



GEODE COMMENTS ON ERGEG CALL FOR EVIDENCE ON INCENTIVE SCHEMES TO PROMOTE CROSS-BORDER TRADE IN ELECTRICITY

GEODE the European association representing the interest of **energy distribution companies** welcomes ERGEG paper on Incentive Schemes to promote cross-border trade in electricity, and appreciates this opportunity to make our contribution to the subject. Though, we must highlight that ERGEG's paper focuses on TSO's related topics, as how to address congestion management and cross-border capacity to promote cross-border trade in electricity.

GEODE agrees with ERGEG that two main elements of market integration are the maximising of the use of existing interconnectors and the efficient use of existing interconnector capacity. TSO's are the actors responsible for improving efficiency in the use of existing infrastructure as well as for developing new infrastructure.

GEODE considers Congestion Management is a key issue for a single market and appropriate market-based mechanisms should be set up to facilitate cross-border trade. **GEODE** supports the implementation of redispatching mechanisms as much as possible, as is being done for the management of congestions within a single country. These redispatching mechanisms when being used, should be cost-recognised by regulators and included on transmission tariffs.

Bottlenecks have to be removed by new interconnection capacity –infrastructure investment-. Existing available capacity is still broadly insufficient and it is crucial for the functioning of the internal market.

An integrated energy market means no borders and today borders are still there. No transaction should be denied and TSO's shall make any agreed transaction feasible. Any incentives schemes that promote cross-border trade in such a mentioned way are welcome.

Barcelona, 29th. March 2010