

**Position Paper of CEZ, a. s.
on the Draft Revised ERGEG Guidelines
of Good Practice for Electricity
Balancing Markets Integration (GGP-EBMI)**

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I. Introduction

CEZ, a. s. (hereinafter referred to as “CEZ”) welcomes the opportunity given by the ERGEG to all interested parties to comment the text “Draft Revised ERGEG Guidelines of Good Practice for Electricity Balancing Markets Integration (GGP-EBMI)” within the Public Consultation process.

In this paper, CEZ has several comments to the published text.

II. Specific comments of CEZ

General

CEZ supports ERGEGs efforts towards integration of EU electricity and gas markets. Transparency and efficient cross border interconnection should be other priorities. Nonetheless the brittle equilibrium between the requirement of market liberty and regulatory burden loaded on the market should be very carefully observed.

Balancing markets

Legislative and regulatory basis for the integrated market is the issue. It will need very strong co-ordination and in this phase some new market distortions can be easily intruded. The balance between a liberal market and strict and unified rules all over the EU can appear very brittle.

Governance and institutional arrangements

Governance processes is to enable both market players and legislative and regulatory agents to be flexible enough to propose modifications and for such proposals to be assessed and accepted or rejected using transparent criteria. We have certain doubts as to overall flexibility of the process.

Pragmatic approach

The integration of balancing markets will be a long-term goal; nevertheless the rough road map of the process should be set as soon as possible.

Cross-border balancing

Integrated balancing market option seems to be in line with the integrated market issue but the possible problems in implementation can easily retard the effective solution for a long time – so less ambitious ways can bring more benefits.

Monitoring by regulators

The position of regulators in the whole process: they in fact become market players and their independence can be strongly endangered. The consequence with overall transparency is thus apparent.