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Position Paper of Stadtwerke München GmbH

Benchmarking report on medium and long-term electricity allocation rules

Ref: E10-PC-49:

The Stadtwerke München GmbH is the major municipal utility company of the Bavarian capital city of Munich and has around 6,600 employees. The Group sales is totalled to € 4.9 billion in 2008. The Stadtwerke München GmbH uses a mix of energy generation, based on combined heat and power (CHP) and renewable electricity generation and plans in the next year investment in renewables in an amount of several billions with a focus in offshore wind power generation. According to the national law the electricity and gas network is legally unbundled in the SWM Infrastruktur GmbH.

The Stadtwerke München GmbH appreciates the opportunity to comment on the Benchmarking report on medium and long-term electricity allocation rules. Please find enclosed our statements:

First of all we would like to point out that we welcome ERGEGs benchmarking study and appreciate the opportunity ERGEG offers to all market participants to actively take part in the discussion on medium and long-term electricity transmission capacity allocation rules through this consultation.

On a second step we would like to inform you that our company Stadtwerke München GmbH (SWM) is not yet an active market participant on the cross border trading activities. Still, it is the strategy of SWM to expand its investments and trading activities in the electricity sector on a European level, which is the main reason why we follow the discussion regarding cross border trading activities very closely.

Since SWM lacks of experience with the existing rules on an operational level, we will limit our comments on some general subjects, which in our opinion seem to be very important, in order to fulfil the target of an efficient harmonised internal European electricity market and to increase the competition in the electricity market.

In order to facilitate an efficient and simple access for any market participant to available capacities and thus to the European electricity markets, following points seem to us essential:

- 1) The introduction of only one set of capacity allocation rules on a European level
- 2) The creation of only one auction office on a European level

- 3) The harmonisation of all operational rules (i.e. collaterals, invoicing, auction and nomination gate closures etc.)
- 4) The harmonisation of the allocated products (i.e. calculation algorithm of the available capacities, allocation method, design of the products, firmness, compensation, nomination gate closures etc.)

Further we strongly believe that an inter-regional coordination is necessary in order to create on a step by step basis a fully harmonised environment for the allocation of capacities. For achieving such a kind of coordination an additional harmonisation of national regulatory environments or even the introduction of a European one might be necessary.