



Regulation (EC) 1228/2003 Compliance Monitoring Second Report, 2008

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1 Executive Summary

This document contains the second Monitoring Report on Compliance with the Regulation (EC) 1228/2003 (Regulation) and annexed Congestion Management Guidelines (CM Guidelines). It follows the First Compliance Report from 2007, which was presented and discussed at the XIV Florence Forum.

The First Compliance Report concluded that full compliance with the Regulation and the annexed CM Guidelines has not yet been achieved. The Forum and the Commission (hereafter the Commission) requested EREGEG resolve any outstanding issues regarding the interpretation of the existing obligations which appears to be a necessary condition to monitor compliance. The Forum also concluded that the Second Compliance Report should be more specific and should allow the Commission to identify to what extent the legal requirements of the Regulation and the annexed CM Guidelines have been met by all market participants.

The Second Compliance Report has been prepared in line with this guidance from the Forum. Firstly, the criteria for compliance for each relevant Article and Point from the Regulation and CM Guidelines have been defined and published in the EREGEG Criteria Paper¹. Secondly, based on these criteria a detailed Compliance Questionnaire was designed and completed by the NRAs from the Member States². Thirdly, an in-depth discussion and analysis of answers by EREGEG has been executed, resulting in the Second Compliance Report, which will be presented at the XV Florence Forum in November 2008.

Key findings

Generally, the replies from NRAs show that the Regulation and the CM Guidelines have not yet been fully implemented. However, it should be acknowledged that a lot of progress has taken place since the First Compliance Report, especially within the realm of the Regional Initiatives, which specifically are working to find solutions to the requirements set by the Regulation and the annexed CM Guidelines. The changes that are needed in processes applied by NRAs, TSOs and other stakeholders involved will take time and in some cases also amendments are needed in national legislation.

Intra- and Inter-Regional coordination and coherence in congestion management methods and procedures must be improved to comply with requirements set in the CM Guidelines. This includes also set-up of the intra-day allocation mechanism as soon as possible for those interconnectors not having implemented this mechanism yet, in line with the provisions of the CM Guidelines.

¹ http://www.energy-regulators.eu/portal/page/portal/EER_HOME/EER_PUBLICATIONS/CEER_EREGEG_PAPERS/Electricity/2007/E07-EFG-25-03_CriteriaForCompliance_10-Dec-2007.pdf

² Bulgaria has not replied to the questionnaire; for Malta and Cyprus it was not relevant since they have small and isolated electric power systems with no interconnectors to other systems.

A number of improvements in relation to transparency, especially in publishing the relevant information on forecast demand and generation and the ex-post realised values for the forecasted information, must be implemented in line with the requirements after regional transparency reports and in accordance with the detailed analysis of the compliance with the Section 5 (Transparency) of the CM Guidelines.

It has not been possible to evaluate compliance for a number of issues due to the lack of criteria for their qualitative and quantitative evaluation and thus they will require further analysis in the Third Compliance Report. These issues include e.g. maximising capacity, minimising the impacts to the neighbouring control areas, firmness of transmission capacity and curtailment of transmission capacity. Furthermore, it was noticed that additional measures are needed in the implementation of CM methods that will foster competition.

There exist conflicts between national legislation and the provisions in the Regulation and the CM Guidelines, mainly regarding the powers of the regulators to force the TSOs and stakeholders to implement routines needed. Thus, the following regulatory issues shall be harmonised in terms of governance and here the support from the Commission as well as from Member States is requested:

- Regulators' powers in dispute settlement;
- Proceedings and processes which are required when an issue is "a subject to review" or "notified" according to the CM Guidelines;
- Resolving the question of which authority is responsible for each particular element of cross-border trading in each country;
- Evaluation of the efficiency of the usage of cross-border capacity shall be the responsibility of the NRAs and not TSOs.

The compliance monitoring exercise shows that amendments are necessary for the Regulation and the CM Guidelines, in order to remove ambiguities, to improve clarity and to reduce the possibility of arbitrary interpretation.

Furthermore, Guidelines for Inter-TSO Compensation and Transmission Tariffication shall be adopted and implemented as soon as possible to ensure compliance with provisions set in the Regulation.

Finally, ERGEG recognises also the need to develop the framework for the future compliance reporting, based on the findings in this Second Report.

Recommendations

During its work, ERGEG has gained experience of where the difficulties and the ambiguities impede the implementation of the rules set by the Regulation and the CM Guidelines. ERGEG is planning to continue its work in this area. Specifically, ERGEG is planning to evaluate the provisions in the Regulation and the CM Guidelines and propose appropriate amendments to the Commission accordingly. Furthermore, ERGEG will revise its Criteria Paper to ensure that processes are in place to ensure compliance with the Regulation and the CM Guidelines and also to put more emphasis on the outcome of processes and procedures to foster market integration and contributing a level playing field for market participants across Europe. This may require legal support within the Regulation and the CM Guidelines.

ERGEG recommends that the following issues to ensure goals set for the cross-border trade in the Regulation and the CM Guidelines be addressed by the following stakeholders: Commission / Member States should:

- Open the "old merchant interconnections" without exemption from TPA according to Article 7 of the Regulation to the market with a TPA regime;

- Complement the existing general provisions in Section 5 (Transparency) of the CM Guidelines, with legally binding and detailed provisions on information management and transparency;
- Harmonise the key regulatory issues in terms of governance;
- Explicitly assign the responsibility to impose restrictions on market participants to participate in the allocation process (e.g. anti-hoarding measures according to Point 2.10 of the CM Guidelines) to the energy regulators, who in turn may implement this provision in cooperation with the responsible competition authorities;
- Anchor reporting by the TSOs on all relevant descriptions, documents, etc. in the amended CM Guidelines, so that it becomes an “inherent” and “self-explanatory” duty of the TSOs; and
- Adopt and implement the ITC and Transmission Tariffication Guidelines as soon as possible.

Member States should:

- Put in place the legal framework that is necessary to create an efficient cross-border trade with electricity and to support the implementation the rules in CM Guidelines. This concerns both the powers of the NRAs and the requirements put on the TSOs.

TSOs should:

- Truly commit to and implement the agreed projects, because the TSOs are the key players and market facilitators, bearing thus the highest responsibility for implementation of the Regulation and the CM Guidelines. This is important not only for the sake of TSOs themselves, but also as otherwise efforts made by other stakeholders would be in vain;
- Define and agree on a common approach and detailed rules for solving internal and cross-border congestion throughout Europe and in line with the general provision in the Regulation and the CM Guidelines.

Regulators/ERGEG should:

- Define and put in place concrete measures to speed-up the implementation process of CM Guidelines;
- Assess economic efficiency of congestion management methods;
- Advise the Commission on amendments to the Regulation and CM Guidelines: (i) treatment of curtailment and firmness of the transmission capacity, which require more detailed and exact provisions, (ii) detailed and precise provisions on how the TSOs shall maximise the capacity, (iii) provisions on when and how to use countertrading and redispatching, (iv) effects to the market of the use of congestion income by one TSO e.g. for redispatching and by the other TSOs for building new lines.

2 Introduction

The Regulation (EC) 1228/2003 (Regulation) entered into force on 1st July 2004. The amended Congestion Management Guidelines 2006/770/EC (CM Guidelines) according to Article 8 of the Regulation entered into force on 1st December 2006. In line with the conclusions of the XIV Florence Forum from September 2007 and in order to ensure adequate implementation, the monitoring and reporting on compliance with Regulation and CM Guidelines is necessary.

This document contains the second Monitoring Report on Compliance with the Regulation (EC) 1228/2003 and CM Guidelines (Second Compliance Report), prepared and published by ERGEG.

At the XIV Florence Forum in September 2007, the first Monitoring Report on Compliance with the Regulation and CM Guidelines prepared by ERGEG (First Compliance Report) was presented. The key findings of the First Compliance Report indicated that compliance had not been achieved.

The XIV Florence Forum requested ERGEG resolve any outstanding issues regarding the interpretation of legal requirements in the Regulation and CM Guidelines, in order to enable better and more precise monitoring and reporting in the Second Compliance Report. The Forum also concluded that the Second Compliance Report should be more specific and allow the Commission to identify clearly to what extent the legal provisions of the Regulation and CM Guidelines have been met in Member States³.

Following this request, the Second Compliance Report has been prepared by ERGEG. To assess compliance, first a detailed list of criteria to be applied in compliance assessment was defined for the following specific areas:

- Transmission Tariffication (TT)
- Congestion Management (CM) and within that scope also Transparency

The criteria were compiled together with issues to be assessed, along with any necessary interpretation, explanations and the related rules for classification to be applied in compliance assessment. The criteria provide further a checklist for each of the topics evaluated. The fulfilment of criteria is considered as the mandatory condition for classifying a specific issue as being compliant with the Regulation and / or the CM Guidelines. The Criteria Paper was published on the ERGEG website in December 2007⁴.

The Criteria Paper has been used as a basis for the definition of the scope of information requested for this Second Compliance Report (i.e. for the Compliance Questionnaire completed and compiled for the Member States by the National Regulatory Authorities (NRAs)). However, it should be emphasised that some of the criteria applied go beyond the legal framework of the Regulation and the CM Guidelines in a sense that they also address issues of assessment; e.g. the means of reporting, the interpretation of the Regulation and / or the CM Guidelines by each

³ See XIV Florence Forum conclusions at http://ec.europa.eu/energy/electricity/florence/14_en.htm

⁴ Compliance with Regulation (EC) 1228/2003 and Congestion Management Guidelines – Criteria for Compliance – December 2007, ref. Nr. E07-EFG-25-03, 10 December 2007, at <http://www.energy-regulators.eu>.

NRA in points where they are not precise enough. For that reason, the figures / percentages in the report and in Annex I do not directly imply compliance with the legal provisions, but they should be read and interpreted in close relation with the related text of the Second Compliance Report to define compliance.

Furthermore, the actual information collected and used as the basis for the Second Compliance Report reflects the situation in the Member States in Spring 2008. It should therefore be borne in mind that, since the ongoing ERGEG Electricity Regional Initiative (ERI) projects have the implementation of the requirements from the Regulation and the CM Guidelines as the highest priority issue, further improvements of compliance achieved or expected in near future, might have not been integrated in the Second Compliance Report.

In this regard, the Second ERGEG ERI Convergence and Coherence Report (2008) contains information on the status of work done in the Regional Initiatives so far. This is relevant for the implementation of the requirements from the Regulation and CM Guidelines and shall be taken into account accordingly. Moreover, the two reports complement each other: whereas this Second Compliance Report evaluates compliance with legal provisions, the Coherence and Convergence Report (by evaluating in the first instance how well the market integration progresses within and between the ERGEG ERI regions) looks into the implementation; for the full picture, both, legal compliance and effective implementation are important.

2.1 Isolated Power Systems & Markets, Merchant Lines and Non-Congested Interconnections

Malta and Cyprus are not subject to this Second Compliance Report because they have isolated power systems with no interconnections. As a result, of the 27 Member States, only 25 are subject to monitoring the compliance with the Regulation and the CM Guidelines. In those 25 Member States, 28 interconnectors all together have been subject to compliance monitoring in this Second Report.

Furthermore, there is no congestion on interconnectors in the Baltic States and between Germany and Luxembourg. Therefore, only some of the provisions set in the Regulation are applicable to these interconnectors. Therefore, interconnectors within the Baltic States and between Germany and Luxembourg are not considered in the Report when Articles 5 and 6 of the Regulation and the CM Guidelines are discussed.

Moreover, since the beginning of the all-island Single Electricity Market (SEM) in November 2007 on the island of Ireland, the former interconnector between the Republic of Ireland and Northern Ireland is now treated as an internal transmission line on which any congestion, if it appears, is resolved by physical redispatch in the same manner as it is done on other transmission lines on the island. Accordingly, many of the provisions in the Regulation and the CM Guidelines are not applicable to that line.

The so called “old merchant lines” (i.e. the lines built by private investors and put into operation before the Regulation and the CM Guidelines entered into force, or the related states joined the EU) are at present exclusively used by the owners. At the same time, those interconnectors have no exemptions from TPA (Third Party Access) according to Article 7 of the Regulation, as they were established before the Regulation and Article 7 of the Regulation relates only to “new lines”⁵. It is the view of the European Energy Regulators that those interconnectors should be opened to the market with a TPA regime, in order to be in accordance also with Directive 2003/54/EC and the Regulation. Accordingly, these interconnectors have not been dealt with in this Second Compliance Report.

Exemptions (according to the Article 7 of the Regulation have been granted by the EC for the new interconnectors between Estonia and Finland (Estlink) in year 2005 and Great Britain and Netherlands (Britned) in year 2007⁶.

Bulgaria has not replied to the Compliance Questionnaire at all and this has been indicated for Bulgarian interconnectors (Bulgaria – Greece and Bulgaria – Rumania) accordingly.

2.2 The Interconnections of the EU Member States and Switzerland

Although the Swiss transmission grid forms an integral and important part of the UCTE⁷ synchronous area and as such participates significantly in all the market operations and cross-border trading in the Central Europe, it was not possible (as was the case in the First Compliance Report) to take the interconnectors between the EU Member States and Switzerland into consideration:

- On the one hand, the EU Acquis Communautaire on Energy in general and the electricity legislation including the Regulation and the CM Guidelines in particular, have not yet been implemented and ratified in Switzerland; therefore there exist no adequate legal framework for including the Swiss interconnectors into the compliance monitoring process;
- On the other hand, even though it might be possible to implement an alternative procedure to address and to assess the relevant cross-border issues also at the interconnectors between the EU and Switzerland, a solution for that has not yet been found.

⁵ Information on these old merchant lines can be found at ERGEG website under Northern Regional Initiative, report on ERI-NO-IG: Northern Europe Electricity Regional initiative - Implementation Group "Optimising the use of the interconnectors - SwePol Link and Baltic Cable" Final Report - 2007 (11-04-2008) or Status Report 2007 (11-04-2008)

⁶ Decisions can be found at website: http://ec.europa.eu/energy/electricity/infrastructure/exemptions_en.htm

⁷ Union for the Coordination of Transmission of Electricity

Therefore, ERGEG strongly urges and recommends to that work commences to find an appropriate solution to address the cross-border issues between the EU and Switzerland and, for that matter also the compliance with the EU legal framework. To accomplish this, the participation of all relevant parties will be needed: the Commission, ERGEG, affected EU regulators from the countries neighbouring Switzerland, as well as the Swiss Regulatory Authority and the Swiss TSO.

3 Information on Interconnection Capacities and General Principles for CM (from Regulation (EC) 1228/2003)

3.1 Provision of Information on Interconnection Capacities (Article 5)

Article 5 of the Regulation aims to ensure implementation of adequate coordination and information-exchange mechanisms, as well as the other necessary provisions to ensure secure and optimal functioning of networks by the TSOs.

According to the Article 5.1 transmission system operators shall put in place coordination and information exchange mechanisms to ensure the security of the networks in the context of CM.

According to the Article 5.2 the safety, operational and planning standards used by TSOs shall be made public. The information published shall include a general scheme for the calculation of the total transfer capacity and the transmission reliability margin based upon the electrical and physical features of the network. Such schemes shall be subject to the approval by the Regulatory Authorities.

Article 5.3 requires that TSOs shall publish estimates of available transfer capacity for each day, indicating any available transfer capacity already reserved. Those publications shall be made at specified intervals before the day of operation and shall include, in any case, week-ahead and month-ahead estimates, as well as a quantitative indication of the expected reliability of the available capacity.

Compliance with the Article 5 has been evaluated for 28 interconnectors where congestion exists. Therefore, the percentage figures for compliance refer to the portion of those 28 interconnectors, where the given provisions are met.

At 93% of the interconnectors, the TSOs have described coordination and information exchange mechanism to ensure security of the networks in the context of congestion management. However, for some of these interconnection points the replies from NRAs on different sides of the border differ, thus having effect on actual result; in several cases this is due to the identified discrepancies where the TSOs at the same interconnection point do not act in a uniform and coordinated way when describing such mechanisms

In almost all cases, TSOs have agreed on coordination and information exchange mechanisms for use on the shared interconnectors (96%⁸ compliance). However, in 52% of cases the TSOs have sent the description of the agreed coordination and information exchange mechanisms to their NRAs. This is also why the NRAs have only been able to ensure that coordination and information exchange mechanisms are adequate to ensure security of networks at 52% of interconnectors.

For 93% of the interconnectors, the TSOs have described safety, operational and planning standards, including a general scheme for the calculation of the total transfer capacity and reliability margin; a general calculation scheme has been published for 93% of the interconnectors.

A comparable degree of compliance (70-80%) is observed for the remaining provisions of Article 5.2 of the Regulation in terms of the publication of standards.

⁸ In this report, 96% means compliance in all replies received from NRAs; Bulgaria represents the remaining 4%.

At 89% of the interconnection points, the TSOs have described the publication process for the relevant information.

The TSOs have published available transmission capacity for each day, indicating any capacity already reserved for 96% of the interconnectors. A lower compliance of 61% is observed for the daily publication of the capacity information for all timeframes. The level for compliance for submitting the description of the publication procedures to the responsible NRAs is 77%.

Finally, a relatively low level of compliance of some 55% is observed for the requirement for TSOs to report to NRAs if they are not able to meet the publication requirements.

A lack of sufficiently detailed provisions on information management and transparency is considered as the main reason for a comparably low degree of general compliance with Article 5 of Regulation (about 77%).

3.2 General Principles of Congestion Management (Article 6)

This article requires TSOs to describe, apply and publish procedures regarding:

- Curtailment;
- Calculation of transmission capacity;
- Dissemination of information on intended use of capacity;
- Netting;
- Use of congestion revenues.

Article 6.1 states that an effective CM method should be implemented. Network congestion problems shall be addressed with non-discriminatory market based solutions which give efficient economic signals to the market participants and TSOs involved. Network congestion problems shall preferentially be solved with non-transaction based methods, i.e. methods that do not involve a selection between the contracts of individual market participants.

Article 6.2 is directed at curtailment procedures. It states, that curtailment shall only be applied in emergency situations where the TSOs must act in an expeditious manner and redispatching or countertrading is not possible. It is further required, that any such procedure shall be applied in a non-discriminatory manner and that market participants who have been allocated capacity shall be compensated for any curtailment except in cases of force majeure. Upon a request by the Commission, ERGEG has analysed the issues of firmness and curtailment and has suggested the way to follow in an interim paper published at the ERGEG website in July 2008.⁹

⁹ Firmness of nominated transmission capacity, ERGEG Ref. E08-EFG-29-05, 15 July 2008, available at: www.energy-regulators.eu

- Considering the different technical, legal and economical aspects related to the firmness of capacity, ERGEG came to the conclusion that as a minimum requirement transmission rights shall be firm after they have been nominated by market participants. Even though physical firmness is the preferred approach for nominated capacity, financial firmness is also an acceptable solution in the context of explicit auctions. This means that capacity holders that have nominated transmission rights, should either be guaranteed their ability to use their rights (physical firmness) or, in case of curtailments – which have in any case to comply with legal requirements of the Regulation and the CM Guidelines - after nomination, receive a financial compensation reflecting the relevant market price spread (financial firmness). In the case that the curtailment is announced after the D-1 nomination deadline, this can be the intra-day price differential or the balancing market price differential, depending on the existence of intraday markets.
- The concept of firmness of capacity that is used in the context of implicit auctions (market coupling or splitting) requires special attention, because the outcome of the implicit auctions should not be changed. The recalculation of prices at the power exchanges must be avoided. Currently, physical firmness is the only applied option in this context, whilst the feasibility of financial firmness has yet to be proven. Should a feasible and reasonable methodology be elaborated for financial firmness, which does not impact the outcome of implicit auctions, ERGEG will re-assess the issue.
- The minimum requirements above should help to create similar conditions and a level playing field in respect of firmness and curtailment across all regions and all interconnectors.
- The treatment of curtailments announced before nomination was outside the scope of consideration in the interim paper and will be dealt with accordingly at a later stage.
- The results of analyses and the above recommendations by ERGEG make clear that a number of changes in the legal framework are necessary in order to create sound and comprehensive mechanisms:
 - TSOs have to be able to use the measures described efficiently. In particular existing provisions and procedures for (cross-border) redispatching or countertrading are not yet fully developed at a level which is sufficient for a day-to-day operation. In that respect, coordination between involved parties has to be enhanced.
 - Roles and responsibilities and processes should be defined and become more standardised. Furthermore, there is as yet no basis for TSOs to buy back capacity that has already been allocated on developed secondary markets.
 - In general, an organised and transparent redispatching scheme is needed.
 - Such schemes can be market-based or cost-based, depending on the market conditions. In both cases proper regulatory oversight is needed. This is presently not ensured by the existing powers of some NRAs, since the regulatory focus (including data provision) is usually on network companies.
 - An important pre-requisite for financial firmness is the availability of reliable prices as a reference for financial compensation. Looking at existing national markets not all countries have a proper and reliable price signal (e.g. through a power exchange or other standardised trading facilities which fulfil requirements in this respect).
- Finally, ERGEG advocates implementing incentive schemes which contribute to a balance between the fully firm capacity made available to the market (maximisation of capacity) and the cost of providing this full firmness.

Considering the above outcome of the ERGEG analysis and bearing in mind the vague and imprecise interpretation of the legal provisions on compliance and firmness by the TSOs, it was not possible to evaluate the compliance with the firmness provisions within Article 6.2 based on a common framework and implementation; this shall be one of the subjects of the Third Compliance Report in 2009.

The Article 6.3 requires that the maximum capacity of the interconnectors and/or the transmission networks affecting cross-border flows shall be made available to market participants, complying with safety standards of secure network operation. Within the present legal framework, the NRAs cannot ensure compliance with this article. This is one of the issues that requires further clarification and more detailed specification in the next version of the Regulation.

Article 6.4 is targeted at the rules for dissemination of information by market participants as well as the reattribution of transmission capacity. Thus according to the Article 6.4, market participants shall inform the TSOs a reasonable time ahead of the relevant operational period whether they intend to use allocated capacity. Any allocated capacity that will not be used shall be reattributed to the market, in an open, transparent and non-discriminatory manner.

Article 6.5 postulates that rules for netting should be implemented, where TSOs shall, as far as technically possible, net the capacity requirements in opposite directions over the congested interconnector in order to apply its maximum capacity. Furthermore, having full regard for network security, transactions that relieve congestion shall never be denied.

Finally, Article 6.6 prescribes the obligations of TSOs regarding congestion revenues, where any revenue resulting from the allocation of interconnector capacity shall be used for one or more of the following purposes:

- (i) guaranteeing the actual availability of the allocated capacity;
- (ii) network investments maintaining or increasing interconnection capacity;
- (iii) as income to be taken into account by Regulatory Authorities when approving the methodology for calculating network tariffs, and/or in assessing whether tariffs should be modified.

The results of the evaluation of compliance with Articles 6.1, 6.4, 6.5 and 6.6 with respect to the congestion management methods and the use of the congestion income are a subject of consideration in the fourth chapter of this Second Compliance Report, where compliance with the CM Guidelines is assessed in detail.

4 Compliance with the CM Guidelines

4.1 General Provisions

In this chapter, the compliance with the provisions from Section 1 of the CM Guidelines is evaluated.

Compliance with the CM Guidelines requires that economically efficient methods for congestion management are implemented. According to the compliance criteria, there should be unrestricted and non-discriminatory access to interconnectors when no congestion exists.

Appropriate rules and methods for managing structural congestion should be agreed upon in advance and be implemented by TSOs immediately when congestion occurs. Furthermore, TSOs should not attempt to resolve congestion within a control area by a reduction of in interconnection capacity.

4.1.1 Existence of Criteria for Accepting or not Accepting Commercial Transactions

According to Point 1.1 of the CM Guidelines, TSOs shall endeavour to accept all commercial transactions, including those for cross-border trade.

All NRAs who responded to the Compliance Questionnaire confirmed that criteria exist in their jurisdiction and are published accordingly.

In the case of denial of commercial transactions, the TSOs at 96% of interconnection points comply with the CM Guidelines, with reasons and criteria for denial communicated immediately to market participants.

The TSOs at 96% of interconnectors have explicitly informed the NRAs of the criteria.

In summary, the TSOs at 91% of the interconnectors comply with criteria set by regulators to fulfil requirements set under this Point 1.1 of the CM Guidelines.

4.1.2 Existence of Congestion Management

According to Point 1.2 of CM Guidelines no restrictions for access to the interconnection shall be set when there is no congestion and thus no permanent allocation procedure is needed.

All NRAs except one (96%) have indicated that the TSOs have published information on the interconnectors where CM procedures exist for market participants. The information has also been sent to the NRA in all these countries (96%).

In summary, the TSOs at 96% of interconnectors comply with criteria set by the regulators to fulfil the requirements set under the Point 1.2 of the CM Guidelines.

4.1.3 Economically Efficient Alleviation of Congestions by TSOs

In cases where power flows caused by commercial transactions exceed those that are possible with secure network operation, TSOs shall relieve congestion to maintain operational security of the grid and ensure that costs for this remain at economically efficient level, according to the Point 1.3 of the CM Guidelines. Curative redispatching or countertrading shall be envisaged if lower cost measures cannot be applied.

With respect to the use of procedures that reflect economical efficiency, many NRAs have indicated a general compliance, but there are a few cases (about 32%) where the TSOs are actually reporting costs and volumes of countertrading and redispatching.

In any case, even with all the information available and delivered to the NRAs, the exact quantification of compliance with this Point is not feasible. Therefore, it is not presented in quantified terms here.

This is one of the issues which requires further clarification and more detailed specification in the amended CM Guidelines.

4.1.4 Congestion Management in Case of Structural Congestion

According to the Point 1.4 of CM Guidelines, if structural congestion appears, the TSOs are required to define and agree upon rules and arrangements for CM in advance and implement them immediately. The CM methods shall ensure that the physical power flows associated with all allocated transmission capacity comply with network security standards.

According to the answers from NRAs, about 87% of TSOs comply with these requirements and consistent answers are provided within the different regions.

Furthermore, the answers widely confirm that definitions of where congestion exists are established, that rules are agreed upon in advance and implemented immediately when applicable (i.e. when congestion appears).

Further, the TSOs have also ensured compliance with security rules, communicated rules and arrangements transparently to market participants and to the NRA in most cases.

At 80% of interconnectors, the TSOs have reported that CM methods comply with network security standards.

Approximately 80% of NRAs have confirmed that the rules and arrangements of CM are in line with this Point.

The final criterion under this Point requires the TSOs to set up a monitoring process for implementation of the CM rules and arrangements including the criteria for further development of CM rules and arrangements. 70% of the answers confirm compliance with this criterion, but in only 41% of the cases, the description of the monitoring process was sent to the NRAs by the TSOs.

In summary, the TSOs at 87% of interconnectors comply with criteria set by the regulators to fulfil requirements set under Point 1.4.

4.1.5 Efficient Economic Signals to Market Participants and TSOs

According to the Point 1.5 of the CM Guidelines, applied CM methods shall give efficient economic signals to market participants and TSOs, promote competition and be suitable for regional and community-wide application.

Approximately 90% of the answers confirm that the applied congestion management methods give economic efficient signals and promote competition – however it must be borne in mind that in most of those cases, the methods used were explicit auctions, which are in principle allowed by the CM Guidelines but are today considered to be less economically efficient for day-ahead allocations than implicit auctions. One NRA answered that compliance is not fulfilled since explicit auctions very often lead to two kinds of inefficiencies:

- (i) nominations of capacity in the opposite side to the price differential
- and
- (ii) under-utilisation of capacity when price differential exists.

These inefficiencies are inherent to explicit auctions mechanisms and constitute an evidence of the drawbacks in market integration when explicit auctions are used. The inefficiencies have been well identified in the report of the Commission on the experience gained in the application of the Regulation, published on 15th May 2007¹⁰, as well as in the first ERGEG ERI Convergence and Coherence Report of, published on 18th June 2007¹¹.

All replies from NRAs confirm that methods are suitable for regional and communitywide application, which is evaluated accordingly for Section 3 of the CM Guidelines thereafter.

In summary, the TSOs at 71% of interconnectors comply with criteria set by the regulators to fulfil requirements set under Point 1.5.

4.1.6 No Transaction-Based Distinctions

No transaction-based distinctions may be applied according to Point 1.6 of the CM Guidelines. A request for transmission service can only be denied when operational security cannot be guaranteed and the monetary value attached to the request is lower than all other requests intended to be accepted for the same service and conditions.

Only 9% of the replies confirm that the TSOs have reported cases where transaction-based distinction happened. In most cases (91% of the replies), the TSOs have not reported any cases of transaction-based distinction because no such cases have been observed. Furthermore, with implicit auctions, transaction-based distinctions are inherently prevented and thus no transaction-based distinction has been reported wherever an implicit auction is in place.

4.1.7 No Limitation of Cross-border Capacity to Solve Congestions within Own Control Area

Point 1.7 of CM Guidelines requires that TSOs shall be guided by principles of cost-effectiveness and minimisation of negative impacts on the Internal Electricity Market (IEM) when defining appropriate network areas in which to apply congestion management. TSOs may not limit interconnection capacity in order to resolve congestion inside their control area, except for reasons of operational security and reasons of cost-effectiveness and minimisation of negative impacts on the IEM. If such a situation occurs, it shall be described and transparently presented to all the users by the TSOs and such a situation may be tolerated only until a long-term solution is found. Furthermore, the methodology and plan for achieving the long-term solution shall be described and transparently presented to all the users by the TSOs.

The CM Guidelines set preconditions, i.e. operational security, cost-effectiveness and minimisations on negative impacts on IEM, for limiting interconnector capacity due to the internal congestion within a TSO's own control area. In such situations, compliance with the CM Guidelines can be ensured by describing transparently the reasons for limitations and their effects on operational security and the integrated market.

¹⁰ Document can be found at http://europa.eu.int/smartapi/cgi/sga_doc?smartapi!celexplus!prod!DocNumber&lq=en&type_doc=COMfinal&an_doc=2007&nu_doc=250

¹¹ Document can be found at http://www.energy-regulators.eu/portal/page/portal/EER_HOME/EER_INITIATIVES/Progress_Reports/2007/RI_Annual_Reports/RegionalInitiatives%20annual%20report.pdf

However, it is not specified how long the short-term solution can be tolerated in order to be compliant with the CM Guidelines. In the joint network planning across the control area borders, it is important to minimise the effects of congestions on the IEM.

The reasons explaining the limitations should be described and presented on the website of the TSO or power exchange. At 46% of interconnectors TSOs comply with this requirement, whereas at further 34 % of interconnectors, TSOs do not comply with this requirement.

A problem with internal congestions does not exist or has not led to limitations on cross-border capacity (and is thus not applicable) in 20% of all interconnectors.

Further criteria for compliance with this Point require that a long-term solution to internal congestion is described and the methodology and plans are presented by the TSO, including a timetable for implementation. In addition a description should be sent to the NRA. Approximately 70% of the replies indicate compliance with those criteria.

4.1.8 Taking into Account Effect on Neighbouring Control Areas

When balancing the network inside the control area through operational measures in the network and through redispatching, the TSOs shall take into account the effect of these measures on neighbouring control area, according to Point 1.8 of the CM Guidelines. The TSOs shall thus have in place rules and procedures on how the effects of operational measures on neighbouring control areas are taken into account when balancing the network inside their own control area.

Approximately 88% of the replies confirm that TSOs have defined rules and procedures on how the effects of measures (physical flows) on neighbouring control areas are taken into account when balancing the network inside the control area through operational measures in the network and through (re)dispatch.

The NRAs answering positively regarding compliance with this criterion have also confirmed that the rules and procedures have been communicated to the neighbouring TSOs. 77% of the replies confirm that rules and procedures have also been sent to the NRA.

In summary, the TSOs at 84% of the interconnectors comply with criteria set by the regulators to fulfil requirements set under Point 1.8.

4.1.9 Intra-Day Allocation since 1st January 2008

In order to maximise opportunities for trade and cross-border balancing, Point 1.9 of the CM Guidelines requires that mechanisms for intra-day congestion management on interconnectors shall be established in a coordinated way and under secure operational conditions by 1st January 2008.

The answers given by the NRAs regarding established mechanisms for intra-day congestion management vary with respect to the different interconnectors. In total, 46% of the replies indicate that such mechanisms have not yet been established. However, some of those mechanisms are not market based and (e.g. relying on pro-rata method).

The implementation of regional cross-border intra-day CM is addressed in the next section of this Report.

The description of intra-day mechanism has been largely sent to the NRAs where the intra-day mechanism already exists.

At some interconnectors where compliance with this Point is not fulfilled yet, implementation is under way.

In summary, the TSOs at 47% of the interconnectors comply with criteria set by the regulators to fulfil requirements set under the Point 1.9.

4.1.10 Evaluation of CM Methods by NRAs

According to Point 1.10 of the CM Guidelines, the NRAs shall regularly evaluate CM methods paying particular attention to compliance with the principles and rules established in the present Regulation and CM Guidelines and with the terms and conditions set by the NRAs. The evaluation shall include consultation of all market players and dedicated studies.

The criteria under Point 1.10 of the CM Guidelines require that the NRAs should agree on regular (e.g. annually) evaluation of CM methods, preparation and publication of the Compliance Report. The need for dedicated studies should be also be evaluated within the Compliance Report.

When setting the criteria (cf. Criteria Paper) for compliance with this Point, it was agreed that compliance with this Point is met when NRAs have evaluated the CM methods annually. Furthermore, need for dedicated studies shall be evaluated in this same context.

Some of the NRAs have indicated non-compliance with this Point and related criteria and have explained that annual procedures have not been established yet since for them this was the first evaluation.

4.2 Congestion Management Methods

Figure 1 presents the applied congestion management methods across different time frames and different borders and status of the implementation of intra-day congestion management mechanism.

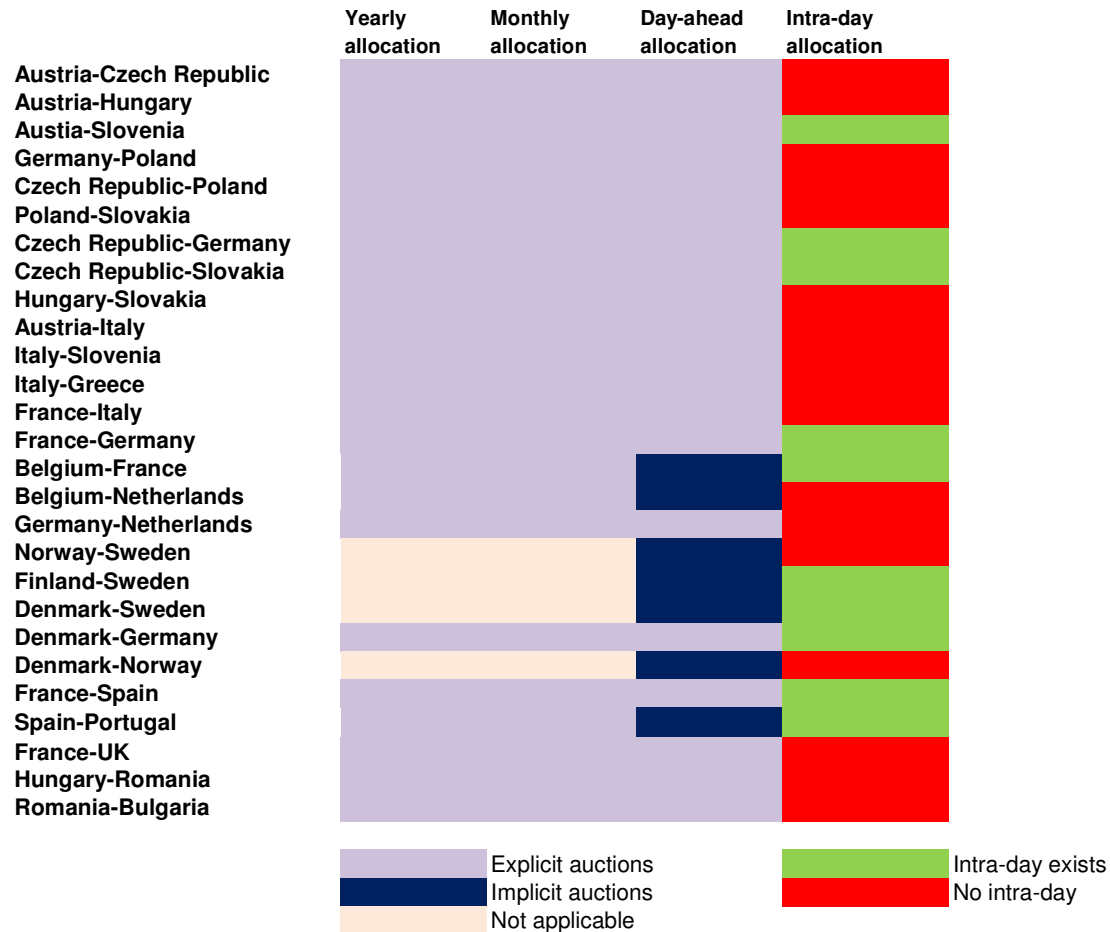


Figure 1: Congestion management methods in different timeframes

4.2.1 Congestion Management only by Explicit and/or Implicit Auctions

According to Point 2.1 of the CM Guidelines, the CM methods shall be market-based in order to facilitate efficient cross-border trade. Only explicit and implicit auctions are allowed for this purpose and both methods can co-exist at an interconnection. However, for intra-day trade continuous trading may be used.

EU-wide: Explicit allocation methods are in place on all interconnectors for yearly and monthly auctions except in the Nordic region where only day-ahead implicit auctions are applied. As regards day-ahead capacity, approximately two thirds are explicitly auctioned and the remaining third follows an implicit scheme. Intra-day allocation is in place for roughly half of borders analysed. At approximately 79% of the interconnectors, capacity allocation rules and procedures definition, publication and reporting to NRA are compliant with Point 2.1.

Central-West (CW): Explicit auctions are held on yearly and monthly basis on all interconnectors in the region. Within the TLC (Trilateral Market Coupling) scope between France, Belgium and Netherlands, implicit auctions are used for day-ahead allocation, whereas on German borders (Germany-France, Germany-Netherlands) explicit auctions are used for day-ahead allocation. An intra-day allocation method in the form of an adjusted pro-rata approach, is applied on French interconnectors (France-Belgium, France-Germany), while no intra-day allocation is in place on Dutch borders (Netherlands-Belgium, Netherlands-Germany). This region is considered compliant with Point 2.1 of the CM Guidelines.

Central-South (CS): Explicit auctions apply to all Italian borders on yearly, monthly and daily timeframes. No intraday allocation is in place, but intraday approach with First-Come-First-Served (FCFS) is used on direction from Slovenia to Italy. In general, compliance with Point 2.1 of the CM Guidelines within this region is observed, except for the answer from Austria, which identifies non-compliance concerning the publication by TSO of rules and procedures to allocate capacity on different time frames.

Central-East (CE): Yearly, monthly and daily explicit auctions apply to all borders in the region. Intraday allocation with FCFS is in place from Czech Republic to Germany, from Czech Republic to Slovakia and between Austria and Slovenia. In general, compliance with Point 2.1 of the CM Guidelines within this region is observed, except for the answer from Austria, which identifies non-compliance concerning the publication by TSO of rules and procedures to allocate capacity on different time frames.

Northern: Within Nordic market there exist no explicit auctions. Day-ahead capacity is implicitly allocated and intraday is managed through FCFS continuous trading except for the interconnectors from Norway, where no intra-day scheme is in place yet. On German borders (Germany-Denmark 1), yearly, monthly and day ahead explicit auctions with UIOLI. On the Germany-Denmark 2 interconnector (Kontek cable) implicit auctions and Elbas intra-day trade with FCFS are applied. On the border Germany-Poland, explicit auctions range from yearly to daily timeframes and no intra-day scheme is in place. This region is considered compliant with Point 2.1 of the CM Guidelines.

South-West (SW): Capacity is explicitly allocated on yearly and monthly basis throughout the region. For Spain-France interconnection, this scheme extends also up to day and intraday, whereas at the interconnectors on the Iberian peninsula, daily and intraday capacity is implicitly allocated under the market splitting. This region is considered compliant with Point 2.1.

France-UK-Ireland (FUI): Yearly to daily explicit auctions exist at the France-UK interconnection; no intra-day allocation is in place yet.

Romania and Bulgaria (as members of the SEE region): Yearly to daily explicit auctions are applied at the Romanian borders (Romania-Hungary, Romania-Bulgaria). No intraday allocation is in place yet (only replies from Romania, no reply from Bulgaria).

4.2.2 Long- and Short-Term Transmission Capacity Allocation

Point 2.2 of the CM Guidelines postulates that depending on competition, conditions CM mechanisms may need to allow for both, long- and short-term allocation.

Since this Point has conditional applicability and does not impose firm binding rules, no compliance evaluation is performed on it. Nevertheless, at approximately 66% of interconnectors, TSOs have described the reasons for having or not having, both long- and short-term transmission capacity allocations.

4.2.3 Allocation of Available and any Remaining Capacity

According to Point 2.3 of the CM Guidelines, a prescribed fraction of the available interconnection capacity plus any remaining capacity not previously allocated and any capacity released by capacity holders from previous allocations shall be allocated by each capacity allocation procedure.

Cascade-like publication and allocation of unused capacity are widely present on interconnectors across Europe. However, this is not the case at all interconnectors. If only day-ahead allocation exists, the intra-day capacity is automatically published; if no intra-day allocation exists, then daily capacity released from capacity holders from previous allocations has not been published.

Indeed, nearly at all the interconnectors (96%), allocation procedures for different time frames have been defined by the TSOs and the related descriptions were sent to NRAs. However, the percentage declines to approximately 88%, as regards due publication of non-allocated capacity and capacity released from previous allocations. It declines further to approximately 27% when it comes to the reporting of “left-overs” to NRAs.

In summary, approximately 7% of the interconnectors show compliance with the criteria set by the regulators to fulfil requirements set under Point 2.3.

4.2.4 Optimising the Degree of Firmness

According to Point 2.4 of the CM Guidelines, the TSOs shall optimise the degree to which capacity is firm, taking into account the obligations and rights of the TSOs involved and the obligations and rights of market participants, in order to facilitate effective and efficient competition. Furthermore, a reasonable fraction of capacity may be offered to the market at a reduced degree of firmness, but the exact conditions for transport over cross-border lines shall at all times be made known to market participants.

Whereas the compliance with this Point has been evaluated as far as possible, it must be mentioned that the provisions for “optimising the degree to which capacity is firm” and “offering capacity with a reduced degree of firmness” are considered to be vague and not precise enough without further refinement. This is one of the issues which require further clarification and more detailed specification in the next version of the CM Guidelines.

TSOs’ treatment of firmness has generally been perceived as compliant across the European interconnection before, except for some interconnectors, where no optimisation of the firmness of capacity can be recognised.

The detailed evaluation of this Point will be done in the future based on the ERGEG work on firmness

At approximately 80% of interconnectors, compliance with this Point has been observed in terms of clear definition and reporting to NRAs on firmness granted to market participants. However, this ratio falls rapidly as regards disclosure of reasons for curtailments in day-ahead

market and firmness effectively reached on interconnectors where capacity with a lower degree of firmness is offered.

Nevertheless, numeric results are of low significance here, since as indicated at the beginning, day-ahead transactions are always firm for many borders and downgraded firmness products are not widely spread.

4.2.5 Firmness of Long- and Medium-Term Capacity Rights, UIOSI / UIOLI

Point 2.5 of the CM Guidelines requires that access rights for long- and medium-term allocations shall be firm transmission capacity rights and these rights shall be subject to the UIOSI (Use-It-Or-Sell-It) or UIOLI (Use-It-Or-Lose-It) principles at the time of nomination.

Based on the perceived criteria and merit used for firmness at the time of evaluation (spring 2008) compliance at approximately 80% of the interconnectors has been observed. However, it must be emphasised that the detailed evaluation of this Point will also be done in the future based on the ERGEG work on firmness. With regard to UIOLI/UIOSI, compliance at approximately 80% of the interconnectors has been observed. Furthermore, the absence of firm nominations from market actors' side (reported on one interconnector) makes the UIOLI/UIOSI application ineffective.

This chapter of the Second Compliance Report does not apply to the Nordic market, which is organised with capacity allocation through day-ahead implicit auctions and a liquid financial market for futures and forwards in a longer timeframe (up to three years); thus long- and medium term physical capacity allocations have not been applied.

4.2.6 Structure for Capacity Allocation between Different Timeframes

According to Point 2.6 of the CM Guidelines, the TSOs shall define an appropriate structure for the allocation of capacity between different timeframes. This may include an option for reserving a minimum percentage of interconnector capacity for daily and intra-day allocation. The allocation procedure shall be subject to review by the respective Regulatory Authorities. When proposing the allocation structure, the TSOs shall take into account:

- The characteristics of the market;
- The operational conditions, such as the implications of netting firmly declared schedules;
- The level of harmonisation of the percentage and timeframes adopted for the different capacity allocation mechanisms in place.

TSOs' treatment of timeframe structure for capacity allocation is generally perceived as compliant. It is so also in the Nordic market (with Norway, Sweden, Finland, Denmark) where only a day-ahead market is in place and there are no capacity-reservations for intra-day market because all left-overs from day-ahead markets are used in intra-day market.

In summary, the TSOs at 82% of the interconnectors comply with the criteria set by the regulators to fulfil requirements set under Point 2.6.

4.2.7 Discrimination Bilateral Transactions and Bidding into Power Exchanges

According to Point 2.7 of the CM Guidelines capacity allocation may not discriminate between market participants that wish to use their rights to make use of bilateral supply contracts or to bid into power exchange. The higher value bids, whether implicit or explicit in a given timeframe, shall be successful.

Compliance has been observed at 82% of the interconnectors, where non-discriminatory rules exist and have been transparently communicated by the TSOs to market players and NRAs.

It must be mentioned here too, that these criteria are not applicable within the Nordic market since no physical explicit auctions exist there.

4.2.8 Allocation of All Capacity by Implicit Auctions where Efficient Forward Financial Electricity Market Exists

According to Point 2.8 of the CM Guidelines in regions where forward financial electricity markets are well-developed and have shown their efficiency, all interconnection capacity may be allocated through implicit auctioning.

This criterion applies only within the Nordic market, where forward financial markets exist and act as a substitute for longer-term explicit auctions. In these countries relevant authorities (financial market supervisory authorities, energy regulators) have analysed the market and its development. Furthermore, reports have been published but detailed criteria for evaluating the efficiency of the markets and their development stage have not yet been made publicly available.

4.2.9 Reserve Prices

According to Point 2.9 of the CM Guidelines establishing reserve prices in capacity allocation methods shall not be allowed. Exemptions are possible for new interconnectors under Article 7 of the Regulation.

Compliance of 93% is identified with this Point. No reserve prices are observed to be in place, except for lines exempted under Article 7 of the Regulation.

4.2.10 Restrictions for Participation of Market Players in Allocation

According to Point 2.10 of the CM Guidelines all potential market participants shall, in principle, be permitted to participate in the allocation process without restriction. To avoid creating or aggravating problems related to the potential use of a dominant position of any market player, the relevant Regulatory and/or Competition Authorities, where appropriate, may impose restrictions in general or on an individual company on account of market dominance.

The replies confirm compliance of 95% for procedures and rules to monitor potential use of dominant position of market participants and to set restrictions in place. Among answers received, such a restriction exists only in Spain, providing for the so-called “dominant participants” not being able to import electricity into Iberian market; this restriction has been explained as a way to favour new entrants and foster competition. One of the reasons indicated for not having related procedures and rules in place is that in the countries affected, it is the competition authority and not the NRA who is responsible for setting rules and restrictions. This is therefore also one of the issues which requires further clarification and more detailed specification in the next version of CM Guidelines. Where appropriate, this duty can be conducted in cooperation of NRAs and competition authorities.

The existing procedures and rules have been transparently published to market participants and sent to the NRAs.

At approximately 84 % of the interconnectors, the relevant authorities have implemented monitoring processes to investigate the potential use of dominant position; also, procedures and rules on these issues are clearly defined and published accordingly.

In summary, at 89% of the interconnectors compliance is observed with criteria set by the regulators to fulfil the requirements set under Point 2.10.

4.2.11 Deadlines and Nomination

According to Point 2.11 of the CM Guidelines market participants shall firmly nominate their use of the capacity to the TSOs by the defined deadline for each timeframe. The deadlines shall be set such that TSOs are able to reassign unused capacity for reallocation in the next relevant timeframe – including intra-day sessions.

Approximately 70% of the responses indicate compliance with this Point and related criteria. Negative answers, or not applicable ones are due to the absence of capacity allocation for determined timeframes or, for one interconnector, to the absence of firm nominations (i.e. market players only indicate their intention to use capacity). The question of whether the timeframes are set sufficiently in advance is dealt with under the evaluation of compliance with Section 4 of the CM Guidelines.

4.2.12 Secondary Trade

Capacity shall be freely tradable on a secondary basis according to Point 2.12 of the CM Guidelines, provided that that the TSO is informed sufficiently in advance. Where a TSO refuses any secondary trade (transaction), this must be clearly and transparently communicated and explained to all market participants by that TSO and notified to the Regulatory Authority.

Almost all (approximately 93%) responses where explicit auctions are in place, indicate compliance. There are provisions ruling secondary markets, but with very few exceptions, information on the development of related transactions is scarce or unavailable. Only a few NRAs receive data on refusal to trade in secondary market on a regular basis.

In summary, at about 52% of the interconnectors, compliance is observed with criteria set by the regulators to fulfil requirements set under Point 2.12, where applicable.

4.2.13 Financial Consequences in Case of Failure to Honour Obligations by those Who are Responsible

According to Point 2.13 of the CM Guidelines the financial consequences of failure to honour obligations associated with the allocation of capacity shall be attributed to those who are responsible for such a failure. Where market participants fail to use the capacity that they have committed to use, or, in the case of explicitly auctioned capacity, fail to trade on a secondary basis, or give the capacity back in due time, they shall lose the rights to such capacity and pay a cost-reflective charge. Any cost-reflective charges for the non-use of capacity shall be justified and proportionate. Likewise, if a TSO does not fulfil its obligation, it shall be liable to compensate the market participant for the loss of capacity rights. No consequential losses shall be taken into account for this purpose. The key concepts and methods for the determination of liabilities that accrue upon failure to honour obligations shall be set out in advance in respect of the financial consequences, and shall be subject to review by the relevant national Regulatory Authority or Authorities.

Approximately 96 % of the answers indicate compliance regarding ex-ante definition of rules, publication and reporting. Nevertheless, a significant number of negative answers (52%) to the sub-question about the existence of a cost-reflective charge providing for aforementioned failures indicate important non-compliance under this Point.

In addition, according to Point 2.13 of the CM Guidelines, compensation for curtailment is required, except in cases of force majeure. It appears from the answers on this criterion that in most cases market players are not compensated but only reimbursed (i.e. paid only 100%). In those cases where compensation schemes exist, the market players are most often compensated at 110% of the auction price. Exceptions are found e.g. at the borders between Hungary and Austria, between Slovenia and Austria as well as between Italy and Austria, where no reimbursement is due for curtailments due to maintenance. Here too, future evaluation will be based on the ERGEG work on firmness and curtailment.

4.3 Coordination

According to Point 3.1 of the CM Guidelines capacity allocation on interconnectors shall be coordinated and implemented using common allocation procedures by the TSOs involved. In cases where commercial exchanges between two countries (TSOs) are expected to significantly affect physical flow conditions in any third country (TSO), CM methods shall be coordinated between all the TSOs so affected through a common CM procedure. NRAs and TSOs shall ensure that no CM procedure with significant effects on physical electric power flows in other networks is devised unilaterally.

Point 3.2 of the CM Guidelines requires that a common coordinated CM method and procedure for the allocation of capacity to the market at least yearly, monthly and day-ahead shall be applied by not later than 1st January 2007 between countries in the seven regions (Northern Europe; North-West Europe; Italy (Central South Europe); Central Eastern Europe; South-West Europe; UK, Ireland and France (FUI); Baltic states). Furthermore, at an interconnection involving countries belonging to more than one region, the CM method applied may differ in order to ensure the compatibility with the methods applied in the other regions to which these countries belong. In this case the relevant TSOs shall propose the method which shall be subject to review by the relevant Regulatory Authorities.

According to Point 3.3 of the CM Guidelines the regions, where forward financial markets are well-developed and have demonstrated their efficiency, may allocate all interconnection capacity through day-ahead allocation.

According to Point 3.4 of the CM Guidelines, compatible CM procedures shall be defined in all seven regions with a view to forming an integrated Internal Electricity Market and market parties shall not be confronted with incompatible regional systems.

Point 3.5 of the CM Guidelines requires that when promoting fair and efficient competition and cross-border trade, coordination between TSOs within all seven regions shall include all the steps from capacity calculation and optimisation of allocation to secure operation of the network, with clear assignments of responsibility. Such coordination shall include, in particular:

- a) Use of a common transmission model dealing efficiently with interdependent physical loop-flows and having regard to discrepancies between physical and commercial flows,
- b) Allocation and nomination of capacity to deal efficiently with interdependent physical loop-flows,
- c) Identical obligations on capacity holders to provide information on their intended use of the capacity, i.e. nomination of capacity (for explicit auctions),
- d) Identical timeframes and closing times,
- e) Identical structure for the allocation of capacity among different timeframes and in terms of blocks of capacity sold,
- f) Consistent contractual framework with market participants,
- g) Verification of flows to comply with the network security requirements for operational planning and for real time operation,
- h) Accounting and settlement of congestion management actions.

According to Point 3.5 of the CM Guidelines, coordination shall also include the exchange of information between TSOs. The nature, time and frequency of information exchange shall be compatible with the activities set in Point 3.5 and the functioning of the electricity markets.

This information exchange shall in particular enable the TSOs to make the best possible forecast of the global grid situation in order to assess the flows in their network and the available interconnection capacity. Furthermore, any TSO collecting information on behalf of other TSOs shall share the results of the collection of data with the participating TSO.

Compliance in terms of detailed compatibility of allocation procedures with other regions (Point 3.4 of the CM Guidelines) is an intra-regional question and has to be assessed from an overall European perspective. Currently, the issues referred to in this chapter of the Second Compliance Report are under development, discussion and implementation within the ERGEG Electricity Regional Initiative framework. It is also why the compliance at all European interconnectors is not reached yet, but some (even significant) improvements are expected during 2008 and early 2009. In principle the methodologies are equal or at least very similar across the regions, but the coordination of details across regions has still to be examined. An assessment of that is also included in the ERGEG Convergence and Coherence Report.

Since the focus of Chapter 3 of the CM Guidelines is on coordination within regions defined in Point 3.2, the regions are also used as the basis for the evaluation of compliance here.

Region Italy (CS)

The coordination requirement to have common allocation procedures and that information on these procedures is sufficiently available to the market is fulfilled on a bilateral basis within the CS Region. However, a regional common allocation procedure does not exist within the region. The description and the communication to the market are usually done via the publication of auction rules by the involved TSOs. The auction rules are also published on the ERGEG website and when relevant the NRAs' approval decisions are also published on the individual websites of the NRAs. NRAs have been informed of the allocation procedures in advance or in parallel, usually also within the ERGEG ERI process. Effects of physical flows (caused by the allocation procedures) are often taken into account.

Coordination for annual, monthly and daily allocations is done bilaterally, since a single coordinated allocation across all involved borders does not exist.

However, compliance with the detailed requirements set out under Point 3.5 at the regional level is however considered to be poor.

Procedures for regular information exchange between TSOs are considered to be in place in the region. It is therefore considered that the compliance exists in general. However, only in very few cases, NRAs have received descriptions of these procedures.

Region Central Eastern Europe (CE)

The coordination requirement to have common allocation procedures and that information on these procedures is sufficiently available to the market is considered to be fulfilled on a bilateral or a multilateral basis in the entire CE Region. The description and the communication to the market are usually done via the publication of auction rules by the involved TSOs. NRAs have been informed of the allocation procedures in advance or in parallel, usually also within the ERGEG ERI process. Effects of physical flows caused by the allocation procedures are often taken into account, although not to the necessary extent; moreover, due to the fact that only explicit auctions are used, the negative effects are sometimes amplified by the allocation, where often cases appear where power flows from the "high price" to the "low price" area.

Coordination for annual, monthly and daily allocations is done either bilaterally or multilaterally (Poland, Germany, Czech Republic and Slovakia) in the region. A single coordinated allocation across all involved borders does not yet exist in the region.

The current understanding is that, strictly speaking the existing solutions are not compliant with the requirements described under Point 3.5. However NRAs have, in most cases, received descriptions of the methodologies and strived for ensuring that TSOs will be compliant in this respect.

Procedures for information and data exchange are established between TSOs and allow for assessments of the grid situation and the capacity available to the market, except for one country in the region. However, a formal description of those information exchange procedures is only partly available to the NRAs. Consequently, some of the NRAs have followed that up and ensured compliance of these procedures.

Baltic States

Since between the Baltic countries no congestion exists, the application of the relevant legislation is considered not to be applicable. However, some reservations exist with regard to the availability of information to market participants or to NRAs.

Region South West Europe (SW)

The coordination requirement to have common allocation procedures and that information on these procedures is sufficiently available to the market is fulfilled on a bilateral basis in the Region SW. However, a regional common allocation procedure does not exist yet within the region. The description and the communication to the market are widely compliant with the existing requirements.

Coordination for annual, monthly and daily allocations is done bilaterally. There is no single coordinated allocation across all involved borders.

Compliance with detailed requirements under Point 3.5 at the regional level is partly considered to be in place.

Procedures for regular information exchange between TSOs are established in the region. Not all NRAs have received further information or descriptions of such procedures.

Region Central West Europe (CW)

The understanding of the coordination requirement to have common allocation procedures and that information on these procedures is sufficiently available to the market (Point 3.1 of the CM Guidelines) is not uniform: for most of the countries, these requirements are not fulfilled. The description and the communication to the market are not compliant with the existing requirements. Effects of physical flows (caused by the allocation procedures) are not always taken into account.

Coordination for annual, monthly and daily allocations is done bilaterally. There exists no single coordinated allocation across all involved borders.

Concerning the recourse to day-ahead allocation only (Point 3.3 of the CM Guidelines), most NRAs consider that these requirements are not applicable.

Current CM methods are considered not compliant with all those detailed requirements under Point 3.5 at the regional level.

Procedures for regular information exchanges between TSOs are applied in some countries of the region, but in most cases NRAs have not received any further information or descriptions of such procedures.

Region France-UK-Ireland (FUI)

On the island of Ireland, the all-island Single Electricity Market (SEM) is operated by the two separate TSOs, namely EirGrid in Ireland and SONI in Northern Ireland. They dispatch generators on a single all-island merit-order basis, so that what was the North - South interconnector (in the previous separate markets) is now treated like any other piece of transmission infrastructure on the island. Accordingly, there are no forecasts of capacity, nominated capacity, auction of capacity, etc, with respect to this line. Instead it is treated the same as the other transmission lines in the SEM and affords automatic firm financial access to market participants with firm rights. Thus, the only interconnector under compliance monitoring is the interconnector between France and the United Kingdom (the IFA interconnector).

For the IFA interconnector, coordination of allocations (Point 3.1 of the CM Guidelines) is done bilaterally. There exists no single coordinated allocation across all involved borders. The understanding of the coordination requirement (to have common allocation procedures and that information on these procedures is sufficiently available to the market) is different on either side of the border. For region-wide coordination (Point 3.2 of the CM Guidelines), the understanding of the requirements also varies on either side of the border. For one country, current congestion management methods are considered not compliant with regional level requirements, while a positive answer is given by the other country.

Furthermore, procedures for regular information exchange between TSOs are considered to be applied in one country and not in the other.

Region Northern Europe

The understanding of the coordination requirement to have common allocation procedures and that information on these procedures is sufficiently available to the market (Point 3.1 of the CM Guidelines) is uniform in the Nordic market: for all countries, these requirements are fulfilled.

The German-Polish border is tackled within the discussions and assessments of the CE Region. Most of the regulators consider the description and the communication to the market being compliant with the requirements. Effects of physical flows (caused by the allocation procedures) are taken into account in most countries, with two exemptions, where loop-flows are not so relevant.

For the region-wide coordination (Point 3.2 of the CM Guidelines), the understanding of the requirements is nearly uniform. Within the Nordic market a multilateral coordination of the CM exists. Between the Nordic market and the continental market, bilateral coordination takes place. Compatibility with other regions is ensured.

Concerning the recourse to day-ahead allocation only (Point 3.3 of the CM Guidelines), all NRAs consider that the markets are well-developed and that the reasons for this recourse are published, with only one exception.

Current CM methods are considered not compliant with those requirements under Point 3.5 at the regional level. Procedures for regular information exchange between TSOs are applied in most countries of the region. NRAs received further information or descriptions of such procedures, with only one exception.

4.4 Timetable for Market Operations

4.4.1 Allocation of Capacity Sufficiently in Advance

According to Point 4.1 of the CM Guidelines, the allocation of the available transmission capacity shall take place sufficiently in advance. Prior to each allocation, the involved TSOs shall jointly publish the capacity to be allocated, taking into account, where appropriate, the capacity released from any firm transmission rights and, where relevant, associated netted nominations, along with any time periods during which the capacity will be reduced or not available.

On average on 94% of the interconnectors, the criteria set under Point 4.1 of the CM Guidelines have been reported to be met. The exceptions refer to e.g. an interconnector where the TSOs do not publish information jointly and to another interconnector, where TSOs have not sent the description of allocation procedure to the NRA. Furthermore, absence of netting and UIOLI were recorded as reasons for non-compliance.

4.4.2 Nomination Sufficiently in Advance

According to Point 4.2 of the CM Guidelines, having full regard to network security, the nomination of transmission rights shall take place sufficiently in advance, before the day-ahead sessions of all the relevant organised markets and before the publication of the capacity to be allocated under the day-ahead or intra-day allocation mechanism. Nominations of transmission rights in the opposite direction shall be netted in order to make efficient use of the interconnector.

A large majority of NRAs have observed compatibility (96%). The TSOs have described the nomination procedure and have also published it to the market participants accordingly. Moreover, the TSOs have sent the description of the nomination procedures to NRAs.

However, netting is not done on 68% of explicitly auctioned interconnectors.

Whereas in roughly 82% of the cases, the replies indicate quite a high degree of compliance, with TSOs submitting the nomination procedures to the responsible NRAs, at approximately 4% of the interconnectors this information has not been submitted to the NRAs and for 8 borders (14% of the replies) this requirement was considered not being applicable.

4.4.3 Intra-day Allocation Sufficiently in Advance

Point 4.3 of the CM Guidelines requires that successive intra-day allocations of available transmission capacity for day D shall take place on days D-1 and D, after the issuing of the indicated or actual day-ahead production schedules.

Only approximately 45% of the interconnectors meet the criteria set under this Point.

There exist a number of exceptions with regard to the requirement for implementation of intra-day allocation or the region-wide coordination of intra-day allocation. It yields hence also non-compliance in all such cases with regards to the description of the rules for the market. At some borders the implementation of intra-day allocation is currently under development.

4.4.4 Sufficient Exchange of Data between TSOs before Day-Ahead Operation

According to Point 4.4 of the CM Guidelines, when preparing day-ahead grid operation, the TSOs shall exchange information with neighbouring TSOs, including their forecast grid topology, the availability and forecasted production of generation units, and load flows in order to optimise the use of the overall network through operational measures in compliance with the rules for secure grid operation.

In all countries which responded, agreements exist for exchange of data for capacity calculation.

However, it has to be further evaluated by the NRAs to what extent those agreements are fulfilled by the TSOs and whether TSOs actually optimise the use of the overall network through operational measures and in compliance with the rules for secure grid operation set out under Point 4.4. To that matter and bearing in mind numerous cases of curtailment, of operational emergencies and other events in the year 2007, it is easily concluded that this might not be the case.

Furthermore, some TSOs (approximately 38% of the interconnectors) have not sent the related descriptions and agreements to their NRAs; in such cases the compliance cannot yet be directly confirmed by those NRAs. In order to alleviate that situation, an obligation should be included in the CM Guidelines for the TSOs to report those descriptions to the NRAs. This is one of the issues which requires further clarification and more detailed specification in the next version of the CM Guidelines.

For approximately 77% of the interconnectors, an information exchange platform is in place providing all the required information.

4.5 Transparency

According to Point 5.1 of the CM Guidelines, TSOs shall publish all relevant data on network availability, network access, and network use, including a report on where and why congestion exists. In addition TSOs shall publish the methods applied to manage the congestion and the plans for its future management.

Regarding this Point, 65% of the answers for all TSOs in every region in Europe indicate compliance. In particular, approximately 55% of the TSOs meet the requirement to submit a report on transparency to the NRAs. According to NRAs, 75% of the TSOs have published a report. It must be mentioned however, that this figure does not relate to the information on the actual origin and reasons for congestion (cf. Point 1.7 of the CM Guidelines). It is therefore considered important that the TSOs also provide such a report. Concerning the definition of criteria for relevant data related to network availability, network access and network use by the TSOs or the NRA, 83% compliance of the relevant TSOs was identified.

According to Point 5.2 of the CM Guidelines, the TSOs shall publish a general description of the congestion management methods applied under different circumstances for maximising the capacity available to the market, and a general scheme for the calculation of the interconnection capacity for the different timeframes, based upon the electrical and physical realities of the network. The scheme shall be subject to review by the Regulatory Authorities of the Member States concerned.

The publication of the general description is considered compliant for 92% of the interconnectors. This description is sent to the NRAs by 88% of the TSOs while 12% of the TSOs have not sent the description to the NRAs, although they have published it. 88% of the TSOs have published a general scheme for the calculation of the interconnection capacity for the different timeframes. About 85% of received answers indicate that the TSOs comply with this point.

According to Point 5.3 of the CM Guidelines, the congestion management and capacity allocation procedures in use, together with the times and procedures for applying for capacity, a description of the products offered and the obligations and rights of both the TSOs and the party obtaining the capacity, including the liabilities that accrue upon failure to honour obligations, shall be described in detail and made transparently available to all potential network users by TSOs.

In relation to the requirements from the Point 5.3 of the CM Guidelines, 96% of the TSOs have described in detail the congestion management and capacity allocation procedures in use and made that description transparently available to all market participants. Furthermore, these TSOs have sent the description of procedures to the NRAs. The transparency requirements set out in Point 5.3 show the highest degree of compliance in comparison with all other transparency requirements set in the Guidelines – the compliance rate of this Point is 95%.

Point 5.4 of the CM Guidelines requires that the operational and planning security standards shall form an integral part of the information that TSOs publish in an open and public document. This document shall also be subject to review of national Regulatory Authorities.

88% of the answers received indicate that the TSOs comply with this Point.

Operational and planning security standards have been prepared by 92% of the TSOs and published by 88% of the TSOs in an open and public document to market participants. 92% of the TSOs (i.e. all those TSOs who have prepared these standards) have sent the description of the operational and planning security standards to NRAs.

Point 5.5 of the CM Guidelines requires that TSOs shall publish all relevant data concerning cross-border trade on the basis of the best possible forecast. The market participants shall provide the TSOs with the relevant data. Furthermore, the way in which such information is published shall be subject to review by Regulatory Authorities.

Point 5.5 seems to be more difficult in terms of achieving compliance than the other Points on Transparency mentioned above. Planned outages (including maintenance and other works) in the transmission grid and on interconnectors with dates and their impact on available capacity of interconnectors are published only by 58% of the TSOs.

Details on actual unplanned outages in the transmission grid and on interconnectors with dates and their impact on available (remaining) interconnection capacity are published by 42% of the TSOs¹².

In terms of capacity reserved ex-ante for balancing markets, 63% of the NRAs considered this issue not applicable and only 13% of TSOs publish this reserved capacity. The percentage of TSOs that publish the reasons for any corrective action taken by the TSOs during daily operation is only about 46%. Rules and procedures for market participants to provide data to TSOs exist only in 79% of the countries. Furthermore, 79% of the NRAs have reviewed the way in which information under Point 5.5 is published.

Point 5.5 of the CM Guidelines requires also that more detailed information shall be published.

According to Point 5.5 (a) of the CM Guidelines, TSOs shall publish, at least annually, information on the long-term evolution of the transmission infrastructure and its impact on cross-border transmission capacity. 63% of the TSOs comply with this requirement. The most common reason for non-compliance (54%) is that the TSOs do not comply with the specific provision of publishing the information a week prior to the annual capacity auction (i.e. at the latest, the 5th calendar day of the month prior to the auction or at the end of week 51). Hence, only 46% of the TSOs comply with this point. A report on the yearly timeframe, updated with changes at the latest two weeks later is published by 67% of the TSOs. 50% of the answers received indicate that the report is available for three years.

¹² In the Nordic market, the four TSOs have an agreement with the power exchange, Nord Pool Spot, to publish this information via the UMMs. See <http://www.nordpoolspot.com/umm/>

According to Point 5.5 (b) of the CM Guidelines, TSOs shall publish, at least monthly, month- and year-ahead forecasts of the transmission capacity available to the market, taking into account all relevant information available to the TSO at the time of the forecast calculation (e.g. impact of summer and winter seasons on the line capacity, planned grid maintenance, availability of production units, etc.) According to the replies regarding requirements from Point 5.5 (b), the year-ahead forecasts of available transmission capacity taking into account all relevant information available to the TSO are published by 63% of the TSOs. Month-ahead forecasts of available transmission capacity are published by 63% of TSOs.

According to Point 5.5 (c) of the CM Guidelines, TSOs shall publish, at least weekly, week-ahead forecasts of the transmission capacity available to the market, taking into account all relevant information available to the TSOs at the time of calculation of the forecast, such as the weather forecast, planned maintenance works of the grid and availability of production units. In relation to Point 5.5 (c), it is remarkable that 63% of the NRAs reported non-compliance with the requirement for TSOs to publish week ahead-forecasts of available transmission capacity. The likely reason for non-compliance may be the absence of weekly auction products for the majority of congestion management applications. Furthermore, 37% of the responses indicate compliance with this Point and TSOs publishing such information.

According to Point 5.5 (d) of the CM Guidelines, TSOs shall publish, at least daily, day-ahead and intra-day transmission capacity available to the market for each market time unit, taking into account all netted day-ahead nominations, day-ahead production schedules, demand forecasts and planned maintenance works of the grid. Point 5.5 (e) requires that TSOs shall publish total capacity already allocated by market time unit and all relevant conditions under which this capacity may be used (e.g. auction clearing price, obligations on how to use the capacity), so as to identify any remaining capacity.

Concerning the provisions and requirements from Point 5.5 (d) and (e), approximately 80% of the TSOs are in line with the publication requirements set out here. This means, e.g. that 92% of the TSOs publish the conditions under which capacity may be used (information e.g. on auction clearing price, obligation to use the capacity) and 88% of the TSOs publish the total capacity already allocated by market time unit.

According to Point 5.5 (f) of the CM Guidelines TSOs shall publish allocated capacity as soon as possible after each allocation, as well as an indication of prices paid. With regard to the publication of allocated capacity as soon as possible after each allocation according to Point 5.5 (f), for explicit auctions approximately, 83% of the answers indicate compliance and 8% of the TSOs do not comply with this provision. Meanwhile, information on the price differences and congestion income for implicit auctions is not published by 17% of the TSOs two hours after allocation.

According to Point 5.5 (g) of the CM Guidelines, TSOs shall at least publish the total capacity used by market time unit, immediately after the nomination. This Point is applicable only for explicit auctions and thus only 54% of the TSOs publish total capacity nominated after each nomination by market time unit. The publication includes hourly aggregated values of capacity nominated by market players on each interconnector, which are published at the latest two hours after nomination. This data is available for 2 years. Furthermore, for 8% of the TSOs this Point is not applicable due to the implicit auctions applied.

Point 5.5 (h) of the CM Guidelines requires that TSOs shall publish as closely as possible to real time aggregated realised commercial and physical flows by market time unit. This publication shall include a description of the effects of any corrective actions taken by TSOs (such as curtailment) for solving network or system problems. All in all, these requirements are met at 64% of the interconnectors. In detail, 79% of TSOs have published realised physical cross-border flows aggregated per interconnection. A low compliance rate of 46% is observed in the requirement for TSOs to publish a description of the effects of any corrective actions taken by them. This publication is required when TSOs' actions have an effect on the transmission capacity greater than 100 MW. The publication is for the control area or bidding area and, actions and effects are published immediately and at the latest two hours after real time. Furthermore, reasons should be published in greater detail at the latest by the following day and information is to be kept available for 2 years.

In addition, 50% of the TSOs have published the corrective actions taken by TSOs for solving network and system problems and only 46% have published the effects of these actions on physical power flows. Furthermore, also 46% of the TSOs have published the reasons for corrective actions taken by the TSOs.

According to Point 5.5 (i) of the CM Guidelines, the TSOs shall publish ex-ante information on planned outages and ex-post information for the prior day on planned and unplanned outages of generation units larger than 100 MW.

In general, only 41% of the TSOs comply with this requirement, due to the fact that in 63% of the cases procedures for providing information on generation outages (both ex-ante and ex-post) are not in place. Ex-ante information on planned outages of generation units larger than 100 MW within a control or bidding area include the following information: station name, unit name, installed capacity, location, production type, estimated start and end date of the outage, unavailable capacity and possible remarks. This annual information should be published one week before annual capacity auction (i.e., at the latest the 15th calendar day of the month prior to the 'delivery' year or at the end of week 51), updated with changes during the year and kept available for 2 years, are implemented only by 38% of the TSOs. Also, only 29% of the TSOs publish ex-post information on unplanned outages of generation units larger than 100 MW. This ex-post publication for each control or bidding area should include: station name, unit name, installed capacity, location, production type, start and end date of the outage, unavailable capacity and possible remarks. This information should be published two hours after real time but at the latest following day. Information should be kept available for 2 years. It is known among regulators that difficulties exist with regard to the provision of the data by generators to the TSOs on the availability of the generation units. This issue is under discussion in many countries and might be seen as a reason for the high degree of non-compliance with the requirements of this Point. Within the Transparency Reports of the Northern, Central West and Central East Europe Regions, the implementation of the publication of generation data was agreed upon, in order to overcome these difficulties by July 2008.

According to Point 5.6 of the CM Guidelines, all relevant information shall be available for the market in due time for the negotiation of all transactions. Therefore, it is necessary that the information is available on TSO and/or PEX websites. In 71% of the cases this information is available on the recommended websites.

In addition, only 38% of the answers indicated compliance with respect to the cross-compliance of Points 5.5 and 5.7. This means that the question of compliance with this Point is linked to the question of whether or not the relevant data has been published. In the case where the information is not published, the response to the location/place of publication must be answered negatively as well. The entire Point has a compliance rate of 54%.

Point 5.7 of the CM Guidelines requires that the TSO shall publish the relevant information on forecast demand and generation according to the timeframes referred to in Points 5.5 and 5.6. The TSO shall also publish the relevant information necessary for the cross-border balancing market. The results of the compliance evaluation for Point 5.7 are summarised as follows:

Load

In general, only 32% of the TSOs comply with the requirements.

In detail, only a few TSOs (29%) publish ex-ante information in their control or bidding area on the scheduled outages of significant consumption units greater than 100 MW. The ex-ante information to be published should include: the consumption unit concerned, place, start and estimated end dates of the outage, maximum consumption capacity and unavailable power. This annual publication should occur one week prior to the annual capacity auction (i.e., at the latest the 15th calendar day of the month prior to the 'delivery' year) and information should be updated with changes. It should be kept available for 2 years. Only 29% of the TSOs are compliant with this requirement. The low degree of compliance with this Point can be explained by the fact, that also for this Point, the Transparency Reports of the Northern, Central Western and Central Eastern Europe Regions have foreseen the publication by the beginning of July 2008 to overcome implementation problems.

A high non-compliance rate of 63% of all TSOs results from not publishing and keeping available for 2 years year-ahead forecast margin including peak load forecast per control area/bidding area, a week prior to the annual capacity auction (i.e., at the latest the 5th calendar day of the month prior to the "delivery" month). 67% of all TSOs publish hourly information on day-ahead load forecast per control area/bidding area for the previous day and keep it available for 2 months. It has to be clarified here that the Transparency Reports of the Northern, Central Western and Central Eastern Europe Regions do not see the publication of year-, month- and week-ahead forecast as relevant information for the market that has to be published by the TSOs. On the other hand, the publication of the day-ahead load forecast and of the annual forecast margin are considered to be important.

Generation

With regard to the publication of the generation data the requirements are met by 32% of the TSOs whilst 11% of the NRAs have considered this requirement as not applicable due to the absence of required amounts of hydro, wind and solar generation.

Improvements are necessary especially in relation to the publication of information for forecast wind and solar power for a control or bidding area where there exists more than 1% or 5% of wind or solar power. 70% of all TSOs are non-compliant with this point and compliance has been achieved only for 13%, whereas 17% of the NRAs stated that this requirement is not applicable (amount of wind and solar is less than 1%/5% in control/bidding area). A further requirement is to have published the relevant annual information on capacity one week prior to the annual capacity auction (i.e., at the latest the 15th calendar day of the month prior to the 'delivery year' of the annual auction or at the end of week 51) and to have kept it available for a minimum of 3 years. Here, only 17% of the TSOs are compliant. Due to rare sources of hydro generation, 46% of the NRAs stated non-applicability of the question if the TSOs publish information for control/bidding area having more than 15% of hydro generation (information includes: weekly filling rate of water reservoirs, published third working day of the following week and kept available for 2 years). Only 17% of responses indicate compliance with this requirement, but this is considered also strongly dependent on the availability of hydro generation in a given country.

With regard to the annual publication of the total sum of installed generation larger than 1 MW for each year, only 54% of the TSOs are compliant and publish such information one week prior to the annual capacity auction (i.e. at the latest 15th calendar day of the month before 'delivery year' of the yearly auction or at the end of week 51) and kept information available for a minimum of 3 years. The Transparency Reports of the Northern, Central Western and Central Eastern Europe Regions have foreseen the implementation of the publication of generation data beginning July 2008, taking into account the difficulties to obtain the data from generators.

Balancing

The general assessment of compliance with the requirements for publishing balancing information is that nearly 70% of the TSOs published the information on the two following points:

1. Volume of balancing power contracted by TSO via tenders, auctions or bilateral contracts as reserves, separately for each type of balancing energy (e.g. primary, secondary, tertiary reserve) per control area / bidding area. Published at the latest 2 hours before the following procurement procedure. Timeframe per balancing mechanism time unit, available for 2 years;
2. Average and marginal prices of bids / offers: relevant prices for balancing energy / reserve power, depending on pricing mechanism applied, per control area / bidding area. Published depending on the mechanism applied (2 hours before following procurement, H+2 after real time for continuous trade). Timeframe per market time unit relevant for imbalance settlement, available for 2 years.

With regard to the publication of control area imbalance volumes and volumes of manually activated reserve used and of automatic reserves used (actual use) distinguishing between volumes of manually activated reserves used and volumes of automatically activated reserves used (e.g. primary, secondary reserves) only 46 % of the TSOs are compliant, as the publication is required at the latest two hours after real time in the timeframe relevant for imbalance settlement and kept available for 2 years. Finally, 38% of the TSOs comply with the publication of financial outcome of balance settlement. This publication requires that TSOs publish information on the financial balance of the market including expenses for balancing energy and power on the balancing market, payments resulting from imbalance pricing and the difference between expenses and income. This information shall be published for a control area and this monthly information should be published on the last calendar day of the month M+3 for month M, updated until the final reconciliation of the balance unit's economical balance sheet and kept available for 2 years.

Point 5.8 of the CM Guidelines requires that when forecasts are published, the ex-post realised values for the forecast information shall also be published in the time period following that to which the forecast applies or at the latest on the following day (D+1).

63% of the TSOs are not compliant with the requirement that TSOs must publish, at the latest two hours after real time, the hourly information for control / bidding areas having 1 % / 5 % of actual generation of wind and solar power (intermittent generation) and keep this information available for 2 years. Moreover, 13% of all TSOs are compliant and 24% of the NRAs answered "not applicable".

A higher rate of “not applicable” answers (46%) was given in response to the question of whether TSOs published information for control / bidding areas having more than 15% of hydro generation, i.e. information on filling rate of the water reservoirs, ex-post information in aggregated form, per control / bidding area and per week in terms of percentage of the 100% filling. A comparison to the weekly value of the prior year should also be given and it should be published on the 3rd working day of the following week and kept available for 2 years. “Not applicable” was answered in 46% of cases, while 33% replied non-compliant and 21% reported compliance with this requirement. However, 21% of the TSOs publish information on actual hourly load per control area/bidding area, at the latest two hours after real time and keep this information available for 2 years. 25% of all TSOs are compliant with the requirement to publish hourly ex-post information at the latest two hours after the real time of the unplanned outage of significant consumption units larger than 100 MW, aggregated per control/ bidding area and including e.g. the consumption unit concerned, place, start and estimated stop date of outage, maximum consumption capacity, unavailable power and keep this information available for 2 years. In the case of publishing hourly ex-post aggregated information at the latest two hours after real time on the actual generation per bidding area / control area (all generation should be included as soon as possible) and keeping it available for 2 years, only 50% of the TSOs are compliant and publish this information. Some NRAs have stated that the TSOs published this information later than following day (D+1).

According to Point 5.9 of the CM Guidelines, all information published by the TSOs shall be made freely available in an easily accessible form. All data shall also be accessible through adequate and standardised means of information exchange and it shall be defined in close cooperation with market parties. The data shall include a minimum of 2 years historic data in the relevant time periods, so that new market entrants may also have access to such data. In relation to Point 5.9 and according to the replies from the NRAs, 92% of all TSOs have made all information freely available (on TSO website or PEX website). In 75% of the cases, the information is published for at least the prior two years.

According to Point 5.10 of the CM Guidelines, the TSOs shall regularly exchange a set of sufficiently accurate network and load flow data in order to enable load flow calculations for each TSO in their relevant area. The same set of data shall be made available to the Regulatory Authorities and to the Commission upon request. The Regulatory Authorities and the Commission shall ensure the confidential treatment of this set of data, by themselves and by any consultant carrying out analytical work for them on the basis of this data. Nearly all TSOs (96 %), regularly exchange a set of sufficiently accurate network and load flow data in order to enable load flow calculations for each TSO in their relevant area, whereas just 54% of the TSOs have communicated to the NRAs the procedures to exchange network and load flow data. This may be due to the condition that the NRAs and Commission have to request the data from the TSOs.

4.6 Use of Congestion Income

Figure 2 presents the overall congestion income per country (TSO) for year 2007 totalling 1 840 million euros across European interconnections.

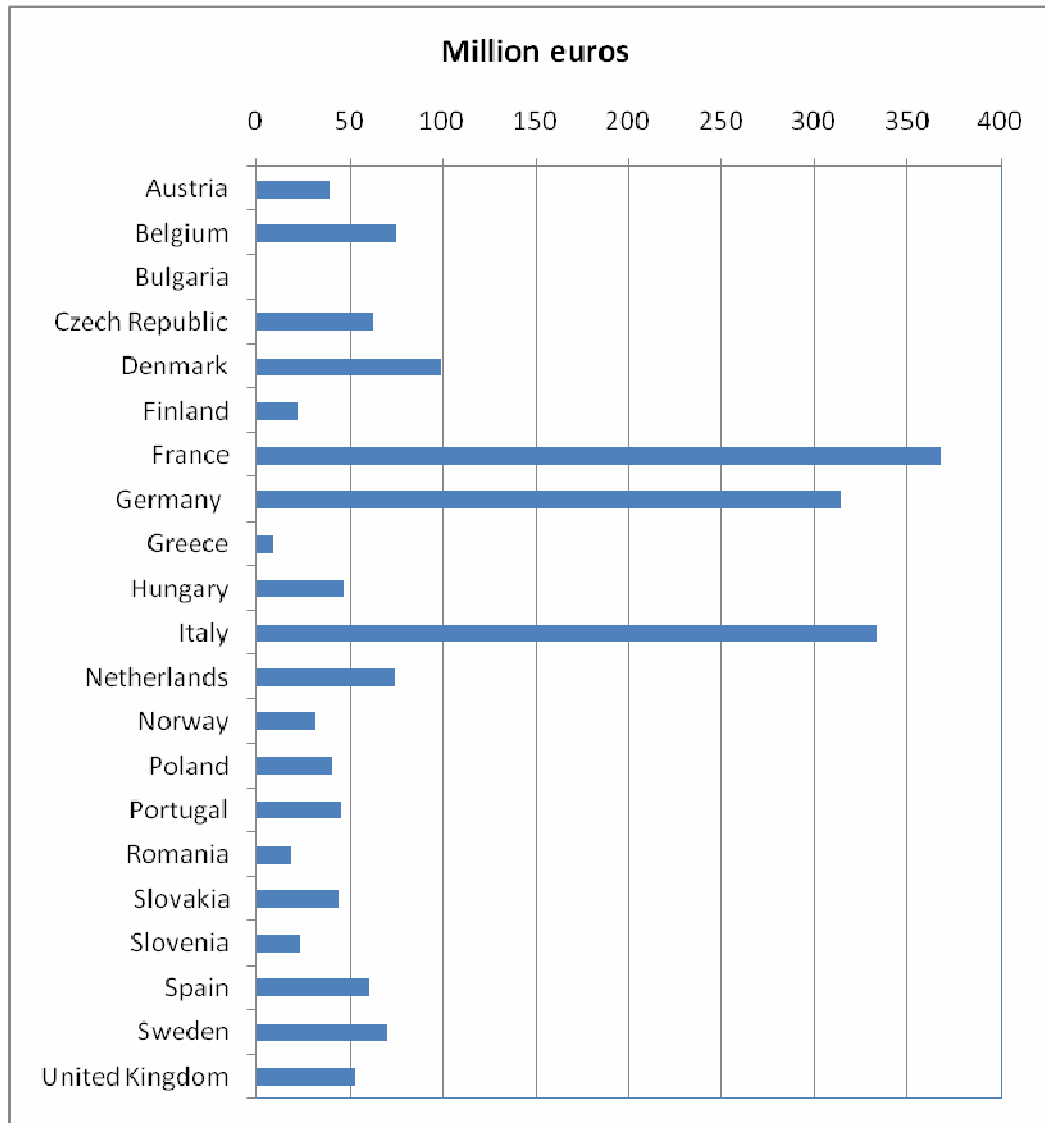


Figure 2: Congestion income per country in year 2007. Information from Bulgaria has not been received.

4.6.1 Procedure for Distribution of Revenues

According to Point 6.1 of the CM Guidelines, CM procedures associated with a pre-specified timeframe may generate revenue only in the event of congestion which arises for that timeframe, except in the case of new interconnectors exempted under Article 7 of the Regulation. The procedure for the distribution of these revenues shall be subject to review by the Regulatory Authorities and shall neither distort the allocation process in favour of any party requesting capacity for energy, nor provide a disincentive to reduce congestion.

Overall, 92% of the TSOs comply with Point 6.1 In total, 95% of the TSOs have described the procedure for the distribution of congestion management revenue and these TSOs have also sent the procedures to the NRAs for review.

Furthermore, in almost all these cases, the NRAs have reviewed the revenue distribution procedures in order to ensure that they do not distort the allocation process (by favouring any party who requests capacity) and / or provide any disincentive to reduce congestion.

Table 1 shows the different uses of congestion revenues.

	Ensure capacity (%)	Building of new lines (%)	Tariff reduction (%)
Austria	60%	40%	0%
Belgium	0%	0%	100%
Bulgaria	No reply		
Czech Republic	0%	25%	75%
Denmark	0%	0%	100%
Finland	0%	100%	0%
France	0%	0%	100%
Germany	0%	36%	64%
Greece	0%	100%	0%
Hungary	0%	0%	100%
Italy	0%	0%	100%
Netherlands	100%		
Norway	0%	0%	100%
Poland	0%	91%	9%
Portugal	0%	100%	0%
Romania	0%	0%	100%
Slovakia	50%		50%
Slovenia	0%	100%	0%
Spain	2%	0%	98%
Sweden	100%		
United Kingdom	47%	53%	0%

Table 1: Use of congestion income in year 2007 for the three purposes permitted by Article 6(6) of the Regulation.

The table may include also planning data.

With regard to the use of congestion income, it has to be noted that the different uses of the congestion management revenues lead to different options for annual or longer-term breakdown: taking into account the congestion revenues for the tariff calculation allows for an annual assessment whereas the use of congestion revenues for investments may lead to a longer-term, multi-annual reservation and “backlog” of the revenues for a given project.

It must be emphasised further that the details of how the NRAs regulate the costs / revenues to guarantee the actual availability of the allocated capacity (redispatching / countertrading, compensation in case of curtailment, etc.) is significant as this will impact the actual incentives/disincentives for the TSOs to maximise the cross-border capacity.

In 2007, cross-border redispatching has been used to guarantee the allocated capacity only in 4 countries. A portion of the congestion revenues is used to cover the costs to guarantee the actual availability of the allocated capacity in 2 countries.

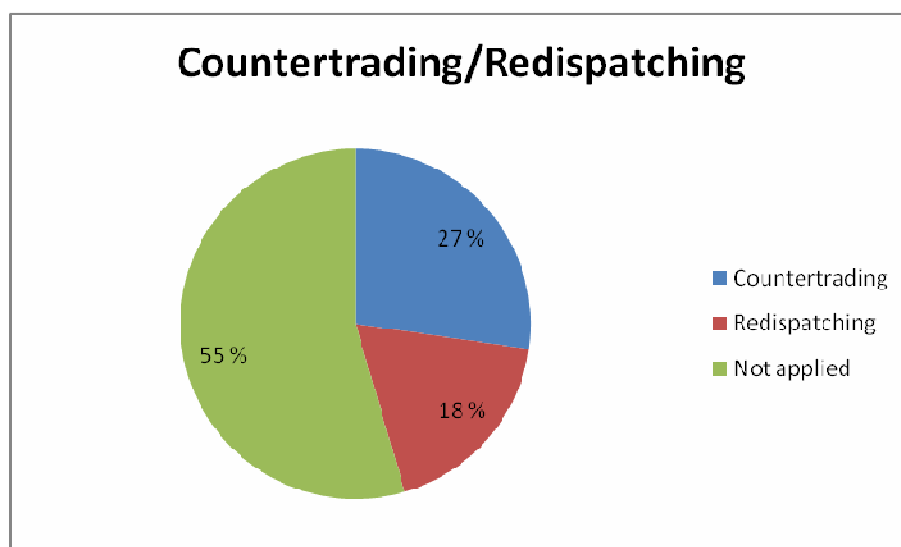


Figure 3: Use of cross-border countertrading or redispatching in European countries

Concerning the interconnector between Great Britain and France, the auction revenue collected on the British portion of the interconnector is used for recovering the capital and operational expenditures supported by the British interconnector operator and any income that exceeds/is below these, corresponds to a return on investment/loss for this operator.

As regards its role under Regulation Point 6.6 (c), the UK Regulatory Authority (Ofgem) monitors income from the British portion of the interconnector and can, for this purpose, take into account income to the interconnector in assessing whether tariffs should be modified. The income comes from explicit auctions and Ofgem considers this to be efficient. If Ofgem considers income to be excessive, it has the ability to take corrective action.

4.6.2 Transparency of NRAs regarding the Use of Congestion Revenues

Point 6.2 of the CM Guidelines requires that NRAs shall be transparent regarding the use of revenues resulting from the allocation of interconnection capacity.

Three NRAs have not provided annual values for the allocation of congestion income to each of the three purposes, either planned or actual used values. However, two of these NRAs have ensured that revenues have been used for three purposes, but the share cannot be defined. Furthermore, one NRA has not provided the 2007 congestion revenues. Therefore, full compliance with the relevant provisions from Point 6.2 of the CM Guidelines has not been confirmed across all European countries.

4.6.3 Agreement and Review of Criteria for Sharing the Revenues

According to Point 6.3, the congestion income shall be shared among the TSOs involved according to criteria agreed between the TSOs involved and reviewed by the respective Regulatory Authorities.

In all, 95% of the TSOs have described and agreed on the criteria to determine how to share congestion income among the TSOs involved. This has been reviewed by 86% of the NRAs. Therefore, it can be generally stated that there is 90% compliance with the relevant provisions of Point 6.3 of the CM Guidelines exists.

4.6.4 Establish the Use of the Congestion Revenues beforehand

Point 6.4 of the CM Guidelines requires that TSOs shall clearly establish in advance how they will use any congestion income they may obtain and shall report on the actual use of this income. Regulatory Authorities shall verify that this use complies with the present Regulation and Guidelines and that the total amount of congestion income resulting from the allocation of interconnection capacity is devoted to one or more of the three purposes set out in Article 6(6) of the Regulation.

14% of the TSOs have not set out in advance the manner in which they will use any congestion income. It should be noted that 19% of the NRAs have not yet verified whether the use of congestion income is compliant with the present Regulation and Guidelines.

4.6.5 Publication of Report on Congestion revenues Usage by NRAs

According to Point 6.5 of the CM Guidelines, the Regulatory Authorities shall publish on an annual basis, and by 31st July each year, a report setting out the amount of revenue collected for the 12-month period up to 30th June of the same year and the use made of the revenues in question, together with verification that this use complies with the Regulation and the CM Guidelines and that the total amount of congestion income is devoted to one or more of the three prescribed purposes defined in the Regulation.

In 2007, only 62% of the NRAs published a report explaining the uses of the congestion income. However, this situation is expected to improve when the annual reports for 2008 to the Commission by NRAs and/or dedicated reports on congestion revenues according to Point 6.5 have been published.

4.6.6 Use of Congestion Income for Investment

According to Point 6.6 of the CM Guidelines, the use of congestion income for investment to maintain or increase interconnection capacity shall preferably be assigned to specific predefined projects which contribute to relieving the existing associated congestion and which may also be implemented within a reasonable timeframe, particularly as regards the authorisation process.

Only about 50% of the countries allocate congestion income specifically to building new lines as indicated in Table 1. However, these NRAs do not specify if the congestion income is assigned to specific projects.

81% of the TSOs have specified how they will use the congestion income, but only 57% of the TSOs have published the allocation of congestion income among the three categories according to Article 6(6) of the Regulation. This information has been sent also to the NRAs.

5 Inter-TSO Compensation and Transmission Tariffication

Article 3 of the Regulation requires TSOs to be compensated for costs incurred as a result of hosting cross-border flows of electricity. Payment of compensation is to derive from the TSOs responsible for the origin of the flows and those responsible for the end/consumption. The Regulation specifies that the Commission may, using the process of comitology, set binding Guidelines for Inter-TSO compensation and for transmission tariffication.

Nevertheless, as of September 2008 no such Guidelines have been developed. In general, the assessment is that – while compliance with the related Article 3 of the Regulation in the following chapters is good to a certain extent, the compliance of the applied ITC solution in the EU, as well as of the transmission tariffication approach, will only be achieved after the respective binding Guidelines are in place, adequately implemented by the relevant stakeholders (notably TSOs) and monitored accordingly by the regulators.

5.1 Inter-TSO Compensation History, Past and Present

The ITC scheme applied from 2002 onwards has been a voluntary agreement among participating TSOs. Where relevant, Regulatory Authorities have approved TSO involvement and have provided data on allowed transmission network costs.

The number of participants within the voluntary scheme has increased from eight TSOs in 2002 to 28 TSOs at the end of 2007.

In the former ETSO scheme until 2007 the remuneration for each ITC party for hosting transit was based on the product of a “transit key” and the cost of that party’s “Horizontal Network” (HN). The transit key was, for each country, the ratio of transits across that country to transits plus internal consumption for that country, each expressed in GWh.

Elements of networks potentially used to host cross-border flows, defined as transits, were identified using a method called “Allocation of Transit Flows” to give the HN. The costs of the HN were defined using each TSO’s “regulatory asset” base agreed by the relevant regulatory authority where appropriate.

Contributions to TSOs requiring remuneration came from two parts. The first part came from the sum of a uniform charge to “Net Flow”, and the second part from contributions from perimeter countries, fixed on the basis of a fee (€1/MWh) related to declared imports from Perimeter Countries to ITC parties.

The scheme also included the cost of transmission network losses, which have been capped for each country at 15% of total HN costs.

ETSO developed their voluntary method between 2006 and 2007 and these developments have been adapted in the Interim ITC Agreement June – December 2007 and in the ITC Agreement for 2008/2009. Compensation in the ITC Agreement for 2008/2009 are based on cross-border flows, where losses will be compensated based on the WWT model and for infrastructure compensations are estimated on the basis of the previous ITC agreements and the calculations performed during 2007. Contributions from participating countries are calculated based on cross-border flows between these countries. Furthermore, contributions from exporting/importing countries are equal to 1.4 €/MWh multiplied by the sum of scheduled flows from/to exporting/importing countries. Based on the agreed principles for the compensation and contribution, ex-ante net financial results are calculated for each ITC Party. The ITC Agreement 2008/2009 includes adjustments to losses and export/import flows according to actual losses and flows occurred. Infrastructure cost claims will be accordingly adapted to maintain the total ITC fund at the same level.

The total compensation for each participating TSO during 2004-2006 was presented in the First Compliance Report in 2007. The amount of compensation from participating TSOs varies from paying 60 million euros to receiving about 75 million euros. During these years, the value of the compensation fund was approximately 350 - 400 million euros, depending on the cost of horizontal network and amount of flows.

5.2 Compliance of the ETSO Voluntary Methods with the Regulation

The compliance of the ETSO voluntary methods with the Regulation was a subject of analysis already in the First Compliance Report in 2007. CEER has developed eight criteria to assess the Inter-TSO compensation mechanism (ERGEG Comparison of the proposal of Guidelines on Inter-TSO compensation with the CEER criteria for long-term ITC mechanism, 10th August, 2004, www.erggeg.org). The first criterion is legislative, where any method adopted must comply with the Electricity Regulation and Directive. That is, the method must:

- Form a basis of compensation for costs incurred as a result of hosting cross-border flows of electricity;
- Be established on the basis of the forward looking long-run average incremental costs taking into account losses, new infrastructure and existing infrastructure;
- Determine the magnitude of cross-border flows on the basis of the physical flows of electricity;
- Account for the compensation that shall be paid by the transmission system operators from which cross-border flows originate and the systems where those flows end;
- Take into account the benefits that the network incurs as result of hosting cross-border flows;
- Use recognised standard costing methodologies when establishing costs incurred.

The ETSO voluntary methods do not seem to determine, in sufficient detail and with sufficient transparency, the TSOs responsible for the origin and end of the flows and the size and extent to which the grids within the TSO areas are being used to host cross-border flows. This is not compliant with the Regulation.

Furthermore, in the ETSO voluntary method, only regulated costs of the existing grids are used omitting the forward looking long run average incremental cost (LRAIC). In order to comply with the Regulation, any method must also apply LRAIC and recognised standard-costing methodologies when establishing costs incurred.

Accordingly, the ETSO interim Inter-TSO Compensation scheme and the scheme used in the ETSO Inter-TSO Compensation Agreement for 2008/2009 do not comply with the requirements determined in the Regulation.

5.3 The Status of Preparation of the ITC Guidelines

During the past years, a number of methods e.g. With and Without (WWT), Average Participation (AP), Marginal Participation (MP) and Improved Model for Infrastructure Compensation (IMICA) to be applied in the future ITC Guidelines have been discussed and proposed within EC, ERGEG and ETSO. The Commission has launched several studies to evaluate the appropriate mechanism for ITC compensations. The results of different studies were contradictory and it appeared that a technically and economically viable method is difficult to achieve. Furthermore, ETSO has made efforts to improve the voluntary scheme by introducing new approaches during 2006 and 2007. The preparatory process for the ITC Guidelines has continued during 2007 and 2008 within the EC.

5.4 Charges for Access to the Networks

General principles regarding charges for network access for cross-border exchanges of electricity are set in the preamble of the Regulation. It is stated that e.g. rules introduced with regard to cross-border tariffication and the allocation of available interconnection capacity should be fair, cost reflective, transparent and directly applicable in order to ensure effective access to transmission networks for the purpose of cross-border transactions. According to Article 4 of the Regulation charges applied by network operators for access to networks shall be transparent, take into account the need for network security and reflect actual costs incurred insofar as they correspond to those of an efficient and structurally comparable network operator and are applied in a non-discriminatory manner. Those charges shall not be distance-related (Article 4.1). Producers and consumers ('load') may be charged for access to networks (Article 4.2), when setting the charges for network access the payments and receipts resulting from the inter-transmission system operator compensation mechanism as well as actual payments made and received and payments expected for future periods of time, estimated on the basis of past periods shall be taken into account (Article 4.3). Finally, charges for access to networks applied to producers and consumers shall be applied regardless of the country of destination and, origin, respectively, of the electricity (Article 4.4), and there shall be no specific network charge on individual transactions for declared transits of electricity (Article 4.5).

The above cited provisions are rather general. Nevertheless the main issues can be summarised as follows:

- Possible distance and/or transaction relation of network charges;
- Cost base with special attention paid to the possible inclusion of the non-network related costs into the cost base, that would lead to distortions and possibly compromise the whole system;
- Application of locational signals.

5.5 Transmission Tariffication Guidelines

Under Article 8.3 of the Regulation the Commission is empowered to set binding Guidelines that shall determine appropriate rules leading to a progressive harmonisation of the underlying principles for the setting of charges applied to producers and consumers (load) under national tariff systems including, inter alia, the provision of appropriate and efficient locational signals. ERGEG drafted Guidelines on Transmission Tariffication (TT Guidelines) in early 2005 and published revised guidelines following a consultation process held in May and June 2005. However, due to the delay in adoption of the ITC Guidelines, the Commission decided to also postpone the adoption of the TT Guidelines, since Article 8.1 requires that both documents are addressed in a single draft comitology procedure.

The draft TT Guidelines provides for a level of harmonisation of average G charges paid by generators for access to networks considering them more important than L charges in terms of development of undistorted competition. According to the results of the monitoring and reporting from the NRAs, national tariff systems in Member States are in line with Article 1 (harmonisation) and Article 2 (removal of international supply transaction based charges) of the TT Guidelines. Furthermore, Article 3 (reporting) is irrelevant at this stage. The level of average G charges across Europe has not yet been set by legally binding Guidelines and compliance in this regard cannot be considered.

5.6 Compliance with the ITC and TT Provisions in the Regulation

As previously indicated, while there is no detailed specification and legally binding framework for the ITC and TT solutions in the form of the Guidelines according to the Article 8 of the Regulation, there could not be full compliance for these two issues, neither is it possible to perform related monitoring and compliance assessment to the full extent necessary.

Nevertheless, the Regulation provides for some provisions, both general and specific, for the Inter-TSO compensation and for transmission tariffication, which shall be complied with. Those provisions have been evaluated in detail for this Second Compliance Report.

The primary basis for the evaluation has been Article 4 of the Regulation. As Article 3 of the Regulation does specify the provisions for the ITC mechanisms which need to be detailed in the ITC Guidelines, as no Guidelines exist yet, no evaluation of compliance with the Article 3 has been performed in this Second Compliance Report.

The compliance criteria for this part of the Second Compliance Report have also been defined and described in detail in the Criteria Paper mentioned in the introduction.

5.6.1 Article 4: Charges for Access to Networks

In 73% of cases, NRAs indicate that the TSOs have described the tariff methodology. Of the remaining 19% this description is made mainly by the regulator.

In 92% of countries, the TSO network charges are published on the TSO's website and in the remaining cases, the charges are published on the authority's website. All the NRAs are checking annually that tariffs reflect only relevant (allowed) costs and take into account network security aspects.

The tariff methodology is publicly available in 92% of the countries responding. Charges are further identical for all customer and do not reflect network-related factors in all countries where NRAs answered the questionnaire.

Finally, all the charges are independent of distance between seller and buyer and all NRAs that replied have ensured that charges comply with the Article 4.1 of the Regulation.

In 54% of the countries responding, the total amount of network charges borne by generation is transparently defined by the TSOs. Of the remaining 35%, 19% of these countries consider this issue as not being applicable, as e.g. no generation charge exists.

Figure 4 shows the proportion of network charges for generation and consumption.

Only 69% of the NRAs have communicated the definitions of network charges to each other, in most cases by reporting in the annual benchmarking reports on the completion of the Internal Electricity Market.

The majority of the countries, 85 %, do not have locational signals that take into account network losses, congestion and investment costs for infrastructure. However, this is not considered as actual non-compliance, as Article 4.2 is largely conditional and leaves the implementation of locational signals to the Member States.

Figure 5 shows the costs included in transmission tariffs in the countries that answered the compliance questionnaire.

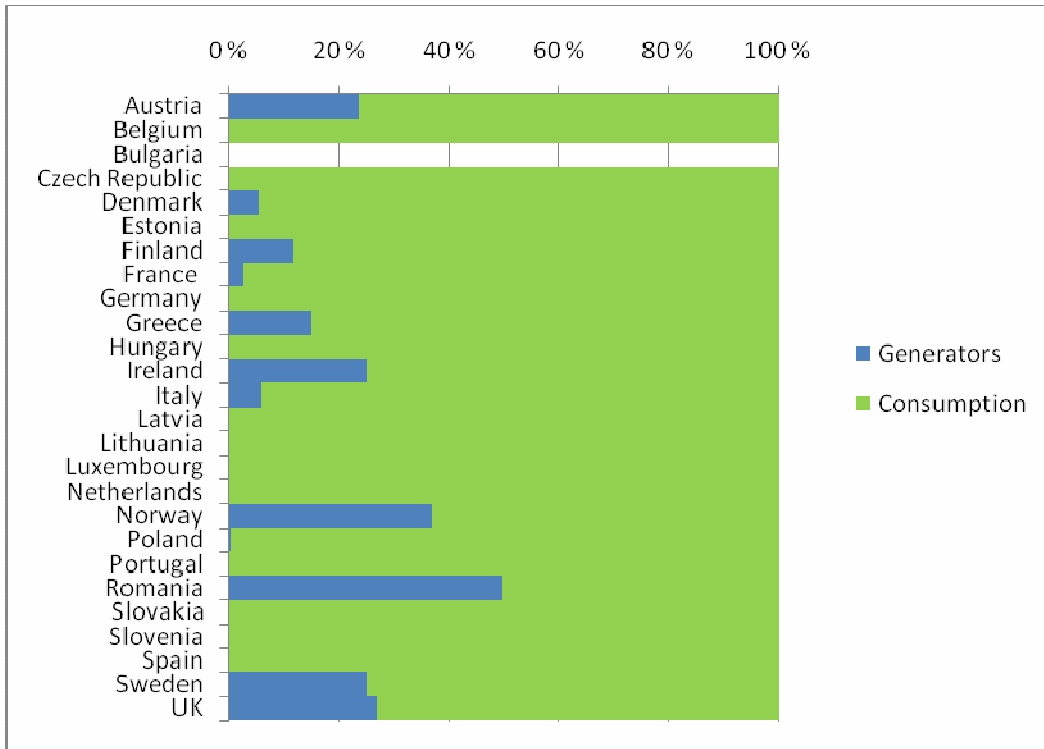


Figure 4: Proportion of charges for generation and consumption in European countries

	CAPEX			Losses	ITC	OPEX	System services							Other costs		
	Depre- ciation	Return on capital invested	Other costs				Primary reserves	Secondary reserves	Tertiary reserves	System balancing	Internal CM	CM on interconne ctors	Voltage control / reactive reserve		Black start	Other costs
Austria																
Belgium																
Bulgaria																
Czech Republic																
Denmark																
Estonia																
Finland																
France																
Germany																
Greece																
Hungary																
Ireland																
Italy																
Latvia																
Lithuania																
Luxembourg																
Netherlands																
Norway																
Poland																
Portugal																
Rumania																
Slovakia																
Slovenia																
Spain																
Sweden																
United Kingdom																

Legend:
 Included in transmission tariffs
 Not included in transmission tariffs

Figure 5: Costs Included in Transmission Tariffs

All but one NRA who replied to the questionnaire confirm (i) that when tariffs and tariff methodologies are set, the payments and receipts from the ITC mechanism are included; (ii) the TSO has informed the NRA about that accordingly and that (iii) the NRA has ensured compliance with the first point of the Article 4.3.

Figure 6 shows the tariffication principles and pricing signals in the EU countries that answered the compliance questionnaire.

	Tariffication principle				Pricing signals		
	Post stamp	Zonal pricing	Nodal pricing	Other	Locational	Seasonal	Time of day
Austria	Applied	Not applied	Not applied	Not applied	Not applied	Not applied	Not applied
Belgium	Not applied	Not applied	Not applied	Not applied	Not applied	Applied	Not applied
Bulgaria	Not applied	Not applied	Not applied	Not applied	Not applied	Not applied	Not applied
Czech Republic	Not applied	Not applied	Not applied	Not applied	Not applied	Not applied	Not applied
Denmark	Applied	Not applied	Not applied	Not applied	Not applied	Not applied	Not applied
Estonia	Not applied	Not applied	Not applied	Not applied	Not applied	Applied	Not applied
Finland	Not applied	Not applied	Not applied	Not applied	Not applied	Applied	Not applied
France	Not applied	Not applied	Not applied	Not applied	Not applied	Not applied	Not applied
Germany	Not applied	Not applied	Not applied	Not applied	Not applied	Not applied	Not applied
Greece	Not applied	Not applied	Not applied	Not applied	Applied	Not applied	Not applied
Hungary	Not applied	Not applied	Not applied	Not applied	Not applied	Not applied	Not applied
Ireland	Not applied	Not applied	Applied	Not applied	Applied	Not applied	Not applied
Italy	Not applied	Applied	Not applied	Not applied	Not applied	Not applied	Applied
Latvia	Not applied	Not applied	Not applied	Not applied	Not applied	Not applied	Not applied
Lithuania	Not applied	Not applied	Not applied	Not applied	Applied	Not applied	Not applied
Luxembourg	Not applied	Not applied	Not applied	Not applied	Not applied	Not applied	Not applied
Netherlands	Not applied	Not applied	Not applied	Not applied	Not applied	Not applied	Not applied
Norway	Not applied	Not applied	Applied	Not applied	Applied	Not applied	Not applied
Poland	Not applied	Not applied	Not applied	Not applied	Not applied	Not applied	Not applied
Portugal	Not applied	Not applied	Not applied	Not applied	Not applied	Applied	Not applied
Romania	Not applied	Applied	Not applied	Not applied	Applied	Not applied	Not applied
Slovakia	Applied	Not applied	Not applied	Not applied	Not applied	Not applied	Not applied
Slovenia	Not applied	Not applied	Not applied	Not applied	Not applied	Applied	Not applied
Spain	Not applied	Not applied	Not applied	Not applied	Not applied	Applied	Not applied
Sweden	Not applied	Not applied	Applied	Not applied	Not applied	Not applied	Not applied
United Kingdom	Not applied	Not applied	Not applied	Applied	Applied	Not applied	Not applied

Applied
 Not applied

Figure 6: Tariffication Principles and Pricing Signals

Furthermore, Figure 7 presents the usage of different connection charges in all the countries who answered the compliance questionnaire.

The Figures presented here indicate full compliance with the related aspects of Article 4 and with the general provisions and requirements for non-discrimination and tariffication which stem from Directive 2003/54/EC.

Finally, in virtually all countries who replied to the compliance questionnaire:

- (i) the TSO has described the tariff methodology including all issues addressed above (the only exception was in countries where that description was made by the NRA);
- (ii) charges for access to the network are applied regardless of country of destination or origin;
- (iii) no transaction-based charges are applied on interconnectors; and
- (iv) NRAs have ensured compliance with the related issues here.

To summarise, a high degree of compliance with Article 4 of Regulation can be observed. Where negative answers were given, or certain issues were deemed not-applicable, this was due mainly to either the NRA describing and publishing some information instead of the TSO or because the given provisions of Article 4 were themselves not mandatory, allowing a high degree of subsidiarity and an individual implementation approach per Member State.

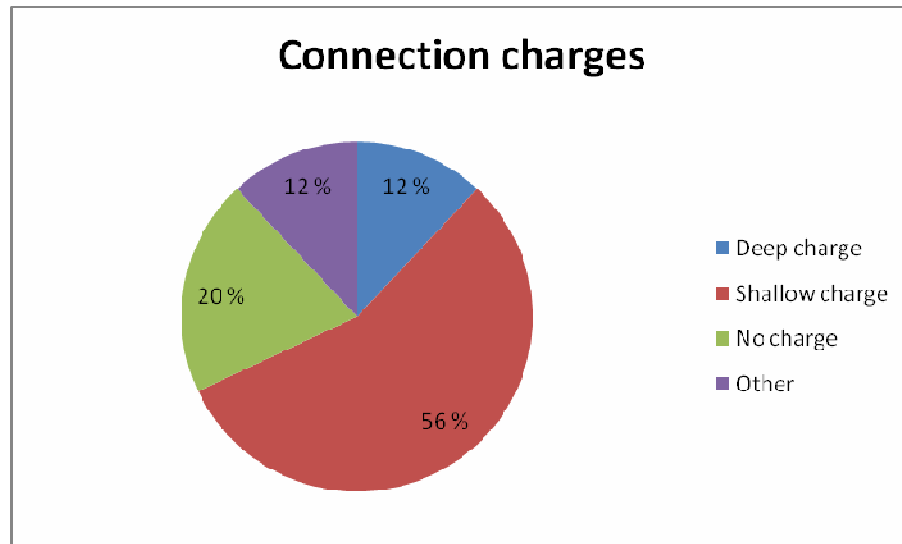


Figure 7: Use of Connection Charges in European Countries

6 Summary and Conclusions

In this section, the key findings of the Second Compliance Report, together with the recommendations for improvements and further development are presented.

6.1 Key Findings

6.1.1 Method and Feasibility of Compliance Monitoring and Reporting

The methodology and approach towards compliance monitoring and reporting in this Second Compliance Report have in general terms followed the principles of the First Compliance Report 2007.

However, taking into account the results of the discussions and the recommendations from the XIV Florence Forum in 2007 and especially the requests from the Commission for more detailed and quantified results, a detailed analysis of the relevant provisions and their fulfilment was prepared based as per the Criteria Paper.

It must be emphasised here, that the quality and expressiveness of the answers, the quantifying statements and actual compliance assessment in this Second Compliance Report are strongly dependent on the clarity and unambiguous character of the relevant provisions specified in the Regulation and CM Guidelines.

Furthermore, due to the absence of the ITC and TT Guidelines, the assessment of compliance in those two areas is not sufficient. This can only be improved once those Guidelines become legally binding, as is the case with the CM Guidelines.

It must be mentioned here, that for the full compliance, the powers of NRAs throughout all MS will have to be fully harmonised – this is presently not the case. For that matter, the means by which NRAs ensure compliance has not been a subject of evaluation. In order to account for this situation, it is envisaged that additional compliance indicators will be developed and applied for compliance evaluation of this aspect in the Third Compliance Report in 2009.

This Second Compliance Report will be published and presented at the XV Florence Forum. ERGEG invites proposals from all stakeholders on most effective and rapid actions towards improving compliance where non-compliance and deviations from the legal provisions in the Regulation and the CM Guidelines have been identified. Such proposals will be collected through the public consultation and the XV Florence Forum.

6.1.2 Approach to the Compliance Monitoring and Evaluation

Reference to the sources of findings, which resulted in a specific recommendation, have been provided in this report, where possible. However, it was not possible, partly for reasons of keeping a reasonable size for this document, to give a full list of all references and detailed data which were the basis for a given recommendation. A list of all responses is provided in Annex 1 and readers are encouraged to refer to that information.

The general issues in the evaluation and compilation of the Second Compliance Report are:

- The evaluation of compliance was based on a Compliance Questionnaire which contains a number of questions. Some of these questions are more detailed and specific than the related provisions from the Regulation and CM Guidelines, while some others leave room for interpretation, due to the related provisions in the Regulation and CM Guidelines. Such a compromise and a “hybrid” approach, with an unequal level of detail for all the issues was the only possible and practical way to proceed. This is due to the different levels of depth and details within the provisions of the Regulation and CM Guidelines themselves, based on the related findings and where necessary, amendments are proposed for the Regulation and CM Guidelines (to align the rules of both legal texts). Some of those questions go beyond the legal framework in the Regulation and the CM Guidelines, in the sense that they also address the issues of assessment, e.g. the means of reporting, the interpretation of the Regulation and/or CM Guidelines on points where they are not precise enough, etc.
- It was not possible to evaluate a number of issues for two reasons: (i) in some cases, market participants/TSOs did not provide the necessary information; (ii) in several other cases, regulatory authorities are not granted necessary legal powers and / or too much room for interpretation was given in the legal framework (Regulation and CM Guidelines) which was addressed by the Compliance Questionnaire. It is important that for those issues and for the Third Compliance Report 2009, the common evaluation criteria with more detailed guidance for replies are defined based on the experiences gained when preparing this document and on results of the public consultation and discussion at the XV Florence Forum.

The most important issues in this area are:

- Determining whether the TSOs are applying all possible measures for maximising interconnection capacity;
 - Taking into account and minimising the impact of the CM methods from a TSO’s own control area, to the control areas of neighbouring TSOs;
 - Assessing whether TSOS have applied all possible measures to maximise firmness of capacity.
- Negative answers to the questions from the Compliance Questionnaire do not necessarily mean non-compliance with the Regulation and annexed CM Guidelines. Compliance must be evaluated against the explanations given by NRAs, where appropriate.

6.1.3 Maximisation of Interconnection Capacity

Due to the difficulty of assessing the level of interconnection capacity (i.e., is the maximum capacity available), the approach intended for the future is to build and implement an incentive mechanism that would guide TSOs towards actually maximising interconnection capacity. The necessary work and analyses to accomplish this is being conducted by ERGEG within the ENM Task Force (work began in 2008 and will be completed in 2009).

It must be emphasised, however, that even with such an incentive scheme implemented, it will remain difficult to ensure that the maximum capacity is available to market participants. A degree of uncertainty will remain as long as no detailed and exact method for assessing how well the TSOs actually fulfil their duties in capacity calculation and allocation exists.

6.1.4 Efficiency of the Usage of Cross-Border Interconnection Capacities

The preparatory work for the evaluation of the efficiency and the proposal on necessary measures for improvements to the efficient use of the cross-border capacity shall be commenced as soon as possible by the TSOs.

The NRAs shall evaluate the efficient use of the cross-border capacity, who are responsible for evaluating CM mechanisms, paying particular attention to compliance with the terms and conditions previously set out by the regulatory authorities, possibly by means of dedicated studies and consultation (Article 1.10 of CM Guidelines).

The efficiency of the cross-border capacity usage can be interpreted in a number of ways. However, “no price difference” does not necessarily indicate efficient usage. Rather, the utilisation and maximal welfare obtained from the available capacity will indicate the highest efficiency.

A certain degree of contradictory views and answers are observed between different countries and regions; the seriousness of such contradictions correlates with the degree and efficiency of implementation of the Regulation and CM Guidelines on one hand and with the clarity and non-ambiguity in the provisions in the Regulation and CM Guidelines on the other.

In order to conduct a more detailed evaluation of the economic efficiency of CM methods, the NRAs must coordinate further at the regional level – as presently no legal provisions exist.

6.1.5 Aspects of Competition

In general, it is observed that provisions for ensuring that the CM methods foster competition are not explicitly enough taken into account, or at least this was not clearly stated by all NRAs.

Where the issue of competition has been considered accordingly, it should be clearly stated; where it has not been the case, it should be improved in the future.

In the development of CM solutions that foster competition, it is important to use the experience and advice of the competition authorities. Finally, it must be emphasised that within the issue of market power, the (potential for) market power abuse and market obstruction has an aggravating impact and should be addressed accordingly. Here, NRAs usually lack the powers and Competition Authorities have to be involved.

6.1.6 Aspects of Governance

Governance is, in general, an issue for law makers (MS or EU). It is therefore of the utmost importance that a proper and sufficient governance structure is in place for all aspects of cross-border trade and issues to be tackled by the NRAs, since NRAs do not have the powers to grant themselves this authority.

The following key regulatory issues should be harmonised in terms of governance:

- General regulatory powers in dispute settlement, preventive and remedial activities;
- Definition of the exact meaning and belonging proceedings which are required when an issue is “a subject to review” according to the Regulation or CM Guidelines; furthermore the approval process should be set out in detail;
- Resolution of any inconsistencies between the Electricity Directive 2003/54/EC, the Regulation and the CM Guidelines, especially in cases where in the national legislation the ex-post approach for NRAs’ powers has been applied when implementing the Directive but an ex-ante approach is applied in the Regulation;
- Resolution of the question of which authority is responsible for each particular element of cross-border trading (e.g. cross-border dispute resolution, monitoring, cross-border competition issues, etc.) in each country; this should be harmonised further between the MS.

6.1.7 Intra- and Inter-Regional Coordination and Coherence

Compliance in most issues related to the intra- and inter-regional development is insufficient and incomplete (for example, according to Article 3.2 CM Guidelines at least in each region there should be a regionally coordinated CM by 1st January 2007),

Whereas this situation can partially be explained by the many ongoing projects and developments which are delayed due to technical reasons, another reason is that no effective and efficient provisions for the regulatory oversight and related NRAs' activities exist at the regional level.

6.1.8 Transparency

With respect to transparency, a number of positive developments and improvements in comparison with the First Compliance Report are observed. These improvements have primarily been achieved through the intensive activities and work within the ERGEG Electricity Regional Initiatives.

However, although Section 5 of the CM Guidelines is legally binding and forms a good basis for the implementation across Europe, it is still considered necessary to implement a dedicated piece of legislation addressing the transparency issues in full detail and depth. This is to ensure that consistent implementation of transparency is achieved in Europe and that there is no question about the legal requirements set to transparency. Only this can ensure that the level of transparency is equal in all Member States and that the instances of non-compliance identified in this Second Compliance Report are removed.

6.1.9 Intra-day Aspects

Similarly for the coordination and coherence within and between regions, compliance in terms of intra-day congestion management on a regional level is also low, although on several borders intra-day allocation methods have been implemented. The level of coordination within those intra-day methods needs to be improved.

The intra-day aspects should also be considered and in future evaluated/developed in relation to the existing requirements from the revised ERGEG GGP on Balancing Markets Integration, Intraday and Automatic Reserves when they become available.

6.1.10 Inter-TSO Compensation

The present Inter-TSO Compensation does not comply with Article 3 of the Regulation. The only way compliance can be achieved is to have the respective ITC Guidelines adopted and implemented accordingly, as soon as possible

6.1.11 Critical Non-Compliances

The most critical instances of non-compliance are summarised below:

- Lack of sufficient coordination of CM methods according to Point 3.5 of the CM guidelines;
- Absence of intraday allocation mechanisms on many interconnections;
- Insufficient or non-existent use of cross-border countertrading and redispatching to increase or secure the transmission capacity;
- No consistent framework and consequently no adequate implementation of firmness and curtailment provisions;
- No consistent framework and consequently no implementation of incentives for TSOs to maximise the interconnection capacity;

- Reporting by the TSOs to the NRAs is in many cases missing – even though the information can in some cases be obtained from the websites, this is no substitute for the explicit reporting which is set out in the legal framework;
- Exemptions – mainly on the so called “old merchant lines” - from the rTPA;
- A number of inconsistencies and instances of non-compliance in transparency issues.

6.2 Recommendations

During the work, ERGEG has gained experience of where the difficulties and the ambiguities impede the implementation of the rules set by the Regulation and the CM Guidelines. ERGEG is planning to continue its work in this area. Specifically, ERGEG is planning to evaluate the provisions in the Regulation and the CM Guidelines and propose appropriate amendments to the Commission accordingly. Furthermore, ERGEG will revise its Criteria paper to ensure that processes are in place to ensure compliance of the Regulation and the CM Guidelines and also put more emphasis on the outcome of processes and procedures to foster market integration and contributing a level playing field for market participants across Europe. This may require legal support within the Regulation and the CM Guidelines.

ERGEG recommends that the following issues to ensure goals set for cross-border trade in the Regulation and the CM Guidelines shall be addressed by the following stakeholders:

Commission/Member States should:

- Open the “old merchant interconnections” without exemption from TPA according to Article 7 of the Regulation, to the market with TPA regime;
- Complement the existing general provisions in Section 5 (Transparency) of the CM Guidelines, with legally binding and detailed provisions on information management and transparency;
- Harmonise the key regulatory issues in terms of governance;
- Explicitly assign the responsibility to impose restrictions on market participants to participate in the allocation process (e.g. anti-hoarding measures according to Point 2.10 of the CM Guidelines) to the energy regulators, who in turn may implement this provision in cooperation with the responsible competition authorities;
- Anchor reporting by the TSOs on all relevant descriptions, documents, etc. in the amended CM Guidelines, so that it becomes an “inherent” and “self-explanatory” duty of the TSOs; and
- Adopt and implement the ITC and Transmission Tariffication Guidelines as soon as possible.

Member States should:

- Put in place the legal framework that is necessary to create efficient cross-border trade with electricity and to support the implementation the rules in the CM Guidelines. This concerns both the powers of the NRAs and the requirements put on the TSOs.

TSOs should:

- Truly commit and implement the agreed projects, because the TSOs are the key players and market facilitators, bearing thus the highest responsibility for implementation of the Regulation and the CM Guidelines. This is important not only for the sake of TSOs themselves, but also as otherwise efforts made by other stakeholders would be in vain;
- Define and agree on a common approach and detailed rules for solving internal and cross-border congestion throughout Europe and in line with the general provisions in the Regulation and the CM Guidelines.

Regulators/ERGEG should:

- Define and put in place concrete measures to speed-up the implementation process of CM Guidelines;
- Assess economic efficiency of congestion management methods;
- Advise the Commission on amendments to the Regulation and the CM Guidelines: (i) treatment of curtailment and firmness of the transmission capacity, which require more detailed and exact provisions, (ii) detailed and precise provisions on how the TSOs shall maximise the capacity, (iii) provisions on when and how to use countertrading and redispatching, (iv) effects on the market of the use of congestion income by one TSO e.g. for redispatching and by the other TSOs for building new lines.

7 Acronyms and Abbreviations

CM	Congestion Management
CM Guidelines	Congestion Management Guidelines 2006/770/EC
CE	Central East Europe region
CS	Central South Europe region
CW	Central West Europe region
EC	European Community
ENM TF	ERGEG Electricity Network and Market TF
ERI	ERGEG Electricity Regional Initiative process
FCFS	First-Come-First-Serve method
FUI	France-UK-Ireland region
HN	Horizontal Network definition for the ITC purposes
IEM	Internal Electricity Market (of the EU)
ITC	Inter-TSO Compensation
NRA	National Regulatory Authority
Regulation	Regulation (EC) 1228/2003
SE	South East Europe region
SW	South West Europe region
TLC	Trilateral Market Coupling between Belgium, France and Netherlands
TPA	Third Party Access (regulated)
TSO	Transmission System Operator
TT	Transmission Tariffication
UIOLI	Use-It-Or-Loose-It rule
UIOSI	Use-It-Or-Sell-It rule

Annex 1 – Summary of Replies from National Regulatory Authorities

EXPLANATORY NOTE 1:

The subject of the questionnaire/replies from NRAs is the monitoring of the implementation of the Regulation and the CM Guidelines.

For this exercise, the regulators have adopted the common criteria¹³.

However, some of the criteria go beyond the legal framework in the Regulation and the CM Guidelines in the sense that they also address the issues of assessment, e.g. the means of reporting, the interpretation of the Regulation by each NRA and/or CM Guidelines in points where they are not precise enough, etc.

For the above reasons, the figures/percentages in the following tables do not directly imply compliance with the legal provisions (e.g. 86% in the table does not necessarily mean 86% compliance), but instead they must be read and interpreted in close relation to the related text of the Second Compliance Report.

A summary of all responses is presented below, using the following methodology:

- All answers to the Compliance Questionnaire have been summarised per country or per interconnection and per Article of the Regulation or Point of the CM Guidelines;
- The percentages are a sum of answers with “yes” or “not applicable” in relation to the all answers for a given issue;
- In calculating percentages, each “sub-question” of an article/a point (the number of “sub-questions” per article/point is indicated in the second row of tables) has been given the same weighting, although in terms of legal provisions the “sub-questions” do not always have equal importance. Such a simplification was introduced for practical reasons, readability and clarity;
- For better visibility, the following colouring has been used in the tables: dark green colour for 100%, light green from 50% to 100%, light red below 50%.

¹³ http://www.energy-regulators.eu/portal/page/portal/EER_HOME/EER_PUBLICATIONS/CEER_ERGEG_PAPERS/Electricity/2007/E07-EFG-25-03_CriteriaForCompliance_10-Dec-2007.pdf

A1.1 Article 4 of the Regulation

Article in Regulation	Article 4.1	Article 4.2	Article 4.3	Article 4.4	Article 4.5
Total number of answers	7	6	4	3	3
Country					
Austria	86 %	83 %	100 %	67 %	67 %
Belgium	86 %	100 %	100 %	100 %	100 %
Bulgaria	0 %	0 %	0 %	0 %	0 %
Czech Republic	100 %	83 %	100 %	100 %	100 %
Denmark	100 %	100 %	100 %	100 %	100 %
Estonia	86 %	83 %	100 %	100 %	100 %
Finland	100 %	100 %	100 %	100 %	100 %
France	100 %	100 %	100 %	100 %	100 %
Germany	100 %	100 %	100 %	100 %	100 %
Greece	100 %	100 %	100 %	100 %	100 %
Hungary	100 %	83 %	100 %	100 %	100 %
Ireland	100 %	100 %	100 %	100 %	100 %
Italy	100 %	100 %	100 %	100 %	100 %
Latvia	86 %	50 %	100 %	100 %	100 %
Lithuania	100 %	100 %	100 %	100 %	100 %
Luxembourg	100 %	33 %	75 %	100 %	67 %
Netherlands	100 %	67 %	100 %	100 %	100 %
Norway	100 %	100 %	100 %	100 %	100 %
Poland	100 %	100 %	100 %	100 %	100 %
Portugal	100 %	100 %	100 %	100 %	100 %
Romania	100 %	100 %	100 %	100 %	100 %
Slovakia	86 %	50 %	100 %	67 %	67 %
Slovenia	86 %	33 %	100 %	33 %	100 %
Spain	100 %	100 %	100 %	100 %	100 %
Sweden	100 %	100 %	100 %	100 %	100 %
UK	100 %	100 %	100 %	100 %	100 %

A1.2 Article 5 of the Regulation

Article in Regulation		Article 5.1	Article 5.2	Article 5.3
Total number of answers		4	6	7
Interconnection	From			
Austria - Czech Republic	Austria	50 %	67 %	29 %
	Czech Republic	100 %	100 %	100 %
Austria - Hungary	Austria	50 %	67 %	29 %
	Hungary	50 %	100 %	100 %
Austria - Slovenia	Austria	50 %	67 %	29 %
	Slovenia	25 %	0 %	86 %
Germany - Poland	Germany	75 %	100 %	86 %
	Poland	100 %	100 %	100 %
Czech Republic - Poland	Poland	100 %	100 %	100 %
	Czech Republic	100 %	100 %	100 %
Poland - Slovakia	Poland	100 %	100 %	100 %
	Slovakia	100 %	100 %	100 %
Czech Republic - Germany	Germany	75 %	100 %	86 %
	Czech Republic	100 %	100 %	100 %
Czech Republic - Slovakia	Czech Republic	100 %	100 %	100 %
	Slovakia	100 %	100 %	100 %
Hungary - Slovakia	Slovakia	75 %	100 %	100 %
	Hungary	50 %	100 %	100 %
Austria - Italy	Austria	50 %	67 %	29 %
	Italy	50 %	67 %	86 %
Italy - Slovenia	Italy	50 %	83 %	86 %
	Slovenia	25 %	0 %	71 %
Greece - Italy	Italy	50 %	67 %	86 %
	Greece	50 %	100 %	71 %
France - Italy	Italy	50 %	67 %	86 %
	France	75 %	50 %	57 %
France - Germany	France	75 %	50 %	57 %
	Germany	75 %	67 %	86 %
Belgium - France	Belgium	75 %	67 %	57 %
	France	75 %	50 %	57 %
Belgium - Netherlands	Belgium	75 %	67 %	57 %
	Netherlands	75 %	83 %	71 %
Germany - Netherlands	Germany	75 %	67 %	86 %
	Netherlands	75 %	83 %	71 %
Norway - Sweden	Sweden	100 %	67 %	86 %
	Norway	100 %	100 %	100 %
Finland - Sweden	Sweden	100 %	67 %	86 %
	Finland	75 %	67 %	86 %
Denmark - Sweden	Sweden	100 %	67 %	86 %
	Denmark	75 %	100 %	100 %
Denmark - Germany	Germany	75 %	67 %	86 %
	Denmark	75 %	100 %	100 %
Denmark - Norway	Norway	100 %	100 %	100 %
	Denmark	75 %	100 %	100 %
France - Spain	France	75 %	50 %	57 %
	Spain	100 %	100 %	100 %
Portugal - Spain	Portugal	100 %	100 %	100 %
	Spain	100 %	100 %	100 %
France - UK	France	75 %	100 %	57 %
	UK	100 %	100 %	100 %
Hungary - Romania	Romania	100 %	100 %	100 %
	Hungary	50 %	100 %	100 %
Bulgaria - Romania	Romania	100 %	100 %	100 %
	Bulgaria	0 %	0 %	0 %
Bulgaria - Greece	Bulgaria	0 %	0 %	0 %
	Greece	50 %	100 %	71 %

A1.3 Article 6 of the Regulation

Article in Regulation		Article 6.1	Article 6.2	Article 6.3	Article 6.4	Article 6.5	Article 6.6
Total number of answers		4	11	4	4	4	7
Interconnection	From						
Austria - Czech Republic	Austria	100 %	100 %	25 %	100 %	50 %	100 %
	Czech Republic	100 %	100 %	100 %	100 %	75 %	100 %
Austria - Hungary	Austria	100 %	82 %	25 %	100 %	50 %	100 %
	Hungary	100 %	100 %	100 %	100 %	75 %	100 %
Austria - Slovenia	Austria	100 %	100 %	25 %	100 %	50 %	100 %
	Slovenia	100 %	100 %	0 %	100 %	75 %	100 %
Germany - Poland	Germany	100 %	100 %	100 %	100 %	75 %	100 %
	Poland	100 %	100 %	100 %	100 %	75 %	100 %
Czech Republic - Poland	Poland	100 %	100 %	100 %	100 %	75 %	100 %
	Czech Republic	100 %	100 %	100 %	100 %	75 %	100 %
Poland - Slovakia	Poland	100 %	100 %	100 %	100 %	75 %	100 %
	Slovakia	100 %	100 %	100 %	100 %	50 %	100 %
Czech Republic - Germany	Germany	100 %	100 %	100 %	100 %	75 %	100 %
	Czech Republic	100 %	100 %	100 %	100 %	75 %	100 %
Czech Republic - Slovakia	Czech Republic	100 %	100 %	100 %	100 %	75 %	100 %
	Slovakia	100 %	100 %	100 %	100 %	50 %	100 %
Hungary - Slovakia	Slovakia	100 %	100 %	100 %	100 %	50 %	86 %
	Hungary	100 %	100 %	100 %	100 %	75 %	100 %
Austria - Italy	Austria	100 %	100 %	75 %	100 %	50 %	100 %
	Italy	100 %	91 %	75 %	100 %	75 %	100 %
Italy - Slovenia	Italy	100 %	82 %	75 %	100 %	75 %	100 %
	Slovenia	100 %	100 %	0 %	100 %	75 %	100 %
Greece - Italy	Italy	100 %	91 %	75 %	100 %	75 %	86 %
	Greece	100 %	100 %	100 %	100 %	75 %	43 %
France - Italy	Italy	100 %	91 %	75 %	100 %	75 %	100 %
	France	100 %	73 %	0 %	100 %	75 %	100 %
France - Germany	France	100 %	82 %	0 %	100 %	75 %	100 %
	Germany	100 %	100 %	100 %	100 %	75 %	100 %
Belgium - France	Belgium	100 %	82 %	0 %	100 %	25 %	71 %
	France	100 %	73 %	0 %	100 %	25 %	100 %
Belgium - Netherlands	Belgium	100 %	82 %	0 %	100 %	25 %	71 %
	Netherlands	100 %	82 %	75 %	100 %	25 %	100 %
Germany - Netherlands	Germany	100 %	100 %	100 %	100 %	25 %	100 %
	Netherlands	100 %	82 %	75 %	100 %	25 %	100 %
Norway - Sweden	Sweden	100 %	91 %	100 %	100 %	100 %	71 %
	Norway	100 %	82 %	100 %	100 %	100 %	71 %
Finland - Sweden	Sweden	100 %	91 %	100 %	100 %	100 %	71 %
	Finland	100 %	91 %	75 %	100 %	100 %	86 %
Denmark - Sweden	Sweden	100 %	91 %	100 %	100 %	100 %	71 %
	Denmark	100 %	82 %	100 %	100 %	100 %	86 %
Denmark - Germany	Germany	100 %	100 %	100 %	100 %	75 %	100 %
	Denmark	100 %	100 %	100 %	100 %	100 %	86 %
Denmark - Norway	Norway	100 %	82 %	100 %	100 %	100 %	71 %
	Denmark	100 %	82 %	100 %	100 %	100 %	86 %
France - Spain	France	100 %	73 %	0 %	100 %	75 %	100 %
	Spain	100 %	100 %	75 %	100 %	100 %	100 %
Portugal - Spain	Portugal	100 %	100 %	100 %	100 %	100 %	100 %
	Spain	100 %	100 %	75 %	100 %	100 %	100 %
France - UK	France	100 %	73 %	0 %	75 %	25 %	100 %
	UK	100 %	100 %	0 %	100 %	25 %	100 %
Hungary - Romania	Romania	100 %	100 %	100 %	100 %	100 %	100 %
	Hungary	100 %	100 %	100 %	100 %	75 %	100 %
Bulgaria - Romania	Romania	100 %	100 %	100 %	100 %	100 %	100 %
	Bulgaria	0 %	0 %	0 %	0 %	0 %	0 %
Bulgaria - Greece	Bulgaria	0 %	0 %	0 %	0 %	0 %	0 %
	Greece	100 %	100 %	100 %	100 %	75 %	43 %

Remark on Article 6.3: Here in particular the discrepancies observed between the answers of the different NRAs are due to different interpretations of the questions. Indeed, as stated in section 3.2 NRAs do not have the information and the competencies to ensure compliance with this article.

A1.4 Point 1 of the CM Guidelines

Point in CM Guidelines		Point 1.1	Point 1.2	Point 1.3	Point 1.4	Point 1.5
Total number of answers		6	3	3	13	8
Interconnection	From					
Austria - Czech Republic	Austria	100 %	100 %	100 %	77 %	50 %
	Czech Republic	100 %	100 %	67 %	100 %	100 %
Austria - Hungary	Austria	100 %	100 %	100 %	77 %	50 %
	Hungary	100 %	100 %	33 %	85 %	100 %
Austria - Slovenia	Austria	100 %	100 %	100 %	77 %	50 %
	Slovenia	83 %	100 %	33 %	69 %	63 %
Germany - Poland	Germany	100 %	100 %	67 %	85 %	75 %
	Poland	100 %	100 %	100 %	92 %	75 %
Czech Republic - Poland	Poland	100 %	100 %	100 %	92 %	75 %
	Czech Republic	100 %	100 %	67 %	100 %	100 %
Poland - Slovakia	Poland	100 %	100 %	100 %	92 %	75 %
	Slovakia	83 %	100 %	33 %	100 %	100 %
Czech Republic - Germany	Germany	100 %	100 %	67 %	85 %	75 %
	Czech Republic	100 %	100 %	67 %	100 %	100 %
Czech Republic - Slovakia	Czech Republic	100 %	100 %	67 %	100 %	100 %
	Slovakia	83 %	100 %	33 %	100 %	100 %
Hungary - Slovakia	Slovakia	100 %	100 %	33 %	100 %	100 %
	Hungary	100 %	100 %	33 %	85 %	100 %
Austria - Italy	Austria	83 %	100 %	100 %	77 %	50 %
	Italy	100 %	100 %	67 %	100 %	50 %
Italy - Slovenia	Italy	100 %	100 %	67 %	100 %	50 %
	Slovenia	83 %	100 %	33 %	69 %	63 %
Greece - Italy	Italy	100 %	100 %	67 %	100 %	50 %
	Greece	100 %	100 %	67 %	92 %	50 %
France - Italy	Italy	100 %	100 %	67 %	100 %	50 %
	France	100 %	100 %	0 %	85 %	25 %
France - Germany	France	100 %	100 %	0 %	85 %	25 %
	Germany	100 %	100 %	67 %	85 %	75 %
Belgium - France	Belgium	100 %	100 %	0 %	77 %	63 %
	France	100 %	100 %	0 %	85 %	38 %
Belgium - Netherlands	Belgium	100 %	100 %	0 %	77 %	63 %
	Netherlands	100 %	100 %	33 %	77 %	75 %
Germany - Netherlands	Germany	100 %	100 %	67 %	85 %	75 %
	Netherlands	100 %	100 %	33 %	77 %	50 %
Norway - Sweden	Sweden	83 %	100 %	67 %	85 %	100 %
	Norway	83 %	100 %	100 %	100 %	88 %
Finland - Sweden	Sweden	83 %	100 %	67 %	85 %	100 %
	Finland	67 %	100 %	67 %	77 %	63 %
Denmark - Sweden	Sweden	83 %	100 %	67 %	85 %	100 %
	Denmark	100 %	100 %	100 %	92 %	100 %
Denmark - Germany	Germany	100 %	100 %	67 %	85 %	75 %
	Denmark	100 %	100 %	100 %	92 %	100 %
Denmark - Norway	Norway	83 %	100 %	100 %	100 %	88 %
	Denmark	100 %	100 %	100 %	100 %	100 %
France - Spain	France	100 %	100 %	0 %	85 %	25 %
	Spain	100 %	100 %	100 %	100 %	100 %
Portugal - Spain	Portugal	100 %	100 %	100 %	100 %	50 %
	Spain	100 %	100 %	100 %	100 %	100 %
France - UK	France	100 %	100 %	33 %	100 %	38 %
	UK	100 %	100 %	100 %	100 %	100 %
Hungary - Romania	Romania	100 %	100 %	33 %	100 %	100 %
	Hungary	100 %	100 %	33 %	85 %	100 %
Bulgaria - Romania	Romania	100 %	100 %	33 %	100 %	100 %
	Bulgaria	0 %	0 %	0 %	0 %	0 %
Bulgaria - Greece	Bulgaria	0 %	0 %	0 %	0 %	0 %
	Greece	100 %	100 %	67 %	92 %	50 %

Point in CM Guidelines		Point 1.6	Point 1.7	Point 1.8	Point 1.9	Point 1.10
Total number of answers		2	5	4	4	3
Interconnection	From					
Austria - Czech Republic	Austria	50 %	100 %	100 %	0 %	67 %
	Czech Republic	50 %	100 %	100 %	25 %	33 %
Austria - Hungary	Austria	50 %	100 %	100 %	0 %	67 %
	Hungary	50 %	100 %	25 %	0 %	33 %
Austria - Slovenia	Austria	50 %	100 %	100 %	100 %	67 %
	Slovenia	50 %	0 %	0 %	75 %	33 %
Germany - Poland	Germany	50 %	100 %	100 %	75 %	100 %
	Poland	100 %	100 %	100 %	0 %	67 %
Czech Republic - Poland	Poland	100 %	100 %	100 %	0 %	67 %
	Czech Republic	50 %	100 %	100 %	0 %	0 %
Poland - Slovakia	Poland	100 %	100 %	100 %	0 %	67 %
	Slovakia	50 %	80 %	100 %	0 %	0 %
Czech Republic - Germany	Germany	50 %	100 %	100 %	100 %	100 %
	Czech Republic	50 %	100 %	100 %	100 %	33 %
Czech Republic - Slovakia	Czech Republic	50 %	100 %	100 %	100 %	33 %
	Slovakia	50 %	80 %	100 %	100 %	33 %
Hungary - Slovakia	Slovakia	50 %	80 %	100 %	0 %	0 %
	Hungary	50 %	100 %	25 %	0 %	33 %
Austria - Italy	Austria	50 %	100 %	100 %	0 %	67 %
	Italy	50 %	80 %	100 %	0 %	67 %
Italy - Slovenia	Italy	50 %	80 %	100 %	0 %	67 %
	Slovenia	50 %	0 %	0 %	75 %	33 %
Greece - Italy	Italy	50 %	80 %	100 %	0 %	67 %
	Greece	50 %	100 %	50 %	0 %	33 %
France - Italy	Italy	50 %	80 %	100 %	0 %	67 %
	France	50 %	60 %	100 %	0 %	100 %
France - Germany	France	50 %	60 %	100 %	100 %	100 %
	Germany	50 %	100 %	100 %	100 %	100 %
Belgium - France	Belgium	50 %	60 %	75 %	100 %	100 %
	France	50 %	60 %	100 %	100 %	100 %
Belgium - Netherlands	Belgium	50 %	60 %	75 %	100 %	100 %
	Netherlands	50 %	60 %	50 %	25 %	100 %
Germany - Netherlands	Germany	50 %	100 %	100 %	50 %	100 %
	Netherlands	50 %	60 %	50 %	25 %	100 %
Norway - Sweden	Sweden	100 %	100 %	100 %	100 %	100 %
	Norway	100 %	100 %	100 %	100 %	100 %
Finland - Sweden	Sweden	100 %	100 %	100 %	100 %	100 %
	Finland	100 %	80 %	75 %	75 %	100 %
Denmark - Sweden	Sweden	100 %	100 %	100 %	100 %	100 %
	Denmark	100 %	100 %	100 %	100 %	33 %
Denmark - Germany	Germany	50 %	100 %	100 %	75 %	100 %
	Denmark	100 %	100 %	100 %	75 %	33 %
Denmark - Norway	Norway	100 %	100 %	100 %	100 %	100 %
	Denmark	100 %	100 %	100 %	100 %	33 %
France - Spain	France	50 %	60 %	100 %	75 %	100 %
	Spain	50 %	100 %	100 %	100 %	100 %
Portugal - Spain	Portugal	50 %	100 %	100 %	100 %	100 %
	Spain	50 %	100 %	100 %	100 %	100 %
France - UK	France	100 %	100 %	100 %	0 %	100 %
	UK	100 %	100 %	100 %	0 %	100 %
Hungary - Romania	Romania	50 %	100 %	100 %	0 %	100 %
	Hungary	50 %	100 %	25 %	0 %	33 %
Bulgaria - Romania	Romania	50 %	100 %	100 %	0 %	100 %
	Bulgaria	0 %	0 %	0 %	0 %	0 %
Bulgaria - Greece	Bulgaria	0 %	0 %	0 %	0 %	0 %
	Greece	50 %	100 %	50 %	0 %	33 %

A1.5 Point 2 of the CM Guidelines

Point in CM Guidelines		Point 2.1	Point 2.2	Point 2.3	Point 2.4	Point 2.5
Total number of answers		26	3	5	7	7
Interconnection	From					
Austria - Czech Republic	Austria	58 %	0 %	80 %	43 %	100 %
	Czech Republic	62 %	100 %	80 %	71 %	100 %
Austria - Hungary	Austria	58 %	0 %	80 %	43 %	100 %
	Hungary	58 %	100 %	80 %	43 %	100 %
Austria - Slovenia	Austria	73 %	0 %	80 %	43 %	100 %
	Slovenia	73 %	33 %	80 %	14 %	86 %
Germany - Poland	Germany	62 %	33 %	80 %	86 %	100 %
	Poland	62 %	100 %	80 %	100 %	100 %
Czech Republic - Poland	Poland	62 %	100 %	80 %	100 %	100 %
	Czech Republic	62 %	100 %	80 %	100 %	100 %
Poland - Slovakia	Poland	62 %	100 %	80 %	100 %	100 %
	Slovakia	62 %	100 %	80 %	100 %	100 %
Czech Republic - Germany	Germany	77 %	33 %	80 %	86 %	100 %
	Czech Republic	77 %	100 %	80 %	86 %	100 %
Czech Republic - Slovakia	Czech Republic	77 %	100 %	80 %	100 %	100 %
	Slovakia	77 %	100 %	80 %	100 %	100 %
Hungary - Slovakia	Slovakia	50 %	100 %	80 %	71 %	100 %
	Hungary	50 %	100 %	80 %	14 %	100 %
Austria - Italy	Austria	62 %	33 %	80 %	71 %	100 %
	Italy	62 %	100 %	80 %	86 %	100 %
Italy - Slovenia	Italy	62 %	100 %	80 %	86 %	100 %
	Slovenia	73 %	33 %	80 %	14 %	86 %
Greece - Italy	Italy	62 %	100 %	80 %	86 %	100 %
	Greece	62 %	0 %	80 %	100 %	100 %
France - Italy	Italy	62 %	100 %	80 %	86 %	100 %
	France	62 %	33 %	60 %	86 %	100 %
France - Germany	France	77 %	33 %	60 %	71 %	100 %
	Germany	77 %	33 %	100 %	86 %	100 %
Belgium - France	Belgium	77 %	100 %	100 %	86 %	100 %
	France	77 %	33 %	60 %	57 %	100 %
Belgium - Netherlands	Belgium	62 %	100 %	100 %	71 %	100 %
	Netherlands	62 %	100 %	80 %	71 %	86 %
Germany - Netherlands	Germany	62 %	33 %	80 %	86 %	100 %
	Netherlands	62 %	100 %	80 %	71 %	86 %
Norway - Sweden	Sweden	88 %	100 %	100 %	100 %	100 %
	Norway	88 %	100 %	80 %	100 %	100 %
Finland - Sweden	Sweden	92 %	100 %	100 %	100 %	100 %
	Finland	88 %	67 %	80 %	86 %	100 %
Denmark - Sweden	Sweden	92 %	100 %	100 %	100 %	100 %
	Denmark	69 %	100 %	100 %	100 %	100 %
Denmark - Germany	Germany	73 %	33 %	80 %	86 %	86 %
	Denmark	77 %	100 %	80 %	100 %	86 %
Denmark - Norway	Norway	88 %	100 %	80 %	100 %	100 %
	Denmark	65 %	100 %	100 %	100 %	100 %
France - Spain	France	77 %	0 %	60 %	57 %	100 %
	Spain	77 %	100 %	100 %	100 %	100 %
Portugal - Spain	Portugal	77 %	100 %	100 %	100 %	100 %
	Spain	77 %	100 %	100 %	100 %	100 %
France - UK	France	62 %	33 %	60 %	71 %	86 %
	UK	62 %	100 %	100 %	100 %	86 %
Hungary - Romania	Romania	62 %	100 %	100 %	71 %	100 %
	Hungary	50 %	100 %	80 %	14 %	100 %
Bulgaria - Romania	Romania	62 %	100 %	100 %	71 %	100 %
	Bulgaria	0 %	0 %	0 %	0 %	0 %
Bulgaria - Greece	Bulgaria	0 %	0 %	0 %	0 %	0 %
	Greece	62 %	0 %	80 %	100 %	100 %

Point in CM Guidelines		Point 2.6	Point 2.7	Point 2.8	Point 2.9	Point 2.10
Total number of answers		3	4	2	2	6
Interconnection	From					
Austria - Czech Republic	Austria	100 %	100 %	100 %	100 %	100 %
	Czech Republic	100 %	100 %	100 %	100 %	100 %
Austria - Hungary	Austria	100 %	100 %	100 %	100 %	100 %
	Hungary	100 %	100 %	100 %	100 %	100 %
Austria - Slovenia	Austria	100 %	100 %	100 %	100 %	100 %
	Slovenia	33 %	100 %	100 %	100 %	33 %
Germany - Poland	Germany	100 %	100 %	100 %	100 %	50 %
	Poland	100 %	100 %	100 %	100 %	100 %
Czech Republic - Poland	Poland	100 %	100 %	100 %	100 %	100 %
	Czech Republic	100 %	100 %	100 %	100 %	100 %
Poland - Slovakia	Poland	100 %	100 %	100 %	100 %	100 %
	Slovakia	100 %	100 %	100 %	100 %	100 %
Czech Republic - Germany	Germany	100 %	100 %	100 %	100 %	50 %
	Czech Republic	100 %	100 %	100 %	100 %	100 %
Czech Republic - Slovakia	Czech Republic	100 %	100 %	100 %	100 %	100 %
	Slovakia	100 %	100 %	100 %	100 %	100 %
Hungary - Slovakia	Slovakia	100 %	100 %	100 %	100 %	100 %
	Hungary	100 %	100 %	100 %	100 %	100 %
Austria - Italy	Austria	100 %	100 %	100 %	100 %	100 %
	Italy	100 %	100 %	100 %	100 %	100 %
Italy - Slovenia	Italy	100 %	100 %	100 %	100 %	100 %
	Slovenia	33 %	100 %	100 %	100 %	33 %
Greece - Italy	Italy	100 %	100 %	100 %	100 %	100 %
	Greece	0 %	100 %	100 %	100 %	83 %
France - Italy	Italy	100 %	100 %	100 %	100 %	100 %
	France	100 %	100 %	100 %	100 %	100 %
France - Germany	France	100 %	100 %	100 %	100 %	100 %
	Germany	67 %	100 %	100 %	100 %	100 %
Belgium - France	Belgium	100 %	100 %	100 %	100 %	100 %
	France	100 %	100 %	0 %	100 %	100 %
Belgium - Netherlands	Belgium	100 %	100 %	100 %	100 %	100 %
	Netherlands	100 %	100 %	100 %	100 %	100 %
Germany - Netherlands	Germany	100 %	100 %	100 %	100 %	100 %
	Netherlands	100 %	100 %	100 %	100 %	100 %
Norway - Sweden	Sweden	33 %	100 %	100 %	100 %	100 %
	Norway	33 %	100 %	100 %	50 %	100 %
Finland - Sweden	Sweden	33 %	100 %	100 %	100 %	100 %
	Finland	67 %	100 %	0 %	100 %	50 %
Denmark - Sweden	Sweden	33 %	100 %	100 %	100 %	100 %
	Denmark	67 %	100 %	50 %	100 %	100 %
Denmark - Germany	Germany	100 %	100 %	100 %	100 %	50 %
	Denmark	67 %	100 %	0 %	100 %	100 %
Denmark - Norway	Norway	33 %	100 %	100 %	50 %	100 %
	Denmark	67 %	100 %	50 %	100 %	100 %
France - Spain	France	100 %	100 %	100 %	100 %	67 %
	Spain	100 %	100 %	100 %	100 %	83 %
Portugal - Spain	Portugal	100 %	100 %	100 %	100 %	100 %
	Spain	100 %	100 %	100 %	100 %	100 %
France - UK	France	100 %	100 %	100 %	100 %	100 %
	UK	100 %	100 %	100 %	100 %	100 %
Hungary - Romania	Romania	100 %	100 %	100 %	100 %	100 %
	Hungary	100 %	100 %	100 %	100 %	100 %
Bulgaria - Romania	Romania	100 %	100 %	100 %	100 %	100 %
	Bulgaria	0 %	0 %	0 %	0 %	0 %
Bulgaria - Greece	Bulgaria	0 %	0 %	0 %	0 %	0 %
	Greece	0 %	100 %	100 %	100 %	83 %

Point in CM Guidelines		Point 2.11	Point 2.12	Point 2.13
Total number of answers		6	8	10
Interconnection	From			
Austria - Czech Republic	Austria	83 %	63 %	90 %
	Czech Republic	83 %	63 %	100 %
Austria - Hungary	Austria	83 %	63 %	90 %
	Hungary	83 %	63 %	80 %
Austria - Slovenia	Austria	100 %	63 %	90 %
	Slovenia	100 %	63 %	80 %
Germany - Poland	Germany	100 %	75 %	100 %
	Poland	100 %	75 %	100 %
Czech Republic - Poland	Poland	100 %	75 %	100 %
	Czech Republic	83 %	63 %	100 %
Poland - Slovakia	Poland	100 %	75 %	100 %
	Slovakia	83 %	63 %	80 %
Czech Republic - Germany	Germany	100 %	75 %	100 %
	Czech Republic	100 %	63 %	100 %
Czech Republic - Slovakia	Czech Republic	100 %	63 %	100 %
	Slovakia	100 %	63 %	80 %
Hungary - Slovakia	Slovakia	83 %	63 %	80 %
	Hungary	83 %	63 %	80 %
Austria - Italy	Austria	50 %	63 %	90 %
	Italy	83 %	63 %	90 %
Italy - Slovenia	Italy	83 %	63 %	90 %
	Slovenia	100 %	63 %	80 %
Greece - Italy	Italy	83 %	63 %	90 %
	Greece	100 %	50 %	70 %
France - Italy	Italy	100 %	63 %	90 %
	France	100 %	50 %	90 %
France - Germany	France	100 %	50 %	90 %
	Germany	100 %	75 %	100 %
Belgium - France	Belgium	100 %	88 %	90 %
	France	100 %	75 %	90 %
Belgium - Netherlands	Belgium	100 %	88 %	90 %
	Netherlands	100 %	63 %	80 %
Germany - Netherlands	Germany	50 %	75 %	100 %
	Netherlands	100 %	63 %	80 %
Norway - Sweden	Sweden	100 %	100 %	60 %
	Norway	100 %	100 %	100 %
Finland - Sweden	Sweden	100 %	100 %	60 %
	Finland	100 %	100 %	60 %
Denmark - Sweden	Sweden	100 %	100 %	60 %
	Denmark	100 %	100 %	80 %
Denmark - Germany	Germany	100 %	63 %	100 %
	Denmark	100 %	88 %	80 %
Denmark - Norway	Norway	100 %	100 %	100 %
	Denmark	100 %	100 %	80 %
France - Spain	France	100 %	50 %	90 %
	Spain	100 %	63 %	100 %
Portugal - Spain	Portugal	100 %	75 %	100 %
	Spain	100 %	75 %	100 %
France - UK	France	33 %	50 %	80 %
	UK	100 %	88 %	100 %
Hungary - Romania	Romania	100 %	25 %	80 %
	Hungary	83 %	63 %	80 %
Bulgaria - Romania	Romania	100 %	25 %	80 %
	Bulgaria	0 %	0 %	0 %
Bulgaria - Greece	Bulgaria	0 %	0 %	0 %
	Greece	100 %	50 %	70 %

A1.6 Point 3 of the CM Guidelines

Point in CM Guidelines		Point 3.1 5	Point 3.2 8	Point 3.2 2	Point 3.3 2	Point 3.4 3	Point 3.5 6
Total number of answers							
Interconnection	From						
Austria - Czech Republic	Austria	100 %	50 %	100 %	100 %	33 %	17 %
	Czech Republic	100 %	63 %	100 %	100 %	67 %	67 %
Austria - Hungary	Austria	100 %	50 %	100 %	100 %	33 %	17 %
	Hungary	60 %	63 %	100 %	0 %	0 %	17 %
Austria - Slovenia	Austria	100 %	50 %	100 %	100 %	33 %	17 %
	Slovenia	60 %	50 %	100 %	0 %	100 %	67 %
Germany - Poland	Germany	100 %	100 %	100 %	0 %	0 %	67 %
	Poland	100 %	100 %	100 %	100 %	33 %	67 %
Czech Republic - Poland	Poland	100 %	100 %	100 %	100 %	33 %	67 %
	Czech Republic	100 %	100 %	100 %	100 %	67 %	67 %
Poland - Slovakia	Poland	100 %	100 %	100 %	100 %	33 %	67 %
	Slovakia	100 %	63 %	100 %	0 %	67 %	100 %
Czech Republic - Germany	Germany	100 %	100 %	100 %	0 %	0 %	67 %
	Czech Republic	100 %	100 %	100 %	100 %	67 %	67 %
Czech Republic - Slovakia	Czech Republic	100 %	100 %	100 %	100 %	67 %	67 %
	Slovakia	100 %	63 %	100 %	0 %	67 %	100 %
Hungary - Slovakia	Slovakia	100 %	0 %	100 %	0 %	0 %	50 %
	Hungary	60 %	0 %	100 %	0 %	0 %	0 %
Austria - Italy	Austria	100 %	50 %	100 %	100 %	33 %	17 %
	Italy	100 %	63 %	100 %	0 %	0 %	67 %
Italy - Slovenia	Italy	100 %	63 %	100 %	0 %	0 %	67 %
	Slovenia	60 %	50 %	100 %	0 %	100 %	67 %
Greece - Italy	Italy	100 %	63 %	100 %	0 %	0 %	67 %
	Greece	100 %	50 %	100 %	0 %	0 %	17 %
France - Italy	Italy	100 %	63 %	100 %	0 %	0 %	67 %
	France	100 %	0 %	100 %	0 %	0 %	17 %
France - Germany	France	100 %	0 %	100 %	0 %	0 %	17 %
	Germany	100 %	13 %	100 %	0 %	0 %	100 %
Belgium - France	Belgium	0 %	13 %	100 %	50 %	33 %	0 %
	France	100 %	0 %	100 %	0 %	0 %	17 %
Belgium - Netherlands	Belgium	0 %	13 %	100 %	50 %	33 %	0 %
	Netherlands	100 %	13 %	100 %	0 %	0 %	83 %
Germany - Netherlands	Germany	100 %	13 %	100 %	0 %	0 %	100 %
	Netherlands	100 %	13 %	100 %	0 %	0 %	83 %
Norway - Sweden	Sweden	100 %	88 %	100 %	0 %	33 %	83 %
	Norway	100 %	88 %	100 %	0 %	0 %	100 %
Finland - Sweden	Sweden	100 %	88 %	100 %	0 %	33 %	83 %
	Finland	80 %	75 %	0 %	0 %	0 %	83 %
Denmark - Sweden	Sweden	100 %	88 %	100 %	0 %	33 %	83 %
	Denmark	100 %	88 %	100 %	0 %	67 %	100 %
Denmark - Germany	Germany	100 %	88 %	100 %	0 %	0 %	100 %
	Denmark	100 %	88 %	100 %	0 %	67 %	100 %
Denmark - Norway	Norway	100 %	88 %	100 %	0 %	0 %	100 %
	Denmark	100 %	88 %	100 %	0 %	67 %	100 %
France - Spain	France	100 %	25 %	100 %	0 %	0 %	33 %
	Spain	100 %	100 %	100 %	0 %	33 %	100 %
Portugal - Spain	Portugal	100 %	100 %	100 %	0 %	67 %	100 %
	Spain	100 %	100 %	100 %	0 %	33 %	100 %
France - UK	France	100 %	0 %	100 %	0 %	0 %	100 %
	UK	100 %	100 %	100 %	0 %	100 %	100 %
Hungary - Romania	Romania	100 %	38 %	100 %	100 %	100 %	100 %
	Hungary	0 %	0 %	100 %	0 %	0 %	0 %
Bulgaria - Romania	Romania	100 %	38 %	100 %	100 %	100 %	100 %
	Bulgaria	0 %	0 %	0 %	0 %	0 %	0 %
Bulgaria - Greece	Bulgaria	0 %	0 %	0 %	0 %	0 %	0 %
	Greece	100 %	25 %	100 %	0 %	0 %	0 %

A1.7 Point 4 of the CM Guidelines

Point in CM Guidelines		Point 4.1	Point 4.2	Point 4.3	Point 4.4
Total number of answers		6	6	5	4
Interconnection	From				
Austria - Czech Republic	Austria	100 %	100 %	0 %	75 %
	Czech Republic	100 %	100 %	0 %	100 %
Austria - Hungary	Austria	100 %	100 %	0 %	75 %
	Hungary	100 %	100 %	0 %	75 %
Austria - Slovenia	Austria	100 %	100 %	80 %	75 %
	Slovenia	100 %	100 %	100 %	50 %
Germany - Poland	Germany	100 %	100 %	0 %	100 %
	Poland	100 %	100 %	0 %	100 %
Czech Republic - Poland	Poland	100 %	100 %	0 %	100 %
	Czech Republic	100 %	100 %	0 %	100 %
Poland - Slovakia	Poland	100 %	100 %	0 %	100 %
	Slovakia	100 %	100 %	0 %	100 %
Czech Republic - Germany	Germany	100 %	100 %	100 %	100 %
	Czech Republic	100 %	100 %	100 %	100 %
Czech Republic - Slovakia	Czech Republic	100 %	100 %	100 %	100 %
	Slovakia	100 %	100 %	100 %	100 %
Hungary - Slovakia	Slovakia	100 %	100 %	0 %	75 %
	Hungary	100 %	100 %	20 %	75 %
Austria - Italy	Austria	100 %	100 %	0 %	75 %
	Italy	100 %	100 %	0 %	50 %
Italy - Slovenia	Italy	100 %	100 %	0 %	50 %
	Slovenia	100 %	100 %	100 %	50 %
Greece - Italy	Italy	100 %	100 %	0 %	50 %
	Greece	100 %	100 %	0 %	25 %
France - Italy	Italy	100 %	100 %	0 %	50 %
	France	100 %	100 %	0 %	25 %
France - Germany	France	100 %	100 %	100 %	25 %
	Germany	100 %	100 %	100 %	100 %
Belgium - France	Belgium	83 %	83 %	100 %	75 %
	France	83 %	83 %	100 %	25 %
Belgium - Netherlands	Belgium	83 %	83 %	20 %	75 %
	Netherlands	83 %	83 %	20 %	100 %
Germany - Netherlands	Germany	100 %	83 %	0 %	100 %
	Netherlands	100 %	83 %	20 %	100 %
Norway - Sweden	Sweden	100 %	100 %	100 %	100 %
	Norway	100 %	100 %	100 %	100 %
Finland - Sweden	Sweden	100 %	100 %	100 %	100 %
	Finland	83 %	83 %	80 %	75 %
Denmark - Sweden	Sweden	100 %	100 %	100 %	100 %
	Denmark	100 %	100 %	100 %	75 %
Denmark - Germany	Germany	100 %	100 %	40 %	100 %
	Denmark	100 %	100 %	40 %	75 %
Denmark - Norway	Norway	100 %	100 %	100 %	100 %
	Denmark	100 %	100 %	100 %	75 %
France - Spain	France	100 %	83 %	60 %	25 %
	Spain	100 %	100 %	100 %	100 %
Portugal - Spain	Portugal	100 %	100 %	100 %	100 %
	Spain	100 %	100 %	100 %	100 %
France - UK	France	83 %	83 %	0 %	25 %
	UK	83 %	83 %	0 %	100 %
Hungary - Romania	Romania	100 %	100 %	0 %	100 %
	Hungary	100 %	100 %	0 %	75 %
Bulgaria - Romania	Romania	100 %	100 %	0 %	100 %
	Bulgaria	0 %	0 %	0 %	0 %
Bulgaria - Greece	Bulgaria	0 %	0 %	0 %	0 %
	Greece	100 %	100 %	0 %	25 %

A1.8 Point 5 of the CM Guidelines

Point in CM Guidelines	Point 5.1	Point 5.2	Point 5.3	Point 5.4	Point 5.5
Total number of answers	9	0	4	4	47
Country					
Austria	44 %	100 %	100 %	100 %	60 %
Belgium	11 %	83 %	100 %	100 %	60 %
Bulgaria	0 %	0 %	0 %	0 %	0 %
Czech Republic	100 %	100 %	100 %	100 %	100 %
Denmark	100 %	100 %	100 %	100 %	79 %
Finland	67 %	67 %	75 %	75 %	72 %
France	0 %	33 %	100 %	50 %	47 %
Germany	67 %	100 %	100 %	100 %	50 %
Greece	78 %	100 %	100 %	100 %	55 %
Hungary	100 %	100 %	100 %	100 %	72 %
Italy	33 %	83 %	100 %	100 %	68 %
Netherlands	22 %	83 %	100 %	100 %	66 %
Norway	100 %	100 %	100 %	100 %	74 %
Poland	100 %	100 %	100 %	100 %	77 %
Portugal	100 %	100 %	100 %	100 %	96 %
Romania	89 %	100 %	100 %	100 %	81 %
Slovakia	100 %	100 %	100 %	100 %	77 %
Slovenia	22 %	0 %	100 %	0 %	28 %
Spain	100 %	100 %	100 %	100 %	85 %
Sweden	89 %	100 %	100 %	75 %	77 %
UK	100 %	100 %	100 %	100 %	100 %

Point in CM Guidelines	Point 5.6	Point 5.7	Point 5.8	Point 5.9	Point 5.10
Total number of answers	2	17	6	3	3
Country					
Austria	0 %	41 %	50 %	100 %	100 %
Belgium	50 %	47 %	33 %	67 %	100 %
Bulgaria	0 %	0 %	0 %	0 %	0 %
Czech Republic	100 %	100 %	100 %	100 %	100 %
Denmark	100 %	47 %	33 %	100 %	100 %
Finland	50 %	71 %	83 %	33 %	67 %
France	0 %	47 %	50 %	33 %	67 %
Germany	0 %	27 %	33 %	100 %	100 %
Greece	50 %	29 %	67 %	100 %	33 %
Hungary	100 %	35 %	33 %	100 %	33 %
Italy	50 %	18 %	17 %	67 %	33 %
Netherlands	100 %	41 %	33 %	100 %	33 %
Norway	100 %	35 %	83 %	100 %	100 %
Poland	100 %	65 %	83 %	100 %	100 %
Portugal	50 %	53 %	100 %	100 %	100 %
Romania	100 %	47 %	33 %	100 %	100 %
Slovakia	50 %	35 %	67 %	100 %	100 %
Slovenia	50 %	24 %	17 %	67 %	33 %
Spain	50 %	88 %	67 %	33 %	100 %
Sweden	100 %	65 %	83 %	100 %	100 %
UK	100 %	100 %	100 %	100 %	100 %

A1.9 Point 6 of the CM Guidelines

Point in CM Guidelines	Point 6.1	Point 6.2	Point 6.3	Point 6.4	Point 6.5	Point 6.6
Total number of answers	3	2	5	4	2	5
Country						
Austria	100 %	100 %	100 %	75 %	50 %	60 %
Belgium	100 %	100 %	100 %	100 %	50 %	80 %
Bulgaria	0 %	0 %	0 %	0 %	0 %	0 %
Czech Republic	100 %	100 %	100 %	100 %	100 %	100 %
Denmark	100 %	100 %	100 %	75 %	50 %	100 %
Finland	67 %	100 %	60 %	75 %	100 %	80 %
France	100 %	100 %	100 %	100 %	100 %	100 %
Germany	100 %	100 %	100 %	100 %	100 %	80 %
Greece	100 %	100 %	100 %	25 %	50 %	0 %
Hungary	100 %	100 %	100 %	100 %	50 %	20 %
Italy	100 %	100 %	100 %	100 %	50 %	100 %
Netherlands	100 %	100 %	100 %	100 %	100 %	100 %
Norway	100 %	100 %	100 %	100 %	100 %	100 %
Poland	100 %	100 %	100 %	100 %	100 %	100 %
Portugal	100 %	100 %	100 %	100 %	100 %	100 %
Romania	100 %	100 %	100 %	100 %	100 %	100 %
Slovakia	100 %	100 %	100 %	100 %	50 %	80 %
Slovenia	67 %	100 %	100 %	100 %	100 %	60 %
Spain	100 %	100 %	100 %	100 %	100 %	100 %
Sweden	100 %	100 %	80 %	100 %	100 %	60 %
UK	100 %	100 %	100 %	100 %	100 %	100 %

Annex 2 – Interconnections to Non-Member States and those which are not dealt with in the Compliance Report

Spain – Morocco (non-EU)

Interconnections to Switzerland (unclear applicability (non-EU))

Sweden – Germany (special case)

Denmark 2 - Germany (Kontek) (special case)

Sweden Poland (Swepol) (special case)

Finland – Estonia (Estlink) (derogation)

Finland – Russia (non-EU)

Hungary – Ukraine (non-EU)

Poland – Belarus (non-EU)

Slovakia – Ukraine (non-EU)

Slovenia – Croatia (non-EU)

Hungary – Croatia (non-EU)

Greece – Macedonia (non-EU)

Greece – Albania (non-EU)

Romania – Ukraine (non-EU)