational conditions and the importance of taking account the interrelationship of electricity and gas grid management.

The Forum recognises that efforts should be stepped up to ensure an effectively functioning market which should deliver generation adequacy. However, if this is not possible action may be needed to stimulate the market to deliver sufficient generation capacity. Such actions should be coordinated, proportionate – i.e. interfere as little as possible with the functioning of markets – and, to the extent possible, limited in time. If such measures are carried out at a wider geographical level they are more likely to have positive outcomes in terms both of security of supply and cost effectiveness. In this regard the lessons learned in the gas sector are particularly relevant

The Forum recognises the need to further improve coordination in times of system stress. The European Network of Transmission System Operators for Electricity (ENTSO-E) should continue to take full account of this need in developing the

network codes on system operation and balancing. Transmission system operators should continue to develop projects of cooperation and information sharing.

The Forum notes that Member State actions taken during times of stress should not come at the expense of neighbouring Member States. Such interventions should be justified on the basis of threats to the stability of the system and not designed to reserve electricity for national consumers.

Loop flows

The Forum takes note of the debriefing on high level conference and the presentations by the Agency for the Cooperation of Energy Regulators (ACER) and the Bundesnetzagentur.

The Forum recognises the important issues that loop-flows raise for overall market and system operation in Europe, in the light of increasing integration of electricity markets and a higher share of RES. The Forum welcomed the Commission's initiative to launch a study on loop flows in cooperation with ACER to provide an objective basis for further policy action, where appropriate in combination with a redefinition of bidding zones as well as other measures.

There was consensus that in the longer term investments in grids and in generation capacity would offer a permanent solution. In addition the Forum agrees that existing transparency and cooperation between transmission system operators, whilst already very close, needs to be strengthened in order to provide an adequate response to loop flow issues. The Forum invites ACER and ENTSO-E to identify an appropriate regulatory framework for cross-border redispatching including cost-sharing arrangements and report back to the next Forum. It also recognises that existing instruments under the Third Package could provide an effective regulatory framework for loop flow management, in particular the capacity allocation congestion management network code.

The Forum recognises the value of current regional initiatives to find solutions. It called on concerned transmission system operators and regulators in particular in Central West and Central East Regions to step up their efforts and implement compatible flow-based market coupling. The Forum also requested ACER to identify whether the current inter transmission system operator compensation scheme needs enhancement.

Internal market: single market by 2014 and regional initiatives

The Forum welcomes the Commission's report on the state of transposition of the Third Package Directives and on the experience so far with regard to the transmission system operator certification process. It encourages the Commission to pursue an active enforcement policy.

The Forum welcomes the work of the ACER Electricity Stakeholder Advisory Group governance working group on governance guideline, the work of ACER on a balancing framework guideline, and the work of ENTSO-E on Grid connection, the Capacity allocation and congestion management and the System Operation Network codes. The Forum stresses the importance of continuing engagement with all stakeholders (including distribution system operators, industrial users, traders, generators and suppliers, energy exchanges) throughout the process of developing the codes and of making a proper cost benefit analysis in particular to identify the best pan-European and market based solutions, whilst ensuring system reliability. Regarding the governance guideline, the European Commission invites all participants to submit comments by the end of June 2012.

The Forum takes note of the need to establish compatible flow based capacity allocation at the interregional level, in particular between Central Western, Central Eastern and Central Southern Europe, in particular to address efficiently the loop-flow issue, and asked the regions to work together in order to achieve a co-ordinated flow based capacity allocation system.

The Forum welcomes that the North West Europe -project is now ready to go to the implementation phase regarding the coupling of day-ahead markets. The Forum welcomes recent progress made by power exchanges and transmission system operators in this regard, underlines the importance of transparency and invites the regulators to investigate swiftly whether the costs of the project are acceptable in order to retain end 2012 for implementation. The Forum invited other regions to continue their preparations for the forthcoming steps of the cross regional roadmaps and report back on progress at the next Forum.

The Forum takes note of the presentation by power exchanges on the progress of price coupling in regions (PCR) and recognises the need to ensure that implementation of agreements on PCR and preparation of the governance guideline and capacity allocation congestion management codes should proceed in full coherence between the two work streams and on a transparent basis.

The Forum takes note of the interconnecting processes and trade offs which have led to the delay of the -project regarding intra-day capacity allocation including the interim phase. It urges the project promoters to set deadlines for the new phased time-table by the end of June and to make their best efforts to keep those deadlines. This should be complemented by a revised interregional roadmap and with full transparency.

The Forum welcomes the agreement in Central Eastern Europe region on starting the flow based market coupling in 2013 together with Central Western Europe.

The Forum takes note of the report by the Energy Community Secretariat on efforts made towards wholesale market opening and functioning in the Energy Community,

which should be continued with full support of ACER, ENTSO-E and the EU institutions.

Energy Infrastructure Package and infrastructure financing

The Forum takes note of the progress report on the institutional discussions on the European Infrastructure Package and agreed on the need to raise public acceptance of new electricity transmission lines. The initiatives of transmission system operators together with the Commission and relevant stakeholders will be crucial in this respect.

The Forum invites all stakeholders to make their best endeavours with respect to the process preparing the identification of Projects of Common Interest in 2012.

The Forum invites ENTSO-E and ACER to outline the common methodologies as regards the development of a consistent framework to be used for the Project of Common interest identification across the regions and corridors.

Market integrity framework and transparency

The Forum welcomes the progress by ENTSO-E in preparing for the implementation of a Europe-wide fundamental data transparency platform.

The Forum welcomes the intention of the Commission to launch in the coming months the adoption procedure for transparency guidelines in electricity after informal discussion of the text with Member States and stakeholders.

The Forum takes note of the updates from the Commission and ACER of the development of transaction reporting rules and the framework for the registration of participants. It invites ACER and the Commission to continue work on providing guidance to stakeholders on the interpretation and application of Regulation 1227/2011 on energy market integrity and transparency and on ensuring coherence with general financial market regulation.