

Mrs. Fay Geitona
CEER Secretary General

Sent by Email to
convergence@ergeg.org

Market Design and Regulatory Affairs

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Dear Sir/Madam,

ERGEG public consultation on ERI Coherence and Convergence Report

RWE Supply & Trading (RWEST) welcomes the opportunity to respond to the ERGEG public consultation on ERI Coherence and Convergence Report. With respect to your report and the conclusions and recommendations we would like to provide the following comments.

- RWEST is of the opinion that the current obstacles towards the implementation of congestion management were covered broadly in the report and fully supports the proposed action plans. We are convinced that such action is vital for a consistent development of regional markets.
- RWEST supports the approach for more coordination and more convergence of the markets in order to integrate the regional markets towards a single EU market. Therefore, a common understanding of this framework will be needed. Therefore, a general framework at EU level is adequate to ensure that regional solutions do not result in divergent models. Nevertheless, regional distinctions exist and have to be considered. We also want to point out that the efforts to harmonise day-ahead congestion management in itself delivers only one element of the full regulatory arrangements for effective cross-border competition. In particular, regulators also need to provide system operators with incentives to optimise the build, maintenance and operation of cross-border transmission – to maximise the capacity to compete between national markets – and to sell forward transmission rights to market participants (to allow for the forward hedging of transmission costs rather than day-to-day purchases of transmission via implicit auctions).
- Transparency issues are a crucial point in this discussion and have to be dealt with. A common understanding of transparency in the EU will be essential to underwrite the credibility and trust in traded markets. Therefore, RWEST supports every sound approach for adequate transparency rules.
- RWEST supports the implementation of a common transmission model, harmonised auction rules, a continuous cross-border intraday platform, financially firm transmission rights and further integration of balancing markets.

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- RWEST thinks that capacity calculation methods, load flow-based methods and the specification of common power system models should be jointly and simultaneously coordinated across borders and regions.
- Regarding capacity allocation RWEST would like to stress the need for harmonisation of auction rules and compatibility of different auction methods and auction platforms between regions.
- RWEST supports ERGEG's recommendations on further proceedings regarding the calculation of cross-border capacity as well as a target mechanism for cross-border intraday and balancing trade, long-term explicit auctions, the development of day-ahead implicit auctions and transparency issues. Compatibility of regions with respect to implicit day-ahead auctions should be ensured, nevertheless, as said above we want to highlight that other issues must not be neglected over this.

Please contact us if you have any questions.

Yours sincerely

RWE Supply & Trading GmbH



Dr. Norbert Verweyen



Dr. Karl-Peter Horstmann