

Lähetäjä: Solc Pavel [Solc@ceps.cz]

Lähetetty: 22. toukokuuta 2006 18:24

Vastaanottaja: ITC@ergeg.org

Kopio: una.shortall@ceer-eu.org

Aihe: Comments of CEPS to the Draft ITC guidelines

Tärkeys: Suuri

Liitteet: Annex 1 - CEPS_explanatory note.doc; Annex 3 - CEPS proposal_ITC_Draft_Guidelines.doc; Annex 2_diagrams_CEPS.ppt

Dear Mrs. Shortall,

Thank you for the ERGEG offer inviting interested parties the consultation on „ERGEG Draft Proposal on Guidelines on Inter TSO Compensation“launched on 10 April 2006.

ČEPS takes this opportunity to raise some important issues in the Proposal of Guidelines which are either in contradiction to the Regulation 1228/2003 or which lead to incorrect conclusions. In brief:

1. The calculating method is extremely sensitive to the applied snapshot, giving contradictory price results (many times higher or lower) which are not justifiable by the real situation in the network, which would lead to major financial distortions. Moreover, the compensation between TSOs is thus **not** related to cross border flows, which is the explicit requirement of Reg. 1228/2003. The remedy is to use weekly snapshots instead of monthly ones and to provide ex – post calculations.
2. Using net sensitivity factors leads to the conclusion that counterflows relieving in given hours natural flows bring a benefit to hosting TSO – which is not correct in economic sense. Reg. 1228/2003 requires to take into account benefits of hosting cross border flows. However, any benefits are not proven in a case of infrastructure investments. According to the proposed Guidelines, 80% of costs are costs of the current network which are not affected by relieving flows and cannot show any benefit. For that reason use of net sensitivity factor is not justifiable. Positive sensitivity factors at the grid element level should be used instead.
3. Loop flows which are significant and ever increasing part of cross border flows are not reflected in the proposed method, leaving some countries without compensation to hosting them – which also violates the Reg. 1228/2003. ČEPS proposes a loop flow factor to be introduced to the guidelines.
4. In case this would not be feasible in this stage of participation of the Guidelines, then the capping of payment of compensations and contribution should be duly introduced as Art. 3.2 stipulates. The reason is to adjust the individual payments of compensation to avoid “unreasonable payments”. This to be applied at least to the special case of the Czech Republic.

Attached is the Explanatory Note (Annex 1) for the Proposal for revision of draft Guidelines on ITC mechanism in which you can find more detailed reasoning of these issues together with the diagrams (Annex 2) showing the examples of consequences – unreasonable volatility of results.

All this results in the text of the Guidelines amended accordingly (Annex 3).

ČEPS believes that the new method, even with incorporated adjustments, does not mean a step forward comparing to WWT which better reflects physical and economical reality. However, the reality is that new method is preferred and, obviously, cannot be withdrawn. That is why the presented amendments of the Guidelines are imperative to rectify the proposed method to the acceptable status for an interim time period before a more sophisticated method is found.

Please, make all submitted documents public in the frame of the consultation.

Best regards,

Pavel Solc
Director, Strategy
CEPS, a.s.
Elektrárenská 2
CZ-101 52 Praha 10
T +420 211 044 871
F +420 211 044 280
solc@ceps.cz

Tato zpráva obsahuje důvěrné informace, určené výlučně pro uvedeného adresáta. Jakékoliv užití, kopírování, šíření nebo předávání obsahu zprávy jiným osobám a subjektům je přísně zakázáno.

This electronic mail transmission contains confidential information intended only for the person(s) named. Any use, distribution, copying or disclosure by another person is strictly prohibited.

email scanned by Ikarus ContentWall
filename: mailbody --> clean
filename: mailbody(html) --> clean
filename: Annex 1 - CEPS_explanatory note.doc --> clean
filename: Annex 3 - CEPS proposal_ITC_Draft_Guidelines.doc --> clean
filename: Annex 2_diagrams_CEPS.ppt --> clean
SCANMODULE: Ikarus vdb: 22.05.2006(67529) version: 0.2.65.0
