

# CEER ANNUAL REPORT 2002



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## FOREWORD

The Council of European Energy Regulators (CEER) was established in March 2000. Since then, its membership has been enlarged and its activities have been intensified. This Annual Report describes the main lines of action undertaken and the main results achieved in 2002.

The performance of the CEER depends entirely on the good will of its members. The achievements recorded in this Annual Report are the result of voluntary co-operation and pooling of resources. The authorities that provided those resources and the individuals who dedicated their time and expertise to CEER activities deserve the expression of our recognition. Thanks to them, significant progress was made towards more efficient and more integrated electricity and natural gas markets in Europe.

The institutional support provided by the European Commission and by the European Parliament was essential for ensuring that CEER activities reinforce and consolidate legislative action effectively. The importance of this institutional dialogue for the advancement of the Internal Energy Market should be stressed and the commitment of the European Commission and the European Parliament to the establishment of close co-operation with CEER acknowledged.

Effective energy regulation is not feasible without active participation of energy consumers, transmission system operators, industry, traders and other stakeholders. Regular meetings between CEER and all relevant European associations have taken place and will continue, both on a bi-lateral and on a multi-lateral basis.

We believe the 2002 Annual report shows the commitment of CEER to a model of regulation by co-operation. This model seems to be most suitable to the implementation of a large energy market such as the Internal Energy Market.

Jorge Vasconcelos



# 1 Electricity Working Group

## 1.1 Background

During 2002 the CEER created a two-tier structure of Working Groups and Task Forces. In addition a decision was taken to streamline all existing Working Groups and Task Forces dealing with electricity matters into a single Working Group. As a result, on 14<sup>th</sup> November 2002, Electricity Working Group (EWG) came into existence. For the most part of 2002 however, there existed a CBT Working Group, which itself had component task forces on Congestion Management, Peak Load and Balancing Markets, and a G Harmonisation<sup>1</sup> Working Group.

Under the current structure, EWG comprises two specialist task forces; namely Cross Border Trade TF and Tariffs TF. In addition work was (and continues to be) carried out by small delegations of EWG members created ad hoc, for example in relation to inter-TSO compensation mechanisms and also on the Strategy Paper.

## 1.2 Objectives

EWG's mandate is to prepare all necessary CEER positions relevant for discussion in so far as they are focused on the fostering of an efficient and competitive single electricity markets. This mandate translates into 3 groups of activities:

- Work which is directly coming from the conclusions of the meetings of the Electricity Forum.
- Work that is considered to be useful as a future input into the Forum.
- Work that serves a wider benefit for CEER-members in terms of information exchange and discussion on common regulatory approaches, having a wider impact on the internal electricity market in more general term.

## 1.3 Activities

EWG's activities during 2002 were driven largely by deliverables and timetables emerging from the Electricity Forum process. The 8th meeting of the Electricity Forum, 21-22 February 2002, in Florence, called for:

- ETSO, in collaboration with CEER, to put forward by 1st September 2002 a concrete proposal for the implementation of a new 2003 inter-TSO compensation mechanism to be put into effect on 1st January 2003 (III, pt 3).
- CEER, in close collaboration with other stakeholders, to continue its work on network tariffication structures on the basis of three defined principles, and to put forward further detailed work by 1st September 2002 with the aim of putting it into effect on 1 January 2003. work on the future mechanism for inter TSO payments (III, pt 3).

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<sup>1</sup> This TF was created in February to carry out work that CEER was invited to pursue on network tariffication structures at the Electricity Forum, Florence, February 2002. At the 1<sup>st</sup> WGE meeting the name of this Task force was changed to Tariffs TF to better reflect its work activities.

- UCTE, in close collaboration with CEER and other stakeholders, to present and further develop Security and Reliability Standards, and to present them for discussion by 1st September 2002 (IV).
- CEER, in close collaboration with other stakeholders, to provide a detailed review of different congestion management mechanisms.
- CEER, in close collaboration with other stakeholders, to consider any necessary revisions of the guidelines on congestion management.

In the conclusions of the last (9th) meeting of the Electricity Forum, the CEER was invited to take action on or to be involved in the following subjects:

- Present a view on additional ETSO-information on the 2003 mechanism (pt. 1.1.2.).
- Continue work on the future mechanism for inter TSO payments (pt. 1.1.3. together with pt. 1.3.).
- To examine existing network tariff systems and report on necessary harmonisation or convergence levels (pt. 1.2.1. and pt. 1.3.).
- To give input on the further development of the Strategy paper (pt.2.).
- A further revision of the rules and guidelines on congestion management (pt. 4.4.).
- Technical discussions on security and reliability standards for TSO's (pt. 5).
- To continue work on the regulatory framework for providing incentives for efficient new infrastructure investment (pt. 6).

As a result, EWG's three key areas of work during 2002 were the CBT mechanisms (2002, 2003 and future), tariff harmonisation and Congestion Management issues. Its key activities involved preparing CEER position papers, issuing questionnaires to collate information across countries and, importantly, engaging with other stakeholders so as to ensure Electricity Forum outputs and deadlines are realised.

Since its inception in November 2002, EWG met twice during the latter part of 2002. Earlier in 2002, four working group meetings took place under the guise of the former CBT Working Group. The G Harmonisation Working Group met on four occasions during the year. Three (joint) Congestion Management and Peak Load & Balancing task force meetings took place in 2002.

**EWG Meetings with a short summary of the most important topics, detailed Minutes are available on CEER website:**

- Brussels, 2002-12-17, 2nd EWG on 2003 CBT mechanism.
- Brussels, 2002-11-14, 1st EWG meeting, on 2003 CBT mechanism, Work Plan v1.2.
- Amsterdam, 2002-07-12, CBTWG on report of technical meeting on 9th July and preparation of meeting with ETSO on 26th on 2003 mechanism.
- Amsterdam, 2002-06-19, CBTWG on preparation for technical meeting with EC-ETSO on 2003 CBT mechanism, new proposals to amend Directive and Regulation, progress reports on G/L harmonisation, peak load and balancing and congestion Management.
- Amsterdam, 2002-03-01, CBTWG on national implementation of 2002 mechanism, comparison of 2 methodologies for 2003 mechanism, congestion management timetable.



- Amsterdam, 2002-01-18, CBTWG on temporary 2002 CBT mechanism, CEER agenda for discussing and solving CBT issues.

**Task Force Meetings:**

<b>Congestion Management</b>	<b>Peak Load and Balancing Markets</b>	<b>Tariffs (formerly G Harmonisation WG)</b>
Amsterdam, 2002-06-05 Vienna, 2002-04-03 The Hague, 2002-02-28  (Main Topics: Haubrich report, Guidelines, actions for Electricity Forum)	Amsterdam, 2002-06-05 Vienna, 2002-04-03 The Hague, 2002-02-28  (Main Topics: 2001 Questionnaires; Peak load problems in local markets/regions; Security of Supply and methods for securing generation capacity, balancing market model descriptions, Terms of Reference)	Paris, 2002-10-04 Paris, 2002-07-08 Paris, 2002-06-17 Paris, 2002-05-03, 1st meeting  (Main Topic: G harmonisation, actions for Electricity Forum, way forward for Tariff Harmonisation)

EWG (and its predecessor) was very active both in the preparation and follow-up of the 8th and 9th Electricity Forum meetings in February and October 2002 respectively. This not only involved preparing CEER position papers and responding to others' position papers, but also involved activities such as issuing questionnaire to collate factual evidence across member states. For example the detailed enquiry carried out by the Congestion Management task force, in collaboration with the Commission, into the status of implementation of the agreed guidelines in each member state was a major input into the Commission's presentation on the state of play of the guidelines at the 9th Electricity Forum. Moreover the nature of much of the work of EWG and its component task forces is such that it requires close collaboration and consultation with other stakeholders, particularly ETSO and the Commission, if agreement is to be reached on certain Electricity Forum deliverables.

Due to the many consultations that were held in 2002 on inter-TSO mechanism, congestion management and tariffs, the CEER more or less took the lead in the preparatory work of the 8th and 9th Forum meetings, as the Commission did not convene anymore Joint Working Party meetings for discussing and reporting on the progress from one Electricity Forum meeting to another (as is currently the case in the Madrid process). The 9th Forum meeting was prepared by tri-lateral meetings with CEER, ETSO and the Commission.

In addition to these tri-lateral meetings, a series of third party consultations with other stakeholders, Eurelectric, EFET, IFIEC and Europex were held in February and again in October regarding the inter-TSO mechanism. In addition a number of bilateral technical meetings with the BMWi in Germany took place. In this way, EWG, along with ESTO and the Commission, carried out substantial work on cross border tariffication systems which ensured the effective implementation of a provisional CBT mechanism in March 2002, and which subsequently formed the basis, (subject to some refinement) to the 2003 mechanism. Similarly, the appointment of a small delegation of technical experts has facilitated ongoing liaisons between the working group, UCTE, ETSO and the Commission on Congestion Management and Peak Load & Balancing issues.

### **Questionnaires**

- Peak Load and Balancing TF issued a questionnaire on balancing energy (20.12.01).
- Peak Load and Balancing TF issued a questionnaire on peak load problems (20.12.01) and generation capacity.
- Presentation (by DTe) on Security of Supply and methods for ensuring sufficient generation capacity, joint PL&B/Congestion Management TF meeting, 28.02.2002.
- CBT task force issued a questionnaire to gather information on the national implementation by CEER-members of 2002 mechanism.
- The Congestion Management task force carried out a detailed enquiry into the status of implementation of the agreed guidelines in each member state. The results were a major input into the Commission's presentation on the state of play of the guidelines at the 9th Electricity Forum.
- The Tariffs Task Force issued a Questionnaire on "G harmonisation" in April 2002, approved by 17th meeting of CEER Board.

### **Third Party Consultations on CBT mechanism**

- Brussels, 2002-12-17, (EC-CEER-ETSO).
- Brussels, 8-9 October 4th Series of Consultations with ETSO, Eurelectric, IFIEC, BMWi and EFET.
- Brussels, 2002-09-18, (EC-CEER-ETSO).
- Brussels, 2002-07-26, (ETSO).
- Brussels, 2002-07-09, (ETSO).
- Paris, 2002-04-23, 2003 (ETSO).
- Brussels, 2002-02-15, 3rd Series of Consultations with ETSO and Eurelectric.

## **1.4 Main achievements**

One of the most active areas of CEER, in terms of its output, is a result of work carried out by EWG and its component task forces. This is evidenced in particular by the results achieved in cross border tariffication system and by the number of CEER position papers (5) produced by this WG in 2002.

### **Inter-TSO Compensation Mechanism**

- Provisional Inter-TSO compensation mechanism came into force on 1st March 2002 and was operational until the end of 2002.
- Agreement was reached on a more refined version of inter-TSO compensation mechanism that took effect on 1st January 2003.
- At the 9th Electricity Forum in October 2002, CEER submitted a proposal of a more detailed model for a more permanent CBT mechanism. Work remains to be done on reaching agreement with other stakeholders on a permanent CBT mechanism.

### **CEER Position Papers, submitted to 8th and 9th Electricity Fora, Feb. and Oct. 2002**

- “CEER Position Paper Inter-TSO Compensation mechanism, a model for the longer term”, approved 20th September 2002, submitted to the 9th Electricity Forum (16-17 October 2002) in Rome.
- “CEER Technical Background paper Inter-TSO Compensation mechanism, locational signals”, approved 20th September 2002, submitted to the 9th Electricity Forum (16-17 October 2002) in Rome.
- “CEER Position Paper Principles and Rules on the Management and Allocation of ATC of interconnections”, approved 20th September 2002, submitted to the 9th Electricity Forum (16-17 October 2002) in Rome.
- CEER Position Paper Transparency of network access and system development, approved 20th September 2002, submitted to the 9th Electricity Forum (16-17 October 2002) in Rome.
- Position Paper of the CEER on Congestion Management, submitted to the 8th Forum 21-22, February 2002 in Florence.

### **Other Documents (excludes earlier drafts of what later became CEER position papers)**

- CEER Response to European Commission’s Strategy Paper was approved by 23rd CEER Board, 31st Jan. 2002 (earlier drafts were submitted throughout 2002).
- Report on the harmonisation of the split of charges to access the essential transport facilities between generators and load”, Tariffs TF, Sept. 2002.
- Policy outline on the harmonisation of transmission tariffication structures, Tariffs TF Sept. 02, submitted to 20th CEER Board on 20th Sept. 2002.
- Working paper on Harmonisation of the grid access tariffs for generators in Europe dated 25/07/2002, Tariffs TF submitted to 19th CEER Board, July 29th 2002.
- Final Working paper on Harmonisation of the grid access tariffs for generators in Europe, dated 4th October 2002.
- Security of Supply and Investment in Generation Capacity, Dte, presentation to PL&B meeting, 28.02.2002.
- CEER Agenda for Discussion and Solving Cross Border Trade Issues in Electricity, dated 23.01.2000, CBTWG presented to 14th CEER Board, 25th Jan. 2002.

## 2 Gas Working Group

### 2.1 Background

The GWG was created in October 2000 with the main objective of coordinating CEER participation to the Madrid Forum and related activities. During the first year most of the work focussed on the EC's Strategy Paper for the internal gas market. The GWG started producing its own documents end 2001.

### 2.2 Activities

During 2002 the Gas Working Group (GWG) had following meetings:

- 11 GWG meetings, alternatively in Brussels and London.
- 4 bilateral meetings with GT(Gas Transmission Europe).
- participation to 2 meetings of the Joint Working Group organised by the EC in Brussels, on 15/5/2002 and 20/9/2002.
- participation to the Forum of Madrid.

The GWG gave some input to DGTREN for the EC's documents:

- "Recommendations on Guidelines for Good Practice in relation to TPA services, Tarification, Balancing, etc".
- "Guidelines for Good Practice – Second version".
- "Study on tarification of cross-border flows and congestion management".
- "Benchmarking compliance with the Guidelines for Good Practice".

In the framework of these work-streams, the GWG organised several bench-markings, based upon questionnaires sent to all CEER members:

- TPA to storage and flexibility.
- Congestion management and offer of interruptible capacity.
- Level of publication of available capacities.
- Regulatory framework applicable to investments in gas infrastructure.

At the end of 2002, GWG established task forces in order to produce, in 2003, following papers:

- Roadmap for the implementation of entry-exit tariff system, with a special attention for transit issues.
- "The development of gas hubs and trading centers in Europe".
- "Third party access to storage and flexibility".
- "Balancing rules".

## 2.3 Main achievements

At the V Madrid Forum, 7-8 February, GWG presented two papers:

- “Guidelines for tariff structures pertaining to intrastate and cross-border transport and transit”.
- “Guidelines for calculation methodologies and transparency requirements with regard to available capacities”.

For the VI Madrid Forum, 30-31 October, GWG produced three more papers:

- “Guidelines for calculation methodologies and transparency requirements with regard to available capacities”, new version presented at the Joint WG on 20/9/2002.
- “Contribution of CEER to the Madrid Forum – 30/31 October 2002”, paper on allocation of capacities, congestion management and offer of interruptible capacity.
- “Establishing a preferred tariff methodology”, proposing to introduce an entry-exit tariff system on all networks.

### **3 International Energy Price Comparison Working Group**

#### **3.1 Date of last Annual Report**

N.A.. The WG was started on 16 November 2001.

#### **3.2 Activities since last Reports**

Preparation of a draft Questionnaire for a pilot study on European price comparisons of electricity

Meetings held:

- 2002-02-04, Milan,
- 2002-05-27, Rome.

#### **3.3 Papers submitted to CEER Board**

No paper was submitted to CEER Board.

## **4 Quality of Supply Working Group**

### **4.1 Date of last Annual Report**

A short report of 2001 activities is attached (see annex).

### **4.2 Activities since last Reports**

#### **WG Meetings**

One WG meeting was held in 2002 (Wien, June 18, 2002).

Participants: Roberto Malaman (Chairman, Italy), José dos Santos Afonso (Portugal), Maria Jesús Gago Corneo (Spain), Luca Lo Schiavo (Italy), Günter Pauritsch (Austria), Frode Trengereid (Norway), Ruud Vrolijk (The Netherlands).

Tahir Kapitanovic and Andrea Brandstätter (E-Control) contributed to the meeting with information on the activities of CEER WG on Security of supply and the new CEER portal.

### **4.3 Papers submitted to CEER Board**

No paper was submitted to CEER Board.

After the WG Wien meeting, presentations on quality regulations in some EU countries and templates to collect data for benchmarking were circulated among WG members.

### **4.4 Main Events**

The WG Chairman was invited at CIGRE 2002 (Paris, August 2002) to keep a keynote presentation at the meeting of CIGRE Group 36.

During 2002, the CEER WG 2001 report has been translated in Polish and is available on the Polish regulatory authority: [www.pse.pl/03/fakty/fakty\\_0104\\_24.pdf](http://www.pse.pl/03/fakty/fakty_0104_24.pdf).

## **ANNEX - 2001 main activities and results**

Discussion, approval and publication of the first report of the CEER WG on Quality of supply: "Quality of electricity supply: initial benchmarking on actual levels, standards and regulatory strategies", April 2001 (hereafter: CEER WG 2001 report):

- The CEER WG 2001 report has been discussed and approved by CEER.
- The CEER WG 2001 report has been edited and printed.

Circulation of CEER WG 2001 report:

- About 400 copies of the CEER WG 2001 report have been mailed to a list of international regulators and electricity specialists (utilities, consultants, academic representatives).
- The CEER WG 2001 report is available on the AEEG and CEER websites.

- The CEER WG 2001 report has been widely mentioned in Annex IV to the draft Communication from the Commission to the Council and the European Parliament Completing the internal energy market.

Organisation of an International Conference on Quality of supply regulation:

- Milan, 8 June 2001: regulators from more than 20 countries joined the discussion.
- Materials are available on the AEEG website.

Presentation of the CEER WG 2001 report to the 10th International Training Program on Utility Regulation and Strategy (University of Florida and World Bank):

- Gainesville, 15 June 2001: presentation of the CEER WG 2001 report by the WG chairman; about 50 countries represented.

Round table on quality regulation at CIRED Conference (Biannual Convention on Electricity Distribution Networks):

- Amsterdam, 21 June 2001: presentations from 6 WG member countries; about 100 participants.



## 5 Taxation and Environment Working Group

### 5.1 Background

The WG was set up to study the regulatory mechanisms to protect the environment in each country, in order to try to discover some possible distortions in the energy market. In particular, the WG should analyse policies, legislation and policy instruments, including energy and environmental taxation.

### 5.2 Activities

On February 2nd 2002, the WGT&E held its **fifth meeting** in **Madrid**.

The time of this meeting was close to 5 hours. The main item in this meeting was to analysis the objective of the new work set by the President: to show the current state of the environmental regulation in each country in order to discover any possible distortion in the internal market. In that way, the meeting had two different parts:

- Discussion about the scope of a questionnaire that had been prepared by the Chair and about the sense of the questions.
- Review of the main aspects of the questionnaire: 1. Environmental protection; 2. Mechanisms to promote renewable energy sources (RES) and combined heat and power (CHP), 3 Energy and environmental taxation; and, 4 Demand side management (DSM).

The main conclusions were the following:

- Members of the WG are less interested in environmental and taxation aspects due to the fact that they haven't responsibilities in those subjects. They are more interested in the analysis of the regulatory mechanisms to fulfil the political and environmental requirements.
- The chairman will circulate, for comments, a summary draft about the comparative situation in each country, which further explains and develops the questions and uses standard answers.

On April 12th 2002, the WGT&E held its **sixth meeting**, now in **Paris**.

The time of this meeting was close to 4 hours. The main items were:

- Analysis of the items of the questionnaire, referring to current state of the environmental regulation in each country in order to discover any possible distortion in the internal market:
  - Environmental limits, Kyoto targets and other requirements.
  - Different mechanisms to promote renewable energy sources (RES) and combined heat and power (CHP).
  - Energy and environmental taxation.
  - Demand side management (DSM): Demand Side Biding, incentives on DSM Programs and signals in tariff.

- Analysis of the summary draft, about the comparative situation in each country. To clarify some possible questions and difficulties in filling in the blanks.
- Using the comparative tables on promoting RES in each country to review and to update the Proposal on promoting RES, and to incorporate an Annex with these tables.

The main conclusions were the following:

- To incorporate the comments in the summary draft, about the comparative situation in each country, in order to improve this draft.
- To include some possible conclusions under each item of the summary (i.e. EU Environmental Directives are the best mechanism to harmonize the environmental regulation; to show relative importance of each item in relation with the feasible distortions of the market; etc).
- To prepare a summary draft explaining these issues and conclusions. Including possible proposals to improve the regulation to avoid distortions in the internal market, like emission trading.

On June 24th the WGT&E held in **Brussels** its **seventh meeting**.

The time of this meeting was close to 4 hours. The main items were the following:

- To review the language corrections and to finish the document: “Proposal from the CEER Working Group on Taxation and Environment on the promotion of the renewable electricity using a green certificates market”.
- To evaluate a new report called “Analysis of the possible distortions in the internal energy market caused by environmental and taxation regulation” which includes the main conclusions and recommendations to avoid distortions in the internal market. In this new document is attached the summary with the environmental regulation in each country.

The main conclusions were the following:

- The “Proposal from the CEER Working Group on Taxation and Environment on the promotion of the renewable electricity using a green certificates market” was closed in this meeting. The Chair must send it to the CEER President.
- The new document was reviewed and the Group achieved agreements about the conclusions. The Analysis must be modified following the comments.
- The member States proposed new subjects to study in future meetings, such as “Emissions Trading,” “Demand Side Management,” and “Analysis of the first experience of TGC in UK, Belgium, Italy and Austria”. Before adopted these lines will be needed to consult the Board of the CEER.

On November 15th the WGT&E held in **Brussels** its **eighth meeting**.

The time of this meeting was close to 3 hours. The main items were the following:

- To analyse and to try to find an agreement in the draft of document “Analysis of the possible distortions in the internal energy market caused by environmental and taxation regulation”.
- To propose the working program for 2003, in order to reply to the CEER President.

- To reply to Mrs. Andrea Brandstaetter about the upcoming Workshop scheduled for Mid December with ERRA countries (CEER TF "Candidate Countries").

The main conclusions were the following:

- To include some commentaries made in the meeting into the document. To complete Belgium and Austria parts of the Annex and the updated figures of Taxation.
- The French representative compelled the WG to send some concrete distortions more developed to include into the document, if possible.
- To circulate the revised document to the WG members in order to try to reach an agreement.
- Possible items for the WG in 2003 are: a) To finish the current work. b) To analyze the proposal of Directive on emission trading and its relationship with green certificates. c) To study the updated proposal of Directive on Energy Products Taxation. d) To study in depth possible double subsidies in the exchanges of renewable energy caused by different regulations.

### **5.3 Main achievements**

The Working Group approved in their 7th meeting the final report called "Proposal from the CEER WG on Taxation and Environment on the promotion of the renewable electricity using a green certificates market", which the CEER Board approved later as an internal document in their 22nd meeting.

The Working Group discussed in their 8th meeting a draft of document called "Analysis of the possible distortions in the internal energy market caused by environmental and taxation regulation". This was made from the information collected in a common questionnaire that the members filled out in the beginning of the year. This information is included as an Annex to the document in four parts: environmental regulation, renewables and cogeneration support systems, energy and environmental taxation and demand side management.

## **6 New Member States Task Force**

### **6.1 Background**

During 2000 the CEER created a Task Force which with a limited number of regulators should co-ordinate the CEER's relations with the "Candidate Countries" at that time.

### **6.2 Activities**

During the 19th board meeting held in Dublin (2002-04-29), the Creation of a Co-ordination Working Group was proposed comprising CRE, AEEG, RAE while E-Control being the main co-ordinator and a co-ordinator of the Hungarian Energy Agency . The main responsibility of this team is to deal with requests coming from Regulators of NMS and forward them to the appropriate person. More than a dozen of requests were addressed to the co-ordinator and hereinafter handled.

The TF met once in Vienna on June 27 with Regulators of almost all "Accession Countries". Besides presentations given on the latest developments in electricity and gas (directives and state of play and CBT system and guidelines) the group for the first time tackled the issues of co-ordination and co-operation between CEER and the Candidate Countries. Regulators of the Accession Countries presented briefly the state of play of the implementation of the *acquis communautaire* into their national energy law. Also, a list comprising 20 issues of prior interest to Accession Country Regulators were submitted to CEER and is serving as basis for the activities throughout 2002 and the following year.

Accession Countries were invited to register in order to receive access rights to the CEER portal's folder "Accession Countries". Almost all regulators registered and were granted access.

On the eve of the Florence Forum, October 16, 2002, CEER invited Accession Country Regulators to a joint dinner.

Besides these meetings members of the CEER WG "Taxation and Environment" participated in an ERRA workshop on renewable energy in Bratislava, 2002-09-16, and presented the state of play of renewable support mechanism implemented in several CEER members states.

### **6.3 Main achievements**

One of the main achievements during 2002 was the organisation of the First Training Course for Electricity Regulators of New Member States and 5 further ERRA members which were non NMS. This course was due to be held on February 3-7 in Budapest in joint-cooperation with ERRA.

Speakers from non-CEER members (Institute for Technological Research, European Commission and Nordpool) could be attracted to lead half or full day sessions.

Given the fact that the original request for raising funds sent to the European Commission Directorate Enlargement was rejected and turned out to be an act of discretion of DG Enlargement in the following, the goodwill of two CEER members to bear the costs of speakers' expenses (including the fee for the programme manager and main trainer, and travel expenses of Non CEER trainers) was eventually the key for the timely carrying out of the course.

The relations with Regulators of Accession Countries were improved due to the activities launched during 2002. However, it is also clear that further strengthening of relations needs to be done in the future.

## **7 Energy Infrastructure Task Force**

### **7.1 Background**

The Energy Infrastructure Working Group was an internal CEER initiative that strengthened when the European Commission asked the CEER to develop ideas on how to incentivate infrastructure investments. The Energy Infrastructure WG issued then the document "Relevant issues for a proposal on the improvement of the regulatory climate for infrastructure investments" at the end of 2001, helping the elaboration of the Communication "European Energy Infrastructure" in December 2001.

This mentioned Communication invited the CEER to work on its Action 8 " Guidelines on regulatory control and financial reward for infrastructure" included in the Action Area 2 "Ensuring a stable regulatory environment favourable to infrastructure investments". So at present, the specific target of this group is to work on Action 8, which new deadline was fixed by the next Madrid and Florence Fora in October 2002 in the last meeting between the Energy Infrastructure Working Group and the European Commission on March 11.

### **7.2 Activities**

Papers prepared:

- Draft ceer response to the questionnaire on infrastructure.
- Final-proposal on improvement of the regulatory climate for infrastructure investment.
- "Relevant issues to ensure a stable regulatory environment for infrastructure investments", Outline Report for the European commission-ceer interconnections wg meeting, 11 march 2002.
- "Guidelines on the Regulatory Control and Financial Reward for Infrastructure", Draft position paper.

Meetings held in 2002:

- 2002-03-11, Brussels (followed by meeting with EC),
- 2002-04-15, Madrid,
- 2002-09-13 Madrid.

### **7.3 Main achievements**

The position paper was close to completion at the end of 2002.

## **8 Security of Supply Task Force**

### **8.1 Background**

The Task Force “Security of Supply” was created end 2001 and started its work with the constitutional meeting, a workshop held in London on 18th December 2002, during which priority topics were discussed and Terms of Reference proposed.

### **8.2 Activities**

The TF has been quite active since its start. During 2002 the TF convened seven times and since the set up of the COB it convened at COB premises.

According to the first Terms of Reference dated 2002-03-15 the TF worked on an adequate definition for Security of Supply. Related to this definition the ToR were changed and reflected the scope of work of the TF.

After a review of the ToR, an Action Plan for the year 2002 was developed and a questionnaire on security of supply mechanism was drafted. The ToR were approved eventually during the May meeting where the first results of the questionnaires have been presented too.

The TF further prepared a paper on the role of regulators in Security of Supply issues which was due to be presented during the Seville Council in June 2002. The subsequent two days TF meeting, held in Athens, devoted its work to the draft of a more detailed work plan. During the subsequent meeting in Paris in June a more detailed survey was prepared. Considering the fact that some TF/WG might have devoted their work to similar task it was agreed to cooperate on issues of common interests to the TF Security of supply and other WG/TF in order to avoid duplication of work.

The Paper proposed for the Seville Council was not submitted due to non-agreement among the members (1 veto), but the content was used as input for further work of the TF. A proposal for regulatory guidelines was used as work basis.

Further meetings discussed issues of long term adequacy and transparency requirements (publication of generation and demand figures) and a bibliography of reference papers (articles and studies) was developed and published on the CEER portal.

During the Oslo meeting the guidelines and principles were eventually drafted as well as a paper on the role of security of supply regulators which was due to be presented during the Florence Forum in October 2002.

The Meeting in November, held at the newly established CEER OFFICE Brussels premises, devoted its work to discuss the enlargement of its scope of work to gas security of supply. The TF started coordination of work with the European Commission GD TREN, C2 unit “Electricity and Gas” on the report on security of supply mechanisms as well as with UCTE on the review of the UCTE Operational Handbook, cooperation on the latter was also envisaged between the TF and the CEER WG “Electricity”.

### **8.3 Main achievements**

A survey on security of supply practices in 10 countries was conducted and a draft report was made available on the web site. The preliminary results were presented during the last Florence Forum, on October 16-17.

Also a position paper on the role of the regulators in security of supply issues which was approved by the CEER board on October 10, was presented to the Florence Forum which was strongly supported by the Forum.



## **9 South East Europe Electricity Regulation Task Force**

### **9.1 Background**

The Task Force “South East Europe Electricity Regulation” was created in June 2002, as response to an EC initiative to establish a Regional Market in South East Europe integrated into the Internal European Electricity Market, based on the rules currently in force and being developed in the EU. The work of this Task Force is to prepare, following the approval of the Board, the positions of CEER in the abovementioned field, in close collaboration with energy regulators of the countries of the region, and in particular to prepare concrete positions of CEER for the South East Europe Electricity Regulation Forum.

### **9.2 Activities**

During 2002 the TF met once on 12 June 2002 which was also its initiation meeting. All Regulators from the Region were invited.

The TF adopted a position paper on the way to proceed for the creation of SEE Electricity market integrated to the EU internal electricity market. The Paper was submitted and approved by the board and presented during the First Forum on 13/14 June. The position Paper stressed the importance of establishing common rules along the lines of the EU internal market for SEE. Also it highlighted the importance of the approach followed in the Florence Forum and invited the EC to adopt similar procedures for SEE. In this context the TF committed to strive to implement in SEE the basic achievements of the Florence Forum, CBT, CM etc.

Following the establishment of the TF the first meeting of CEER, ETSO, EC, UCTE on SEE market took place on 18 November in Brussels, with a view to pull endeavours together and agree on the way forward.

### **9.3 Main achievements**

Following the first Forum of SEE on 13/14 June, the Task Force participated in the preparation of the Memorandum of Understanding that the EC has proposed for signature in the first Ministerial meeting of the countries of SEE held on 15 November in Athens.

The Task Force presented also the main objectives of the Task Force to the High Level Group which was held back to back to the Ministerial meeting with a view to reflect on further actions and next steps.

The preparation of an “agenda” for the next Forum which is to be held on March 2003 in Rome, the elaboration of Regulators views and positions for all the issues to be addressed in the next Forum, and to this respect the draft of an action plan of the Task Force with specific actions and time schedules has been its main work since then.

## 10 CEER Board Meetings

14 <sup>th</sup> CEER Meeting	January 25, 2002	Brussels
15 <sup>th</sup> CEER Meeting	February 8, 2002	Madrid
16 <sup>th</sup> CEER Meeting	February 20, 2002	Florence
17 <sup>th</sup> CEER Meeting	April 24, 2002	Budapest
18 <sup>th</sup> CEER Meeting	June 21, 2002	Paris
19 <sup>th</sup> CEER Meeting	July 29, 2002	Dublin
20 <sup>th</sup> CEER Meeting	September 20, 2002	Brussels
21 <sup>st</sup> CEER Meeting	October 16, 2002	Rome
22 <sup>nd</sup> CEER Meeting	November 28, 2002	Brussels

## 11 CEER Documents

“Contribution of CEER to the Madrid Forum – 30/31 October 2002” (Preferred tariff system; Capacity allocation and congestion management; Non-firm capacity; Transparency requirements) – October 2002

“Definitions” (VI Madrid Forum) – October 2002

“Establishing the preferred tariff methodology for intrastate, cross-border and transit flows in European gas markets” – October 2002

“First Survey on Security of Supply in the CEER Member Countries” – October 2002

“Position Paper on the Role of Regulation in Security of Supply and the CEER Approach” – October 2002

“CEER position paper on the transparency of network access and system development” – October 2002

“Principles on the management and allocation of available transfer capacity of interconnections” – October 2002

“Inter TSO Compensation Mechanism: locational signals” – October 2002

“Inter TSO Compensation Mechanism: a model for the longer term” – October 2002

“Proposal of the CEER Working Group on Taxation and Environment on the promotion of renewable electricity using green certificates market” – June 2002

“The method of average participation for the allocation of infrastructure network costs” – April 2002

“Position paper of the CEER on Congestion Management” – February 2002

“CEER agenda for discussing and solving cross border trade issues in electricity” – February 2002

“Guidelines for tariff structure pertaining to intrastate and cross border transport and transit” – February 2002

“Calculation methodologies and transparency requirements with regard to available capacities of gas transmission, LNG and storage facilities” – February 2002