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Per email: WP2010@erggeg.org

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**ERGEG public consultation on “European Energy Regulators
Draft 2010 Work Programme” (Ref: C09-WPDC-18-03)**

6 November 2009

Dear Ladies and Gentlemen, dear Mrs Geitona,

EnBW welcomes the opportunity to comment on ERGEG’s Draft 2010 work programme.

Since the Third Internal Energy Market Package brings about a paradigm change in the coordination and cooperation of European energy regulation and regulatory agencies, we appreciate ERGEG’s initiative to involve all stakeholders in determining its work plan for 2010 at such an early stage. We see this as an important part of the entire consultation process and we are convinced that an open and transparent process will contribute to a successful market integration both in electricity and gas.

EnBW supports ERGEG’s approach to bridge the interim period until ACER has become operational by establishing the key elements of the future regulatory framework for the European electricity and gas markets together with the markets participants. We see this as a fundament upon which ACER can build its work. Focussing on testing new regulatory policy formulation processes during this period will provide a sound basis for the future consultation process of ACER.

ERGEG’s and soon ACER’s consultation processes should be efficient and result-driven avoiding any unnecessary duplications. This involves that the work programmes of ERGEG and ACER and of ENTSO-E and ENTSO-G are coordinated in such a manner that public consultations are not duplicated and do not overlap. ERGEG and ACER should also ensure a sufficient degree of coherence of their work programmes with those of ENTSO-E and ENTSO-G. This is all the more necessary against the background of the interlinked participation of ERGEG/ACER and ENTSO in the process of drafting framework guidelines and network codes.

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Turning to the content of ERGEG's Draft 2010 work programme, we would consider it beneficial if ERGEG defined its deliverables as precisely as possible so as to become clear about the impact of such deliverables on the different stakeholders in the energy markets. In our view, this would considerably facilitate contributing to ERGEG's work via consultations as it would become easier to acquire a more thorough understanding of the objectives of ERGEG's deliverables.

With a view to full internal energy market integration, ERGEG should continue striving for reliable and stable regulatory frameworks in order to foster investments and to establish equal conditions for all energy market participants in all European energy markets.

EnBW fully supports ERGEG's choice of seven key areas of activity capturing most of the main topics relevant for the energy supply markets. Because we consider ERGEG's work programme with 34 sub-areas rather ambitious, we would recommend an emphasis to be put on the work in the interlinked areas 1, 2 and 6, i.e. on the implementation of the Third Internal Energy Market Package, on security of supply and on regional and interregional market integration, while recognizing that these are also areas, which are closely related to the other key areas of activity.

In addition to the seven key areas chosen by ERGEG, we would suggest to consider subarea # 8 "ERGEG Advice on intelligent energy networks (smart grids)" also a key area of activity. Developing the network of the future is a crucial issue in the years to come and there is an ever growing number of initiatives with a view to the adequacy of investment decisions to be taken. The scrutiny of different approaches to smart networks and an adequate regulatory framework fostering such developments should thus become part of ERGEG's 2010 work programme.

EnBW would further propose that regional market integration assumes a more prominent role in ERGEG's 2010 work agenda. In particular the Electricity Regional Initiatives (ERIs) are an important platform to strengthen regional cooperation, which shows good progress. We thus support ERGEG's endeavours to make the Gas Regional Initiatives (GRIs) as successful as some of the ERIs. We would consider it important that individual ERIs are allowed to test selected market rules and to make the experiences gained available to the other Regional Initiatives for the benefit of further market integration. We also see the need for further coordination of the different Regional Initiatives in order to also make progress on interregional integration. Generally, these bottom-up approaches should be guided and supported by overarching framework guidelines and the respective network codes. Based on the results (target models) of the Project Coordination Group roadmaps should be developed. In our view, such endeavours must lead to the convergence of the different regional markets, which also requires the compatibility of rules in order to ensure non-discriminatory conduct and undistorted competition in the European energy supply markets. For example, it is important that the application of market coupling is not only continued in Central Western Europe but extended to other regional electricity markets in the European Union in a coordinated manner.

In short, in order for ERIs and GRIs to continue contributing to regional market integration, EnBW sees the need

- to support successful bottom-up initiatives combined with top-down guidance including the need for clear and agreed targets,

- to proceed with stakeholder meetings,
- to establish coherent roadmaps with milestones and deadlines,
- to expand on the coordination of the Regional Initiatives,
- to introduce incentives for regional transmission investments, and
- to introduce incentives for TSOs to cooperate at a regional level.

As regards the subareas mentioned in ERGEG's 2010 work programme, EnBW considers infrastructure development, transparency in the various market segments, tariffication, capacity allocation and inter- and intraregional congestion management as well as on open seasons of particular importance for the work programme to become a success.

Thus, regarding the status review of intra- and interregional coordination of open seasons (# 18), we would propose that this review should include the establishment of a best practice model, which exceeds the current Guidelines of Good Practice (GGPOS) in this area. Further, regarding regulatory aspects of wholesale energy markets we do see room for a stronger involvement of market parties. One possible way of stronger involvement would be the offering of open workshops such as for the advice on wholesale trading licences (# 30), more specifically on the possibilities for a single European trading passport, which EnBW considers highly important for effective wholesale energy trading to flourish in the European Union.

Finally and more generally, although we recognize that it may be difficult to conduct fully-fledged public consultations or otherwise actively involve market participants in some work areas, we nevertheless see the need for such involvement as any conclusions drawn from the results of ERGEG's activity in such work areas may affect stakeholders. Examples are the "ERGEG Conclusion Paper on long-term allocation rules for electricity" (# 4), the "CEER Guidelines of Good Practice on harmonised surveys on quality of electricity supply" (# 10), the "CEER Advice on the modification and enforcement of network codes" (# 32), the "Status Review on the ERGEG Regional Initiatives" (# 31) and the "ERGEG Conclusions Paper on a strategy for delivering a more integrated European energy market through the Regional Initiatives" (# 34).

EnBW appreciates ERGEG's approach to consult all stakeholders and we confirm our active participation in upcoming public consultations and hearings.

EnBW hopes that above comments contribute to ERGEG's review of its draft 2010 work programme and we remain at your disposal should you have any further enquiries.

Kind regards.

Yours sincerely

EnBW Energie Baden-Württemberg AG

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