



Schweizerische Eidgenossenschaft  
Confédération suisse  
Confederazione Svizzera  
Confederaziun svizra

Swiss Confederation

Federal Department of the Environment,  
Transport, Energy and Communications DETEC

**Federal Office of Energy FOE**  
Director

CH-3003 Berne, stw, FOE

Mrs. Una Shortall  
Council of European Energy Regulators (CEER)  
Rue le Titien, 28  
B 1000 Bruxelles

Your reference:  
Our reference:  
Contact person:  
**Berne, 18 May 2006**

### **EREG Draft Proposal on Guidelines on Inter TSO Compensation**

Dear Sir or Madam

Thank you very much for the opportunity to give our comments on ERGEG's proposal on Guidelines on Inter TSO Compensation.

The compensation mechanism between TSO for transit services is an important element to assure and improve cross border trade. In a long term view, the operation and the extension of the European transmission network can only be granted, when operating and capital costs for investments in the infrastructure are covered with the necessary legal security.

For Switzerland as a central country with a well developed transmission grid and a voluminous amount of transit, the compensation mechanism is of prime importance. Under private law, Swiss utilities as some of the founder of ETSO and UCTE are well integrated within the present ETSO scheme, enjoy wide acceptance in cooperation within the relevant technical and commercial bodies.

Currently, Switzerland adjusts the legal framework for the electricity market, especially for the cross border trade, according the principles of the EU-directives and regulations. In addition, the preparatory work to a bilateral agreement between Switzerland and the European Union makes good progress. Within this agreement, the aspects of cross border trade including the element of inter TSO compensation mechanism will be fixed. One can assume, that negotiations will be entered within the next weeks.

Until this bilateral agreement is in force, we support a participation of Switzerland on the basis of private contracts between system operators, as it is intended in chapter 2 (participating entities). The

Mühlestrasse 4, CH-3063 Ittigen  
Postal address: CH-3003 Berne  
Phone +41 31 322 56 11, Fax +41 31 323 25 00



Swiss federal office of energy supports a pragmatic solution, which allows the implementation of the mechanism and therewith grant for the legal security for further investments into the transmission grid.

Yours sincerely

Federal Office of Energy FOE

A handwritten signature in black ink that reads "Walter Steinmann". The signature is written in a cursive style with a long, sweeping tail on the final letter.

Walter Steinmann  
Director