

Austrian Power Grid (APG)

Comments to ERGEG Public Consultation on The Creation of Regional Electricity Markets

APG welcomes the opportunity to comment on the ERGEG consultation paper “The creation of regional electricity markets”. The development of the Internal Electricity Market is making progress but may develop in the wrong direction if we do not design the market carefully, Therefore the consultation comes in the right time as we feel that some important additional framework conditions are needed in order to make the IEM a success.

Regional electricity markets:

APG is convinced that the creation of regional electricity markets will help to harmonise the regulatory framework, the transmission charging principles and other issues crucial for the functioning of a transparent and non-discriminatory market. The approach of the regional mini-fora should be followed also in future.

But it should be mentioned that some issues concerning the market design need to be solved at least on the level of synchronous areas, especially on the level of UCTE, which is the largest synchronous electricity area in Europe. Among these issues are especially:

- the assessment and forecast of load flows between control zones and available border capacities for congestion management
- the design of allocation procedures and the rules for sharing the congestion rents
- the coordination and assessment of the need for new lines especially tie-lines

With regard to these issues we need to develop common information tools and procedures on European level in order to enhance the opportunities of the IEM by securing at the same time the operation of the grid for which each individual TSO is responsible.

Lessons to be learnt from the case studies

The lessons to be learnt from the case studies in the discussion paper are in our view limited as most of the cases are referring to special situation (island- or almost-island-situations) with either uniform or largely harmonized legal and regulatory framework. The challenge of the European IEM is that it is politically divided into national markets while the grid systems are already more or less integrated and synchronised, where the load flows do not respect any political borders and trading contracts.

Regulatory gap in cross border issues

We support the focus of the discussion paper on the existence of sufficient transmission capacity between the markets within the region. We also agree that the existing regulatory framework does not cover sufficiently this aspect as a regulation oriented on national benefits may not see any advantage of investing into additional cross-border capacities. Governments and regulators need to take up their responsibility to secure the financing of investment in

transmission lines between countries or inside a country which are crucial for the creation of regional markets but may not be of that importance for the national electricity market.

Speed up authorisation procedures

In that respect we miss in the discussion paper the critical role of the lengthy authorisation procedures required to obtain the necessary permissions to construct interconnections and internal transmission lines. Almost all projects are suffering from a tremendous burden of bureaucracy and strong opposition from local communities. As this is the case also for other infrastructure networks we urgently need a harmonised European approach to this problem. APG is convinced that the key to such a solution is how local communities, who are affected by such networks, could financially benefit from those networks, for example by distributing a part of the transmission fees to the budgets of those communities and/or to create an extra category within the Structural Funds which allows remote or rural communities additional funding via projects.

Information provision

In the discussion paper ERGEG addresses several times the question of information provisions to market participants. In our view especially real time information on generation is of utmost importance for the work of the TSOs. For example the knowledge of wind power production or other volatile generation is crucial for secure operation of the system. In most Member States the information on generation is considered as commercially confidential by national laws. ERGEG and national Regulators together with Member States should start actions in order to change these national laws.

Sharing services

Sharing services such as balancing, reserve and other ancillary services between TSOs reduces trading volumes as the capacities reserved for these services have to be firm. The same is true for emergency assistance. Regulatory initiative is required to give room for action to TSOs.

Technical and operational standards

Regulation 1228/2003 empowers the Commission to set binding EU wide guidelines on technical and operational standards for transmission systems. UCTE and others have already developed and co-ordinated such standards (e.g. UCTE Operation Handbook), which are crucial for secure operation of the grids. APG is of the opinion that in this case we do not need action on the European level but more support by Regulators to implement these agreed standards on national level.