



GEODE COMMENTS ON ERGEG DRAFT PROPOSAL ON GUIDELINES ON INTER TSO COMPENSATION

○ **General View**

The proposed guidelines on Inter TSO compensation (ITC) scheme respond to the requirement set out in Regulation 2003/1228, on conditions for access to the network for cross-border exchanges in electricity, which establishes that **TSO's** shall receive compensation for costs incurred as a result of hosting cross border flows of electricity on their networks.

Once examined the paper, **GEODE** must give its support to the proposed ITC mandatory scheme as it supposes a step forward that will make possible a more coordinated operation within European **TSO's** and will facilitate the construction of a competitive European Electricity Single Market.

GEODE is also satisfied with how the whole process is being managed by the European Commission, thanks to the support of **ERGEG** and **ETSO**.

○ **Suggestions**

As suggestions, **GEODE** considers that **costs of re-dispatching mechanisms** to solve congestions in the interconnectors should be considered in the ITC mandatory scheme, and be included in transmission tariffs, as these mechanisms are crucial to ensure the fulfilment of electricity transactions by covering the lack of capacities in the interconnectors. These mechanisms are, undoubtedly, essential for the construction of an European Electricity Single Market.

In **GEODE's** opinion is fair to include the cost of re-dispatching mechanisms in transmission tariffs, which means that the cost will be paid by all European consumers, as all of them will benefit from the construction of an European Electricity Single Market.

Barcelona 22nd May 2006

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