



# **Regional Initiatives Progress Report**

## **An EREGG Conclusions Paper**

**Ref: E10-RIG-09-03**  
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## INFORMATION PAGE

### Abstract

On 17 November 2009, ERGEG launched a public consultation on the Regional Initiatives Progress Report. It outlines a number of questions on the performance so far and the pending challenges of the ERGEG Regional Initiatives.

This document E10-RIG-09-03 is ERGEG's conclusions paper to this public consultation on the Regional Initiatives Progress Report, which includes at Annex 3 a list of the respondents and an evaluation of the responses received.

### Target Audience

Energy suppliers, traders, gas/electricity customers, gas/electricity industry, consumer representative groups, network operators, Member States, academics and other interested parties.

### Treatment of responses

All non-confidential responses are published on the website [www.energy-regulators.eu](http://www.energy-regulators.eu).

### Related Documents

#### CEER/ERGEG documents

- Revised ERGEG Guidelines of Good Practice on Electricity Balancing Market Integration (GGP-EBMI), September 2009, Ref. E09-ENM-14-04, [http://www.energy-regulators.eu/portal/page/portal/EER\\_HOME/EER\\_PUBLICATIONS/CEER\\_ERGEG\\_PAPERS/Guidelines%20of%20Good%20Practice/Electricity/E09-ENM-14-04\\_RevGGP-EBMI\\_2009-09-09.pdf](http://www.energy-regulators.eu/portal/page/portal/EER_HOME/EER_PUBLICATIONS/CEER_ERGEG_PAPERS/Guidelines%20of%20Good%20Practice/Electricity/E09-ENM-14-04_RevGGP-EBMI_2009-09-09.pdf)
- ERGEG Guidelines of Good Practice – Open Seasons (GGPOS), May 2007, Ref: C06-GWG-29-05c, [http://www.energy-regulators.eu/portal/page/portal/EER\\_HOME/EER\\_PUBLICATIONS/CEER\\_ERGEG\\_PAPERS/Guidelines%20of%20Good%20Practice/Gas/C06-GWG-29-05c](http://www.energy-regulators.eu/portal/page/portal/EER_HOME/EER_PUBLICATIONS/CEER_ERGEG_PAPERS/Guidelines%20of%20Good%20Practice/Gas/C06-GWG-29-05c)
- ERGEG Regional Initiatives Progress Reports (2009, 2008, 2007), [http://www.energy-regulators.eu/portal/page/portal/EER\\_HOME/EER\\_INITIATIVES/Progress\\_Reports](http://www.energy-regulators.eu/portal/page/portal/EER_HOME/EER_INITIATIVES/Progress_Reports)
- Draft benchmark on medium and long-term electricity transmission capacity allocation rules. An ERGEG public consultation document, February 2020, Ref: E09-ERI-23-03, [http://www.energy-regulators.eu/portal/page/portal/EER\\_HOME/EER\\_INITIATIVES/Progress\\_Reports](http://www.energy-regulators.eu/portal/page/portal/EER_HOME/EER_INITIATIVES/Progress_Reports)

[regulators.eu/portal/page/portal/EER\\_HOME/EER\\_CONSULT/OPEN%20PUBLIC%20CONSULTATIONS/ERI%20Benchmarking%20report1/CD/E09-ERI-23-03\\_LT%20Auction%20Rules\\_26-Feb-10.pdf](http://www.energy-regulators.eu/portal/page/portal/EER_HOME/EER_CONSULT/OPEN%20PUBLIC%20CONSULTATIONS/ERI%20Benchmarking%20report1/CD/E09-ERI-23-03_LT%20Auction%20Rules_26-Feb-10.pdf)

- Guidelines for Good Third Party Access Practice for LNG System Operators (GGPLNG). An ERGEG conclusions paper, May 2008, Ref: E08-LNG-06-03, [http://www.energy-regulators.eu/portal/page/portal/EER\\_HOME/EER\\_PUBLICATIONS/CEER\\_ERGEG\\_PAPERS/Guidelines%20of%20Good%20Practice/Gas/E08-LNG-06-03\\_GGPLNG\\_conclusions\\_7-May-08v2.pdf](http://www.energy-regulators.eu/portal/page/portal/EER_HOME/EER_PUBLICATIONS/CEER_ERGEG_PAPERS/Guidelines%20of%20Good%20Practice/Gas/E08-LNG-06-03_GGPLNG_conclusions_7-May-08v2.pdf)

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## **EXECUTIVE SUMMARY**

### **Conclusions paper on the Regional Initiatives Progress Report 2009**

The European Regulators Group for Electricity and GAS (EREG) launched a public consultation on the Regional Initiative Progress Report “Safeguarding the move to a single EU energy market” at the end of 2009. The public consultation document had the aim to improve visibility and understanding of the work carried out in the regions on the one hand and the extent of the coherence and convergence across all regions on the other hand. Instead of providing separate reports on these aspects (as was done in the past), the public consultation document consolidates the information into a single report.

This conclusions document assesses the feedback from stakeholders and explains EREG views on key questions posed by the public consultation document.

### **Gas Regional Initiative**

In the EREG Regional Initiatives progress report five priorities were identified in 2009 across the gas regions: investment in new interconnection capacity; access to pipeline capacity; transparency; interoperability; and security of supply. In its public consultation, EREG sought the opinion of the respondents on these priorities. There was a broad agreement that the GRI has worked as a forum to bring together and promote dialogue between all the actors in the energy sector. For EREG, the enhancement of cooperation between TSOs, operators and stakeholders on a voluntary basis, ahead of EU regulation is a key achievement of the GRI process.

Many respondents consider that the GRI projects have contributed to cross-border investment, notably the France-Spain Open Season and Open Subscription Period, and the France-Belgium and Germany-Netherlands open seasons. According to EREG, the GRI must continue to have an important role in fostering investments in new infrastructure and improving the investment climate in the regions.

Several problems and obstacles were identified in the area of capacity allocation and congestion management, such as a lack of flexibility and legal barriers in national regulation, a lack of firm capacity at many major entry/exit points and divergence between lead times in capacity allocation mechanisms. EREG believes that the key issue is the lack of capacity available to the market due to the existence of contractual or physical congestion in many interconnection points. The GRI can provide a forum for implementing the principles and solutions proposed through the pilot framework guideline on capacity allocation mechanisms published by EREG in June 2010.

The public consultation has also revealed a massive support towards the efforts of the regions in transparency, notably through the project developed in the North-West gas region. The priority for EREG is that all TSOs make capacity and utilisation data available to the market in a timely manner. TSOs must comply with the data requirements of the 3rd Package, and with the European Commission decision amending Annex 1 of the Regulation (EC) No 715/2009, approved by the Gas Committee in May 2010.

Several actions have also been suggested by the respondents in order to contribute to interoperability and hub development. ERGEG generally considers that the regulators should work on removing artificial and unfair barriers to the development of competitive markets and market integration. In order to overcome obstacles to harmonisation regarding interoperability the market, NRAs and the European Commission should be deeply involved when addressing these differences. Security of supply is seen as a key driver for the GRI, for its current projects and work areas in the regions. A document on the role of the gas Regional Initiatives in gas security of supply in the light of the proposed Regulation on security of gas supply will be soon published by ERGEG. More generally for ERGEG, it is important that regulatory coordination within and across regions is applied when implementing the 3<sup>rd</sup> Package requirements.

### **Electricity Regional Initiative**

In 2009 the ERGEG electricity regions' work has been focused on three major priorities: harmonisation and improvements to congestion management (calculation and allocation); harmonising transparency; and integrating balancing markets. There have been a number of concrete developments in each of the seven electricity regions acknowledged also by most of the respondents to ERGEG's public consultation.

Concerning capacity calculation it appears more and more evident that it is necessary to foster a greater cooperation among the TSOs in order to optimise the use of cross-border transmission capacities by sharing a common grid model.

The improvements achieved by the regions for capacity allocation procedures vary in consideration of the concerned time frame: while for long-term capacity allocations there have been significant progress in terms of convergence and harmonisation of the different approaches – with coordinated regional auction offices being created which will help harmonise and improve the characteristics of allocated products – for day-ahead and intraday timeframes the results achieved are not that uniform in all the regions.

There are many ongoing projects on market coupling and on intraday capacity allocation but stakeholders have pointed out the risk of a disharmonised development of the different systems which may hinder the implementation of the single European market. To allow further progress and to ensure convergence, a target model is widely considered needed.

On balancing, a consensus on the TSO-TSO target model has emerged. However, very few projects are on track and cross-border balancing exchanges are mostly not yet possible within Europe.

The implementation of high standard market transparency requirements in most of the regions is widely considered as one of the main achievements of 2009, however the challenge for the coming years will be the monitoring of the level of compliance to the new rules in each region, as well as the improvement of transparency requirements applied to generators.



## **1. Introduction**

### **1.1. Background**

#### **1.1.1. Progress in the Regional Initiatives**

The Regional Initiatives are recognised as the only energy market integration structure at EU level. Therefore, it is no surprise that the market is paying attention to the work undertaken in the regions. The European Regulators Group for Electricity and Gas (ERGEG) is aware of how important it is to report and update on the achievements in each region as well as assessing the degree of coherence and convergence towards a real internal energy market.

#### **1.1.2. Objective and purpose of this paper**

The public consultation document had the aim to improve visibility and understanding of the work carried out in the regions on the one hand and the extent of the coherence and convergence across all regions on the other hand. Instead of providing separate reports on these aspects (as was done in the past), the public consultation document consolidates the information into a single report.

This conclusions document assesses the feedback from stakeholders and explains ERGEG views on key questions posed by the public consultation document.

### **1.2. Public consultation on ERGEG Regional Initiatives progress report**

The public consultation document reported on the Gas Regional Initiative (GRI) and the Electricity Regional Initiative (ERI) in two ways. The first part of the document is a factual report on progress, in the period January 2008 - October 2009. The second part, which presents the same achievements in a topic-by-topic approach, assesses the extent of coherence and convergence across the regions.

The public consultation was launched on 17 November 2009 and stakeholders were invited to submit comments by 31 December 2009.

#### **1.2.1. Key update on the Regional Initiatives process**

Probably the most important message of the Regional Initiatives is that achieving results in a voluntary process is challenging, although there are some remarkable success stories. To achieve competitive markets, reforms at national level are needed. Europe's energy regulators consider the Regional Initiatives as an essential implementation mechanism for single-EU market reforms, and also as active projects which can develop and trial solutions which may have wider application across the European Union.

With the commitment of network operators and the political will of governments, reforms can be made in each region. Such reforms will enhance the benefit to Europe's energy consumers and those companies who have to compete on global markets.

Among the measures in the 3rd Package which are likely to accelerate regional market integration are:

- the introduction of framework guidelines and network codes which create cross-border regulatory rules to facilitate trade between national markets, and ultimately their integration;
- related to the previous point is the ability of the European Commission to propose network codes for the comitology procedure which would make each relevant network code binding;
- the enhancement of the powers and independence of national regulatory authorities (NRAs), together with the extension of their objectives to include the promotion of a single European electricity and gas market, and as part of that, the promotion of regional markets;
- specific consideration of regional co-operation and regional market development as a complement to 'top-down' measures.

The Regional Initiatives facilitate the voluntary cooperation of stakeholders in improving regional market integration. Major results have been, and continue to be, achieved.

Delivering a more integrated European market boosts competition and enhances security of supply. The expected end result is cheaper and more secure energy that can benefit all of Europe's 500 million citizens and its industries.

### **1.2.2. Key developments to date – Gas Regional Initiative**

Five priorities were identified in 2009 across the gas regions, namely investment in new interconnection capacity, access to pipeline capacity, transparency, interoperability and security of supply. There have been a number of concrete developments in each of the three gas regions over the time period of this report. Some highlights are set out below topic-by-topic. This approach also allows a positive assessment progress in the three regions leading towards a single gas market, which in the end is the main goal of the work done under the umbrella of the Regional Initiatives.

#### **Investment**

After the January 2009 gas crisis, the South South-East (SSE) region explored the opportunities for investments in reverse gas flows, which would foster security of supply in the region. The South region focused its efforts on developing two Open Seasons (OS) in order to promote investments and increase capacity interconnections in a coordinated way. The Action Plan of the region for 2010 also foresees the elaboration of a regional investment plan by TSOs.

In the North-West (NW) region, an Open Season was launched between France and Belgium which gave rise to valuable insights on issues such as spare capacity and flexibility in the contracts. Actions have also been taken to deal with confidentiality issues so as to better coordinate through the sharing of information. A virtual test case was undertaken to build a hypothetical pipeline between Germany, the Netherlands, Belgium and France. Furthermore a manual of the regulatory frameworks in the nine countries of the NW region was finalised before the end of 2009.

All these investments show that developing interconnection capacity is shared as a priority in the three regions. All these projects have been based on the evaluation of the actual needs of the market. The GRI played a key role in coordinating cross-border processes. A good example is the ongoing Open Seasons organised in the South region for the sale of new capacity not only at the Spanish-French border but also inside France and involving four TSOs in a coordinated way.

### **Capacity allocation and congestion management**

Lack of available firm capacity, caused by contractual and physical congestion, is a major barrier to competition and the functioning of a single EU gas market. Several regional projects illustrate the various approaches that can be taken to improve capacity allocation and congestion management across Europe.

The SSE region examined how transmission capacity is used effectively. Work was done to identify potential harmonisation of contractual, legal and regulatory arrangements with regard to nomination and renomination lead times in different Member States. Another achievement was the launch of the secondary capacity platforms in Germany, the Netherlands and Denmark resulting in firm capacity being available to shippers on a day-ahead basis. This is one of the projects launched within the GRI framework based on a proposal from the European Federation of Energy Traders (EFET).

In the South region, a Spanish-French coordinated Open Subscription Period was launched in order to allocate capacity (existing and under construction), on a long-term (80% of the capacity offered) and short-term basis, at the Larrau interconnection point up to March 2013. A common procedure was approved by the regulators at the two sides of the border, based on the pro-rata allocation principle, being an important success in terms of coordination of NRAs and TSOs.

### **Transparency**

A major transparency project related to gas transmission was developed in the North-West region through the good cooperation of all stakeholders. Stakeholders agreed to focus the project on the release of new data at cross-border interconnection points, with regard to regional gas flows and capacity availability. The project represents an important step forward in regional transparency and demonstrates the strength of a regional cooperative approach. A new phase of the project on storage was also successfully finalised, with most operators publishing daily information by 1 December 2009.

In the South region, a study carried out in 2007 was extended in 2009 to analyse the results of monitoring compliance in the region with the transparency requirements of ERGEG's Guidelines of Good Practice for the LNG (GGPLNG)<sup>1</sup>. The results indicated a good degree of compliance with the existing regulatory requirements. The main transparency measures in this region consist of TSO obligations to periodically publish the building status of new interconnection capacities between Spain and France on their website, as well as on ERGEG website.

The SSE region produced some guidelines on how to import and supply natural gas to final customers. A Memorandum of Understanding was signed by 11 out of 12 TSOs in the region, with the goal of increasing cooperation and transparency among the TSOs, increasing interoperability, facilitating network access through more than one TSO system, and harmonising capacity and congestion management.

### **Interoperability and hub development**

The main focus in this area is on enhancing the integration of operators within each of the regions and on standardising operational procedures, aiming at facilitating gas movements and progressively making hubs and market liquidity a reality. GRI has helped harmonising some rules between adjacent countries, has facilitated reaching cross-border agreements either between regulators or TSOs on nomination procedures or balancing.

In the SSE region, increasing liquidity in the two existing hubs – the Austrian Central European Gas Hub (CEGH) at Baumgarten and the Italian Punto di Scambio Virtuale (PSV) – should contribute to security of supply, allowing for more choice and offers and also for the pooling of imbalance positions throughout bigger areas. Further work was done to update all participants on the legal and technical developments of the remaining Operational Balancing Agreements (OBAs). The establishment of a Gas Exchange at the Baumgarten gas hub gives the additional possibility to access balancing energy.

In line with the approved work plan for the integration and development of the Iberian gas market (MIBGAS), in April 2009 regulators publicly consulted on a common trading licensing procedure. A common proposal on the aspects to be harmonised in Spain and Portugal has been presented by Spanish and Portuguese regulators in early 2010. In addition, in an effort to increase interoperability with neighbouring systems, Spanish national legislation was changed in order to implement the EASEEgas common business practices (CBPs) on harmonisation of energy units (measurement procedures) and harmonisation of nomination and matching processes (gas day).

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<sup>1</sup> Guidelines for Good Third Party Access Practice for LNG System Operators (GGPLNG). An ERGEG conclusions paper, May 2008, Ref: E08-LNG-06-03, [http://www.energy-regulators.eu/portal/page/portal/EER\\_HOME/EER\\_PUBLICATIONS/CEER\\_EREGG\\_PAPERS/Guidelines%20of%20Good%20Practice/Gas/E08-LNG-06-03\\_GGPLNG\\_conclusions\\_7-May-08v2.pdf](http://www.energy-regulators.eu/portal/page/portal/EER_HOME/EER_PUBLICATIONS/CEER_EREGG_PAPERS/Guidelines%20of%20Good%20Practice/Gas/E08-LNG-06-03_GGPLNG_conclusions_7-May-08v2.pdf)

## **Security of supply**

After the disruption of Russian gas supplies in January 2009, the issue of security of supply became a priority for the SSE region. Work in this area aimed at improving the level of preparedness in each Member State, improving access to storage and quickly implementing reverse flows. In many cases small modifications of existing infrastructure allowed new or more flexible gas flows. Drawing upon its experiences, the region sent a report to the European Commission summarising all bottlenecks which could allow for more flexible gas flows and improved interconnection between markets.

Similarly, the development of the interconnection between Spain and France, strongly supported by regulators in the region, is considered essential for security of supply reasons and for the Iberian gas market's integration into the wider European gas market. It will allow Algerian gas to flow to Central and Northern Europe, and piped gas from Europe to the Iberian Peninsula, diversifying the supply sources and thus ensuring security of supply.

The South-South East region showed how GRI could help to implement collective responses to regional crises such as the disruption of Russian supplies via Ukraine. In this crisis, the culture of dialogue built within the SSE gas region, shared by all the regions, showed to be very useful. GRI actions related to investment and market integration also contribute to the security of gas supply.

### **1.2.3. Key developments to date – Electricity Regional Initiative (ERI)**

The electricity regions continue their work on three major priorities: harmonisation and improvements to congestion management (calculation and allocation); harmonising transparency; and integrating balancing markets. There have been a number of concrete developments in each of the seven electricity regions in 2008 and 2009. Some highlights are set out below topic-by-topic.

#### **Capacity calculation**

A number of regions are addressing the question of capacity calculation. The report concludes that consistency and cooperation is essential. If each TSO were to retain its own approach to the calculation of available capacity, the usage of the transmission system may not be maximised and this could hinder the development of competitive regional markets.

#### **Capacity allocation**

For long-term allocation, the actions taken or planned at regional level ensure the development of coherent and convergent methods. The rules have significantly improved over time increasing efficiency of allocations and supporting cross-border trading.

With regard to common allocation procedures there has been significant progress with coordinated regional auction offices being created which will help harmonise and improve the characteristics of allocated products (firmness, compensation schemes, hourly/daily/monthly etc.).

EREGG is carrying out a benchmark of long-term allocation rules to identify best practices and to further improve the level of harmonisation of long-term products. This work could be a step towards the elaboration of a single European set of auction rules.

For day-ahead allocation of interconnection capacity, many ongoing projects are converging towards the implementation of market coupling. The challenge for day-ahead allocation is to ensure the compatibility of the different market coupling projects, especially for countries involved in several projects at the same time.

Interim solutions for intraday trade have been implemented in most interconnections such as pro-rata, first come first served or explicit auctions, although cross-border intraday trade is still impossible at some borders. To allow further progress and to ensure convergence, a target model is needed.

On balancing, a consensus on the TSO-TSO target model, which is described in the ERGEG (voluntary) Guidelines of Good Practice on balancing markets<sup>2</sup>, has emerged. However, very few projects are on track and cross-border balancing exchanges are mostly not yet possible within Europe. As a consequence there is a very low level of convergence among regions.

## **Transparency**

Significant work has been done in the regions to achieve a more harmonised level of transparency both within and across regions. TSOs are now obliged to publish required information in due time. However, with regard to the generation data, regulators have only limited possibilities to enforce the reports. Compliance with the requirements of the reports differs across regions.

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<sup>2</sup> Revised Guidelines of Good Practice on Electricity Balancing Market Integration (GGP-EBMI), September 2009, Ref: E09-ENM-14-04, [http://www.energy-regulators.eu/portal/page/portal/EER\\_HOME/EER\\_PUBLICATIONS/CEER\\_ERGEG\\_PAPERS/Guidelines%20of%20Good%20Practice/Electricity/E09-ENM-14-04\\_RevGGP-EBMI\\_2009-09-09.pdf](http://www.energy-regulators.eu/portal/page/portal/EER_HOME/EER_PUBLICATIONS/CEER_ERGEG_PAPERS/Guidelines%20of%20Good%20Practice/Electricity/E09-ENM-14-04_RevGGP-EBMI_2009-09-09.pdf)

### **1.3. Questions for public consultation**

In addition to inviting relevant stakeholders and market participants to respond generally to this consultation and participate in the discussions on this document, ERGEG sought the opinion of the respondents on a number of specific issues.

The respondents were therefore invited to reply and provide comments on the following questions:

#### **A. ERGEG Gas Regional Initiative**

A.1. From your point of view, what is the main achievement of the Gas Regional Initiative process?

##### Investment in new infrastructure

A.2. Do you consider that Gas Regional Initiative (GRI) projects have effectively contributed to cross-border investment processes? What kind of improvements would you expect?

##### Capacity allocation and congestion management

A.3. What lessons do you draw from GRI projects in the area of access to cross-border capacity? Do the current GRI projects on capacity allocation harmonisation meet your expectations?

A.4. Would there be real benefits if, at this stage, the GRI tried to seek better coordination at a cross-regional level? How do you value the experience acquired with the capacity projects in the regions? What type of projects should be developed in the future?

##### Transparency

A.5. What would you expect to be the contribution of the GRI to transparency going forward? Do the current projects in the three regions meet your expectations?

A.6. How could this work help to ensure that the requirements of the 3rd Package are met in a consistent way across the three gas regions?

##### Interoperability and hub development

A.7. What further actions would you expect from the GRI in this area in order to contribute to interoperability and hub development?

A.8. From your experience with the Regional Initiatives, what are the main obstacles to reach harmonisation regarding interoperability at a regional level?

### Security of Supply

A.9. Should security of supply be more clearly considered as a main driver within the GRI? Should specific actions be developed in this area?

A.10. How can the regions of the GRI take into account and develop measures contained in the European Commission's proposal for a Regulation concerning measures to safeguard security of gas supply?

### **B. ERGEG Electricity Regional Initiative**

B.1. From your point of view, what is the main achievement of the Electricity Regional Initiatives process?

#### Capacity calculation

B.2. What should be the framework conditions for having flow-based capacity calculation based on a common grid model implemented in practice?

B.3. What do you believe should be the short and long-term goals for a regional approach to capacity allocation?

B.4. Do you consider transparency requirements for capacity calculation sufficient? If not, what do you need additional data/information for?

#### Capacity allocation

B.5. What practical steps should be taken at an interregional level to ensure an efficient and harmonised approach to capacity allocation in the 1) long-term; 2) day-ahead; and 3) intraday markets?

B.6. What are the future challenges in ensuring that allocation mechanisms across all timeframes can work together?

B.7. Do you consider that achievements by different regions towards a harmonised set of rules at regional level for long-term capacity allocation merit further work or should there be more emphasis put on inter-regional harmonisation (considering that this may impede short-term regional progress)?

B.8. Do you think that extending the geographical scope of existing auction offices is advisable/feasible?

B.9. Do you agree with price market coupling as the target model for day-ahead capacity allocation?



### Balancing

B.10. How important do you consider further development of cross-border balancing solutions? Which model do you consider appropriate and efficient?

### Transparency

B.11. Do you share ERGEG's view that significant progress in transparency has been reached thanks to the ERGEG Regional Initiatives? What steps should be taken in order to enhance transparency further?

## **2. Insight from the public consultation and ERGEG views**

### **2.1. Gas Regional Initiative**

#### **2.1.1. Question A.1: From your point of view, what is the main achievement of the Gas Regional Initiative process?**

Six respondents (BDEW, Centrica, EdF Energy, Enel, Statoil and one confidential respondent) consider that GRI has worked as a forum to bring together all actors in the energy sector – regulators, infrastructure operators and stakeholders – and promoted dialogue between them. Four respondents (Centrica, Eni, E.ON, Statoil) think GRI is a relevant step in the process leading to the creation of the single European energy market and accelerates progress towards it. ERGEG welcomes such a remarkable support to these achievements, which regulators consider two of the main leading principles of Regional Initiatives.

Five respondents (BDEW, EdF Energy, Eurogas, Gas Natural) also believe that GRI helps to increase understanding, identifies impediments to progress and even harmonises legal differences between countries. Three of them (BDEW, EdF Energy, Eurogas) believe GRI has enhanced cooperation between TSOs and between operators and stakeholders on a voluntary basis, ahead of EU regulation. ERGEG fully agrees with these points. EnBW goes further and considers GRI as a good basis for the development of framework guidelines and network codes, which is a very important consideration for the work of the GRI going forward.

Respondents also point out some of the difficulties encountered in the experience of Regional Initiatives. Four of them (EnBW, E.ON, Gas Natural, Statoil) refer to the different pace in progress, diverse approaches regarding the same issues or insufficient results. This shows that there is significant scope for improvement in the way the regions work, how they are structured and organised.

Finally, some positive actions and achievements in concrete projects are highlighted by respondents, in particular in the transparency and short-term capacity (STC) projects in the North-West (NW) region (Centrica, EdF Energy, Enel), and in cross-border investment in the South region through the Open Season (OS) and Open Subscription Period (OSP) France-Spain (Gas Natural and a confidential respondent).

Concerning the France-Spain OS, Gas Natural thinks a better result could have been expected. However, regulators consider the results of the OS first phase (sale of 2013 capacities) as a success, bearing in mind that the process combined very different interests and needs of agents that participate on a voluntary basis, and that it was the first OS launched between both countries, involving four balancing zones and four TSOs. Lessons learnt from this process are being considered in the development of the OS second phase (sale of new interconnection capacities between Spain and France to be available in 2015).

## **Investment in new infrastructure**

### **2.1.2. Question A.2: Do you consider that Gas Regional Initiative (GRI) projects have effectively contributed to cross-border investment process? What kind of improvement would you expect?**

ERGEG salutes that seven respondents (BDEW, EdF Energy, Centrica, Eni, Eurogas, Gas Natural and a confidential respondent) consider GRI projects have indeed contributed to cross-border investment. The most quoted projects to illustrate those contributions are the France-Spain Open Season and Open Subscription Period, and the France-Belgium and Germany-Netherlands Open Seasons.

Respondents identify some impediments to progress in this area, like inconsistent national legal regimes (BDEW, EnBW, Statoil), the lack of incentives for TSOs in the NW region (EdF Energy), or insufficient coordination between TSOs (EnBW, Statoil). These two respondents also think shippers bear most of the risk due to asymmetric timing or lack of information in investment processes, for which they are requested to express their binding capacity requests well in advance to the final investment decisions taken by TSOs. Gas Natural believes the market demand and the interest in some projects (e.g. Biriadou in the South gas region) was not properly taken on board. Statoil points out the uncertainty in regulation and/or tariffs in cases like the France-Belgium or the Danish TSOs-Gasunie-GTS Open Seasons. Other issues underlined were varied interpretations of the Guidelines of Good Practice – Open Seasons (GGPOS)<sup>3</sup> (EnBW), the voluntary nature of GRI projects (Enel) or the time lag of several years after start of operation of new network assets until new investment leads to revenue (E.ON).

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<sup>3</sup> ERGEG Guidelines of Good Practice – Open Seasons (GGPOS), May 2007, Ref: C06-GWG-29-05c, [http://www.energy-regulators.eu/portal/page/portal/EER\\_HOME/EER\\_PUBLICATIONS/CEER\\_ERGEG\\_PAPERS/Guidelines%20of%20Good%20Practice/Gas/C06-GWG-29-05c](http://www.energy-regulators.eu/portal/page/portal/EER_HOME/EER_PUBLICATIONS/CEER_ERGEG_PAPERS/Guidelines%20of%20Good%20Practice/Gas/C06-GWG-29-05c)

Respondents suggest future actions in this area like putting more emphasis on cross-border investment (EnBW, Eurogas), assessing compliance and improve GGPOS (Centrica), or establishing and publishing maximum physical available capacity and develop incentives (EdF Energy). For EnBW, NRAs should harmonise regulatory frameworks. Eni asks for promoting market-based instruments, such as Open Seasons, and for contributing to the future development of the EU 10-year Network Development Plan. Statoil thinks GRI should provide shippers with regulatory stability through similar procedures and methodologies for capacity allocation and tariff calculation, and suggests carrying out an impact assessment from previous OS experiences. Finally, TAP believes that consistency and coherence across borders are the main preconditions for implementation of cross-border projects.

In line with these expectations, ERGEG advocates for GRI continuing to have an important role in fostering investments in new infrastructure by improving the investment climate in the regions.

## **Capacity allocation and congestion management**

### **2.1.3. Question A.3: What lessons do you draw from GRI projects in the area of access to cross-border capacity? Do the current GRI projects on capacity allocation harmonisation meet your expectations?**

The results in this field are somehow balanced, with several positive and negative opinions. Two respondents (EdF Energy, Eni) deem them explicitly positive, while two others (Centrica, Enel) find them disappointing. Eurogas thinks the benefit of GRI seems to be limited to the scope of regulatory actions that do not need modifications of the legal framework.

ERGEG acknowledges that the results have not been as satisfactory as it could have been desired. In ERGEG's view, the definition of some principles based on the pilot framework guideline on capacity allocation mechanisms (CAM), together with the prospect of binding network codes and possibly comitology guidelines for congestion management procedures (CMP), should be a driver for further progress in this area.

The main obstacles to progress identified in this area are, in the view of respondents, insufficient flexibility or legal barriers in national regulation (BDEW, Eurogas), a lack of firm capacity at many major entry/exit points and restrictions to its release (EdF Energy), and different lead times in capacity allocation mechanisms and regulatory divergences (Eni). ERGEG believes the key issue is the lack of capacity available to the market due to the existence of contractual or physical congestion in many interconnection points.

Some of the lessons learned in this area are the need for legislative changes in some Member States (BDEW, Centrica) and the need to create incentives for TSOs to secure and release additional capacity to the market (Centrica). The benefits of cooperation and coordination are pointed out by E.ON and the confidential respondent.

On the role for GRI, EnBW thinks GRI NW should play a major role in implementing CAM and CMP fast and efficiently, while Enel states, on the contrary, that access to cross-border capacity cannot be solved within the GRI framework only. It needs to be done at a supranational level and a strong commitment of TSOs and regulators is necessary. For Statoil, RI regions could become an appropriate forum to identify the challenges in terms of European wide harmonisation. It seems clear in any case that stakeholders and operators ask for GRI involvement to continue in the future on these matters. GRI projects will actually focus further on regulatory coordination with regard to CAM and CMP measures.

**2.1.4. Question A.4: Would there be real benefits if, at this stage, the GRI tried to seek better coordination at a cross-regional level? How do you value the experience acquired with the capacity projects in the regions? What type of projects should be developed in the future?<sup>4</sup>**

Two respondents (BDEW, Centrica) believe cross-regional coordination is important but they think priority should be given to intra-regional coordination of cross-border initiatives. Gas Natural states that better coordination at cross-regional level would improve market integration. Eni also asks for coherence and convergence between regions.

In this respect, ERGEG believes that inter-regional is as important as intra-regional coordination. The framework guidelines will actually provide a useful framework to ensure inter-regional coherence and convergence. However, ERGEG underlines the importance that the investment development at national level fits in with cross-border developments, in both inter- or intra-regional projects. In addition, ERGEG finds that GRI can provide a forum for testing the principles and solutions proposed through the referred framework guidelines. For intra-regional work, GRI could also elaborate on regional positions to feed into ENTSOG's work on regional specificities with regard to the development of network codes, in those cases where the codes allow for such specificities.

Responses reveal a number of projects and approaches that are asked to be favoured in the future. Market driven projects are – once more – preferred by BDEW, Eni, Eurogas and Gas Natural. EDF Energy advocates for projects ensuring the free flow of gas, while Eurogas does for projects enhancing security of supply. Focusing in a few credible projects is of great importance for a confidential respondent.

On congestion management mechanisms, Gas Natural points out the importance of Use-It-or-Lose-It (UIOLI) in case of congestion for vertically integrated TSOs who do not invest sufficiently. The implementation of consistent CMP through cooperation of adjacent TSOs is underlined by TAP.

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<sup>4</sup> Three respondents have not explicitly answered this question or have provided a common answer to A.3 and A.4.

Regarding the main findings of previous experience in the Regional Initiatives, Enel points out that investments in cross-border capacity are limited by the different interests of stakeholders, the absence of a rule to determine how much capacity is needed and the issue of costs allocation. The best approach is difficult to define, but should take into consideration the work done regarding the 10-year investment plan and its implementation.

## **Transparency**

### **2.1.5. Question A.5: What would you expect to be the contribution of the GRI to transparency going forward? Do the current projects in the three regions meet your expectations?**

ERGEG agrees with three respondents who refer to transparency as a core issue (EnBW, Eni, E.ON). Six answers (BDEW, Centrica, EDF Energy, Eurogas, Statoil, Enel) highlight in particular the transparency project developed in the NW region as a good example of successful action in this area, though two (Centrica, Statoil) show some degree of disappointment about results. Enel is disappointed in general about the results in the other regions, where, in their opinion, the availability of harmonised information is more limited.

In this respect, the NW region has signalled further scope for improving transparency of transmission and storage systems. ERGEG thinks this work would better take place after having more clarity on the pan-European transparency requirements that will stem from the comitology proposal of the European Commission on transparency.

In the South region, a confidential respondent thinks transparency has been clearly improved, but more transparency should be envisaged. Stakeholders ask in general for more visibility from NRAs and TSOs on investment decisions.

The GTE+ Transparency Platform is underscored as a good step forward in this area, in spite of its voluntary nature and a lack of harmonisation limiting its usefulness, in Enel's opinion. Furthermore, the goal in transparency in Europe should, for Enel, be a harmonised transparency platform, and ultimately in the longer-term the implementation of the one-stop-shop for capacity booking. Another respondent (Eni) thinks the goal should be reaching a "reference level" of transparency.

Regulators see GTE+ Platform as a development in progress. Concerning the ultimate goal of the work on transparency, regulators acknowledge that easy, centralised access to data is important, but ERGEG believes the platform format is not the priority. The priority is for all TSOs to make capacity and utilisation data available to the market in a timely manner. In other words, what is key is TSOs making the actual data requirements of the 3rd Package (e.g. on transmission capacity and flows) available to the market as close as possible to real time.

Regarding the role of GRI in this domain, EnBW sees them as a catalyser for fast implementation of transparency in infrastructure data, while E.ON thinks they could track and report developments within each region – which is actually already being done through the Quarterly and Progress Reports<sup>5</sup>. In any case, a robust role for stakeholders in this field is of great importance, as highlighted by Eurogas. Preferences of users are paramount to understand what information is needed.

Finally, four respondents (BDEW, Statoil, Centrica, Eni) refer to the implementation of current requirements and the revision of the transparency guidelines in Regulation 1775/2005<sup>6</sup> as the main coming challenges. ERGEG fully agrees with this.

#### **2.1.6. Question A.6: How could this work help to ensure that the requirements of the 3rd Package are met in a consistent way across the three gas regions?<sup>7</sup>**

On this specific question, two respondents (BDEW, Enel) have considered it is important that the transparency requirements are applied consistently throughout Europe, through a cross-regional approach. ERGEG supports this idea, believing it is very important that both within and across the regions regulatory coordination will be applied when implementing these requirements. To ensure a consistent application of 3rd Package requirements, respondents propose GRI to be the framework to ensure cross-regional coordination (BDEW), better coordination of rules and requirements across regions (EdF Energy), the harmonisation of regulation across countries and strong support from EU authorities (Enel), making progress in the three regions to meet the requirements from the 3rd Package (Eurogas) as well as timely and coordinated transposition and implementation of the 3rd Package through exchange of experiences across borders (TAP).

Some quoted examples of best practice in this field are the work developed in the NW region (Centrica), the UK gas market (EdF Energy) and the data harmonisation by EASEE-gas (Enel). Quarterly reports are also believed to give the market confidence in progress (Centrica).

### **Interoperability and hub development**

#### **2.1.7. Question A.7: What further actions would you expect from the GRI in this area in order to contribute to interoperability and hub development?**

Respondents suggest a number of priorities. Market driven solutions are again widely supported (BDEW, Centrica, EnBW). The concept of regional hubs is also outlined by three respondents (BDEW, Eurogas and Gas Natural). EnBW asks for harmonising products and procedures such as balancing regimes, while Eni is in favour of solutions leading to more liquid markets.

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<sup>5</sup> ERGEG RI Progress Reports: [http://www.energy-regulators.eu/portal/page/portal/EER\\_HOME/EER\\_INITIATIVES/Progress\\_Reports](http://www.energy-regulators.eu/portal/page/portal/EER_HOME/EER_INITIATIVES/Progress_Reports)

<sup>6</sup> Regulation (EC) No 1775/2005 of the European Parliament and of the Council on conditions for access to the natural gas transmission networks.

<sup>7</sup> Six respondents have not explicitly answered this question or have provided a common answer to A.5 and A.6.

Eni actually conceives hubs as balancing points or gas stock exchanges, being both consistent solutions for getting a more liquid market. In its view, hubs as balancing points could be the right and most efficient instrument to harmonise balancing regimes. To support this, adequate incentives could be introduced, for example reducing balancing penalties for users who decide to trade their imbalance in the hub. The implementation of a common balancing regime through balancing hubs would also allow to restrict and to optimise the use of storage.

Concerning the concept of hubs as effective gas stock exchanges, Eni sees it as an additional measure to be developed in parallel with balancing hubs or as a further development. It would be necessary to avoid a speculative use, which should be granted by specific procedures to admit operators to sell or buy in the hub, and by defining suitable penalty mechanisms. In addition to physical hubs, Eni would also be in favour of financial hubs.

An interesting finding is that two respondents (Enel, EnBW) stress the fact that hub development cannot be imposed by regulatory authorities, but must raise from the initiative of the market. Enel states, however, that strong political support and a “single voice” from NRAs, as well as a harmonised regulatory framework, are necessary. ERGEG agrees with these views and believes that the task of regulators is to remove artificial or unfair barriers to the development of competitive markets and market integration.

ERGEG also agrees with three respondents (Centrica, EnBW, E.ON) in thinking that the development of hubs is closely related to progress in other areas, such as transparency, cross-border investments, market access to capacity and CAM-CMP as well as rules for security of supply. Similarly, another respondent (Eurogas) believes interoperability covers a range of areas: cross-border investment, transparency and balancing, capacity management and rules for security of supply.

The lack of available cross-border capacity and the insufficient level of interoperability (Enel) as well as the lack of liquidity (Statoil) are pointed out as obstacles for hub development. On interoperability, Enel thinks it has been most effective in the NW region, with disappointing results in the other regions. In the SSE region, interoperability faces significant challenges in Enel’s view, due to the strong dependence on a single source of imported gas.

**2.1.8. Question A.8: From your experience with the Regional Initiatives, what are the main obstacles to reach harmonisation regarding interoperability at a regional level?<sup>8</sup>**

The main obstacles identified by respondents having answered this question are national legislation that needs to be amended (BDEW, Eurogas), non-harmonised gas quality specifications (Centrica, EdF Energy), non-harmonised approaches to gas balancing (Centrica), a lack of firm capacity available in major points (EdF Energy), a lack of short-term capacity release, effective investment signals for long-term capacity and transparency (EdF Energy), the lack of involvement of stakeholders (confidential), the costs that harmonising interoperability implies for TSOs (Enel) and an apparent mismatch of TSOs' perceptions of market needs (Eurogas).

EREG acknowledges these difficulties and agrees with respondents when they consider the further involvement of market participants (BDEW, Eurogas, confidential), NRAs (confidential), and the European Commission when national differences arise (confidential) crucial.

### **Security of Supply**

**2.1.9. Question A.9: Should security of supply be more clearly considered as a main driver within the GRI? Should specific actions be developed in this area?**

**2.1.10. Question A.10: How can the regions of the GRI take into account and develop measures contained in the European Commission's proposal for a Regulation concerning measures to safeguard security of gas supply?<sup>9</sup>**

Security of supply is perceived by four respondents (EnBW, Eni, Statoil, Centrica) as a key driver for GRI and its current projects and work areas. ERGEG is in full agreement with this. Respondents like Centrica and Enel think that a regional or even cross-regional approach in incoming regulation would be positive and beneficial for security of supply.

Five respondents (BDEW, Centrica, EdF Energy, Eni, E.ON) believe that an efficient market and measures improving trading are the best ways to secure gas supply and call for favouring a market-driven approach.

Four respondents (BDEW, Centrica, Eurogas, Statoil) wonder about the configuration of the relevant regions in which provisions of the 3rd Package and the coming security of supply regulation must apply. Centrica says that the correspondence of these regions with GRI regions is unlikely while Eurogas states that a different configuration can be envisaged, and BDEW expresses the view that a different configuration is actually necessary. This clearly shows that this issue may need further consideration in the future.

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<sup>8</sup> Five respondents have not explicitly answered this question or have provided a common answer to A.7 and A.8.

<sup>9</sup> The responses to question A.10 will be dealt with together with those to A.9, since they both refer to the same issues and outline similar findings. One respondent has provided a common answer to A.9 and A.10.



A varied set of activities are suggested as beneficial for security of supply, namely investment and network reinforcement (Centrica, Gas Natural, Statoil, confidential); extending the calculation of the infrastructure “N-1” standard to the relevant regional level (EnBW); improving transparency (Centrica, Statoil); coordinating cooperation at a regional level (EnBW); evaluating trans-national impacts of possible disruptions and actions to react to a crisis (Eni).

A confidential respondent suggests building some extra capacity over market demand with a guaranteed profitability. This idea should be taken with caution, since there is a risk for consumers if regulators agree to new investment without sufficient evidence that capacity is required either for supply a demand or for security of supply.

Respondents make also a number of proposals for specific actions within GRI: identifying and prioritising projects providing benefit the soonest and at a lesser cost (Gas Natural); including security of supply criteria in the economic test for triggering investments within OS (Gas Natural, Centrica); monitoring the level of interconnection capacity between countries or areas, and the development of cross-border projects included in the Recovery Plan (Gas Natural).

In relation to the future security of natural gas supply Regulation, it is widely proposed to provide support to its implementation (Enel, Eni, EdF Energy). Coordination of the risk assessment, the infrastructure standard and the impact assessment in Emergency Plans at regional level are also suggested initiatives (EnBW, Gas Natural, Statoil). Finally, Statoil calls for supporting security of supply Competent Authorities and Member States in verifying consistency among national, regional and EU-wide security of supply plans.

## 2.2. Electricity Regional Initiative

### 2.2.1. Question B.1: From your point of view, what is the main achievement of the Electricity Regional Initiative process?

The first question the consultation document posed on stakeholders was what they consider as the main achievements of the electricity Regional Initiative process. Most of the respondents (BDEW, Centrica, EDF Energy, EnBW, Iberdrola, REE-REN, Eurelectric) considered the ERI as an important step toward the implementation of the European internal energy market and constituting an ideal framework for setting up integration projects.

In particular Iberdrola and REE-REN believe that the different regions constitute an ideal framework for identifying the main obstacles in the integration process and allow a close cooperation of TSOs and PXs. The congestion management of interconnection capacity is widely considered as the main achievement of the different initiatives, with special emphasis (E.ON, EnBW, Iberdrola, Eurelectric, Swissgrid) on harmonised long-term explicit auctions and (EnBW, Eurelectric) the implementation of common auction offices.

The adoption of a market coupling scheme for day-ahead capacity allocation is also considered by Iberdrola and EnBW as one of the main achievements of the few regions in which it has been implemented.

E.ON considers also regional transparency reports, adopted in most regions, as one of the main achievements of ERI, even if the effective compliance to each prescription of the reports needs to be further assessed.

ERGEG fully shares the views expressed, considering ERI as a fundamental process in order to achieve a Single Energy Market in Europe. As related to specific issues, e.g. implementation of a market coupling model or of a common auction model, ERGEG supports the adoption of common models across different regions, for which the PCG<sup>10</sup> work provided a good basis. The policy options are still under consideration within the Ad Hoc Advisory Group (AHAG<sup>11</sup>) and ERGEG working groups (cf. Annex 3 for further details).

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<sup>10</sup> The Project Coordination Group was created following the XV<sup>th</sup> Florence Forum. It is a group composed of experts with participants from the European Commission, regulators, ETSO, Europex, Eurelectric and EFET, with the tasks of developing a practical and achievable model to harmonise interregional and then EU-wide coordinated congestion management, and of proposing a roadmap with concrete measures and a detailed timeframe, taking into account progress achieved in the ERGEG ERI. The PCG presented a European target model for electricity market and a tentative roadmap for the implementation at the XVII<sup>th</sup> Florence Forum.

<sup>11</sup> In order to continue the PCG work, an Ad Hoc Advisory Group (AHAG) of all stakeholders was created at the XVII<sup>th</sup> Florence Forum. It will assist ERGEG in overseeing the work and solving issues which might hinder progress. Three implementation projects will be launched: a. ENTSO-E will chair a project to develop a European capacity calculation concept based on a common grid model and flow-based calculation, where clear benefits can be demonstrated; b. ENTSO-E will also chair a project to develop the target model for intraday trade as well as means for its implementation where appropriate. c. the Commission will chair a project that will design a governance framework for day-ahead market coupling followed by implementing a common European day-ahead market coupling by 2015 including using price coupling methodology. The Commission will present

## **Capacity calculation**

### **2.2.2. Question B.2: What should be the framework conditions for having flow-based capacity calculation based on a common grid model implemented in practice?**

The second question was more technical and specific and asked for the ideal framework for the establishment of a flow-based calculation model at regional level. First of all it is important to point out that not all the respondents are in favour of a flow-based capacity calculation model to be adopted in each region. In particular EdF Energy, E.ON, REE-REN and BDEW underline that the capacity calculation scheme has to be chosen according to the specific regional characteristics and only where real improvements might be achieved, in particular the flow-based methodology seems to fit better the necessities of highly meshed networks.

The majority of the respondents (BDEW, EnBW, E.ON, REE-REN, Eurelectric, ENEL) considers a strong and effective cooperation of the TSOs of the region and the adoption of a common grid model as the necessary steps to be taken in order to have a flow-based model implemented. In general this capacity calculation methodology demands full transparency on the TSO side in order to allow an efficient exchange of network relevant information together with, as highlighted by Swissgrid, the availability of generation dispatch data.

Eurelectric and E.ON have also indicated that a successful and efficient implementation of a flow-based methodology implies the adoption of a regional or even European wide approach in consideration of the complexity of highly meshed network to be considered.

ERGEG fully shares the views expressed, however, it should be noted that advantages and disadvantages of flow-based mechanism in general and against other options are currently under discussion within AHAG and ERGEG's Electricity Working Group - providing input to framework guidelines on congestion management (cf. Annex 3 for further details).

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a first outline at the next Forum. These three projects provide input to ERGEG's work on the framework guidelines for capacity allocation and congestion management as appropriate.

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### 2.2.3. Question B.3: What do you believe should be the short and long-term goals for a regional approach to capacity allocation?

The third question intended to investigate what stakeholders consider to be the short and long-term goals for a regional approach to capacity allocation. Generally the main short-term objective is considered to be the improvement in capacity calculation methodologies (BDEW, E.ON, Iberdrola, Eurelectric) adopted at regional level based on a common grid model. In general, also a better transparency in the process is widely seen as an essential short-term goal. The majority of the respondents have indicated the implementation of market coupling for day-ahead capacity allocation, efficient intraday markets and cross-border balancing mechanisms as the most desirable long-term goals. ERGEG agrees with most of these short and long-term views, as explained in further details under Annex 3. Nevertheless, goals implying Europe-wide implementation of specific solutions, e.g. flow-based mechanism, are still under discussion – within the work providing input to framework guidelines on congestion management – on the choice of the most appropriate market models to be adopted.

In details: as concerns the short-term goals, operators identified the following:

- Capacity Calculation:
  - Development of a sound and transparent methodology (BDEW, E.ON, Iberdrola, Eurelectric) for regional (and further on European-wide) capacity calculation and a timeframe for its implementation;
  - Set up of TSO coordination and cooperation mechanisms, in order to unify the capacity calculation mechanism mentioned above (BDEW, Eurelectric);
  - Provision of incentives to remunerate operators' investment in grid expansion (BDEW);
  - Implementation of flow-based mechanisms (E.ON, Iberdrola).
- Capacity Allocation:
  - Implementation of market coupling systems in day-ahead market at intra-regional and even inter-regional level (BDEW, E.ON, Iberdrola, REE-REN, Eurelectric);
  - Implementation of TSO-BSP model for cross-border balancing (Iberdrola). On this same issue, Eurelectric suggests instead the adoption of the TSO-TSO model;
  - Definition of intra-day congestion management procedures by the TSO or the power exchange (PX), preferably continuous implicit trading platforms (E.ON, Iberdrola, REE-REN, Eurelectric), in particular E.ON underlines that no ex-ante cross-border capacity should be reserved for intraday trading;
  - Swissgrid suggests further development of short-term allocation mechanisms, as intraday trading;
  - E.ON suggests the definition of a financial compensation from TSOs to capacity holders, in case that the allocated capacity is curtailed (force majeure should be excluded);
  - In relation to the previous point, BDEW notes that force majeure should be also clearly defined;
  - ENEL identifies as the most urgent issue to be solved the commitment of the Swiss TSO to comply with the transparency rules binding all the other TSOs operating in the relevant ERI region.

For long-term goals, the respondents considered the following issues. It is to be noted that some goals are recurring as both long-term and short-term targets, their respective time-frame depending on each respondent:

- Implementation of TSO-TSO model for cross-border balancing (Iberdrola);
- Establishment of a fruitful cooperation among TSOs and Power Exchanges (Eurelectric);
- Adoption of market coupling arrangements (EdF Energy);
- Implementation of a flow-based approach (EnBW);
- Evolution from PTRs towards FTRs managed by TSOs (REE-REN);
- Implementation of a continuous intraday platform (REE-REN);
- Collaboration of the ERI with the Work Streams of the Project Coordination Groups (REE-REN).

#### **2.2.4. Question B.4: Do you consider transparency requirements for capacity calculation sufficient? If not, what do you need additional data/information for?**

In question number four the stakeholders have been asked to express their opinion on the transparency level of the capacity calculation method implemented at regional level. Nearly all respondents (BDEW, EdF Energy, EnBW, E.ON, Iberdrola, Eurelectric, Swissgrid) identify a clear need to further improve transparency requirements for capacity calculation. The disclosure foreseen is considered as particularly urgent with regard to the methodology adopted to calculate capacities (BDEW, EdF Energy, EnBW, E.ON, Iberdrola, Eurelectric), as sometimes calculation methods and results across the same border are inconsistent.

Only the TSOs operating in the MIBEL, REE and REN, consider the disclosure of capacity data in their area of operation as fully transparent.

In the opinion of BDEW, E.ON, Iberdrola, and Eurelectric the availability of additional data and information about capacity allocation is meant to reinforce mutual trust and prevent information asymmetries among operators of the electricity market. These same operators state that information asymmetries among the operators may give rise to other market failures in the Single Energy Market. More in detail, BDEW mentioned grid security considerations, which seemingly are often mentioned in order to restrict third parties from the access to relevant information. It could be therefore advisable to provide particular rules specifying the information to be disclosed in cases where security issues arise.

There is a specific situation to be taken into consideration when it comes to deal with the Swiss TSO. As Switzerland is not bound by EU legislation, the Swiss TSO is not obliged to comply with EU rules about information disclosure, preventing the standardisation of data provided in the region. This issue is felt crucial by ENEL whose answer recalls the importance of transparency of the Swiss TSO for the functioning of the regional market. Swissgrid on its side requires further information disclosing as concerns generation dispatching. It should be noted that this latter is considering only NTC method for capacity allocation.

On the other hand, when it comes to flow-based mechanisms to determine capacity allocation, E.ON suggests the adoption of a single code for each grid element. This solution would allow estimating physical impacts and derive sensible auction bids.

EREGEG shares respondent's views, and wishes a further increase in transparency about data and methodologies for capacity calculation. ERGEG also encourages the spread of Transparency Reports across all RIs.

### **Capacity allocation**

#### **2.2.5. Question B.5: What practical steps should be taken at an interregional level to ensure an efficient and harmonised approach to capacity allocation in the 1) long-term; 2) day-ahead; and 3) intraday markets?**

A number of respondents consider that the basic features of an EU wide target model have been already agreed within the PCG work and should serve as guiding principles in the design of methodologies and systems within and between the regions (BDEW, EnBW, Iberdrola, Eurelectric). ERGEG supports these responses.

Iberdrola stressed that any difference from the target model should be clearly motivated, and if possible verified by an interregional organisation (could it be ACER?). Iberdrola suggests also removing all regulatory restrictions (such as the ban on imports in Spain) that are hampering an efficient use of the existing mechanisms. ERGEG agrees and considers that the Ad Hoc Advisory Group (AHAG) established at the last Florence Forum should have a role in interregional coordination before the implementation through the Agency for the Cooperation of Energy Regulators (ACER).

Regarding long-term capacity allocation, ERGEG fully shares the responses from BDEW, EnBW, E.ON and Eurelectric. The focus should be on determining the important product features, including duration of the products, firmness of the capacity rights, the rule “use-it-or-get-paid-for-it” (or “Use-it-or-sell-it”), a clear definition and understanding across all markets for force majeure, as TSOs cannot guarantee firmness of capacity in this case. Compensation for any curtailment of capacity could be at full market spread except cases of force majeure.

Regarding day-ahead allocation, Iberdrola and Eurelectric thought agreement on a governance model which clearly elaborates functions and responsibilities of power exchanges and TSOs is needed. ERGEG shares this view. The Ad Hoc Advisory Group (AHAG) will continue the work carried out by the Project Coordination Group (PCG) and will support the Commission in designing a governance framework for day-ahead market coupling.

Regarding intraday allocation, EnBW, Iberdrola and Eurelectric support a fast implementation of harmonised cross-border continuous trading possibilities. Accordingly, the regional models based on intraday auctions should move to continuous trading (PCG target model). In preparing the Draft Framework Guideline on Capacity Allocation and Congestion management, ERGEG is taking into due consideration these views, together with the possibility to complement continuous trading, where appropriate, with some implicit auctions if “significant” additional transmission capacity becomes available.

**2.2.6. Question B.6: What are the future challenges in ensuring that allocation mechanisms across all timeframes can work together?**

According to BDEW, EnBW and Eurelectric, a clear view on what the target model should be is needed. The PCG process provided some good basis for this. Roadmaps for a harmonised implementation should be developed or developed further, based on the PCG outcome. ERGEG agrees and considers that the Ad Hoc Advisory Group (AHAG) should have a role.

For EnBW and Eurelectric, the future challenge is ensuring that allocation mechanisms across all timeframes will be on the aspect of inter-regional integration which in particular requires close cooperation of all relevant stakeholders with the strong support and commitment of politics. The AHAG should have a role in interregional coordination. According to REE-REN and Enel, the main challenges will be the harmonisation and integration of access rules, national regulations, interfaces and IT systems. ERGEG shares these views.

Iberdrola thought that capacity rights allocated (annual and multiannual) in longer timeframes will be more helpful to market integration than those allocated in shorter timeframes (monthly and daily). There is no need for any reservation of capacity for day-ahead timeframe when market coupling is available. ERGEG supports these responses.

Swissgrid thought that the biggest challenges in capacity allocation are related to the timeframes close to real-time i.e. balancing intraday and day-ahead. Nodal pricing is probably the way forward. ERGEG will tackle this question through the preparation of the inputs to framework guidelines and network codes.

**2.2.7. Question B.7: Do you consider that achievements by different regions towards a harmonised set of rules at regional level for long-term capacity allocation merit further work or should there be more emphasis put on inter-regional harmonisation (considering that this may impede short-term regional progress)?**

A number of respondents thought that progress should be made in parallel inside the regions and between the regions (Eurelectric, Centrica, BDEW, EnBW, Swissgrid). ERGEG shares this view. Progress should continue at regional level, but ERGEG encourages regions to work together on specific topic when relevant.

ERGEG agrees with respondents that the next step at regional level should be to elaborate a more harmonised set of long-term auction rules with respect to definitions such as force majeure, products, bank guarantees, payment conditions, introducing firmness and compensation in case of curtailments etc. for all regions. A common platform for transparent trading of these capacities is wishful (E.ON, Eurelectric, Iberdrola, BDEW).

**2.2.8. Question B.8: Do you think that extending the geographical scope of existing auction offices is advisable/feasible?**

A number of respondents thought that expanding the regional scope of existing auction offices may be an efficient solution for pan-European harmonisation and allowing finally allocation of long-term capacities at one place based on a set of harmonised rules (BDEW, EDF-Energy, EnBW, Enel, Swissgrid, Eurelectric).

BDEW and EnBW pointed out that extending the geographical scope should not hinder further progress in harmonisation within a region.

Eurelectric thought that tasks of central auction offices should also be extended to the capacity calculation and the nomination process and that the process has to be coherent with the progressive coupling of regions.

Iberdrola thought that auction offices are on the way to further harmonisation. Nevertheless, a clear analysis of benefits and costs has to be done before extending the geographical scope of existing auction offices.

ERGEG fully shares all these views and encourages regions to work together on specific topic when it is beneficial.

**2.2.9. Question B.9: Do you agree with price market coupling as the target model for day-ahead capacity allocation?**

A number of respondents supports price coupling as the target model for day-ahead capacity calculation (BDEW, EDF-Energy, EnBW, E.ON, Iberdrola, REE-REN, Eurelectric, Swissgrid, Centrica).

EDF-Energy reserves its opinion on whether this is the best method for all interconnections or indeed what its adoption will do to the value of the longer term capacity auctions and hence the returns to the interconnection owner. Due to the requirements in terms of harmonisation, BDEW sees a tight volume coupling as a possible pragmatic intermediate step towards price coupling which should be seriously evaluated.



EREGG highlights that there is a wide consensus on price coupling. A tight volume coupling may potentially lead to inefficiencies due to sequential algorithms. Such tight volume coupling can however represent a possible pragmatic intermediate step on one particular interconnection provided it does not induce further delay in the implementation of the target solution on a wider area.

E.ON and BDEW pointed out that the requirements in harmonisation of products, time planning and governance are still not clear. ERGEG agrees with this and with REE-REN that the main prerequisites for single price coupling are top-down coordinated guidance of the implementation processes, harmonisation of market characteristics (gate closure times, nature of products offered, complex conditions of bids), and a clear governance.

## **Balancing**

### **2.2.10. Question B.10: How important do you consider further development of cross-border balancing solutions? Which model do you consider appropriate and efficient?**

Most of the respondents (BDEW, Centrica, Enel, Swissgrid, EnBW, E.ON, Iberdrola, REE-REN, Eurelectric) consider that further development of cross-border balancing solutions are important to the integration of the European electricity market, to reduce balancing costs and enable the fast growing share of renewables to be managed by the system.

Eurelectric supports the agreement on a high-level target model that has been reached in the PCG project, namely the TSO-TSO with common merit order (with TSO-BSP, multi-TSO-TSO as intermediate steps) and believes that further work on defining the detailed features of the target model should be continued. BDEW, EnBW, GEODE and Eurelectric support the main principles outlined in the ERGEG revised GGP on cross-border balancing markets integration<sup>12</sup> which recommends the TSO-TSO model with common merit order as a target model. Several principles are also supported, as no reservation of capacity, no charges on access to interconnection capacity for balancing and a need for harmonisation of gate closures and technical characteristics. ERGEG supports these responses.

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<sup>12</sup> Revised ERGEG Guidelines of Good Practice on Electricity Balancing Market Integration (GGP-EBMI), September 2009, Ref. E09-ENM-14-04, [http://www.energy-regulators.eu/portal/page/portal/EER\\_HOME/EER\\_PUBLICATIONS/CEER\\_ERGEG\\_PAPERS/Guidelines%20of%20Good%20Practice/Electricity/E09-ENM-14-04\\_RevGGP-EBMI\\_2009-09-09.pdf](http://www.energy-regulators.eu/portal/page/portal/EER_HOME/EER_PUBLICATIONS/CEER_ERGEG_PAPERS/Guidelines%20of%20Good%20Practice/Electricity/E09-ENM-14-04_RevGGP-EBMI_2009-09-09.pdf)

E.ON thought that where no bottlenecks exist the TSO-BSP model is most efficient as a common market could be established. Enel expressed its position on a TSO-BSP solution because of its immediate applicability. ERGEG disagree with these responses as the TSO-TSO model is the preferred one as it is expected to provide better system security and economic efficiency. TSO-BSP model should only be implemented as a first step if the rest of models are not possible. Finally, Swissgrid supports that transmission capacity reservation for ancillary services should be considered to reach a social optimum. ERGEG does not support this response, as mentioned in the Guidelines, as no interconnection capacity shall be reserved for cross-border balancing.

## **Transparency**

### **2.2.11. Question B.11: Do you share ERGEG's view that significant progress in transparency has been reached thanks to the ERGEG Regional Initiatives? What steps should be taken in order to enhance transparency further?**

This question aimed at evaluating the views of market participants on the contribution by Regional Initiatives to the transparency level achieved in regional markets.

Ten (BDEW, EdF Energy, E.ON, Geode, Centrica, Iberdrola, REE-REN, Eurelectric, Enel, Swissgrid) out of eleven respondents recognise that some progress in transparency has occurred, thanks to ERGEG's Regional Initiatives. However, four (BDEW, E.ON, Geode, Iberdrola) among these ten respondents identify a clear need for further improvement in transparency, and namely on harmonisation of the solutions adopted across the different electricity Regional Initiatives. In fact, the possibility to proceed at different speeds is a qualifying characteristic of ERI, however, relevant stakeholders see clearly that one of the aim of these Initiatives is the full harmonisation of the Single Energy Market.

In this regard, three respondents (BDEW, EnbW, E.ON) mention explicitly EEX Transparency Platform experience as a very positive one, and suggest further deployment of this model in other Member States of other regions. However, it is to be noted that these respondents all mentioned the EEX experience as they were directly involved in it, and that there might be other equally successful experiences in other ERI regions, which have not been mentioned.

Other two respondents (Iberdrola and Eurelectric) suggest as a further step the adoption of binding common rules in all Member States or regions.

From the operational point of view, Iberdrola raises the issue of data reliability, and suggests a fall-back mechanism to avoid dissemination of inaccurate information. Eurelectric instead focuses on the need of a mechanism to guarantee transparency that also minimises the administrative and bureaucratic burden on operators.

As mentioned in the question itself, ERGEG believes that ERI played a crucial role in reaching significant progress in transparency.

### 3. Conclusions

The regions will keep the responsibility of implementing the policy and models agreed at high level. The RIG keeps supporting and guiding the regions, particularly in inter-regional projects, which have become a key step towards the EU wide integration.

In the context of the 3rd Package and, in accordance with the “RIs Strategy Paper”<sup>13</sup>, the coming framework guidelines and network codes will be implemented by the regions. Until that moment arrives, the progress in the regions will not stop. The priorities and the way forward of ERGEG are clear, so the regions will continue developing their work plans keeping an eye on the top-down guidance provided by ERGEG.

The ERGEG conclusions on the questions posed during the consultation are stated in this chapter following the structure of the document: first the GRI topics and then the ERI ones.

#### 3.1. GRI

The number of each paragraph refers to the corresponding number of the question posed during the public consultation.

- A.1. In ERGEG’s view, the main achievement of the Gas Regional Initiative process is the enhancement of cooperation between TSOs, operators and stakeholders on a voluntary basis, ahead of EU regulation.
- A.2. It is the opinion of ERGEG that the GRI has indeed contributed to cross-border investment. Considering this positive experience, ERGEG believes that the GRI must continue to have an important role in fostering investments in new infrastructure by improving the investment climate in the regions.
- A.3. In the area of capacity allocation and congestion management, ERGEG acknowledges that the results have not been completely satisfactory. ERGEG believes the key issue is the lack of capacity available to the market due to the existence of contractual or physical congestion in many interconnection points. In order to solve these issues, the regions will focus further on regulatory coordination with regard to CAM and CMP measures. In ERGEG’s view, the regional application of the pilot Framework Guideline on Capacity Allocation Mechanisms (CAM) published in June 2010 and the definition of some principles in the binding network codes and possibly comitology guidelines for congestion management procedures (CMP), should be a driver for further progress in this area.

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<sup>13</sup> Strategy for delivering a more integrated European energy market: The role of the ERGEG Regional Initiatives. An ERGEG Conclusions Paper, Ref.: E10-RIG-10-04, May 2010, [http://www.energy-regulators.eu/portal/page/portal/EER\\_HOME/EER\\_CONSULT/CLOSED%20PUBLIC%20CONSULTATIONS/CROSS\\_SECTORAL/Regional%20Initiatives%20Strategy%20Paper/CD/E10-RIG-10-04\\_Strategy\\_Conclusions\\_21-May-10.pdf](http://www.energy-regulators.eu/portal/page/portal/EER_HOME/EER_CONSULT/CLOSED%20PUBLIC%20CONSULTATIONS/CROSS_SECTORAL/Regional%20Initiatives%20Strategy%20Paper/CD/E10-RIG-10-04_Strategy_Conclusions_21-May-10.pdf)

- A.4. ERGEG believes inter-regional is as important as intra-regional coordination. ERGEG finds that the GRI can provide a forum for implementing the principles and solutions proposed through the referred framework guidelines. The investments at national level must fit in with cross-border developments, in both inter or intra-regional projects. For intra-regional work, the regions could also work on regional positions to feed into ENTSOG's work on regional specificities with regard to the development of network codes, in those cases where the codes allow for such specificities.
- A.5. Transparency is a core issue. The priority for ERGEG is that all TSOs make capacity and utilisation data available to the market in a timely manner. TSOs must comply with the actual data requirements of the 3rd Package (e.g. on transmission capacity and flows) making information available to the market as close as possible to real time. The implementation of current requirements and of the Commission decision amending Chapter 3 of the Regulation (EC) No 715/2009 approved by the Gas Committee in May 2010 are the main coming challenges. ERGEG expects more clarity on the pan-European transparency requirements that will stem from the comitology proposal of the European Commission on transparency.
- A.6. ERGEG believes it is very important that both within and across the regions regulatory coordination is applied when implementing 3rd Package requirements.
- A.7. In connection with interoperability and hub development, ERGEG believes that the job of regulators is to remove artificial or unfair barriers to the development of competitive markets and market integration. Development of hubs is closely related to progress in other areas, such as transparency, cross-border investments, market access to capacity and CAM-CMP, as well as rules for security of supply.
- A.8. There are obstacles to harmonisation regarding interoperability. For overcoming them, ERGEG considers crucial deeper involvement from the market, from NRAs and from the European Commission when national differences arise.
- A.9. Security of supply is a key driver for the GRI, for its current projects and work areas in the regions. The role of the GRI regarding security of supply and, especially, the new Regulation will be analysed in detail in an ERGEG document "The role of Regional Initiatives in gas security of supply", to be published later this year.

### **3.2. ERI**

The number of each paragraph refers to the corresponding number of the question posed during the public consultation.

- B.1. In ERGEG's view, the Electricity Regional Initiative process is an important step toward the implementation of the European Internal Energy market and constitutes an ideal framework for setting up integration projects. The main achievements have been the adoption of regional transparency reports and progress in congestion management of interconnection capacity.

- B.2. As regards conditions for having flow-based capacity calculation, it should be promoted according to the specific regional characteristics and only where real improvements might be achieved, in particular the flow-based methodology seems to fit better the necessities of highly meshed networks. The pre-condition for making this possible is strong and effective cooperation of the TSOs of the region. A project to develop a European capacity calculation concept based on a common grid model and flow-based calculation, where clear benefits can be demonstrated is currently tackled by the project agreed at the December 2009 Electricity Regulatory Forum and chaired by ENTSO-E.
- B.3. In ERGEG's view better transparency is a priority for 2011. The implementation of day-ahead market coupling and efficient intraday markets are the main short-term goals while cross-border balancing mechanisms at EU level should be promoted afterwards. In a longer term, ERGEG encourages relevant stakeholders to improve capacity calculation methodologies.
- B.4. ERGEG feels that there is a need to further improve transparency requirements for capacity calculation. The methodology adopted to calculate capacities must be clarified and harmonised as much as possible, as sometimes calculation methods and results across the same border are inconsistent. In particular, ERGEG would encourage more transparency by the Swiss TSO for the sake of the well functioning of the regional market.
- B.5. The basic features of an EU wide target model have been already agreed within the PCG work and should serve as guiding principles in the design of methodologies and systems within and between the regions. As regards long-term capacity allocation, the focus should be on determining the important product features. This is being addressed in the ERGEG benchmark on medium and long-term electricity transmission capacity allocation rules<sup>14</sup> (the public consultation closed on 14 May 2010). On day-ahead market coupling, ERGEG believes that an agreement on a governance model that will clearly elaborate functions and responsibilities of PXs and TSOs is needed. The Commission is leading this work under the umbrella of AHAG and ERGEG is tackling the issues except those of governance in elaborating its input to the draft Framework Guidelines on Capacity Allocation and Congestion Management.
- B.6. The view of ERGEG is that the main challenge is inter-regional integration (roadmaps should be developed) more than integration across timeframes. Day-ahead, intraday and balancing will need to be very much coordinated in order to maximise the use of available capacity in each timeframe.
- B.7. Concerning the harmonisation of rules for long-term capacity allocation, ERGEG thinks that the next step, at regional level, should be the approval of a common set of long-term auction rules. The features of the products should converge among regions and eventually reach a harmonised approach for long-term capacity allocation. A common platform for trading transparently these capacities would be beneficial.
- B.8. The view of ERGEG is that extending the geographical scope of existing auction offices may be the most appropriate solution as it facilitates convergence and a single point of contact for market players in a wider area. However, these decisions should be analysed on a case by case basis considering efficient functioning and costs criteria.

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<sup>14</sup> Draft benchmark on medium and long-term electricity transmission capacity allocation rules. An ERGEG public consultation document, February 2010, Ref: E09-ERI-23-03, [http://www.energy-regulators.eu/portal/page/portal/EER\\_HOME/EER\\_CONSULT/OPEN%20PUBLIC%20CONSULTATIONS/ERI%20Benchmarking%20report1/CD/E09-ERI-23-03\\_LT%20Auction%20Rules\\_26-Feb-10.pdf](http://www.energy-regulators.eu/portal/page/portal/EER_HOME/EER_CONSULT/OPEN%20PUBLIC%20CONSULTATIONS/ERI%20Benchmarking%20report1/CD/E09-ERI-23-03_LT%20Auction%20Rules_26-Feb-10.pdf)

- B.9. ERGEG highlights that there is a wide consensus on price coupling. A tight volume coupling may potentially lead to inefficiencies due to sequential algorithms. Such tight volume coupling can however represent a possible pragmatic intermediate step on one particular interconnection provided it does not induce further delay in the implementation of the target solution on a wider area.
- B.10. Cross-border balancing has become a more important issue. The ERGEG revised GGP on Cross-border Balancing Markets Integration<sup>15</sup> recommends the TSO-TSO model with common merit order as a target model. ERGEG reminds that no reservation of capacity and no charges on access to interconnection capacity for balancing should exist. ERGEG remarks the need for harmonisation of gate closures and technical characteristics of balancing markets.
- B.11. The opinion of ERGEG is that significant progress in transparency has been reached thanks to the ERGEG Regional Initiatives. The RI Progress Reports<sup>16</sup> have been a valuable tool in this regard. Besides, the future comitology guideline on transparency will be welcome as a step further to set the binding legal framework for fundamental data transparency in electricity.

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<sup>15</sup> Revised ERGEG Guidelines of Good Practice on Electricity Balancing Market Integration (GGP-EBMI), September 2009, Ref. E09-ENM-14-04, [http://www.energy-regulators.eu/portal/page/portal/EER\\_HOME/EER\\_PUBLICATIONS/CEER\\_ERGEG\\_PAPERS/Guidelines%20of%20Good%20Practice/Electricity/E09-ENM-14-04\\_RevGGP-EBMI\\_2009-09-09.pdf](http://www.energy-regulators.eu/portal/page/portal/EER_HOME/EER_PUBLICATIONS/CEER_ERGEG_PAPERS/Guidelines%20of%20Good%20Practice/Electricity/E09-ENM-14-04_RevGGP-EBMI_2009-09-09.pdf)

<sup>16</sup> ERGEG RI Progress Reports: [http://www.energy-regulators.eu/portal/page/portal/EER\\_HOME/EER\\_INITIATIVES/Progress\\_Reports](http://www.energy-regulators.eu/portal/page/portal/EER_HOME/EER_INITIATIVES/Progress_Reports)

## **Annex 1 – ERGEG**

The European Regulators' Group for Electricity and Gas (ERGEG) was set up by the European Commission in 2003 as its advisory group on internal energy market issues. Its members are the energy regulatory authorities of Europe. The work of CEER and ERGEG is structured according to a number of working groups, composed of staff members of the national energy regulatory authorities. These working groups deal with different topics, according to their members' fields of expertise.

This report was prepared by the ERI and GRI Task Forces of the Regional Initiatives Group.

## Annex 2 – List of abbreviations

Term	Definition
CAM	Capacity allocation mechanism
CBP	Common business praxis
CEE	(ERGEG) Central-East electricity region
CEER	Council of European Energy Regulators
CMP	Congestion management procedure
CS	(ERGEG) Central-South electricity region
CW	(ERGEG) Central-West electricity region
EEX	European Energy Exchange
EFET	European Federation of Energy Traders
ERGEG	European Regulators Group for Electricity and Gas
ERI	Electricity Regional Initiative
FTR	Financial transmission rights
FUI	(ERGEG) France-UK-Ireland electricity region
GGP	Guidelines of Good Practice
GRI	Gas Regional Initiative
LNG	Liquefied natural gas
NRA	National Regulatory Authority
NTC	Net transfer capacity
NW	(ERGEG) North-West gas region
OBA	Operational Balancing Agreement
OS	Open season
OSP	Open subscription period
PTR	Physical transmission rights
PX	Power Exchange
RI	Regional Initiative
RIG	(ERGEG) Regional Initiatives Group
SoS	Security of Supply
SSE	(ERGEG) South-South East gas region
STC	Short-term capacity
SW	(ERGEG) South-West electricity region
TSO	Transmission System Operator



Term	Definition
UIOLI	Use-it-or-lose-it

*Table 1 – List of Abbreviations*

## Annex 3 – Evaluation of Responses

### Responses received

Responses were received from the following organisations:

Organisation	Abbreviated name
Bundesverband der Energie- und Wasserwirtschaft (Germany Association of Energy and Water Industries)	BDEW
Centrica Energy plc (UK)	Centrica
EdF Energy (UK)	EdF Energy
Eidgenössische Elektrizitätskommission Switzerland (Swiss Federal Electricity Commission)	EICom
E.ON Group	E.ON
Energie Baden-Württemberg AG	EnBW
Enel S.p.A.	ENEL
ENI S.p.A.	ENI
European Network of Transmission System Operators for Gas	ENTSOG
Eurelectric (Union of the Electricity Industry)	Eurelectric
The European Union of the Natural Gas Industry	Eurogas
Gas Natural – Union Fénosa	Gas Natural
Groupement Européen des entreprises et Organismes des Distribution d'Énergie	GEODE
Iberdrola	Iberdrola
Redes Energéticas Nacionales and RED Eléctrica de España (Iberian TSOs of the SW region)	REN and RED Életrica
Statoil ASA (NO)	Statoil
Swissgrid a.g. (Swiss National Grid Company)	Swissgrid
Trans Adriatic Pipeline AG	TAP

## Evaluation of responses

### A. ERGEG Gas Regional Initiative

**Question A.1: From your point of view, what is the main achievement of the Gas Regional Initiative process?**

Respondents' views	EREGEG's position	Explanation
Six respondents consider a main achievement of GRI being a <b>forum to bring together and promote dialogue</b> between all relevant actors in the energy sector – regulators, TSOs and stakeholders (BDEW, Centrica, EdF Energy, confidential, Enel, Statoil).	Agree	
Five respondents believe GRI helps to <b>increase understanding</b> , identify impediments to progress and even harmonise <b>legal differences</b> between countries (BDEW, EdF Energy, Eurogas, Gas Natural).	Agree	
Four respondents think GRI is a <b>relevant step</b> and accelerates progress towards the creation of the single <b>European energy market</b> (Centrica, Eni, E.ON, Statoil). Another one also sees GRI as a necessary link between the national and UE levels (Eurogas).	Agree	
Three respondents believe GRI has <b>enhanced cooperation</b> between TSOs and between operators and stakeholders on a voluntary basis, ahead of EU regulation (BDEW, EdF Energy, Eurogas).	Agree	
One respondent considers GRI as a <b>good basis</b> for the development of <b>framework guidelines and network codes</b> (EnBW).	Agree	This is a very important consideration for the work of the GRI going forward.
Four respondents point out some <b>difficulties</b> encountered by the Regional Initiative experience, such as <b>different pace</b> in progress, <b>diverse approaches</b> regarding the same issues or <b>insufficient results</b> (EnBW, E.ON, Gas Natural, Statoil).	Acknowledge	This shows that there is scope for future work to be done in the regions in order to improve their focus, structure, and/or organisation.
Other positive actions and achievements in <b>particular projects</b> and issues are pointed	Agree with most	Regulators consider the results of the OS first phase (sale of capacities from

Respondents' views	EREGEG's position	Explanation
<p>out by respondents: <b>Transparency</b> and STC projects in the NW region (Centrica, EdF Energy, Enel); cross-border investment (<b>Open Season</b> and OSP <b>France-Spain</b>) in the South region (confidential, Gas Natural).</p> <p>One response also reveals a project where a better result could have been expected: OS France-Spain (Gas Natural).</p>	<p>comments and acknowledge difficulties arisen when developing some specific projects.</p>	<p>2013) as a success, bearing in mind that the process combined very different interests and needs of agents that participate on a voluntary basis, and that it was the first OS launched between both countries, involving four balancing zones and four TSOs. Lessons learnt from this process are being considered in the development of the OS second phase (sale of new capacities from 2015).</p>

### Investment in new infrastructure

**Question A.2: Do you consider that Gas Regional Initiative (GRI) projects have effectively contributed to cross-border investment process? What kind of improvement would you expect?**

Respondents' views	EREGEG's position	Explanation
<p>Seven respondents consider GRI <b>has</b> indeed <b>contributed</b> to cross-border investment (BDEW, EdF Energy, confidential, Centrica, Eni, Eurogas, Gas Natural). They bring the example of projects like France-Spain OS-OSP, France-Belgium and Germany-Netherlands OS.</p>	<p>Agree</p>	
<p>One respondent feels GRI <b>has not been effective</b> on cross-border investment, but have at least <b>drawn attention</b> to the topic and stressed challenges (Enel).</p>	<p>Acknowledge</p>	
<p>Respondents identify some <b>impediments</b> to progress in this area:</p> <ul style="list-style-type: none"> <li>- Inconsistent national legal regimes (BDEW, EnBW, Statoil);</li> <li>- Lack of incentives for TSOs in NW region (EdF Energy);</li> <li>- Lack of coordination between TSOs (EnBW, Statoil);</li> <li>- Shippers bear most of the risk due to asymmetric timing or lack of information in investment processes</li> </ul>	<p>Agree with most</p>	<p>Cautious acknowledgement of the E.ON point of the allowed cost of capital.</p>

Respondents' views	EREG's position	Explanation
<p>(EnBW, Statoil);</p> <ul style="list-style-type: none"> <li>- Varied interpretations of GGPOS (EnBW);</li> <li>- The voluntary nature of GRI (Enel);</li> <li>- In most countries the allowed cost of capital is not sufficient to attract investment. Time lag between start of assets operation and revenue and unachievable efficiency targets (E.ON);</li> <li>- The market demand and interest in some projects (e.g. Biriadou in the South gas region) and its contribution to market integration and SoS not properly taken on board (Gas Natural);</li> <li>- Uncertainty in regulation and/or tariffs in some cases like the France-Belgium or the Danish TSOs-Gasunie-GTS OS (Statoil).</li> </ul>		
<p>The <b>main improvements</b> and future actions in this area suggested by respondents are:</p> <ul style="list-style-type: none"> <li>- Putting more emphasis on cross-border investment (EnBW, Eurogas);</li> <li>- Implementing recommendations of the NW investment project (Centrica);</li> <li>- Assessing compliance with GGPOS and improve GGPOS (Centrica);</li> <li>- Establishing and publishing maximum physical available capacity, and requiring TSOs to release it (EdF Energy);</li> <li>- Developing appropriate incentive schemes and price controls (EdF Energy);</li> <li>- NRAs should harmonise regulatory frameworks (EnBW);</li> <li>- Promoting market-based instruments such as Open Seasons (Eni);</li> <li>- Contributing to the future development of the EU 10-year Network Development Plan (Eni);</li> <li>- Providing tools and mechanisms to overcome impasses (Statoil);</li> <li>- Provide shippers with regulatory</li> </ul>	<p>Agree</p>	<p>All of them are very important points.</p>

Respondents' views	EREG's position	Explanation
<p>stability through similar procedures and methodologies for capacity allocation and tariff calculation (Statoil);</p> <ul style="list-style-type: none"> <li>- Carrying out an impact assessment from previous OS experiences (Statoil).</li> </ul>		
<p>One respondent (TAP) believes that consistency and coherence across borders are the main preconditions for implementation of cross-border projects.</p>		

### Capacity allocation and congestion management

**Question A.3: What lessons do you draw from GRI projects in the area of access to cross-border capacity? Do the current GRI projects on capacity allocation harmonisation meet your expectations?**

Respondents' views	EREG's position	Explanation
<p>The <b>results</b> in this field are explicitly deemed positive by two respondents (EdF Energy, Eni), disappointing by other two respondents (Centrica, Enel) and positive but limited by another one (Eurogas).</p>	Acknowledge	The definition of some principles by EREG through the framework guidelines on CAM, together with the prospect of binding network codes and possibly comitology guidelines for CMP, should be a driver for further progress.
<p>The main <b>problems</b> and <b>obstacles to progress</b> identified in this area are, according to responses:</p> <ul style="list-style-type: none"> <li>- A lack of flexibility or legal barriers in national regulation (BDEW, Eurogas);</li> <li>- A lack of firm capacity at many major entry/exit points and restrictions to its release (EdF Energy);</li> <li>- Different lead times in capacity allocation mechanisms and regulatory divergences (Eni).</li> </ul>	Acknowledge	The key issue seems to be the existence of contractual congestion in many interconnection points.
<p>The main <b>lessons learned</b> in this area mentioned by respondents are the following:</p> <ul style="list-style-type: none"> <li>- The need for legislative changes in some Member States (BDEW,</li> </ul>	Agree with most	These are very important points.

Respondents' views	EREG's position	Explanation
<p>Centrica);</p> <ul style="list-style-type: none"> <li>- Links between STC access and transmission charging structure (Centrica);</li> <li>- Incentives for TSOs to secure and release additional capacity to the market (Centrica);</li> <li>- NRAs should put greater pressure on TSOs to ensure firm capacity is made available (EdF Energy);</li> <li>- The benefits of cooperation and coordination (confidential, E.ON);</li> <li>- Harmonisation of capacity allocation mechanisms should take into account particularities in each Member State (confidential);</li> <li>- GRI NW playing a major role in implementing CAM and CMP fast and efficiently (EnBW);</li> <li>- Access to cross-border capacity cannot be solved within the GRI framework only. It needs to be done at a supranational level and a strong commitment of TSO and regulators is necessary (Enel);</li> <li>- Compatible booking and operational procedures and harmonised products are necessary (Eni, E.ON);</li> <li>- RIs could become an appropriate forum to identify the challenges in terms of European wide harmonisation (Statoil).</li> </ul>		
<p>Some <b>examples</b> of concrete achievements and difficulties are mentioned regarding the secondary capacity platform project in the NW region and the French-Spanish OSP (Statoil).</p>		

**Question A.4: Would there be real benefits if, at this stage, the GRI tried to seek better coordination at a cross-regional level? How do you value the experience acquired with the capacity projects in the regions? What type of projects should be developed in the future?**

**Note:** three respondents have not explicitly answered this question (they answered jointly to A.3-A.4).

Respondents' views	EREG's position	Explanation
<p>Two respondents deem cross-regional coordination important but they think priority should be given to <b>intra-regional coordination</b> of cross-border initiatives (BDEW, Centrica). Gas Natural states that better coordination at cross-regional level would improve market integration.</p>		<p>Inter-regional is as important as intra-regional coordination. The framework guidelines provide a useful framework to ensure inter-regional coherence and convergence. It is also important that national developments fit in with efforts at the borders, both in inter and intra - regional projects.</p>
<p>The following <b>projects</b> and <b>approaches</b> are asked <b>to be favoured</b> in the future:</p> <ul style="list-style-type: none"> <li>- Market driven projects (BDEW, Eni, Eurogas). Open Seasons in the South region (Gas Natural);</li> <li>- Projects ensuring the free flow of gas (EdF Energy);</li> <li>- Focusing in a few credible projects (confidential);</li> <li>- Coherence and convergence between regions (Eni);</li> <li>- Projects enhancing SoS (Eurogas);</li> <li>- UIOLI in case of congestion for vertically integrated TSOs who do not invest (Gas Natural);</li> <li>- Implementation of consistent congestion management mechanisms through cooperation of the adjacent TSOs (TAP).</li> </ul>		<p>In addition, EREG notes that GRI provides a forum for testing the principles and solutions proposed through draft framework guidelines.</p>
<p>Regarding the <b>main findings</b> of previous experience, a respondent points out that investments in cross-border capacity are limited by the different interests of stakeholders, the absence of a rule to determine how much capacity is needed and the issue of costs allocation (Enel).</p>		<p>The 10-year investment plan and its application should help in developing a common view.</p>



## Transparency

**Question A.5: What would you expect to be the contribution of the GRI to transparency going forward? Do the current projects in the three regions meet your expectations?**

Respondents' views	EREGEG's position	Explanation
Transparency is explicitly considered a core issue for three respondents (EnBW, Eni, E.ON).	Agree	
Six respondents highlight the <b>transparency project</b> developed in the <b>NW region</b> as a good example of successful action in this area (BDEW, Centrica, EdF Energy, Eurogas, Statoil, Enel), though two show some degree of disappointment about results (Centrica, Statoil).	Agree	Note that the NW region has signalled further scope for improving transparency of transmission and storage systems, but this work would better take place after we have more clarity on the pan-European transparency requirements that will stem from the Commission comitology proposal on transparency.
In the <b>South region</b> , one respondent (confidential) thinks transparency has been clearly <b>improved</b> . Another one believes more transparency should be envisaged. Stakeholders ask for more visibility and transparency from NRAs and TSOs on investment decisions (confidential).	Acknowledge	Measures to improve transparency regarding investments in the South region have been considered in the South region work plan for 2010 and, in particular, in the second phase of the Open Season, aimed at selling new interconnection capacities available in 2015 between Spain and France.
The GTE+ Transparency Platform is underscored as another good step forward in this area, though its voluntary nature and a lack of harmonisation limits usefulness (Enel).	Acknowledge	But regulators see the Transparency Platform as a development in progress. What is key for all TSOs is to make the actual data requirements of the 3rd Package available to the market (e.g. on transmission capacity and flows) as close as possible to real time.
A respondent (EnBW) sees the <b>role of GRI</b> as a catalyser for fast implementation of transparency in infrastructure data; another one sees it in tracking and reporting developments within each region (E.ON).	Agree with the fast implementation approach	Reporting on progress and transparency on the work of the GRI is also important.
The importance of a robust <b>stakeholders' role</b> in this field is highlighted (Eurogas).	Agree	User preferences are key to understand what information is needed.
Linguistic barriers are mentioned as an <b>obstacle</b> to progress in transparency (Eni).	Acknowledge	
The <b>goal</b> in transparency in Europe should, for one respondent (Enel), be a harmonised transparency platform, and ultimately in the	Disagree	Whilst we acknowledge that easy, centralised access to data is important, the platform format is not the priority.

Respondents' views	EREG's position	Explanation
longer-term the implementation of the one-stop-shop for capacity booking. Another respondent (Eni) thinks the goal should be reaching a "reference level" of transparency.		The priority is for all TSOs to make capacity and utilisation data available to the market in a timely manner.
Four respondents refer to the implementation of current requirements and the revision of the transparency guidelines in Regulation 1775/2005 as the next <b>main challenges</b> (BDEW, Statoil, Centrica, Eni).	Agree	

**Question A.6: How could this work help to ensure that the requirements of the 3rd Package are met in a consistent way across the three gas regions?**

**Note:** six respondents have not explicitly answered this question (they answered jointly to A.5-A.6).

Respondents' views	EREG's position	Explanation
For two respondents, it is <b>important</b> that the transparency requirements are applied consistently throughout Europe through a cross-regional approach (BDEW, Enel).	Agree	
To ensure a consistent application of 3rd Package requirements, the following <b>proposals</b> are made: <ul style="list-style-type: none"> <li>- GRIs should be the framework to ensure cross-regional coordination (BDEW);</li> <li>- Better coordination of rules and requirements across regions (EdF Energy);</li> <li>- The harmonisation of regulation across countries (Enel);</li> <li>- Strong support from EU authorities (Enel);</li> <li>- Make progress in the three regions to meet the requirements from the 3rd Package (Eurogas);</li> <li>- Timely and coordinated transposition and implementation of the 3rd Package through exchanging of experiences across borders (TAP).</li> </ul>	Agree	

Respondents' views	EREGEG's position	Explanation
The NW region (Centrica), the UK gas market (EdF Energy) and the data harmonisation by EASEE-gas are mentioned as examples of <b>best practice</b> . Quarterly reports are also believed to give the market confidence in progress (Centrica).	Agree	

### Interoperability and hub development

**Question A.7: What further actions would you expect from the GRI in this area in order to contribute to interoperability and hub development?**

Respondents' views	EREGEG's position	Explanation
<p>The following <b>actions</b> and <b>approaches</b> are asked to be the priorities in the future in this area:</p> <ul style="list-style-type: none"> <li>- Market driven solutions (BDEW, Centrica, EnBW);</li> <li>- The concept of regional hubs and trading (BDEW, Eurogas, Gas Natural);</li> <li>- Harmonising products and procedures such as balancing regimes (EnBW);</li> <li>- Hubs conceived as balancing points or as gas stock exchanges could be consistent solutions (Eni). In addition to physical hubs, Eni would be in favour of financial hubs;</li> <li>- All solutions bringing to more liquid markets (Eni).</li> </ul> <p>A strong political support and a "single voice" from NRAs and a harmonised regulatory framework is deemed necessary (Enel).</p>	Agree	
Two respondents stress the fact that <b>hub development cannot be imposed</b> by regulatory authorities but must raise from the initiative of the market (Enel, EnBW).	Acknowledge	Regulators' task is to remove artificial or unfair barriers to the development of competitive markets and market integration.
For three respondents the development of <b>hubs</b> is closely <b>related to progress in other areas</b> , such as transparency, cross-border investments, market access to	Agree	

Respondents' views	EREGG's position	Explanation
capacity and CAM-CMP, rules for security of supply (Centrica, EnBW, E.ON).		
Similarly, another respondent believes <b>interoperability</b> covers a <b>range of areas</b> : cross-border investment, transparency and balancing, capacity management, rules for security of supply (Eurogas).	Agree	
The lack of available cross-border capacity, the insufficient level of interoperability (Enel) and the lack of liquidity (Statoil) are pointed out as <b>obstacles</b> for hub development.	Agree	
On <b>interoperability</b> , GRI is said to have been most effective in the NW region. In the view of this respondent the SSE region faces specific challenges due to its strong dependence on a single source of imported gas.	Acknowledge	It would be necessary to make a further analysis of the interoperability projects in the regions and, if appropriate, of the reasons for unsatisfactory results and ways of improvement.

**Question A.8: From your experience with the Regional Initiatives, what are the main obstacles to reach harmonisation regarding interoperability at a regional level?**

**Note:** five respondents have not explicitly answered this question (they answered jointly to A.7-A.8).

Respondents' views	EREGG's position	Explanation
<p>The <b>main obstacles</b> identified by respondents are:</p> <ul style="list-style-type: none"> <li>- National legislation that needs to be amended (BDEW, Eurogas);</li> <li>- Non-harmonised gas quality specifications (Centrica, EdF Energy);</li> <li>- Non-harmonised approaches to gas balancing (Centrica);</li> <li>- Lack of firm capacity available in major points (EdF Energy);</li> <li>- Lack of short-term capacity release mechanisms (EdF Energy);</li> <li>- Lack of effective investment signals for long-term capacity (EdF Energy);</li> <li>- Insufficient transparency from TSOs and market operators (EdF Energy);</li> </ul>	Agree	

Respondents' views	EREGG's position	Explanation
<ul style="list-style-type: none"> <li>- Lack of involvement of stakeholders (confidential);</li> <li>- The costs that harmonising interoperability implies for TSOs (Enel);</li> <li>- An apparent mismatch of TSOs' perceptions of market needs (Eurogas).</li> </ul>		
Respondents consider crucial a <b>further involvement</b> from the market (BDEW, Eurogas), from NRAs (confidential), and from the European Commission when national differences arise (confidential).	Agree	

## Security of Supply

**Question A.9: Should security of supply be more clearly considered as a main driver within the GRI? Should specific actions be developed in this area?**

**Question A.10: How can the regions of the GRI take into account and develop measures contained in the European Commission's proposal for a Regulation concerning measures to safeguard security of gas supply?**

**Note:** the responses to these two questions are listed together, since they refer to the same issues and outline similar findings. One respondent has even provided a common answer to A.9 and A.10.

Respondents' views	EREGG's position	Explanation
SoS is perceived by four respondents as a <b>key driver for GRI</b> and its current projects and work areas (EnBW, Eni, Statoil, Centrica).	Agree	
Respondents think a <b>regional</b> or even <b>cross-regional approach</b> in incoming regulation would be positive and beneficial for SoS (Centrica, Enel).	Agree	
Five respondents believe <b>an efficient market</b> and measures <b>improving trading</b> are the best ways to secure gas supply and ask for favouring a market-driven approach (BDEW, Centrica, EdF Energy, Eni, E.ON).	Acknowledgment and agree to some extent	EREGG agrees with the importance of an efficient market and trading to improve security of supply, but there are other ways to secure gas supply. A deep analysis should be developed.
Four respondents wonder about the <b>configuration of the relevant regions</b> in	Acknowledge	Further consideration to this issue may be needed in the future.

Respondents' views	EREGG's position	Explanation
<p>which provisions of the 3rd Package and the new SoS regulation must apply, and think they would not correspond to GRI regions (BDEW, Centrica, Eurogas, Statoil).</p>		
<p>The following <b>activities</b> are <b>suggested</b> as beneficial for SoS:</p> <ul style="list-style-type: none"> <li>- Investment and network reinforcement (Centrica, Gas Natural, Statoil, confidential);</li> <li>- Build some extra capacity over market demand and with a guaranteed profitability (confidential);</li> <li>- Extend the calculation of the infrastructure "N-1" standard to the relevant regional level (EnBW);</li> <li>- Improve transparency (Centrica, Statoil);</li> <li>- Coordinate cooperation at a regional level (EnBW);</li> <li>- Evaluate trans-national impacts of possible disruptions and actions to react to a crisis (Eni).</li> </ul>	<p>Acknowledge and largely agree</p>	<p>The idea of investing in capacity over market demand should be taken with care. There is a risk for consumers if regulators agree to new investment without sufficient evidence that capacity will be needed in some scenarios (long-term development of markets, emergency situations, etc).</p>
<p>Respondents make a number of <b>proposals for specific actions</b> within GRI:</p> <ul style="list-style-type: none"> <li>- Identify and <b>prioritise projects</b> providing benefit the soonest and at a lesser cost (Gas Natural);</li> <li>- Include <b>SoS criteria</b> in the economic test for triggering investments within <b>OS</b> (Gas Natural, Centrica);</li> <li>- Monitor the <b>level of interconnection</b> capacity between countries or areas, and the <b>development of cross-border projects</b> included in the Recovery Plan (Gas Natural).</li> </ul> <p>In relation to the future <b>SoS Regulation</b> the actions proposed are:</p> <ul style="list-style-type: none"> <li>- Providing <b>support</b> to the <b>implementation</b> of the SoS Regulation (Enel, Eni, EdF Energy). Coordination of the <b>risk assessment</b>, the <b>infrastructure standard</b> and the</li> </ul>	<p>Agree</p>	

Respondents' views	EREGG's position	Explanation
<p><b>impact assessment</b> in Emergency Plans, at a regional level (EnBW, Gas Natural, Statoil);</p> <ul style="list-style-type: none"> <li>- Supporting SoS Competent Authorities and Member States in <b>verifying consistency</b> among national, regional and EU-wide <b>SoS plans</b> (Statoil).</li> </ul>		

## B. EREGG Electricity Regional Initiatives

### B.1. From your point of view, what is the main achievement of the Electricity Regional Initiative process?

Respondents' views	EREGG's position	Explanation
The majority (BDEW, Centrica, EDF Energy, EnBW, Iberdrola, REE-REN) of the respondents think that ERI has been an ideal framework for the harmonisation of national markets, and represented a realistic approach to the implementation of the pan-European internal market.	Agree	On EREGG's view see RIs facilitate the voluntary co-operation of stakeholders towards improving regional markets integration (Ref: EREGG Regional Initiatives Progress Report 2009 - PR 2009, page 12).
Iberdrola and REE-REN in particular think that thanks to the Regional Initiatives it has been possible to identify the main obstacles to be overcome in order to integrate different markets and that ERI also allowed for a strong cooperation among TSOs and PXs.	Agree	EREGG supports this view in its PR 2009, page 24.
Centrica, E.ON, Iberdrola and Swissgrid, consider long term interconnection capacity management by means of harmonised explicit auctions to be the main achievement of the Regional Initiatives.	Agree	These answers reflect respondents' view on what they consider as the main achievement of the RIs and therefore it is not possible to express an agreement. Anyway EREGG's position is in line with the respondents' since it encourages the use of a single auction platform with harmonised auction rules, IT interface, and products. EREGG also supports the implementation of a
EnBW and Eurelectric in particular highlight the importance of the establishment of common auction offices in some regions.	Agree	

Respondents' views	EREGG's position	Explanation
EnBW and Iberdrola also identify the adoption of market coupling schemes for day-ahead capacity allocation among the main achievements of the Regional Initiatives.	Agree	Market Coupling Model for Day-ahead allocation and believes Transparency Reports to be a major success of RIs (PR 2009, page 24 and 34).
E.ON comprises among the main achievements of the ERI also the adoption of the transparency reports, even if they reckon the compliance level to each prescription still to be assessed and monitored.	Agree	

## Capacity calculation

### **B.2. What should be the framework conditions for having flow-based capacity calculation based on a common grid model implemented in practice?**

Respondents' views	EREGG's position	Explanation
EdF, E.ON, BDEW and REE-REN are not in favour of a generalised adoption of a flow-based approach for capacity calculation, which complexity may hinder the achievements of significant benefits in networks characterised by not heavily meshed networks and with DC interconnectors only.	Agree	EREGG agrees: Flow-based mechanism for capacity calculation is only a policy option for capacity calculation. The PCG (Project Coordination Group) proposed a flow-based mechanism as target model to be adopted in the regions. Advantages and disadvantages of flow-based mechanism in general and against other options are currently under discussion within EREGG's Electricity Working Group and AHAG.
BDEW, EnBW, REE-REN, Eurelectric and ENEL are convinced that the main pre-conditions to be fulfilled in order to successfully implement a flow-based methodology is the close cooperation of the TSOs in order to transparently share network information and achieve a common grid model.	Agree	EREGG in its GGP on Information Management and Transparency in Electricity Markets (Ref. E05-EMK-06-10), listed the type of information data which is necessary in order to use flow-based capacity calculations (pages 16 and following). This list could be improved according AHAG recommendation on capacity calculation.
E.ON, Eurelectric and BDEW also highlight the necessity of adopting a regional or even an European approach in order to successfully implement the proposed methodology since only such	Agree	EREGG states that harmonisation in congestion management includes capacity calculation and allocation at regional and inter-regional level (PR 2009, page 29).



Respondents' views	EREG's position	Explanation
approaches may guarantee to take into due consideration the complexity of the flows in highly meshed networks.		
Swissgrid also underlines the importance of the availability of generation dispatch information for whatever capacity calculation methodology is considered.	Agree	EREG clearly states that consistency and cooperation are essential for capacity calculation (PR 2009, page 30).

### B.3. What do you believe should be the short and long-term goals for a regional approach to capacity allocation?

Respondents' views	EREG's position	Explanation
Development of a sound and transparent methodology (BDEW, E.ON, Iberdrola, Eurelectric) for regional (and further on European wide) capacity calculation and a timeframe for its implementation.	Agree	EREG states that harmonisation in congestion management includes capacity calculation and allocation at regional and inter-regional level (PR 2009, page 29). AHAG currently addresses the question of capacity calculation.
Set up of TSOs coordination and cooperation mechanisms, in order to uniform the capacity calculation mechanism mentioned above (BDEW, Eurelectric).	Agree	See explanation above.
Provision of incentives to remunerate operators' investment in grid expansion (BDEW).	Agree	EREG considers grid expansion as a priority and considers as an option the provision of incentives to remunerate operator's investments. EREG summarised its view on the Community wide 10-year network development plan ("Draft Advice on the Community-wide 10-year Electricity Network Development Plan", Ref.: E09-ENM-16-03)..
Implementation of flow-based mechanisms (E.ON, Iberdrola, EnBW).	Agree	See explanations for Question B2.
Implementation of market coupling systems in day-ahead market at intra-regional and inter-regional level (BDEW, E.ON, Iberdrola, REE-REN, Eurelectric).	Agree	EREG states that for day-ahead capacity allocation market coupling is the solution toward which all regions will be converging (PR 2009, page 31). PCG has defined single price coupling as the target model.
Organisation of continuous implicit intraday trading platforms (E.ON, Iberdrola, REE-REN, Eurelectric). Note that E.ON suggests that the use of explicit	Partially Agree	PCG has defined continuous trading as the target model for interregional cross-border capacity allocation for the intraday timeframe. EREG reposes that it may be complemented,

Respondents' views	EREG's position	Explanation
auctions with a continuous reservation of capacity might be an interim solution.		where appropriate, with some implicit auctions if "significant" additional transmission capacity becomes available. This is currently tackled by EREG in the preparation of the Draft Framework Guidelines on Capacity Allocation and Congestion Management.
Implementation of TSO-BSP model for cross-border balancing (Iberdrola). On this same issue, Eurelectric suggests instead the adoption of the TSO-TSO model.	Partially Agree	See Question 10 on balancing.
Definition of intra-day congestion management procedures by the TSO or the PX, preferably implicit auctions (E.ON), with no ex-ante cross-border reserved capacity.	Agree	EREG clearly states the need for a target model for cross-border intraday (PR 2009, page 32).
Swissgrid suggests further development of short-term allocation mechanisms, as intraday trading.	Agree	See explanation above.
E.ON suggests the definition of a financial compensation from TSOs to capacity holders, in case that the allocated capacity is curtailed (force majeure should be excluded).	Agree	EREG clarifies its position on financial and physical firmness in the document "Firmness of nominated transmission capacity" (Ref.: E08-EFG-29-05). A same position is under discussion for held capacities.
In relation to the previous point, BDEW notes that force majeure should be also clearly defined.	Agree	EREG provided its own definition in the aforementioned paper "Firmness of nominated transmission capacity" (Ref.: E08-EFG-29-05). See also EREG benchmarking report on long-term capacity allocation (Ref.: E09-ERI-23-03): definition obligations and responsibilities of force majeure will be address by EREG.
ENEL identifies as the most urgent issue to be solved the commitment of the Swiss TSO to comply with the transparency rules binding all the other TSOs operating in the relevant ERIs.	Agree	Following EREG's input, the European Commission is currently holding talks with Switzerland in order to define the access to information by the bordering EU TSOs.
Implementation of TSO-TSO model for cross-border balancing (Iberdrola).	Agree	EREG described the TSO-TSO balancing model in its Guidelines of Good Practice on balancing markets (E09-ENM-14-04).
Establishment of a fruitful cooperation among TSOs and Power Exchanges (Eurelectric).	Agree	EREG often expressed its appreciation for TSOs - Power Exchanges cooperation; this has been mentioned also as regards intra-day capacity allocation in the PR 2009.

Respondents' views	EREG's position	Explanation
Adoption of market coupling arrangements (EdF Energy).	Agree	As above, EREG states that for day-ahead capacity allocation market coupling is the solution toward which all regions will be converging (PR 2009, page 31). PCG has defined single price coupling as the target model.
Evolution from PTRs towards FTRs managed by TSOs (REE-REN).	Agree	EREG underlined the importance of FTRs in its paper "Firmness of nominated transmission capacity" (E08-EFG-29-05).
Implementation of a continuous intraday platform (REE-REN).	Partially Agree	In its PR 2009, EREG states that a target model for intraday trading is needed. However, PCG has defined continuous trading as the target model for interregional cross-border capacity allocation for the intraday timeframe. It may be complemented, where appropriate, with some implicit auctions if "significant" additional transmission capacity becomes available. This is currently tackled by AHAG to provide an input to the framework guidelines. In its PR 2009, EREG states that a target model for intraday trading is needed. However, continuous intraday trading is at the moment only a policy option, as general consensus towards a specific solution for intraday trading has not yet been achieved.
Collaboration of the ERI with the Work Streams of the Project Coordination Group (REE-REN).	Agree	EREG nominated some NRAs representatives to take part in the project workstreams to prepare EREG view on PCG target model. This working arrangement ensures the participation of NRAs representatives in both ERI meetings and in PCG Workstreams.

**B.4. Do you consider transparency requirements for capacity calculation sufficient? If not, what do you need additional data/information for?**

Respondents' views	EREG's position	Explanation
7 respondents ((BDEW, EdF Energy, EnBW, E.ON, Iberdrola, Eurelectric, Swissgrid) clearly state that there is a need to increase transparency on capacity calculations.	Agree	EREG monitors transparency in CB capacity calculation, assessing it against the Electricity Regulation and the Congestion Management Guidelines and agrees that, even if significant work has been done, further steps should be taken. AHAG currently addresses the question of capacity calculation. EREG also encouraged the drafting of Regional

Respondents' views	EREGEG's position	Explanation
		Transparency Reports and the monitoring of their implementation.
2 respondents (REN and REE) consider the level of transparency on capacity calculation as adequate in MIBEL.	Agree	For the Iberian market, EREGEG recognises that TSOs cooperated with the region's regulators in clarifying cross-border capacity calculation methodologies (PR 2009).
BDEW states that grid security should be balanced with the need for transparency in capacity calculations.	Agree	EREGEG underlines (PR 2009) how positive is the practice adopted on the CS and SW regions to request TSOs to explain the cause of constraints limiting interconnection capacity.
Eurelectric suggests a gradual approach in introducing flow-based mechanisms to calculate and allocate capacity, with an effective disclosure about the details of the mechanism.	Partially Agree	EREGEG states in its PR 2009 that providing transparent information to market players is an essential ingredient for efficient and competitive markets. Such information should include also details on capacity calculation and allocation, no matter what mechanism is used (either flow-based or other mechanisms). AHAG currently addresses the question of capacity calculation.
Eurelectric states that more detailed information could be used to estimate more carefully network security margins.	Agree	EREGEG included in its GGP on Electricity Balancing Markets Integration (E09-ENM-14-04) a paragraph (4,7) on the importance of transparency for TSOs operations.
Eurelectric expects that the sharing among TSOs relevant information about capacity allocation will help in identifying and make available to use potential extra capacity.	Agree	See above.
EdF Energy mentioned the need to distinguish between transparency requirements in relation to differences between HVDC and HVAC interconnections.	Partly agree	EREGEG never expressed a position on different transparency requirements for the 2 systems. Transparency requirements should thus be the same. Nonetheless, technical characteristics (such as ramping) may have an impact on capacity calculation and should be published, as well as other specificities, if any, in capacity calculation (e.g. capacity reservation for balancing, other methodology).
Iberdrola suggest that transparency may prevent cases of abuse of dominant position on national electricity transmission markets.	Agree	See EREGEG GPP on Electricity Balancing Markets Integration (Ref.: E09-ENM-14-04, par. 4.7.).
E.ON specifies that relevant information should be provided as complete as possible, and not piece-wise.	Agree	See EREGEG PR 2009, transparency section.

## Capacity allocation

### **B.5. What practical steps should be taken at an interregional level to ensure an efficient and harmonised approach to capacity allocation in the 1) long-term; 2) day-ahead; and 3) intraday markets?**

Respondents' views	EREGG's position	Explanation
A number of respondents thought the basic features of an EU wide target model have been already agreed within the PCG work and should serve as guiding principles in the design of methodologies and systems within and between the regions (BDEW, EnBW, Iberdrola, Eurelectric).	Agree	EREGG is currently working on framework guidelines on the basis of the PCG target model. In the meantime EREGG encourages regions to start working on the implementation of the target model.
Iberdrola thought any difference from the target model should be clearly motivated, and if possible, verified by an interregional organisation (could it be ACER?).	Agree	AHAG will continue the work carried out by the Project Coordination Group (PCG), it could be notably in charge of assessing the coherence and the convergence of the ongoing project within and between the Electricity Regional Initiative before the implementation of ACER.
Iberdrola thought all regulatory restrictions that are hampering an efficient use in existing mechanisms should be removed (e.g. the ban on imports in Spain).	Agree	EREGG supports this view in its PR 2009, obstacles to market integration should be addressed page 24.
Regarding long-term capacity allocation, respondents thought that the focus should also be on determining the important product features, including duration of the products, firmness of the capacity rights, the rule "use-it-or-get-paid-for-it" (or Use-it-or-sell-it), a clear definition/understanding across all markets for force majeure, as TSOs cannot guarantee firmness of capacity in this case. In all other cases compensation for any curtailment of capacity could be at full market spread. Firmness of capacity rights is an	Agree	EREGG supports this view in its PR 2009, page 31. On firmness, an EREGG position paper is under discussion to address the firmness of held capacities (for nominated capacities a position paper was published in June 2008).

Respondents' views	ERGEG's position	Explanation
important issue for the market participants as otherwise they would have to bear unmanageable risks. Firm products allow efficient price forming of the capacity rights (BDEW, EnBW, E.ON, Eurelectric).		
REE-REN thought that at the moment the goal should be to implement, in all the interconnections, coordinated mechanisms for PTRs/FTRs, managed by the TSOs, and to harmonise, as far as possible, the different auction platforms.	Agree	ERGEG supports this view in its PR 2009, page 31 and in the benchmarking report on long-term auctions rules.
Regarding day-ahead, respondents thought that an agreement on a governance model that will clearly elaborate functions and responsibilities of power exchanges and TSOs is needed (Iberdrola, Eurelectric).	Agree	ERGEG supports this view in its PR 2009, page 32. AHAG is currently working on this issue.
Regarding intraday, respondents thought there is a need for a fast implementation of harmonised cross-border continuous trading possibilities. If continuous trading is the target model for the EU, the regional models based on intraday auctions should move to continuous trading (EnBW, Iberdrola, Eurelectric).	Partially Agree	PCG has defined continuous trading as the target model for interregional cross-border capacity allocation for the intraday timeframe. ERGEG reposes that it may be complemented, where appropriate, with some implicit auctions if "significant" additional transmission capacity becomes available. This is currently tackled by ERGEG in the preparation of the Draft Framework Guidelines on Capacity Allocation and Congestion Management.

#### B.6. What are the future challenges in ensuring that allocation mechanisms across all timeframes can work together?

Respondents' views	ERGEG's position	Explanation
A number of respondents thought there needs to be a clear view on what the target model should be. The PCG process provided some good basis for this. Roadmaps for a harmonised implementation should be developed (or developed further based on the PCG outcome) (BDEW, EnBW, Eurelectric).	Agree	ERGEG encourages regions to implement the target model identified in the PCG work. The framework guidelines will be based on the PCG work.

Respondents' views	EREGEG's position	Explanation
<p>EnBW and Eurelectric thought that the challenge will be on the aspect of inter-regional integration which in particular requires close cooperation of all relevant stakeholders with the strong support and commitment of politics. The EREGEG Ad Hoc Advisory Group (AHAG) established at the last Florence Forum should have a role in interregional coordination.</p>	<p>Agree</p>	<p>EREGEG supports this view in its PR 2009. AHAG could play a role especially for the interim period (before the framework guidelines and codes are adopted).</p>
<p>REE-REN, Enel thought the main challenges will be the harmonisation and integration of access rules, national regulations, interfaces and IT systems.</p>	<p>Agree</p>	<p>EREGEG supports this view in its PR 2009, page 31 and followings.</p>
<p>Iberdrola thought that capacity rights allocated (annual and multiannual) in longer timeframes will be more helpful to market integration than those allocated in shorter timeframes (monthly and daily). There is no need for any reservation of capacity for day-ahead timeframe when MC is available.</p>	<p>Agree</p>	<p>This should be addressed on the basis of the PCG work.</p>
<p>Centrica thought in the FUI region, if a more integrated market is to be achieved, work will be required to align wholesale markets more effectively. This may be difficult, as liquidity is concentrated at different timescales in the three markets.</p>	<p>Agree</p>	<p>This work is currently addressed in the FUI region (see last Implementation Group meeting 22 March 2010).</p>
<p>Swissgrid thought the biggest challenges in capacity allocation are related to the timeframes close to real-time, i.e. balancing intraday and day-ahead. As a recent report from the European University Institute Florence School of Regulation suggests a full debate on market design is needed. Nodal pricing is probably the way forward.</p>	<p>Agree</p>	<p>The debate on nodal pricing will certainly occur during the work on framework guidelines and network codes.</p>

**B.7. Do you consider that achievements by different regions towards a harmonised set of rules at regional level for long-term capacity allocation merit further work or should there be more emphasis put on inter-regional harmonisation (considering that this may impede short-term regional progress)?**

Respondents' views	EREG's position	Explanation
A number of respondents thought that progress should be made in parallel inside the regions and between the regions (Eurelectric, Centrica, BDEW, EnBW, Swissgrid).	Agree	EREG encourages regions to work together on specific topic when necessary.
Respondents thought that the next step at regional level should be to elaborate an identical set of long-term auction rules with respect to definitions such as force majeure, products, bank guarantees, payment conditions, and introducing firmness and compensation in case of curtailments, etc. for all regions. A common platform for trading transparently these capacities is wishful (E.ON, Eurelectric, Iberdrola, BDEW).	Agree	EREG agrees in the benchmarking report on long-term capacity auctions that a more harmonised set of auctions rules with common allocation platform should be implemented.

**B.8. Do you think that extending the geographical scope of existing auction offices is advisable/feasible?**

Respondents' views	EREG's position	Explanation
A number of respondents thought that expanding the regional scope of existing auction offices may be an efficient solution for pan-European harmonisation and allowing finally allocation of long-term capacities at one place based on a set of harmonised rules (BDEW, EdFenergy, EnBW, Enel, Swissgrid, Eurelectric).	Agree	EREG agrees in the benchmarking report on long-term capacity auctions that a more harmonised set of auctions rules with common allocation platform should be implemented.
BDEW and EnBW pointed out that extending the geographical scope should not hinder further progress in harmonisation within a region.	Agree	EREG encourages regions to work together on specific topics when necessary.
Eurelectric thought that tasks of Central Auction Offices should also be extended: some auction offices are only involved in the allocation process, while others are	Agree	EREG agrees that the question for the extension of auction offices to other activities and other timeframes should be addressed.



Respondents' views	EREG's position	Explanation
involved in the capacity calculation or the nomination process. In the final stage all these activities (including secondary market of capacity rights, intermediate for market coupling, intermediate for cross-border intraday process, etc.) should fall within the remits of the central auction office.		
Iberdrola thought that auction offices are on the direction of further harmonisation. Nevertheless, a clear analysis of benefits and costs has to be done before extending the geographical scope of existing auction offices.	Agree	EREG encourages regions to work together on specific topics when necessary.
Eurelectric thought that the process has to be coherent with the progressive coupling of regions.	Agree	

**B.9. Do you agree with price market coupling as the target model for day-ahead capacity allocation?**

Respondents' views	EREG's position	Explanation
A number of respondents supports price coupling as the target model for day-ahead capacity calculation (BDEW, EdF Energy, EnBW, E.ON, Iberdrola, REE-REN, Eurelectric, Swissgrid, Centrica),	Agree	EREG agrees, cf. the PCG work.
EdF Energy reserves its opinion on whether this is the best method for all interconnections or indeed what its adoption will do to the value of the longer term capacity auctions and hence the returns to the interconnection owner.	Partly agree	Price coupling is the relevant solution for an efficient use of the interconnection capacities. However the decision to implement a market coupling should be assessed according to the design of the markets.
Regarding the requirements in harmonisation, BDEW sees a tight volume coupling as a possible pragmatic intermediate step towards price coupling which should be seriously evaluated.	Partly agree	There is a consensus on price coupling; A tight volume coupling may lead to inefficiencies due to sequential algorithms. Such tight volume coupling can however represent a possible pragmatic intermediate step on one particular interconnection, provided it does not induce further delay in the implementation of the target solution on

Respondents' views	EREGG's position	Explanation
		a wider area.
E.ON and BDEW pointed out that the requirements in harmonisation of products, time planning and governance are still not clear.	Agree	The AHAG is addressing these issues.
REE-REN thought the main prerequisites for single price coupling are: 1- Top-down coordinated guidance of the implementation processes; 2- Harmonisation of characteristics of the markets (gate closure times, nature of products offered, complex conditions of bids); 3- Governance.	Agree	EREGG agrees, cf. the PCG work.
Centrica thought that the different market design across the FUI region should be progressively addressed, either through harmonisation or, where this is not cost-effective, via solutions which can overcome design differences without imposing unreasonable costs.	Agree	This work is currently addressed in the FUI region (see Implementation Group meeting 22 March 2010).
Swissgrid thought that in the longer run market coupling is unlikely to solve the major problems posed by the integration of variable renewable and suggests to further analyse other models, such as nodal pricing.	Agree	The debate on nodal pricing will certainly occur during the work on framework guidelines and network codes.

## **Balancing**

### **B.10. How important do you consider further development of cross-border balancing solutions? Which model do you consider appropriate and efficient?**

Respondents' views	EREGG's position	Explanation
Five respondents (BDEW, Centrica, REE-REN, Enel, Swissgrid) thought that further developments of cross-border balancing are important for the integration of the European electricity markets.	Agree	EREGG shares this view in the PR page 33.
Five respondents (EnBW, E.ON, Iberdrola, REE-REN, Eurelectric) thought that further developments of cross-border balancing is important to reduce balancing costs and enable the fast growing share of renewable to	Agree	EREGG agrees, see GGP on cross-border balancing markets integration ("Revised Guidelines of Good Practice on Electricity Market Integration", Ref.: E09-ENM-14-04)

Respondents' views	ERGEG's position	Explanation
be managed by the system.		and see the SDE TF report on renewables ("Status Review of Renewable and Energy Efficiency Support Schemes in the EU", Ref.: C08-SDE-05-03).
Swissgrid thought further developments of cross-border balancing is important to increase liquidity on very concentrated markets as ancillary services.	Agree	ERGEG agrees, see GGP on cross-border balancing markets integration.
EnBW and Iberdrola thought that it is important to harmonise the market designs of balancing markets within the region.	Agree	ERGEG agrees, see GGP on cross-border balancing markets integration. However it is not a prerequisite to start developing cross-border balancing exchanges.
EURELECTRIC supports the agreement on a high-level target model that has been reached in the PCG project, namely the TSO-TSO with common merit order (with TSO-BSP, multi-TSO-TSO as intermediate steps) and believes that further work on defining the detailed features of the target model should be continued.	Agree	ERGEG agrees in the PR and also with PCG work on balancing.
REE and REN have already stated that the exchange of balancing services between system operators (TSO-TSO model) is the preferable solution to be adopted in the SW region.	Agree	See conclusion of the last Implementation Group meeting 15 February 2010.
E.ON and Iberdrola thought that where congestions exist the TSO-to-TSO model is to be considered most appropriate.	Partly agree	Even without congestions, TSO-TSO model is the preferred one as it is expected to provide better system security and economic efficiency.
BDEW and Iberdrola thought that the TSO-BSP model can be implemented as a first step if the rest of models are not possible.	Agree	See below.
Four respondents (BDEW, EnBW, GEODE, Eurelectric) support the main principles outlined in the ERGEG revised GGP on cross-border balancing markets integration, including no reservation of capacity, non charges on access to interconnection capacity for balancing and harmonisation of gate closures and technical characteristics.	Agree	See GGP on cross-border balancing markets integration.

Respondents' views	ERGEG's position	Explanation
E.ON thought that where no bottlenecks exist the TSO-BSP model is most efficient as a common market could be established.	Disagree	An agreement on a high-level target model has been reached in the PCG project, namely the TSO-TSO with common merit order. TSO-BSP model should only be implemented as a first step if the rest of models are not possible. TSO-TSO model is the preferred one as it is expected to provide better system security and economic efficiency. More explanations can be found in ERGEG revised GGP on cross-border balancing markets integration.
Enel expressed its position on a TSO-BSP solution because of its immediate applicability, not requiring arrangements between TSOs which risk to slow down the integration process.	Disagree	An agreement on a high-level target model has been reached in the PCG project, namely the TSO-TSO with common merit order. TSO-BSP model should only be implemented as a first step if the rest of models are not possible. TSO-TSO model is the preferred one as it is expected to provide better system security and economic efficiency. More explanations can be found in ERGEG revised GGP on cross-border balancing markets integration.
Swissgrid thought that transmission capacity reservations for ancillary services based on TSO-TSO model or TSO-BSP model should be considered to reach a social optimum.	Disagree	As a general principle, no interconnection capacity shall be reserved for cross-border balancing. However, in special cases of DC interconnectors, interconnection capacity reservation might be possible when such reservation can be demonstrated to increase socio-economic welfare. More explanations can be found in ERGEG revised GGP on cross-border balancing markets integration.

## Transparency

**B.11. Do you share ERGEG's view that significant progress in transparency has been reached thanks to the ERGEG Regional Initiatives? What steps should be taken in order to enhance transparency further?**

Respondents' views	ERGEG's position	Explanation
10 (BDEW, EdF Energy, E.ON, Geode, Centrica, Iberdrola, REE-REN, Eurelectric, Enel, Swissgrid) out of 11 respondents recognise that some progress in transparency has occurred, thanks to ERGEG's Regional Initiatives.	Agree	ERGEG recognises the progresses made for each RI in its PR 2009.

Respondents' views	ERGEG's position	Explanation
EnBW still sees significant differences across ERI regions, both in terms of speed and of contents as regards the implementation of a common transparency standard.	Agree	See PR 2009, section 3.2.3.
4 (BDEW, E.ON, Geode, Iberdrola) among these 10 identify a clear need for further harmonisation of the solutions adopted across different ERI regions.	Agree	SEE PR 2009, section 3.3.2.
All German respondents (BDEW, EnbW, E.ON) suggest further deployment of the EEX Transparency Platform in other Member States of regions.	Partially Agree	ERGEG (PR 2009) recognised that the work on transparency during 2009 has led to a significant degree of coherence across regions on transparency. However, even if more coherence on transparency issues is desirable, ERGEG did not express any preference towards a specific regional arrangement.
Iberdrola and Eurelectric suggest as a further step the adoption of binding common rules in all Member States or regions.	Agree	See above.
Centrica identifies as a further step to be taken in the FUI region the adoption of a clearer and more detailed methodology for pricing bids and offers.	Agree	ERGEG acknowledges in its PR 2009 that greater transparency on capacity being offered to the market in each auction has been achieved during 2009 in the FUI region, even if not explicitly calling for further improvements.
Iberdrola also raises the issue of data reliability, and suggest a fall-back mechanism to avoid dissemination of inaccurate information.	Agree	See PR 2009, section 3.2.3.
REE and REN suggest the set-up of specific meetings with the stakeholders or public consultations processes to define how to further improve transparency.	Agree	A public consultation on record-keeping, transparency and information exchange has been closed in 2008. Relevant stakeholders may take part to Stakeholder Groups meeting, within the framework of Regional Initiatives.
Eurelectric focuses on the need of a mechanism to guarantee transparency that also minimises the administrative and bureaucratic burden on operators.	Agree	In its Transparency Guidelines (Ref. E05-EMK-06-10), ERGEG affirms the principle that the provision of information to the market players should be cost effective (cost should not be higher than the potential benefit, from Pr. 2 "General Requirements on Transparency in Electricity Markets").

Respondents' views	EREGEG's position	Explanation
Swissgrid is mostly concerned of additional transparency in the field of generation dispatch information.	Agree	In ERGEG's GGP on Electricity Balancing Markets Integration (par. 4.7) it is stated that TSOs shall have the easiest access to necessary information in order to have the best opportunities to maintain their generation/load equilibrium.