



Electricity Regulation (EC) 1228/2003 Compliance Monitoring Third Report, 2010

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INFORMATION PAGE

Abstract

This document (Ref. E10-ENM-04-15) presents ERGEG's monitoring of compliance across the EU with Regulation (EC) No. 1228/2003 ("the Regulation") and the annexed Congestion Management Guidelines (CM Guidelines). The data collected from the National Regulatory Authorities (NRAs) for this report show that although there has been progress since the Second Compliance Report and there is full compliance in some areas, there is still potential for higher compliance, especially on inter- and intra-regional coordination and coherence in congestion management methods and procedures.

ERGEG recommends a set of actions to different stakeholders in order to ensure that the requirements of the Regulation and the CM Guidelines are properly met.

Target Audience

National Regulatory Authorities, Member States, EU institutions, transmission and distribution system operators, consumer representative groups, academics, researchers, consultants and other interested parties.

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Related Documents

CEER/ERGEG Documents

- [1] "ERGEG Advice on the Comitology Guidelines on Transparency," Ref. E10-ENM-27-03, 7 December 2010,
- [2] "Draft Framework Guidelines on Capacity Allocation and Congestion Management for Electricity, Ref: E10-20-03, 8 September 2010, http://www.energy-regulators.eu/portal/page/portal/EER_HOME/EER_CONSULT/CLOSED%20PUBLIC%20CONSULTATIONS/ELECTRICITY/draft%20Framework%20Guideline%20CACM%20Electricity/CD/E10-ENM-20-03_CACM%20FG_8-Sept-2010.pdf
- [3] "ERGEG Compliance Monitoring Report - 2nd Report, 2008", Ref: E08-ENM-03-05, 10 September 2008, http://www.energy-regulators.eu/portal/page/portal/EER_HOME/EER_CONSULT/CLOSED%20PUBLIC%20CONSULTATIONS/ELECTRICITY/2008%20Compliance%20Monitoring/CD/E08-ENM_03-05-Second_Compliance_Report_10%20Sept%202008.pdf
- [4] "Compliance with Regulation 1228/2003 and Congestion Management Guidelines - Criteria for Compliance," Ref. E07-EFG-25-03, 10 December 2007, http://www.energy-regulators.eu/portal/page/portal/EER_HOME/EER_CONSULT/CLOSED%20PUBLIC%20CONSULTATIONS/ELECTRICITY/2007%20Compliance%20Criteria/CD/E07-EFG-25-03-Criteria_for_Compliance.pdf

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- [5] "Compliance with Electricity Regulation 1228/2003 - An ERGEG Monitoring Report," Ref. E07-EFG-23-06, 18 July 2007, http://www.energy-regulators.eu/portal/page/portal/EER_HOME/EER_PUBLICATIONS/CEER_ERGEG_PAPERS/Electricity/2007/E07-EFG-23-06_ComplianceReport_final.pdf
- [6] "ERI Convergence and Coherence Report - An ERGEG Public Consultation Paper," Ref: E07-ERI-05-03, 18 July 2007, http://www.energy-regulators.eu/portal/page/portal/EER_HOME/EER_CONSULT/CLOSED%20PUBLIC%20CONSULTATIONS/ELECTRICITY/ERI%20Coherence%20and%20Convergence/CD/E07-PC-21-01_E07-ERI-05-03_final.doc

External Documents

- [7] Regulation (EC) No 1228/2003 of the European Parliament and of the Council of 26 June 2003 on conditions for access to the network for cross-border exchanges in electricity, http://eur-lex.europa.eu/smartapi/cgi/sga_doc?smartapi!celexplus!prod!DocNumber&lg=en&type_doc=Regulation&an_doc=2003&nu_doc=1228
- [8] 2006/770/EC: Commission Decision of 9 November 2006 amending the Annex to Regulation (EC) No 1228/2003 on conditions for access to the network for cross-border exchanges in electricity, http://eur-lex.europa.eu/smartapi/cgi/sga_doc?smartapi!celexplus!prod!DocNumber&lg=en&type_doc=Decision&an_doc=2006&nu_doc=770
- [9] Regulation (EC) No 714/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the network for cross-border exchanges in electricity and repealing Regulation (EC) No 1228/2003, <http://eur-lex.europa.eu/LexUriServ/LexUri%20Serv.do?uri=OJ:L:2009:211:0015:0035:EN:PDF>
- [10] Regulation (EC) No 713/2009 of the European Parliament and of the Council of 13 July 2009 establishing an Agency for the Cooperation of Energy Regulators. <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:211:0001:0014:EN:PDF>

Table of Contents

EXECUTIVE SUMMARY	7
Key Findings	7
Recommendations	10
1 INTRODUCTION	12
5.1 Methodology	12
5.2 General considerations	13
5.3 The Interconnections of Europe	15
2 INFORMATION ON INTERCONNECTION CAPACITY AND GENERAL PRINCIPLES FOR CM (FROM REGULATION (EC) 1228/2003)	18
5.1 Provision of Information on Interconnection Capacity (Article 5)	18
5.2 General Principles of Congestion Management (Article 6)	19
3 COMPLIANCE WITH THE CM GUIDELINES	21
3.1 General Provisions	21
3.1.1 Existence of Criteria for not Accepting Commercial Transactions	21
3.1.2 Existence of Congestion Management.....	21
3.1.3 Economically-Efficient Alleviation of Congestion by TSOs	21
3.1.4 Congestion Management in Case of Structural Congestion	22
3.1.5 Efficient Economic Signals to Market Participants and TSOs.....	22
3.1.6 No Transaction-Based Distinctions	23
3.1.7 No Limitation of Cross-border Capacity to Solve internal Congestion.....	24
3.1.8 Taking into Account the Effect on Neighbouring Control Areas	24
3.1.9 Intraday Allocation since 1 st January 2008	25
3.1.10 Evaluation of CM Methods by NRAs	25
3.2 Congestion Management Methods	26
3.2.1 Congestion Management only by Explicit and/or Implicit Auctions	26
3.2.2 Long- and Short-Term Transmission Capacity Allocation.....	28
3.2.3 Allocation of Available and any Remaining Capacity	28
3.2.4 Optimising the Degree of Firmness.....	28
3.2.5 Firmness of Long- and Medium-Term Capacity Rights, UIOSI / UIOLI.....	29
3.2.6 Structure for Capacity Allocation between Different Time Frames.....	29
3.2.7 Discrimination Bilateral Transactions and Bidding into Power Exchanges.....	29
3.2.8 Allocation of All Capacity by Implicit Auctions where Efficient Forward Financial Electricity Market Exists.....	29
3.2.9 Reserve Prices	29
3.2.10 Restrictions for Participation of Market Players in Allocation	30
3.2.11 Deadlines and Nomination	30
3.2.12 Secondary Trade	30
3.2.13 Financial Consequences in Case of Failure to Honour Obligations	30
3.3 Coordination – #1 Key Issue of the Third Compliance Report.....	31

3.4	Timetable for Market Operations.....	34
3.4.1	Allocation of Capacity Sufficiently in Advance	34
3.4.2	Nomination Sufficiently in Advance	35
3.4.3	Intraday Allocation Sufficiently in Advance	35
3.4.4	Sufficient Exchange of Data between TSOs before Day-Ahead Operation ...	35
3.5	Transparency – #2 Key Issue of the Third Compliance Report	36
3.6	Use of Congestion Income.....	44
3.6.1	Procedure for Distribution of Revenues.....	45
3.6.2	Transparency of NRAs regarding the Use of Congestion Revenues	46
3.6.3	Agreement and Review of Criteria for Sharing the Revenues.....	47
3.6.4	Establish the Use of the Congestion Revenues beforehand.....	47
3.6.5	Publication of Report on Congestion revenues Usage by NRAs.....	47
3.6.6	Use of Congestion Income for Investment.....	47
3.7	Countertrade and Re-dispatching – #3 Key Issue of the Third Compliance Report.....	48
4.	INTRADAY TRADING MECHANISM	51
5.	INTER-TSO COMPENSATION AND TRANSMISSION TARIFFICATION	54
5.1	Inter-TSO Compensation: History, Past and Present.....	54
5.2	Inter-TSO Compensation: Future perspective on ACER work.....	58
5.3	Charges for Access to the Networks.....	58
5.4	Transmission Tariffication Guidelines	59
5.5	Compliance with the ITC and TT Provisions in the Regulation.....	59
6.	SUMMARY AND CONCLUSIONS.....	64
6.1	KEY FINDINGS	64
6.1.1	Intra- and Inter-Regional Coordination and Coherence	64
6.1.2	On the limitation of cross-border capacity	65
6.1.3	Intraday Aspects	65
6.1.4	Transparency.....	65
6.1.5	Use of congestion income.....	65
6.2	Recommendations.....	65
6.3	Future role of ACER in compliance monitoring	67
ANNEX 1	– LIST OF ACRONYMS AND ABBREVIATIONS.....	68
ANNEX 2	– SUMMARY OF REPLIES FROM NATIONAL REGULATORY AUTHORITIES	69
	Article 4 of the Regulation	70
	Article 5 of the Regulation	71
	Article 6 of the Regulation	72
	Point 1 of the CM Guidelines.....	73

Point 2 of the CM Guidelines.....	74
Point 2 of the CM Guidelines (continued)	75
Point 3 of the CM Guidelines.....	76
Point 4 of the CM Guidelines.....	77
Point 5 of the CM Guidelines.....	78
Point 6 of the CM Guidelines.....	79
ANNEX 3 – INTERCONNECTIONS NOT IN THE COMPLIANCE REPORT.....	80
ANNEX 4 - ERGEG.....	81

List of Figures

Figure 1: Congestion management methods in different time frames:	26
Figure 2 Re-dispatching	48
Figure 3: Countertrading.....	49
Figure 4: Coordinated re-dispatching.....	50
Figure 5: Costs Included in Transmission Tariffs	60
Figure 6: Tariffication Principles and Pricing Signals	62
Figure 7: Connection Charges.....	63

List of Tables

Table 1: Congestion income per country in years 2008 and 2009.	45
Table 2: Use of congestion income in 2008 according to Article 6(6) of the Regulation	46
Table 3 Intraday compliance and trading arrangements.....	53
Table 4 Countries where TSOs have participated in Inter-TSO Compensation mechanism	55
Table 5 Ex-post calculation of ITC compensations.....	57

Executive Summary

This document contains the Third Monitoring Report on Compliance with Regulation (EC) No. 1228/2003 (“the Regulation”) and the annexed Congestion Management Guidelines (CM Guidelines). It follows on from the 2008 Second Compliance Report, which was presented and discussed at the XIV Florence Forum.

The Second Compliance Report showed that the Regulation and the CM Guidelines have not yet been fully enforced, although much progress has been achieved since the First Compliance Report in 2007, especially within the context of the Regional Initiatives.

The data collected from the National Regulatory Authorities (NRAs) for this report show that although there has been progress since the Second Compliance Report there is still potential for higher compliance, especially on inter- and intra-regional coordination and coherence in congestion management methods and procedures. This was pointed out in the Second Compliance Report as well, with a particular mention for cross-border intraday allocation mechanisms.

ER GEG has also identified shortcomings with regard to transparency, especially in the publication of relevant information on forecast demand and generation and their ex-post values.

In accordance with the conclusions from the Second Compliance Report and on the basis of a request made by the European Commission, the Third Compliance Report focuses on:

- Co-ordination of interconnector capacity calculation and allocation (Regulation, Art 6, and CM Guidelines Point 3);
- cross-border re-dispatch and countertrade (CM Guidelines Point 1.3 and 1.8);
- intraday trading (CM Guidelines Point 1.9);
- transparency, in particular generation (CM Guidelines Point 5.5); and
- inter-TSO Compensation mechanism (ITC).

In order to measure compliance, ER GEG has developed a system to evaluate each of the articles and points of the Regulation and CM Guidelines. The articles and points have several compliance criteria attached to them, including whether the TSO has documented how a provision is complied with. Documentation of procedures is not a requirement in the Regulation and CM Guidelines, ER GEG’s compliance criteria therefore go further than the legal provisions. This implies that fulfilling the criteria set out by ER GEG will indeed signify compliance. However, not fulfilling all the criteria does not necessarily mean non-compliance in a legal sense. Thus, the results should be read with some caution.

Key Findings

Overall, there is a high level of compliance, and the data ER GEG has gathered reveals full compliance with several provisions. Compliance was measured according to ER GEG criteria which go further than the legal provisions. This study found full compliance in the following areas:

- Regulation Article 4.1 (on charges for network access);
- Regulation Article 6.1 and 6.4 (general principles of congestion management);
- CM Guideline Point 1.2 (on access to interconnection when no congestion);
- CM Guideline Point 2.7 (non-discrimination in capacity allocation);
- CM Guidelines Point 4.1 (on timetable for allocation of capacity); and
- CM Guidelines Point 5.3 and 5.4 (on transparency).

On several further Points and Articles, the overall compliance with ERGEG criteria is over 95 %, thus signifying a high level of compliance with the legal provisions in the Regulation and CM Guidelines.

However there are shortcomings, in particular on inter-regional coordination.

Intra- and Inter-Regional Coordination and Coherence of Congestion Management

Coordination of congestion management methods and procedures on a regional and EU-level is a key objective of Regulation 1228/2003 and the CM Guidelines. Therefore, it is important to monitor compliance and progress in these areas. In general, the degree of compliance is higher than in the previous report. Several regional and cross-regional projects have contributed to this improvement. However, it should be noted that almost all regions do have shortcomings in coordination when compared to the legal requirements of the Regulation and the CM Guidelines.

In the near future, further projects will move from planning to real implementation and thus compliance is expected to increase. The recent launch of market coupling between the Central West Europe (CWE) and Northern regions represents a big step in the direction of high inter-regional coordination in the day-ahead time frame. Likewise, the coupling of Estonia to the Nordic market has increased coordination. These concrete examples materialised after the time period examined in this report and are therefore not reflected in the analysis here. There are further ongoing projects that address coordination in long-term time frames such as the Capacity Allocation Service Company (CASC) auction platform in the Central East (CEE) and Central South (CSE) Europe regions.

It should be noted that few NRAs considered that the methods currently applied for managing the interconnections are suitable for regional and European-wide application. Although explicit allocations are compliant, there seems to be a growing consensus that implicit day-ahead auctions are more suitable for regional and community-wide integration. In addition, the coherence of long-term allocations is going to be enhanced. These developments are reflected in the draft Framework Guidelines on Capacity Allocation and Congestion Management (CACM) for electricity¹ that ERGEG is currently preparing. Until the Framework Guidelines on Capacity Allocation and Congestion Management and the accompanying network codes are finalised, efficient steps shall be taken in order to enhance compliance on a regional level with regard to the coordination requirements but also to ensure overall consistency between the regions.

On the limitation of cross-border capacity

Compliance with regard to point 1.7 of the CM Guidelines (no limitation of cross-border capacity to solve internal congestion) is analysed in chapter 3.1.7 of this report. Compared to the Second Compliance Report, compliance in this area has improved. However there are a number of different interpretations of point 1.7 across Member States. As a consequence, for the same interconnection different answers were sometimes given from different sides of the

¹ http://www.energy-regulators.eu/portal/page/portal/EER_HOME/EER_CONSULT/CLOSED%20PUBLIC%20CONSULTATIONS/ELECTRICITY/draft%20Framework%20Guideline%20CACM%20Electricity

interconnection. This highlights an important need to specify the information TSOs shall provide to the regulators and market players. Moreover, this point is strongly linked to transparency (see point 5.1 of the CM Guidelines) and capacity calculation. For example, it appears that there are few concrete criteria to assess the price zone (size) issue in the ongoing discussions that have taken place in the context of preparing draft Framework Guidelines on Capacity Allocation and Congestion Management within ERGEG and ERGEG's Ad hoc Advisory Group of Stakeholders (AHAG). This issue has been highlighted by the recent Svenska Kraftnät² case. Therefore, it is of the utmost importance to support all efforts that aim to define clear criteria for reporting on and reviewing network constraints in order to ensure that cross-border capacity is not inappropriately limited due to internal congestion and the European market is fully efficient.

Intraday Aspects

There is a higher level of compliance on intraday than observed in the last report due to new projects that have been implemented. However, there are examples of interconnectors where intraday trading is not in place. Of the 31 monitored interconnectors, intraday trading is in place on 17 of them. On a further 10 interconnectors there are concrete plans for the introduction of intraday trading in 2010³ and/or 2011. The different types of intraday solutions have not been subject to compliance monitoring in this report.

Steps towards further improvement include the enhanced coordination of different intraday solutions and this would need to become an objective. Due to the increasing amount of intermittent renewable generation the importance of coordinated intraday mechanisms will increase.

Transparency

In general, there is a higher level of compliance on transparency than observed in the last report. However, a low level of transparency is still observed in certain areas. This is especially so with regard to renewables, in particular forecasts of wind and solar power for control areas with more than 1 % of such sources or bidding areas with more than 5 %. Currently, only in one third of the countries with these levels of wind or solar do the TSOs publish the required information. Furthermore, publication of outages on the transmission grid, generation and large consumption units is still missing in several countries. Information on corrective actions on the grid and the effects of these also needs improvement. The requirements for reporting are in some areas not sufficiently specific. Another issue that has been raised is the availability of data; this report refers only to data which is freely available to the market; in other words, data which is available for a fee has not been counted as compliant.

² The Svenska Kraftnät case 2009 COMP/39.351.

³ Intraday trading arrangements were implemented on three Polish interconnectors (Slovakia, Germany and Czech Republic) on 1 December 2010.

Use of congestion income

In general, the most common use of congestion income is to reduce tariffs. About half of the reported congestion income is used in this way, followed by use for investment in new lines, while the amount used to ensure capacity is the lowest. Several countries do not report on the planned use of congestion income, indicating that in this area regulators need to be more active. According to the CM Guidelines, TSOs are obliged to establish clearly beforehand the use of congestion income and then report the use of congestion income to the NRA. The NRA then verifies that the use of this income is in compliance with the Regulation and the CM Guidelines. Monitoring of compliance with these procedures requires proper information from the TSOs. Furthermore, there seems to be a need for clear guidance on how to verify the use of congestion income.

Recommendations

EREGEG recommends the following actions to ensure that the requirements of the Regulation and the CM Guidelines are properly met.

The European Commission is asked to:

- Give guidance and clarify those provisions of the Regulation and the CM Guidelines that are currently ambiguous and thus leave too much room for interpretation. This is important as the provisions of the Regulation and the CM Guidelines are setting the rules for cross-border issues and differing interpretations contain the risk of diverging and non-coherent development.;
- Ensure a swift comitology process for the development and adoption of legally binding European rules for cross-border issues on the basis of the Framework Guidelines and related network codes for capacity allocation and congestion management and the ERGEG Advice on Comitology Guidelines for Fundamental Electricity Data Transparency⁴ in order to support the further development on internal electricity market (IEM).

Member States are asked to:

- Ensure proper implementation and enforcement of the legal framework that supports efficient cross-border trade including: the network codes under the forthcoming Framework Guidelines for Capacity Allocation and Congestion Management; the envisaged Fundamental Electricity Data Transparency Comitology Guidelines; and the provisions stemming from the 3rd Package requiring TSOs and Regulators to cooperate in cross-border issues.
- Support the Regional Initiatives in their efforts towards market coupling and coordinated congestion management procedures within regions and across regions for all time frames.

⁴ http://www.energy-regulators.eu/portal/page/portal/EER_HOME/EER_CONSULT/CLOSED%20PUBLIC%20CONSULTATIONS/ELECTRICITY/Comitology%20Guideline%20Electricity%20Transparency

TSOs are requested to:

- Ensure a fast development of the network codes related to the CACM Framework Guidelines.
- Continue their committed work within the Regional Initiatives and strive towards efficient intra- and inter-regional congestion management methods for all time frames.
- Enhance and speed up implementation of missing transparency elements, as requested by the forthcoming Comitology Guidelines for Fundamental Electricity Data Transparency.
- Ensure documentation of relevant procedures and send these to NRAs.

European Regulators are committed to:

- Continuing to foster and support regional and inter-regional coordination of capacity allocation and congestion management via the Regional Initiatives and through their participation in the work of the Agency (ACER).
- Ensuring that TSOs document relevant procedures and routines and send these to the NRAs for review.
- Documenting relevant national procedures with regard to monitoring compliance of the TSO. Furthermore, regulators should consider developing a more harmonised approach in national compliance monitoring of the TSOs.

The ongoing ERGEG work on the Framework Guidelines for Capacity Allocation and Congestion Management and the subsequent network codes will help to clarify and specify the requirements for appropriate methods to be applied to capacity allocation on interconnectors and congestion management methods in general. Likewise, the envisaged Comitology Guidelines for Fundamental Electricity Data Transparency will help to clarify Europe wide requirements on what information is required to be published and when and in what form this is to be done.

1 Introduction

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

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

The XIV Florence Forum requested ERGEG resolve any outstanding issues regarding the interpretation of legal requirements in the Regulation and CM Guidelines in order to enable better and more precise monitoring and reporting in the Second Compliance Report. The Forum also concluded that the Second Compliance Report should be more specific and allow the European Commission to clearly identify the extent to which the legal provisions of the Regulation and CM Guidelines were being met in Member States⁵.

It was along those lines that the Second Compliance Report was prepared by ERGEG and presented for discussion at the XV Florence Forum⁶ in November 2008. At the same time, the European Commission announced its intention to launch infringement procedures in cases of non-compliance.

This document is the Third Monitoring Report on Compliance with the Regulation (EC) 1228/2003 and CM Guidelines (Third Compliance Report). It has been prepared and published by ERGEG. Moreover and where applicable, the Third Report reflects also on the future implications of the 3rd Legislative Package with regard to cross-border trade and congestion management.

5.1 Methodology

ERGEG has based its compliance investigation on the methodology developed for the First and Second Compliance Reports. ERGEG carefully interpreted each chapter and article of the Regulation and CM Guidelines and broke these down into a set of questions and criteria aimed at measuring compliance. These criteria have been discussed and summed up in the ERGEG Report “Compliance with Regulation 1228/2003 and Congestion Management Guidelines – Criteria for Compliance”⁷. On the basis of these criteria, a questionnaire to gather data from the NRAs was carefully developed to ensure a best capture of compliance or non-compliance according to the criteria.

⁵ See XIV Florence Forum conclusions at http://ec.europa.eu/energy/electricity/florence/14_en.htm

⁶ See XV Florence Forum conclusions at http://ec.europa.eu/energy/electricity/florence/15_en.htm

⁷ Ref: E07-EFG-25-03, 10 December 2007

The ERGEG criteria go further than the legal provisions of the Regulation and CM Guidelines. For example, the ERGEG criteria state that routines and procedures should be described by the TSO and sent to the NRA for review. Thus, if a TSO has implemented a provision, but not documented the procedures in writing to the NRA, the TSO is not fully compliant with ERGEG criteria, but may well be compliant with the legal provisions in the Regulation and CM Guidelines. The results with regards to “non-compliance” should, therefore, be read with this in mind. However, there is a broad consensus within ERGEG about the criteria for compliance. Indeed, when the answers are seen together over time, they give an indication of the level of compliance and the tendency for progress in compliance.

According to the data gathered for this Report, generally there is a high level of compliance. Areas with high degree of compliance are briefly described in the report, but the focus is on areas with a lower degree of compliance.

The Third Compliance Report is based in general on data from 2009. Specific developments up to mid-2010 have been taken into account. This means that projects completed after this date are not taken account of in the analysis, but such relevant pending projects are mentioned where appropriate.

5.2 General considerations

The majority of Regulators have the competence to review the arrangements of the TSO, but only rarely does the NRA have the competence to *approve* them. ERGEG considers that NRAs are in compliance with the respective provisions when they have *reviewed* arrangements with the TSOs.

On the basis of data submitted by NRAs, overall progress since the Second Compliance Report towards increased compliance with the Regulation and CM Guidelines is observable. However, this increased compliance is perhaps not as substantial as one could expect. In particular, there are still shortcomings with respect to regional and inter-regional coordination (Point 3 of the CM Guidelines).

However, several concrete regional projects will be implemented in the near future and these will constitute to a big step forward in terms of regional and inter-regional coordination. They may also contribute to better compliance with Articles of the Directives and Regulations of the 3rd Package before these are actually implemented in March 2011.

The Regional Initiatives, which involve committed cooperation from TSOs (through ENTSO-E), power exchanges, generators and other key stakeholders have already contributed to increased compliance as a result of increased monitoring activities. In particular in areas of transparency and coordination of congestion management methods, the Regional Initiatives have contributed to increased compliance.

One further explanation for increased compliance is the EC infringement proceedings which took place after the Second Compliance Report. ERGEG finds it likely that these proceedings contributed towards heightened awareness with regards to compliance and the criteria that need to be fulfilled in order to be compliant. The proceedings have spurred the NRAs into taking concrete actions in order to ensure TSOs are compliant.

In a few cases, ERGEG observed that NRAs report less compliance now than in the Second Report. This may be due to a more thorough understanding of the criteria needed to be compliant and/or a more considered and careful process on a national and regional level; thus replies from the NRAs are more realistic.

As found in the Second Report, there still seems to be a lag in implementation of intraday trading mechanisms, even though several new intraday projects have contributed to a better score in this report. Intraday trading arrangements are in place on about half of the interconnectors monitored in this report (this is relevant to point 1.9 in the CM Guidelines).

The data ERGEG has collected reveals an increase in compliance with Points 1.3 and 1.8 of the CM Guidelines, that is, with the criteria for market-based countertrading and re-dispatching. However, there is still some work to be done with regard to the no transaction-based discrimination.

Within the Regional Initiatives, countertrading and re-dispatching have been thoroughly addressed in some of the regional monitoring reports on congestion management methods. The first regional monitoring reports analysing the management and use of interconnections in 2008 were published during the first quarter of 2010. Four regions completed this exercise: South-West, Central-West, Central-South and France-United Kingdom-Ireland. The regional reports analyse for each time frame the management and utilisation of interconnections. They have enabled regulators in these regions to take stock of the current state of congestion management and recent improvements. Some findings are somewhat similar in the four reports but as the situation differs between the regions, the reports allow regulators to benefit from the experience in other regions.

The main similarity found between the reports is the importance of implementing implicit auctions at the day-ahead stage as there is a high social cost linked to the misuse of available cross-border capacity with any other allocation model. Another shared finding is the need to further develop cross-border intraday trade whether through a new allocation model or by improving the current one.

It can be noted that the relatively high percentage of bilateral capacity transfers in the Central-South region should lead other regions to analyse the mechanism in place. Lessons such as these are the benefits of regions sharing their experiences. The reports can be found on the ERGEG website. Regional reports dealing with 2009 shall be published by the end of 2010 for all regions. As such, this Third Compliance Monitoring Report does not go into the details of these issues since they are dealt with thoroughly in the Regional reports

Although countertrading and re-dispatching are technical issues in which many matters such as cost-sharing are still to be solved, these tools for TSOs have been better analysed and understood in recent years thanks to the sharing of information required as part of the Regional Initiatives. As a consequence, at the end of 2008 two initiatives were launched by two different groups of TSOs with the aim to better coordinate themselves. However, these projects shall be closely monitored by NRAs in order to not to end up with two incompatible systems.

With regard to transparency, and particularly to the requirements in CM Guidelines point 5.5, there is a clear trend towards increased compliance. The regional reports on transparency monitoring have contributed towards heightened awareness and thus increased compliance on this point.

With regard to the ITC mechanism (Inter TSO Compensation mechanism), the compliance of the ENTSO-E voluntary methods with the Regulation was subject to analysis in the First Compliance Report in 2007. For this purpose, ERGEG developed eight criteria to assess the ITC mechanism⁸. Between 2007 and 2009 there have not been substantial changes in the ITC provisions, so ERGEG's conclusions from the First Compliance Report remain valid.

⁸ ERGEG Comparison of the proposal of Guidelines on Inter TSO compensation with the CEER criteria for long-term ITC mechanism, 10th August, 2004, www.ergreg.org

ERGEG concluded then that the ENTSO-E voluntary methods were not sufficiently detailed and transparent, and thus not strictly-speaking compliant with the regulation.

The newly agreed ITC guidelines (2010) are more detailed, however these have not been subject to compliance monitoring in this report.

With regard to ITC data, ERGEG has received this from ENTSO-E, and this Third Report presents ITC data from 2005 – 2009.

5.3 The Interconnections of Europe

All together 31 interconnectors and 23 NRAs have been subject to compliance monitoring with the Regulation and CM Guidelines in this Third Compliance Monitoring Report.

As in previous reports, Malta and Cyprus are not subject to the compliance monitoring for cross-border issues because they have isolated power systems with no interconnections. The same applies to Iceland. Furthermore, there is no congestion on the interconnections within the Baltic States or on the interconnection between Germany and Luxembourg. Therefore only some of the provisions of the Regulation are applicable to these cases. Therefore, interconnections within Baltic States are not considered in the Report when Articles 5 and 6 of the Regulation and the CM Guidelines are discussed. The interconnector between Germany and Luxembourg is not considered in this report.

Moreover, since the beginning of the all-island Single Electricity Market (SEM) in November 2007 on the island of Ireland, the former interconnection between the Republic of Ireland and Northern Ireland is now treated as an internal transmission line on which any congestion is resolved by physical re-dispatching in the same manner as is done on other transmission infrastructure across the island. Accordingly, provisions in the Regulation and in the CM Guidelines are not applicable to that line, so it is not included in this monitoring exercise.

The interconnector between Belgium and Luxembourg, which is within the control area of the Belgian TSO, is not included in this report⁹.

The so-called “old merchant lines” (i.e. the lines built by private investors and put into operation before the Regulation and the CM Guidelines entered into force, or before the Member States home to these lines joined the EU) were until recently exclusively used by the owners. Now they are being opened to the market (during 2010¹⁰). These interconnections do not need to have exemptions from TPA (Third Party Access) according to Article 7 of the Regulation, as they were built and put into operation before the Regulation and Article 7 of the Regulation came into force. The Regulation relates only to “new lines”¹¹. Therefore, such interconnections fulfill the requirements of the Regulation and have not been dealt with in this Third Compliance Report.

⁹ The interconnection between Belgium and Luxembourg is not an interconnector in the sense of Regulation 714/2009 as it does not connect transmission systems. This is because it connects the line of a LUX industrial grid to the BEL transmission grid and therefore is implicitly out of scope of the compliance report.

¹⁰ Baltic Cable between Sweden and Germany joined market coupling through EMCC in May 2010. SwePol Link between Sweden and Poland is planned to join market coupling in November 2010.

¹¹ Information on these old merchant lines can be found on the ERGEG website under the Northern Regional Initiative, report on ERI-NO-IG: Northern Europe Electricity Regional initiative - Implementation Group "Optimising

Exemptions (according to Article 7 of the Regulation) were granted by the Commission for the new interconnections between Estonia and Finland (Estlink) in 2005 and Great Britain and Netherlands (Britned) in 2007¹². Estlink has been open to the market since April 2010 when it was incorporated into the Nord Pool Spot. The tendency seems to be that conditions for merchant lines are to foresee TPA in accordance with the CM Guidelines.

The interconnectors between Switzerland and EU countries are important for the development of the internal market; however Switzerland is not obliged to be compliant with the Regulation and CM Guidelines. The bordering countries are endeavouring to implement the Regulation and Guidelines as far as possible.

The following 31 interconnectors are included in this report. The vast majority are interconnectors within the EU and between Member States.

- | | |
|-------------------------------|-------------------------------|
| 1. Estonia - Latvia | 17. Belgium - France |
| 2. Austria – Hungary | 18. Belgium – Netherlands |
| 3. Latvia – Lithuania | 19. Germany – Netherlands |
| 4. Austria - Czech Republic | 20. Norway – Sweden |
| 5. Austria – Slovenia | 21. Finland – Sweden |
| 6. Germany – Poland | 22. Denmark – Sweden |
| 7. Czech Republic – Poland | 23. Denmark – Germany |
| 8. Poland – Slovakia | 24. Denmark – Norway |
| 9. Czech Republic – Germany | 25. France - Spain |
| 10. Czech Republic – Slovakia | 26. Portugal – Spain |
| 11. Hungary – Slovakia | 27. France – UK ¹³ |
| 12. Austria – Italy | 28. Hungary – Romania |
| 13. Italy – Slovenia | 29. Bulgaria – Romania |
| 14. Greece – Italy | 30. Bulgaria – Greece |
| 15. France – Italy | 31. Norway – Netherlands |
| 16. France – Germany | |

the use of the interconnectors - SwePol Link and Baltic Cable" Final Report - 2007 (11-04-2008) or Status Report 2007 (11-04-2008)

¹² Decisions can be found at website: http://ec.europa.eu/energy/electricity/infrastructure/exemptions_en.htm

¹³ The France-UK interconnector (IFA) is, on the UK side, owned and operated by National Grid Interconnector Limited who holds a UK interconnector licence. It is regulated as a separate entity from the national TSO (i.e. it is not part of the national TSO Regulatory Asset Base) by Ofgem. All relevant aspects of the Regulation apply to NGIL IFA.

There are three new interconnections analysed in this report that did not appear in previous reports: Estonia-Latvia, Latvia-Lithuania and the Norned cable between Norway and the Netherlands.

For both interconnections with Estonia and Lithuania, Latvia answered not applicable (NA) for most of the questions. The same holds true for Lithuania.

In the context of this report, the Norned cable is the only cable which currently connects the Central West and the Northern regions. The other interconnectors are intra-regional due to the lay out of the regions and because some regions overlap.

It should be noted that no answers were provided by Romania. The interconnections involving Romania have thus been evaluated with the information received from its neighbouring countries Bulgaria and Hungary.

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

5.1 Provision of Information on Interconnection Capacity (Article 5)

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

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

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

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

Compliance with Article 5 has been evaluated for 31 interconnections where congestion exists. Therefore, the percentage figures for compliance refer to the portion of those 31 interconnections where these provisions have been met. Only “yes” or “no” answers have been allowed with regard to Article 5, ‘NA’ answers have been counted as “no”.

For Article 5.1, there is relatively high level of compliance (84 %). From the NRA data, it can be deducted that for most of the interconnectors, TSOs have described coordination and information exchange mechanisms for ensuring the security of networks in the context of congestion management. Furthermore, the NRAs report that for all interconnectors TSOs have agreed on coordination and information exchange mechanisms.

For almost all interconnections, TSOs have described safety, operational and planning standards including a general scheme for the calculation of the total transfer capacity and a reliability margin - a general calculation scheme has been published on 92 % of interconnections. This is slightly higher than in the Second Report.

For almost all interconnections, the TSOs have described the process for publication of the relevant information.

Almost all TSOs have published available transmission capacity for each day, indicating any capacity already reserved. With regard to submitting a description of publication procedures to the responsible NRAs, a slightly lower compliance has been observed, in line with that of the Second Compliance Report.

With regards to Article 5.3 there is 91 % compliance.

In the Second Compliance Report, it was noted that lack of sufficiently detailed provisions on information management and transparency contributed to a relatively low level of general compliance with Article 5 of the Regulation. The analysis for the Third Report, however, indicates an improvement in the level of compliance. This increase may be due to several factors. The publication of regional Transparency Reports and regional actions for following up compliance with these are considered important, and may have contributed to a higher level of coordination and information exchange, and thus compliance with the Regulation. It should also

be noted that the Second Report included 28 interconnectors, whereas this report includes 31. Thus, the percentage numbers are not directly comparable, but a trend can be seen.

5.2 General Principles of Congestion Management (Article 6)

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

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

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

The analysis demonstrates full compliance with this article, as these provisions have been implemented at all the interconnectors.

Article 6.2 addresses curtailment procedures. It states that curtailment shall only be applied in emergency situations where the TSOs must act in an expeditious manner and re-dispatching or countertrading is not possible. It is further required that any such procedure shall be applied in a non-discriminatory manner and that market participants who have been allocated capacity shall be compensated for any curtailment except in cases of Force Majeure.

NRAs report that the provisions in this article have been fulfilled at 95 % of the interconnectors.

Article 6.3 requires that the maximum capacity of the interconnections and/or the transmission networks affecting cross-border flows shall be made available to market participants, complying with safety standards of secure network operation. Within the present legal framework, the NRAs cannot ensure compliance with this article and this is one of the issues which requires further clarification in order that compliance can be assessed.

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

NRAs report that 100 % of the interconnectors are compliant with this article.

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

NRAs report that 92 % of the interconnectors are compliant with this article.

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

- (i) guaranteeing the actual availability of the allocated capacity;
- (ii) network investments maintaining or increasing interconnection capacity;

- (iii) as an income to be taken into account by Regulatory Authorities when reviewing the methodology for calculating network tariffs, and/or in assessing whether tariffs should be modified.

There is 95 % compliance with this provision. The more detailed evaluation of compliance with the Article 6 with respect to the congestion management methods and the use of the congestion income is a subject of consideration in the fourth chapter of this Third Compliance Report, where compliance with the CM Guidelines is assessed in detail. Issues related to countertrade and re-dispatching are also addressed, as “Key issue number 3” of this report (Chapter 3.7).

3 Compliance with the CM Guidelines

3.1 General Provisions

This chapter evaluates compliance with the provisions from Section 1 of the CM Guidelines.

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

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

3.1.1 Existence of Criteria for not Accepting Commercial Transactions

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

It was confirmed that for all borders these criteria exist and are published.

In case of denial of commercial transactions, almost all TSOs comply with the CM Guidelines, with reasons and criteria for denial communicated immediately to market participants.

The level of compliance is higher than that observed in the previous report.

3.1.2 Existence of Congestion Management

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

All TSOs have published details on those interconnections where CM procedures exist. In summary, all TSOs comply with criteria set by the regulators to fulfil the requirements of point 1.2 of the CM Guidelines, so there is full compliance with this provision. It must be noted that the interconnections where these criteria are not applicable are considered as compliant.

3.1.3 Economically-Efficient Alleviation of Congestion by TSOs

In cases where power flows caused by commercial transactions are not compatible with secure network operation, TSOs shall relieve congestion to maintain the operational security of the grid and ensure that costs for this remain at an economically-efficient level, in accordance with point 1.3 of the CM Guidelines. There is a compliance of 81 % with this point.

Curative re-dispatching or countertrading shall be envisaged in case lower cost measures cannot be applied.

With respect to the use of procedures that reflect economical efficiency, many NRAs have indicated a general compliance, but, for example, only in half of the cases are the TSOs actually reporting costs and volumes of countertrading and re-dispatching.

Compared to the previous report, more NRAs report costs and volumes of countertrading and re-dispatching.

This issue is further detailed in section 3.7.

3.1.4 Congestion Management in Case of Structural Congestion

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

According to the answers from NRAs, almost all TSOs comply with these requirements and consistent answers are provided within the different regions.

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

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

For almost all interconnections, TSOs have reported that CM methods comply with network security standards.

The final criterion under this point requires TSOs to set up a monitoring process for implementation of the CM rules and arrangements including the criteria for further development of CM rules and arrangements. Most of the answers confirm compliance with this criterion however not all NRAs report having received a description of the monitoring process from the TSOs.

In summary, TSOs at 94 % of interconnections comply with criteria set by regulators to fulfil requirements set under point 1.4.

Once again, the degree of compliance has increased slightly compared to the observations made in the previous report. This increase is particularly strong concerning the description of the monitoring process sent to NRAs.

3.1.5 Efficient Economic Signals to Market Participants and TSOs

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

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

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

These inefficiencies are inherent to explicit auction mechanisms and constitute evidence of the drawbacks for market integration when day-ahead explicit auctions are used. The inefficiencies were identified in the European Commission report on the experience gained in the application of the Regulation, published on 15th May 2007¹⁴, as well as in the first ERGEG ERI Convergence and Coherence Report, published on 18th June 2007¹⁵.

Some of the replies confirm that methods are suitable for regional and community-wide application, which is evaluated accordingly for Section 3 of the CM Guidelines thereafter.

In summary, TSOs at 90 % of interconnections comply with criteria set by the regulators to fulfil requirements set under point 1.5.

Although the degree of compliance is higher than in the previous report, fewer NRAs considered that the methods for managing the interconnections are suitable for regional and community-wide application. Although explicit allocations are compliant, there seems to be a growing consensus about the development of implicit auctions being more suitable for regional and communitywide integration.

3.1.6 No Transaction-Based Distinctions

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

Fewer than half of the replies confirm that the TSOs have reported cases where transaction-based distinction happened. In most cases, the TSOs have not reported any cases of transaction-based distinction because no such cases have been observed or because there is no congestion. Furthermore, with implicit auctions transaction-based distinctions are inherently prevented and thus no transaction-based distinction has been reported wherever an implicit auction is in place.

This is one point where the degree of compliance has decreased compared to the results of the previous reports. This may be due to a better understanding of the requirements regarding transaction-based distinction following the EU infringement procedures.

¹⁴ Document can be found at http://europa.eu.int/smartapi/cgi/sga_doc?smartapi!celexplus!prod!DocNumber&lg=en&type_doc=COMfinal&an_doc=2007&nu_doc=250

¹⁵ Document can be found at http://www.energy-regulators.eu/portal/page/portal/EER_HOME/EER_CONSULT/CLOSED%20PUBLIC%20CONSULTATIONS/ELECTRICITY/ERI%20Coherence%20and%20Convergence/CD

3.1.7 No Limitation of Cross-border Capacity to Solve internal Congestion

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

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

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

The reasons explaining such limitations should be described and presented on the website of the TSOs or the Power Exchanges involved. For half of the interconnections, TSOs comply with this requirement.

A problem with internal congestion does not exist or has not led to limitations on cross-border capacity (and is thus not applicable) in about one third of all interconnections.

Further criteria for compliance with this point require that a long-term solution to internal congestion is described and that the methodology and projects are presented by the TSO, including a timetable for implementation. In addition, a description of the long-term solution should be sent to the NRA. Approximately 90 % of replies indicate compliance with these criteria.

All criteria under this point have been better respected by TSOs when compared to previous monitoring reports.

3.1.8 Taking into Account the Effect on Neighbouring Control Areas

When balancing the network inside the control area through operational measures in the network and through re-dispatching, the TSOs shall take into account the effect of these measures on neighbouring control areas in accordance with point 1.8 of the CM Guidelines. TSOs shall thus have in place rules and procedures on how the effects of operational measures on neighbouring control areas are taken into account when balancing the network inside their own control area.

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

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

In summary, TSOs at 91 % of the interconnections comply with ERGEG's compliance criteria to fulfil requirements set under point 1.8. The observed compliance is higher than the level observed in the previous report.

3.1.9 Intraday Allocation since 1st January 2008

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

The answers given by the NRAs regarding established mechanisms for intraday congestion management vary with respect to the different interconnections. In total, there seem to be intraday mechanisms in place at about half of the interconnectors monitored. However, some of those mechanisms are not market-based (e.g. relying on pro-rata method); however evaluating the type of mechanism is not part of this compliance report.

On interconnectors where intraday mechanisms exist, in most cases a description of the relevant mechanisms has been sent to the relevant NRAs.

At some interconnections where the compliance with this point has not yet been fulfilled, implementation is under way.

In summary, TSOs at 62 % of the interconnections comply with ERGEG's compliance criteria to fulfil requirements set under point 1.9.

The observed compliance is higher than the one in the previous report.

The implementation of regional cross-border intraday mechanisms is further addressed in chapter 4.

3.1.10 Evaluation of CM Methods by NRAs

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

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

When setting the criteria (cf. ERGEG Criteria Paper) for compliance with this point, it has been agreed that compliance with this point is met when NRAs are able to evaluate CM methods annually. Furthermore, need for dedicated studies shall be evaluated using this approach. Some of the NRAs have indicated non-compliance with this point and related criteria. They explained that annual procedures have not been established yet because for them this was the first evaluation.

Most NRAs reported that they do a regular evaluation of the CM methods.

The consultation of the compliance report is being conducted annually by a majority of NRAs.

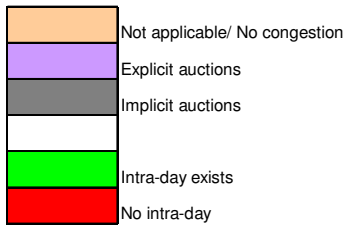
Most of the NRAs are evaluating the need for dedicated studies during the annual compliance evaluation.

The observed compliance is 87 % and similar to the one observed in the previous report.

3.2 Congestion Management Methods

Figure 1 summarises the congestion management methods applied across different time frames and different borders and the status of the implementation of intraday congestion management mechanisms (see also more detailed elaboration in chapter 4).

Allocation methods	Yearly allocation	Monthly allocation	Day-ahead allocation	Intra-day allocation exists
Estonia-Latvia				
Latvia-Lithuania				
Austria-Czech Republic				
Austria-Hungary				
Austria-Slovenia				
Germany-Poland				
Czech Republic-Poland				
Poland-Slovakia				
Czech Republic-Germany				
Czech Republic-Slovakia				
Hungary-Slovakia				
Austria-Italy				
Italy-Slovenia				
Italy-Greece				
France-Italy				
France-Germany				
Belgium-France				
Belgium-Netherlands				
Germany-Netherlands				
Norway-Sweden				
Finland-Sweden				
Denmark-Sweden				
Denmark-Germany				
Denmark-Norway				
France-Spain				
Spain-Portugal				
France-UK				
Hungary-Rumania				
Rumania-Bulgaria				
Bulgaria-Greece				



- Not applicable/ No congestion
- Explicit auctions
- Implicit auctions
- Intra-day exists
- No intra-day

Figure 1: Congestion management methods in different time frames

3.2.1 Congestion Management only by Explicit and/or Implicit Auctions

According to point 2.1 of the CM Guidelines, the CM methods shall be market-based and facilitate efficient cross-border trade. Only explicit and implicit auctions are allowed and both methods can co-exist at an interconnection.

EU-wide: Explicit allocation methods are in place on all interconnections for yearly and monthly auctions except in the Nordic region where only day-ahead implicit auctions are applied. As regards day-ahead capacity, approximately two thirds are explicitly auctioned and the remaining third follows an implicit scheme. This result is widely unchanged compared to the Second Compliance Monitoring report.

The situation in the different (Regional Initiatives) regions is summarised below.

Central West (CWE): Explicit auctions are held on a yearly and a monthly basis on all interconnections in the CWE region. These auctions are done via CASC-CWE as a single point of contact. Within the TLC (Trilateral Market Coupling) scope between France, Belgium and Netherlands, implicit auctions are used for day-ahead allocation, whereas on German borders (Germany-France, Germany-Netherlands) explicit auctions are used for day-ahead allocation. This region is considered compliant with the requirements in point 2.1 of the CM Guidelines. The region implemented market coupling with implicit auctions for the day-ahead time frame across the whole region on 9 November 2010.

Central South (CSE): Explicit Auctions are held for all time frames except intraday on all EU borders of the CSE Region (IT-FR, IT-AT, IT-SI, IT-GR) and also on IT-CH border. Each TSO acts as auction operator in the export direction from its control area, but as of April 2010, the Italian TSO Terna started to act as a Single Auction Office on the Italian – French border. From mid-2011, CASC will also act as a single point of contact for Italian borders running explicit auctions. At the same time, CASC will start acting as auction operator for CH-DE and CH-AT borders.

Central East (CEE): Yearly, monthly and daily explicit auctions are conducted for all borders in the region. For the borders between Poland, Germany, Czech Republic and Slovakia, the Czech TSO CEPS acts as an auction operator; for the other borders the arrangements were different and done bilaterally. Thus, compliance with the requirements of point 2.1 of the CM Guidelines has been achieved.

Northern: Within the Nordic market (Denmark, Finland, Norway and Sweden) there are no explicit auctions of physical transmission rights. All capacity is allocated by implicit day-ahead auction. However, within the wider Northern Region, on the border between German and Denmark, there are yearly and monthly explicit auctions with a Use-It-Or-Lose-It (UIOLI) mechanism, alongside implicit volume coupling allocations. Since May 2010 there are also implicit auctions on the Baltic Cable between Sweden and Germany. As of April 2010, Estonia has been coupled with the Nordic market through implicit auctions. There are plans to open SwePol Link with implicit auctions. This region is considered compliant with point 2.1 of the CM Guidelines.

South West (SWE): On the French-Spanish border, capacity is explicitly allocated for all time frames. Concerning the interconnections on the Iberian Peninsula, daily and intraday capacity is allocated through implicit auctions under the MIBEL market splitting. There are no long-term auctions of capacity in the MIBEL market. However there is a set of coordinated rules for long-term capacity allocation approved by the Council of Regulators of MIBEL, which is pending approval by the Portuguese and Spanish Governments. This region is considered compliant with point 2.1.

France-UK-Ireland (FUI): Yearly, monthly, daily and intraday explicit auctions are available at the France-UK interconnection. Compliance with Point 2.1 of the CM Guidelines within this region can be observed.

Romania and Bulgaria (as members of the SEE region): For Romania no input was received. Bulgaria conducts explicit yearly, monthly and daily auctions on the borders to Romania and Greece. Thus, the level of compliance can not be fully assessed.

3.2.2 Long- and Short-Term Transmission Capacity Allocation

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

Since this point has conditional applicability and does not clearly impose firm binding rules, no specific compliance evaluation is performed on it (this is following the practice from the Second Compliance Monitoring Report). However for approximately 91 % of interconnections, TSOs have described the reasons for having, or not having, both long- and short-term transmission capacity allocations and the assessment on point 2.1 demonstrates that the co-existence of longer- and shorter term allocations is widely in place.

3.2.3 Allocation of Available and any Remaining Capacity

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

Cascade-like publication and allocation of unused capacity are widely present on interconnections across Europe.

For practically all interconnections, allocation procedures for the different time frames have been defined by the TSOs and the related descriptions were sent to NRAs. It should be noted that for more than half of the borders, reports on “left-over” capacity” are provided to the NRAs. This is significantly higher than in 2008.

Overall more than 92 % of the interconnections show compliance with the criteria defined to fulfil requirements set under point 2.3.

3.2.4 Optimising the Degree of Firmness

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

As already highlighted in ERGEG’s 2008 Compliance Monitoring report, it must be underlined that the provisions for “optimising the degree to which capacity is firm” and “offering capacity with a reduced degree of firmness” are vague and not precise enough without further refinement. This issue is addressed in the ERGEG draft Framework Guidelines on Capacity Allocation and Congestion Management in more detail and shall consequently be resolved in the new provisions following the procedures and provisions stemming from the 3rd Package.

In general, definitions on conditions exist and are publicly available. Reporting to NRAs on firmness granted to market participants is being conducted. Numeric results are of low significance here, since, as indicated at the beginning, day-ahead transactions are physically firm for many borders and downgraded firmness products are hardly offered to the market.

In summary, NRAs report that 92 % of interconnectors comply with the defined criteria.

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

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

Based on the criteria defined by ERGEG, approximately 95 % of the interconnections are compliant. However, it must be emphasised that a quantitative assessment of this point is dependent on the different interpretations of what the level of firmness should be. It should be noted that this issue is addressed in the ERGEG draft Framework Guidelines on Capacity Allocation and Congestion Management to ensure a clear interpretation in the future.

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

3.2.6 Structure for Capacity Allocation between Different Time Frames

According to point 2.6 of the CM Guidelines, the TSOs shall define an appropriate structure for the allocation of capacity between different time frames. This may include an option for reserving a minimum percentage of interconnection capacity for daily and intraday allocation. The allocation procedure shall be subject to review by the respective regulatory authorities.

TSOs' treatment of a structure for capacity allocation between different time frames is generally perceived as compliant.

In summary, TSOs at 88 % of the interconnections comply with the criteria set by the regulators to fulfil requirements set under point 2.6.

3.2.7 Discrimination Bilateral Transactions and Bidding into Power Exchanges

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

The requirement is not perfectly clear, since usually explicit auctions do not coexist with implicit auctions using power exchanges for the same time frame. However, based on data from NRAs there is full compliance with this provision.

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

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

This criterion is mostly relevant to the Nordic market, where liquid forward financial markets exist and are used for long-term hedging strategies. In these countries, relevant authorities (financial market supervisory authorities, energy regulators) have analysed the market and its development, concluding that it functions satisfactorily and has proven its efficiency.

Overall, there is 99 % compliance with this provision.

3.2.9 Reserve Prices

According to point 2.9 of the CM Guidelines, establishing reserve prices in capacity allocation methods shall not be allowed. Exemption is possible for new interconnections under Article 7 of the Regulation.

No reserve prices are in place, except for lines exempted under Article 7 of the Regulation.

3.2.10 Restrictions for Participation of Market Players in Allocation

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

The replies confirm a high degree of overall compliance with this point, 89 %. However, procedures and rules to monitor potential use of dominant position of market participants and to set restrictions are in place to a lesser extent.

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

3.2.11 Deadlines and Nomination

According to point 2.11 of the CM Guidelines, market participants shall firmly nominate use of their capacity to the TSOs by the defined deadline for each time frame. The deadlines shall be set such that TSOs are able to reassign unused capacity for reallocation in the next relevant time frame – including intraday sessions.

More than 96 % of the responses demonstrate compliance with the requirements under this point and the related ERGEG criteria. Negative answers or 'NA' answers are due to the absence of longer term capacity allocation (e.g. in the Nordic area). The issue of whether the time frames are set sufficiently in advance is dealt with under the evaluation of compliance with Section 4 of the CM Guidelines.

3.2.12 Secondary Trade

According to point 2.12 of the CM Guidelines, provided that that the TSO is informed sufficiently in advance, allocated capacity shall be freely tradable on a secondary basis. Where a TSO refuses any secondary trade (transaction), this must be clearly and transparently communicated and explained to all the market participants by that TSO and notified to the regulatory authority.

In summary, there is an overall compliance with criteria of 82 % with point 2.12.

3.2.13 Financial Consequences in Case of Failure to Honour Obligations

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

Overall, approximately 96 % of compliance has been achieved for this point of the CM Guidelines. However, it should be noted that the results from the quantitative assessment in the report must be treated carefully since the requirements on compensations for not fulfilling the obligations are not clearly defined in point 2.13 and leave room for interpretation.

According to point 2.13 of the CM Guidelines, compensation for curtailment is required except in cases of Force Majeure. It appears from the answers on this criterion that in the majority of cases market players are reimbursed what they paid for the capacity, but not compensated any further. The ERGEG draft Framework Guidelines on Capacity Allocation and Congestion Management are setting more detailed requirements for this criterion and these will clarify how compliance can be achieved.

3.3 Coordination – #1 Key Issue of the Third Compliance Report

According to point 3.1 of the CM Guidelines, capacity allocation at an interconnection shall be coordinated and implemented by the TSOs involved using common allocation procedures. In cases where commercial exchanges between two countries (TSOs) are expected to significantly affect physical flow conditions in any third country (TSO), CM methods shall be coordinated between all the TSOs through a common CM procedure. NRAs and TSOs shall ensure that no CM procedure with significant effects on physical electric power flows in other networks is devised unilaterally. There is 85 % compliance with this provision.

Point 3.2 of the CM Guidelines requires that a common coordinated CM method and procedure for the allocation of capacity to the market at least yearly, monthly and day-ahead shall be applied by not later than 1st January 2007 between countries in the seven regions (Baltic, CEE, CSE, CWE, FUI, Northern and SWE). Furthermore, at an interconnection involving countries belonging to more than one region, the CM method applied may differ in order to ensure compatibility with the methods applied in the other regions to which these countries belong. In this case, the relevant TSOs shall propose the method and this shall be subject to review by the relevant regulatory authorities. There is 78 % compliance with this provision.

According to point 3.3 of the CM Guidelines, regions where forward financial markets are well developed and have demonstrated their efficiency may allocate all interconnection capacity through day-ahead allocation. There is 95 % compliance with this provision.

According to point 3.4 of the CM Guidelines, compatible CM procedures shall be defined in all seven regions with a view to forming an integrated Internal Electricity Market and market parties shall not be confronted with incompatible regional systems. With this point, the compliance is low at only 16 %. It should be kept in mind that the market coupling between the CWE and the Northern region has not been taken into account as it occurred after 30 June 2010. This project went live on 9 November 2010 and will contribute to a much higher compliance with this provision.

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

- a) Use of a common transmission model dealing efficiently with interdependent physical loop-flows and having regard to discrepancies between physical and commercial flows;
- b) Allocation and nomination of capacity to deal efficiently with interdependent physical loop-flows;
- c) Identical obligations on capacity holders to provide information on their intended use of the capacity, i.e. nomination of capacity (for explicit auctions);
- d) Identical time frames and closing times;
- e) Identical structure for the allocation of capacity among different time frames and in terms of blocks of capacity sold;
- f) Consistent contractual framework with market participants;

- g) Verification of flows to comply with the network security requirements for operational planning and for real-time operation; and
- h) Accounting and settlement of congestion management actions.

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

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

Compliance in terms of detailed compatibility of allocation procedures with other regions (point 3.4 of the CM Guidelines) is an intra-regional question and has to be assessed from an overall European perspective. Still, the issues referred to in this chapter have progressed within the Regional Initiatives framework. Compliance has not yet been reached for all European interconnections but further improvements are under preparation. Though there are different levels of coordination within the regions, none of the regions is fully compliant with the requirements set under point 3.5 (Common region-wide coordinated allocation procedures) as of 30th June 2010. Compliance with point 3.5 is has been measured using the data sent by NRAs and stands at 49 %.

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

Baltic States

Since between the Baltic countries no congestion exists, the application of the relevant legislation is in general not applicable.

Central Eastern Europe (CEE) Region

The coordination requirement to have common allocation procedures and having information on these procedures sufficiently available to the market are only partly fulfilled in the CEE region. The description and the communication to the market are usually done via the publication of auction rules by the involved TSOs. NRAs were informed on the allocation procedures in advance or in parallel, usually also within the ERGEG ERI process. Effects of physical flows caused by the allocation procedures are partly taken into account, although not to the extent necessary to be fully compliant.

Coordination for annual, monthly and daily allocations is done either bilaterally or multilaterally (Poland, Germany, Czech Republic and Slovakia) in the region.

The solutions reviewed in this report are not fully compliant with the requirements described under point 3.5. However, TSOs have established the Central Allocation Office (CAO) as a joint company and entity for implementing fully coordinated solutions. After extensive preparatory work, CAO will start fully coordinated regional allocations, encompassing all TSOs from all the CEE countries, at the beginning of 2011. This step will ensure compliance since the CAO will be a single point of contact and auctions will be performed under a single set of rules for the entire region. Moreover, there will be a common scheduling system for all the CEE TSOs, allowing significant advantages for the market participants (one common data format throughout the region). This is foreseen to start operation at the beginning of December 2010. This is also an important step towards the flow-based capacity calculation, planned to start in the first half of 2011.

Procedures for information and data exchange are established between TSOs and allow for assessments of the grid situation.

Central South (CSE) Region

A common set of rules applies to yearly, monthly and daily capacity on the Italian borders of the CSE region, resulting in a level of harmonisation on issues such as auction format of bids, secondary market, UIOSI for long-term capacity and UIOLI for daily capacity. Auction rules have been defined since 2008 in a common document drafted by the six TSOs involved and approved or reviewed by the relevant NRAs. Starting from mid-2011, CASC will act as a single point of contact throughout the whole CSE region, including on Swiss borders even if separate auction rules are foreseen to be harmonised by 2012.

Some features of the region-wide allocation process will be fully coordinated with the entry into force of CASC as single point of contact for all CSE borders. Some relevant examples are the harmonisation of time frames and closing times.

Central West Europe (CWE) Region

The requirement to have common regional allocation procedures and that information on these procedures is sufficiently available to the market (point 3.1 of the CM Guidelines) is not yet uniformly met. Effects of physical flows (caused by the allocation procedures) are not always taken into account.

Coordination for annual and monthly allocations is done via CASC-CWE for the entire region. Moreover France, Belgium and the Netherlands have a coordinated implicit day-ahead auction (Trilateral Market Coupling). From November 2010 onwards, coordinated day-ahead market coupling is being applied within the whole CWE region (and the link from Germany towards the Nordic Region). This step should enable compliance with the given requirements. In addition, by mid-December 2010 the NorNed cable will be included in the market coupling project – meaning that there will be one day-ahead market from France, through Belgium and the Netherlands through to Northern Norway, Finland and Estonia.

Procedures for regular information exchange between TSOs are applied but NRAs do not always receive information of such procedures.

FUI Region

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

For the IFA interconnector, coordination of allocations (point 3.1 of the CM Guidelines) is done bilaterally.

Northern Europe (NE) Region

The interpretation of the coordination requirement (to have common allocation procedures and that information on these procedures is sufficiently available to the market, point 3.1 of the CM Guidelines) is uniform in the Nordic market. For all countries within this market, these requirements are fulfilled. There is multilateral coordination of congestion management within the Nordic market.

For region-wide coordination, i.e. the coordination between the Nordic market and Poland and Germany (point 3.2 of the CM Guidelines), bilateral coordination on interconnectors was introduced on 30th June 2010. Compatibility with other regions is thus ensured. There are plans to coordinate congestion management in the day-ahead time frame through market coupling with the Central West region. See also the section on CWE.

Concerning the transition to day-ahead allocation only (point 3.3 of the CM Guidelines, and 2.8 of the Regulation), all NRAs consider that the markets are well developed and that the reasons for this transition are published.

South West Europe (SWE) Region

The requirements to have common allocation procedures and that information on these procedures is sufficiently available to the market is partly fulfilled in the SWE region. Coordination is done on a bilateral basis; however, a regional common allocation procedure does not yet exist within the region. The description and the communication to the market are widely compliant with the existing requirements.

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

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

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

3.4 Timetable for Market Operations

3.4.1 Allocation of Capacity Sufficiently in Advance

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

All the interconnections comply with the criteria set under point 4.1 of the CM Guidelines. This is an improvement since the last report. The increase in compliance may be due to TSOs now publishing information jointly.

3.4.2 Nomination Sufficiently in Advance

According to point 4.2 of the CM Guidelines, having full regard to network security, the nomination of transmission rights shall take place sufficiently in advance, before the day-ahead sessions of all the relevant organised markets and before the publication of the capacity to be allocated under the day-ahead or intraday allocation mechanism. Nominations of transmission rights in the opposite direction shall be netted in order to make efficient use of the interconnection. The issue of nomination is not relevant for systems with implicit auctions, and consequently those NRAs have been able to answer non-applicable, and this has counts as “yes”.

Almost all NRAs have observed compliance in this area (overall 99 %). The TSOs have described the nomination procedure and have also published it to the market participants accordingly. Moreover, the TSOs have sent the description of the nomination procedures to NRAs.

3.4.3 Intraday Allocation Sufficiently in Advance

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

Approximately 68 % of the interconnections meet the criteria set out in this point (compared to 44 % in the last report). Note that interconnectors with no congestion are considered compliant in this context even if intraday mechanisms do not exist. 15 out of 31 monitored interconnectors have implemented intraday.

There exist a number of exceptions, with regard to the requirement for implementation of intraday allocation or the region-wide coordination of intraday allocation. It shows non-compliance in all such cases with regards to the description of the rules for the market. Several on-going projects for the implementation of intraday exist. See also Chapter 4.

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

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

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

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

Furthermore, there are cases where TSOs have not sent related descriptions and agreements to their NRAs. In such cases compliance cannot yet be directly confirmed by those NRAs. In order to alleviate this situation, an obligation should be included in the CM Guidelines for the TSOs to report those descriptions to the NRAs. This is one of the issues which require further clarification and more detailed specification in the next version of the CM Guidelines.

There is an information exchange platform in place covering all the required information at approximately 87 % of interconnections.

3.5 Transparency – #2 Key Issue of the Third Compliance Report

It has been noted for some time that there needs to be clearer guidance on what information needs to be published to comply with the Transparency requirements in the CM Guidelines. In this context, ERGEG published Guidelines of Good Practice on Information Management and Transparency (GGP-IMT) in August 2006. The Regional Initiatives followed up with regional reports on transparency requirements. The first regional transparency report, which was prepared by the Northern region, was in 2007. This report was used as a starting point for other regional transparency reports. Even though these regional transparency reports are not legally binding, they have contributed greatly to enhanced transparency.

In early 2010, the European Commission asked ERGEG, in cooperation with ENTSO-E, to draft advice regarding Fundamental Electricity Data Transparency, which is intended to lead to (legally binding) comitology guidelines during 2011. The coming guidelines should give the necessary clarity with regard to transparency requirements, and furthermore provide binding provisions. This is especially important regarding the publication of data on generation and load in DSO networks. While the CM Guidelines say that market participants concerned shall provide the TSOs with the relevant data, in many countries there is no obligation on the relevant market participants to provide the data or even to provide the necessary measurements.

Especially regarding the issue of transparency, ERGEG's criteria for compliance are very detailed. For example, point 5.5 of the CM Guidelines has been broken down into 47 separate criteria. Whereas fulfilling the criteria signifies compliance, not fulfilling all criteria does not automatically signify non-compliance in a legal sense. As described in the introductory chapter on methodology, these criteria are interpretations, thus caution is needed when assessing legal non-compliance.

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

The responses indicate that in a high proportion of cases, the TSOs or, where applicable, the NRAs, have defined criteria for relevant data related to network reliability, network access and network use. A lower proportion of TSOs is reported to have sent such criteria to the NRA. The TSOs are also requested under this point to publish a report on where and why congestion exists. Such a report has been published by the TSOs and sent to the NRAs in approximately three quarters of countries.

The Baltic countries have reported no congestion and therefore questions regarding congestion management methods are not applicable here.

If there is congestion, the TSOs shall publish a report on the methods applied for managing the congestion and send this report to the respective NRAs. Three NRAs do not fulfil this requirement.

Furthermore, the TSOs shall publish plans for its future congestion management and send such a report to the NRA. A high proportion of NRAs fulfil this requirement.

Finally, most the NRAs report having ensured that TSOs comply with this article. One explanation for variation in the level of compliance can be that the requested information is available in a variety of documents, published with different frequencies and the NRA may have other methods to ensure that the requirements are met.¹⁶ The overall compliance with this point is 89 %.

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

Furthermore, TSOs shall publish a general scheme for the calculation of the interconnection capacity for the different time frames and send such a scheme to the NRA. This has been the case in almost all countries. The general scheme has been reviewed by all the NRAs, again indicating that NRAs may have other means of assessing compliance with this general requirement.

There is a very high overall compliance with this point of 99 %.

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

In relation to the requirements from point 5.3 of the CM Guidelines, the Baltic countries have reported that there is no congestion, and have thus answered “not applicable”. The remaining TSOs have described in detail the congestion management and capacity allocation procedures in use and have made that description transparently available to all market participants. Furthermore, these TSOs have sent the description of procedures to the NRAs.

There is therefore full compliance with point 5.3.

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

The operational and planning security standards have been prepared and published by all the TSOs in an open and public document available to market participants, and there is full compliance with this provision.

¹⁶ It must however be mentioned, that this figure does not relate to the information on the actual origin and reasons for congestion (cf. Point 1.7 of the CM Guidelines). It is therefore considered important that the TSOs also provide such a report.

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

ERGEG has specified 47 criteria to be fulfilled in order to comply with point 5.5 of the CM Guidelines. Thus, very few regulators report full compliance.

Compliance with this point is still relatively high, given the many criteria, with an overall compliance of 87 %. However, ERGEG has specified that in order to be fully compliant with 5.5, points 5.7, 5.8 and 5.9 also need to be complied with.

The specific provisions under 5.5 are as follows:

Planned outages in the transmission grid and on interconnections (including maintenance and other works) with dates and their impact on available capacity of interconnections if impact is greater than 100 MW, including reasons, are now published according to requirements by a high proportion of the monitored TSOs.

Details of actual unplanned outages in the transmission grid and on interconnections if the impact is larger than 100 MW, with dates and their impact on available (remaining) interconnection capacity are now published by most of the TSOs¹⁷. Both these points have improved significantly since the Second Report.

In terms of capacity reserved ex-ante for balancing markets, only Denmark indicates that such capacity is reserved and published.

In case of explicit auctions, hourly capacity offered by TSOs per border is published sufficiently before the allocation procedure by most of the relevant the TSOs. Furthermore, capacity requested by market participants per border is published at the latest H+2 after each capacity allocation session according to requirements by almost all the relevant TSOs. Approximately one fourth of NRAs report that explicit auctions are not applicable.

About eight out of ten TSOs publish congestion income in compliance with the relevant criteria, that is, shortly after each capacity allocation session has taken place, and ensures that the data is available for two years.

For the following provisions under 5.5, ERGEG has made calculations of compliance with each of the criteria set out in the ERGEG Report "Compliance with Regulation 1228/2003 and Congestion Management Guidelines – Criteria for Compliance"¹⁸. The criteria are referred to in the text.

The publication of reasons for any corrective action taken by the TSOs during daily operation is done by the TSOs in 74 % of the countries while 11 % regard this issue as not applicable. Rules and procedures for market participants to provide data to TSOs exist in 100 % of the countries, a substantial improvement since the Second Report. Furthermore, 91 % of the NRAs have reviewed the way in which information under point 5.5 is published.

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

¹⁷ In the Nordic market, the four TSOs have an agreement with the power exchange, Nord Pool Spot to publish this information via the UMMs (urgent market messages). See <http://www.nordpoolspot.com/umm/>

¹⁸ Ref: E07-EFG-25-03, 10 December 2007

According to point 5.5 (a) of the CM Guidelines, TSOs shall publish at least annually information on the long-term evolution of the transmission infrastructure and its impact on cross-border transmission capacity for the next three years, including details of any planned projects. The TSOs in 88 % of the countries comply with this requirement. In 70 % of the countries, the TSOs comply with the specific provision of publishing the information a week before yearly capacity auction (i.e. at the latest the 5th calendar day of month before the auction or at the end of week 51). A report on yearly time frame, updated with changes at the latest two weeks later is published by the TSOs in 87% of the countries and 87% answers indicate that the report is available for three years.

According to point 5.5 (b) of the CM Guidelines, TSOs shall publish at least monthly the month- and year-ahead forecasts of the transmission capacity available to the market, taking into account all relevant information available to the TSO at the time of the forecast calculation (e.g. impact of summer and winter seasons on the capacity of lines, maintenance on the grid, availability of production units, etc.) According to the replies regarding requirements for point 5.5 (b), the year-ahead forecasts of available transmission capacity taking into account all relevant information available to the TSO are published by the TSOs in 91 % of the countries, whereas month-ahead forecasts of available transmission capacity are published all TSOs.

According to point 5.5 (c) of the CM Guidelines, TSOs shall publish at least weekly the week-ahead forecasts of the transmission capacity available to the market, taking into account all relevant information available to the TSOs at the time of calculation of the forecast, such as the weather forecast, planned maintenance works of the grid, availability of production units. In relation to point 5.5 (c), TSOs in 83 % of the countries have published week-ahead forecasts of available transmission capacity.

According to point 5.5 (d) of the CM Guidelines, TSOs shall publish at least daily the day-ahead and intraday transmission capacity available to the market for each market time unit, taking into account all netted day-ahead nominations, day-ahead production schedules, demand forecasts and planned maintenance works of the grid. Point 5.5 (e) requires that TSOs publish the total capacity already allocated by market time unit, and all relevant conditions under which this capacity may be used (e.g. auction clearing price, obligations on how to use the capacity), so as to identify any remaining capacity. Concerning the provisions and requirements from point 5.5 (d), day-ahead capacity is published by all TSOs while the TSOs in 83 % of the countries also publish capacity for intraday allocation. This difference can be attributed to the fact that intraday allocation is not yet available on all borders.

According to point 5.5 (e), TSOs shall publish the total capacity already allocated by market time unit, any remaining capacity and the conditions under which capacity may be used (information on, for example, auction clearing price, obligation to use the capacity). The main information is published by the TSOs in most of the countries with some variation between the conditions. Some TSOs note that the conditions are not applicable. This relates for instance to the Nordic countries where all capacity is allocated through implicit auctions in the day-ahead time frame.

Point 5.5 (f) is divided between borders with explicit auctions and implicit auctions. According to point 5.5 (f) of the CM Guidelines, TSOs shall publish allocated capacity as soon as possible after each allocation, as well as an indication of prices paid as soon as possible after each allocation according to point 5.5 (f). For explicit auctions, approximately 57% of the answers indicate compliance whereas TSOs in as many as 30 % of countries regard this provision as not applicable and 13 % do not comply with this provision. Information on the price differences and congestion income for implicit auctions is published by all TSOs with implicit auctions two hours after allocation. Many TSOs have not answered this question and the replies indicate that at least one country is not compliant.

According to point 5.5 (g) of the CM Guidelines, TSOs shall at least publish the total capacity used by market time unit, immediately after the nomination. This point is applicable only to explicit auctions. The TSOs in 71% of the countries with explicit auctions publish total capacity nominated after each nomination by market time unit. The publication includes hourly aggregated values of capacity nominated by market players on each interconnection, which are published at the latest two hours after nomination. These data are available for two years. All TSOs are compliant with this point.

Point 5.5 (h) of the CM Guidelines requires that TSOs publish as closely as possible to real time the aggregated realised commercial and physical flows per interconnection by market time unit. This publication shall include a description of the effects of any corrective actions taken by TSOs (such as curtailment) for solving network or system problems.

In 87 % of the countries, TSOs publish realised commercial and physical flows at the latest H+2. In 96 % of the cases, final scheduled exchanges including intraday changes are published. In 91 % of the countries, the TSOs publish realised physical cross-border flows aggregated per interconnection. A lower compliance rate of 70 % is observed where it is required that TSOs publish a description of the effects of any corrective actions taken by them. This publication is required when TSOs' actions have an effect on transmission capacity larger than 100 MW. The publication is for the control area or bidding area and actions and effects are published immediately and at the latest two hours after the real-time. Furthermore, reasons should be published in more detail at the latest in the following day and information is kept available for two years.

In 70 % of the countries, TSOs published the reasons for corrective actions taken.

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

In 70 % of cases, procedures for providing information on generation outages (both ex-ante and ex-post) are in place. Ex-ante information on planned outages of generation units larger than 100 MW within a control or bidding area include the following information: station name, unit name, installed capacity, location, production type, estimated start and stop date of the outage, unavailable capacity and possible remarks.

This annual information should be published one week before a yearly capacity auction (i.e. at the latest the 15th calendar day of the month before the 'delivery' year or at the end of week 51), updated with changes during the year and kept available for two years.

Ex ante information is published by the TSOs in 78% of the countries, while 74% publish ex-post information on unplanned unavailability of generation units larger than 100 MW. This ex-post publication for each control or bidding area should include: station name, unit name, installed capacity, location, production type, start and stop date of the outage, unavailable capacity and possible remarks. This publication should happen two hours after real-time but at the latest following day. Information should be kept available for two years.

It is known among regulators that difficulties exist with regard to the provision by generators to the TSOs of the data on the availability of the generation units. This issue is under discussion in many countries and might be seen as a reason for the high degree of non-compliance with the requirements of this point. Within the Transparency Reports of the Northern, Central Western and Central Eastern Europe regions, the implementation of the publication of generation data in order to overcome these difficulties by July 2008 has been agreed upon.

According to point 5.6 of the CM Guidelines, all relevant information shall be available for the market in due time for the negotiation of all transactions. Therefore, it is necessary that the information is available on TSOs and/or power exchange websites. There can only be full compliance with this provision if there is full compliance with points 5.5 and 5.7 of the CM Guidelines. Only two countries have reported full compliance here. In summary there is 54 % compliance with point 5.6 of the CM Guidelines.

Point 5.7 of the CM Guidelines requires that the TSO shall publish relevant information on forecast demand and on generation according to the time frames referred to in points 5.5 and 5.6. The TSO shall also publish the relevant information necessary for the cross-border balancing market. There is overall compliance of 75 % with 5.7. Point 5.7 has been divided into 17 sub-criteria, and the results of the compliance evaluation are summarised as follows on the areas load, generation and balancing:

Load

100 % of TSOs publish day-ahead load forecasts per control/bidding area. This high figure may be misleading, since it is known by regulators that only so-called “vertical load” is published by many TSOs. Vertical load is the load connected to the transmission grid. Furthermore, load forecast per week and month is only published by the TSOs in 52% and 57% of countries respectively. Year-ahead load forecasts are published in 57 % of cases, while year-ahead forecast margin including peak-load forecast is published by 78 % of TSOs. In this area, there is a clear increase in compliance compared to the Second Report.

In only 61 % of the countries, do TSOs publish ex-ante information in their control or bidding area on the scheduled unavailability of significant consumption units larger than 100 MW. While this figure is low, it is still an improvement compared to the Second Report. The ex-ante information to be published should include: consumption unit concerned, place, start and estimated stop dates of the unavailability, maximum consumption capacity and unavailable power. This annual publication should happen one week before yearly capacity auction (i.e. at the latest the 15th calendar day of the month before the ‘delivery’ year) and information should be updated with changes. It should be kept available for two years. The low degree of compliance with this point can be explained by the fact that also for this point the Transparency Reports of the Northern, Central Western and Central Eastern Europe Region have foreseen the publication by the beginning of July 2008 to overcome implementation problems. Even when publication is done, data are not always available for two years.

It has to be clarified here, that the Transparency Reports of the Northern, Central Western and Central Eastern Europe Region do not see the publication of year-, month- and week-ahead forecast as relevant information for the market that has to be published by the TSOs. On the other hand, the publication of day-ahead load forecast and of the year forecast margin are considered to be important.

Generation

Data for installed generation capacity greater than 100 MW per unit including foreseeable evolution at least for the following three years, containing station name, unit name, installed capacity, location and forecast of available power for each year shall be published per control area/bidding area. Publication shall happen in time for the yearly capacity auction (at the latest the 15th calendar day of the month before the “delivery year”) and shall be available for a minimum of three years. Furthermore, the total sum of installed generation larger than 1 MW for each year has the same requirements.

With regard to the publication of installed generation data larger than 100 MW as well as total sum of installed generation capacity larger than 1 MW, the general requirements are met by TSOs in 83 % of countries, but it is known that not all TSOs fulfil all the requirements, such as keeping the data for three years as well as parts of other requirements where some TSOs do not have access to all data. Ex ante information on aggregated scheduled generation per control area/bidding area, published D-1 per hour, available for two years, is also published by the TSOs in 74 % of countries. It has to be stated that the Transparency Reports of the Northern, Central Western and Central Eastern Europe Region have foreseen the implementation of the publication of generation data in beginning of July 2008, taking into account the difficulties to get the data from generators. In some cases, this information is still not available.

For control/bidding areas having at least 15 % hydro and/or more than 1 % of wind (solar) generation per control area or 5 % per bidding area, relevant information such as reservoir filling rates, forecasts of wind/solar power has to be published at the D-1 stage, time frame per hour, available for two years.

For 42 % of the countries, NRAs indicate that their hydro generation does not reach the threshold for publication. Out of the applicable 14 countries, only 9 indicate that they publish the required information.

Improvements are necessary especially for the publication of information for forecast of wind and solar power for control or bidding area where there exists more than 1 % or 5 % of wind or solar power respectively. Regarding this issue, 30 % of all TSOs are non-compliant and compliance is achieved only for 43 %, whereas 27 % of the NRAs stated that this requirement is not applicable (amount of wind and solar is less than 1 % and 5 % respectively in control/bidding area).

Balancing

The general assessment of compliance with the requirements for publishing balancing information is that in 83 % of countries TSOs published information on the two following points:

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

Imbalance prices per time frame relevant for balancing are published by TSOs in 87 % of countries, including a definition of what is published.

With regard to the publication of control area imbalance volumes, volumes of manually-activated reserves used and of automatic reserves used (actual use) distinguishing between volumes of manually-activated reserves used and volumes of automatically-activated reserves used (e.g. primary, secondary reserves), should be published at the latest two hours after real-time in the time frame relevant for imbalance settlement and kept available for two years. Here, TSOs of 74 % of countries comply; the TSOs indicate compliance with the publication of the financial outcomes of balance settlements. This publication requires that TSOs publish information on the financial balancing of the market, including expenses for balancing energy and power at the balancing market, payments resulting from imbalance pricing and difference between expenses and income. This information shall be published for a control area on a monthly basis. It should be published on the last calendar day of the month M+3 for month M, updated until final reconciliation in balance unit's economical balance sheet and kept available for two years. While the responses indicate relatively high compliance, the requirements need to be clarified and adapted to the different balancing markets that exist.

Point 5.8 of the CM Guidelines foresees that when forecasts are published, the ex post realised values for the forecast information shall also be published in the time period following that to which the forecast applies or at the latest on the following day (D+1). Overall compliance with 5.8 is at 78 %. The individual criteria are complied with as follows:

All the involved TSOs publish information of hourly load per control area/bidding area at the latest two hours after real-time and keep this information available for two years. Again, it should be noted that in many countries the publication relates to vertical load due to unavailability of total load data. This is a great improvement from the second report. Still, there are areas where these requirements are not fulfilled, especially regarding renewable energy, as follows from the following.

Hydro: Regarding the question if TSOs have published information for control / bidding areas having more than 15 % of hydro generation, i.e. information on filling rate of the water reservoirs, ex-post information in aggregated form, per control / bidding area and per week in terms of percentage of the 100 % filling. A comparison to the weekly value of the year before should also be given and it should be published on the 3rd working day of following week and kept available for two years. Here an improvement is shown, since the TSOs in 35 % of countries/bidding areas publish this information. On the other hand, there is 83 % compliance due to low hydro capacity in half of the countries.

Wind and solar: In 39 % of countries, TSOs publish the required data. That is, TSOs publish at the latest two hours after the real-time the hourly information for control / bidding areas having 1 % / 5 % of actual generation of wind and solar power (intermittent generation) and keep this information available for two years. Nearly a third of the NRAs answered "not applicable".

Unavailability of consumption units: TSOs shall publish hourly ex-post information at the latest two hours after the real-time on the unplanned unavailability of significant consumption units larger than 100 MW aggregated per control/ bidding area and including e.g. consumption unit concerned, place, start and estimated stop date of unavailability, maximum consumption capacity, unavailable power and keep this information available for two years. This information is published by TSOs in nearly half the countries.

Actual generation: In the case of publishing hourly ex-post aggregated information at the latest two hours after real-time on the actual generation per bidding area / control area (all generation shall be included as soon as possible) and keeping it available for two years, nearly all TSOs are compliant and publish this information. The overall compliance with the criteria set out for point 5.8 is 78 %.

According to point 5.9 of the CM Guidelines all information published by the TSOs shall be made freely available in an easily accessible format. All data shall also be accessible through adequate and standardised means of information exchange and it shall be defined in close cooperation with market parties. The data shall include information on past time periods with a minimum of two years, so that new market entrants may also have access to such data. Overall there is 91 % compliance with 5.9, i.e. TSOs have made the required information freely available on their websites or on power exchange websites. In nearly all the cases, the history of published information covers at least two years.

According to point 5.10 of the CM Guidelines the TSOs shall regularly exchange a set of sufficiently accurate network and load flow data in order to enable load flow calculations for each TSO in their relevant area. The same set of data shall be made available to the regulatory authorities and to the European Commission upon request. The regulatory authorities and the European Commission shall ensure the confidential treatment of this data by themselves and by any consultant carrying out analytical work for them on the basis of these data. All TSOs regularly exchange a set of sufficiently accurate network and load flow data in order to enable load flow calculations for each TSO in their relevant area, whereas nearly all of the TSOs have communicated to the NRAs the procedures to exchange network and load flow data. There is an overall compliance with this point of 94 %.

3.6 Use of Congestion Income

The table below shows congestion income per country and the total across Europe for 2008 and 2009. In 2008, the total congestion income in Europe was approximately €2 Billion (21 countries reporting), while for 2009 the reported sum is approximately €1.3 Billion.

Some NRAs have reported that for the purpose of allocating congestion income to half year periods, it is not clear how to assign the congestion revenue to the relevant half year period in the case where the TSO auctions long-term physical capacity. This need to be clarified.

Congestion income Million Euro		
Year	2008	2009
Austria	66	55
Belgium	29	29
Bulgaria	24	22
Czech Republic	33	48
Denmark	126	67
Finland	5	6
France	367	257
Germany	220	159
Greece	30	33
Hungary	79	49
Italy	295	188
Lithuania	0	0
Netherlands	107	60
Norway	248	89
Poland	24	14
Portugal	34	6
Romania	0	0
Slovakia	36	28
Slovenia	33	33
Spain	78	42
Sweden	86	28
United Kingdom	106	66
Total	2 024	1 278

Table 1: Congestion income per country in 2008¹⁹ and 2009.

The Baltic countries are not included here as there is reported to be no congestion on the interconnectors. Consequently, the NRAs have reported zero in congestion income for these interconnectors.

3.6.1 Procedure for Distribution of Revenues

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

¹⁹ Netherlands: In 2008, €318 Million were used to invest in the NorNed cable. This came from a separate account used to collect auction revenue year by year.

There is full compliance with Article 6.1 of the Regulation, which either means that the requirements under this point have been fulfilled, or that there is no congestion. All TSOs have described the procedure for the distribution of congestion management revenue and have also sent the procedure to the NRAs for review. The NRAs have reviewed the revenue distribution procedures in order to ensure that they do not distort the allocation process (by favouring any party who requests capacity) and / or provide any disincentive to reduce congestion.

3.6.2 Transparency of NRAs regarding the Use of Congestion Revenues

According to point 6.2, national regulatory authorities shall be transparent regarding the use of congestion revenues resulting from the allocation of interconnector capacity. There is an overall compliance of 91 % with this provision.

The table below shows the use of congestion revenues for different purposes. The data collected relates to 2008.

Use of congestion income	Ensure capacity	Invest in new lines	Tariff reduction
Austria	11 %	71 %	18 %
Belgium			100 %
Bulgaria	66 %		34 %
Czech Republic	65 %	21 %	14 %
Denmark		32 %	68 %
Finland		100 %	
France			100 %
Germany	71 %		29 %
Greece		100 %	
Hungary			100 %
Italy			100 %
Netherlands	-	-	-
Norway	100 %		
Poland		57 %	43 %
Portugal		100 %	
Romania		100 %	
Slovakia		50 %	50 %
Slovenia	0 %	53 %	47 %
Spain	1 %		99 %
Sweden		80 %	20 %
United Kingdom	54 %	46 %	

Table 2: Use of congestion income in 2008 according to Article 6(6) of the Regulation

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

It must be emphasised further that the details on the way NRAs regulate the costs / revenues to guarantee the actual availability of the allocated capacity (re-dispatching / countertrading, compensation in case of curtailment, etc.) is significant for the actual incentives or disincentives to the TSOs to maximise cross-border capacity.

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

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

3.6.3 Agreement and Review of Criteria for Sharing the Revenues

According to point 6.3, the congestion income shall be shared among the TSOs involved according to criteria agreed between the TSOs involved and reviewed by the respective regulatory authorities.

Almost all TSOs have described agreed criteria and all TSOs have agreed on how to share congestion income where applicable among involved TSOs. The criteria have been reviewed by nearly all the NRAs. There is an overall compliance of with the relevant provisions of point 6.3 of the CM Guidelines 96 %.

3.6.4 Establish the Use of the Congestion Revenues beforehand

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

There is an overall compliance of 89 % with this provision.

3.6.5 Publication of Report on Congestion revenues Usage by NRAs

According to point 6.5 of the CM Guidelines, the regulatory authorities shall publish on an annual basis, and by 31st July each year, a report setting out the amount of revenue collected for the 12-month period up to 30 June of the same year and the use made of the revenues in question, together with verification that this use complies with the Regulation and the CM Guidelines and that the total amount of congestion income is devoted to one or more of the three prescribed purposes defined in the Regulation. One country has reported congestion revenues but not the use. Otherwise, use of congestion revenue has been reported where congestion exist.

There is an overall compliance of 76 % with this provision.

3.6.6 Use of Congestion Income for Investment

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

About half of the NRAs have reported that congestion income is allocated specifically to projects for building new lines, see *Table 2*. However, these NRAs do not specify if the congestion income is assigned to specific projects. Overall there is 93 % compliance with this provision.

3.7 Countertrade and Re-dispatching – #3 Key Issue of the Third Compliance Report

According to point 2 of Article 6 of the Regulation, transaction curtailment procedures shall only be used in emergency situations where the TSO must act in an expeditious manner and re-dispatching or countertrading is not possible. Any such procedure shall be applied in a non-discriminatory manner.

The designations "countertrade" and "re-dispatch" are often perceived as synonyms, but a distinction is very helpful when different counter-measures for congestion are discussed. "Re-dispatch" is normally regarded as a general term covering every counter-method with the objective of changing generation or load schedules. Countertrade is generally regarded as a subset of re-dispatch. TSOs are used to countertrading or re-dispatching in real-time when problems occur on the grid, but the existence of those tools has an impact on the cross-border capacity offered to the market.

Below are schemas endeavouring to define the various available mechanisms:

- Re-dispatching with no coordination

Re-dispatching: In order to alleviate constraints in their networks, TSOs can generally relocate the production, i.e. decrease the production upstream from the constraint and increase the production downstream. In particular, these actions can be undertaken when internal lines are saturated e.g. due to cross-border flows, to avoid curtailments and guarantee the firmness of capacity.

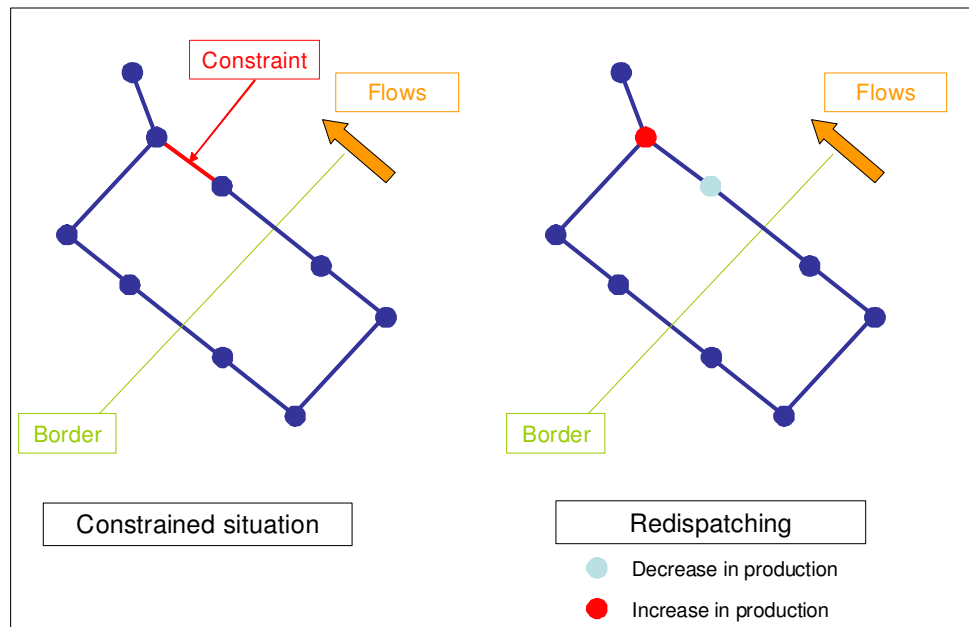


Figure 2 Re-dispatching

- Partially coordinated re-dispatching actions

Countertrading: In cases where adequate agreements exist between the TSOs involved, one of them can call for countertrade measures in order to diminish physical cross-border flows and alleviate a constraint on its network or on the interconnection thanks to an exchange between control areas opposite to net commercial flows. The TSOs involved agree on increasing the

production on one side of the interconnection (the mainly importing side) and decreasing it on the other side (the mainly exporting side).

This method does not necessarily require specifying which units should be decreased or increased within the networks, it is merely market-related as it could be done by market players. On the other hand, it changes (reduces) physical flows in the interconnection.

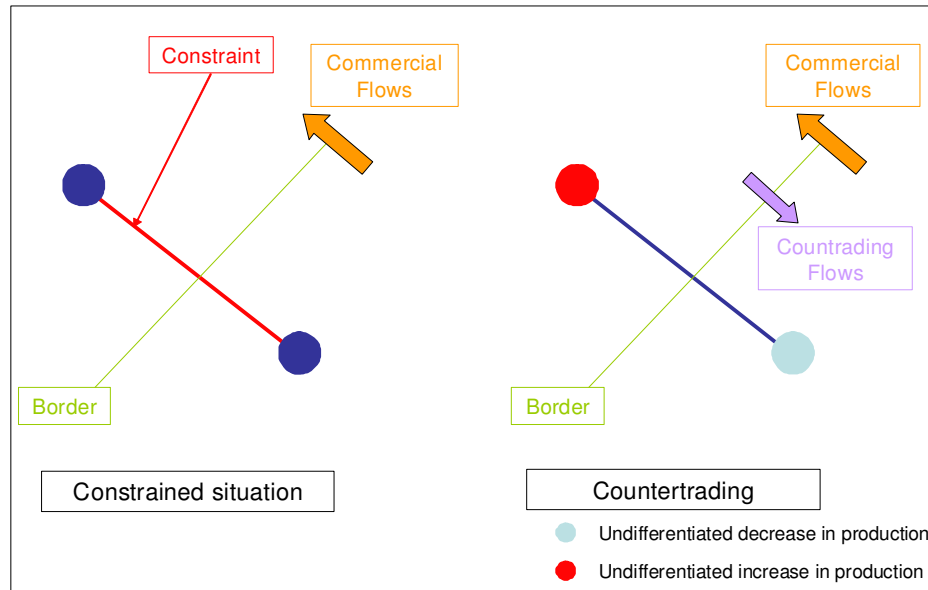


Figure 3: Countertrading

Coordinated cross-border re-dispatching: In order to alleviate constraints on their networks, TSOs (or a common entity) decide together which re-dispatching actions would be the most cost-effective and act in consequence. They could choose the most economically-efficient actions to be undertaken to alleviate constraints (thus selecting generation units with greater impact on the constraint in both control areas). Basically, it is like merging control areas, at least in the context of specific constraints.

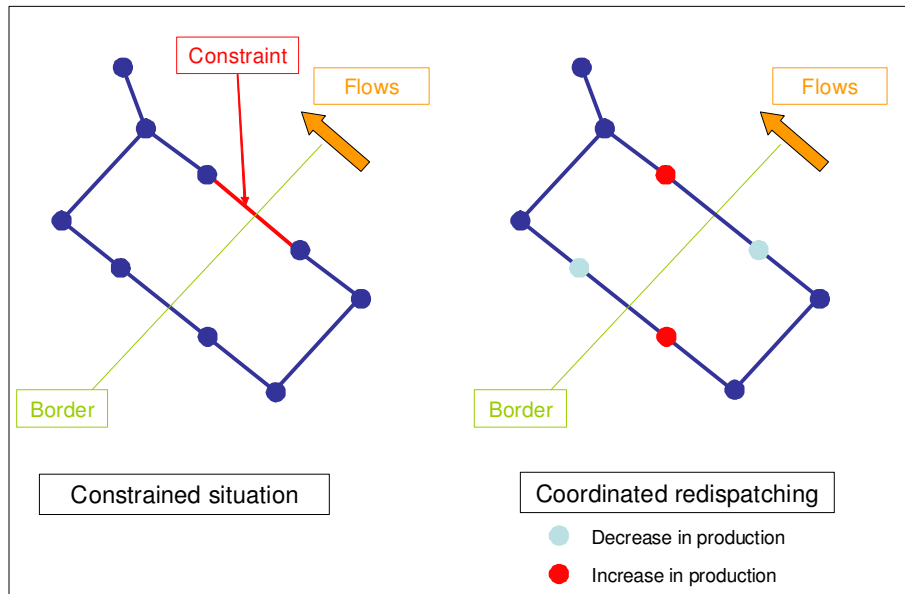


Figure 4: Coordinated re-dispatching

Two open initiatives²⁰ have been developed by TSOs since December 2008 in order to improve the security of the power grids and their cooperation in resolving grid problems in real-time.

Since effective remedial actions may be costly and irrespective of certain initiatives, the question arises how a TSO that takes remedial actions on behalf of another TSO can recover such costs.

The TSOs of both initiatives therefore recommend approaching regulators in the very near future in order to establish clarity for the participating TSOs with regard to what is and what is not consistent with the existing rules concerning the treatment of costly cross-border remedial actions.

Three principles for sharing the cost of cross-border remedial actions are under discussion:

1. Each TSO pays its own costs (regardless of who requested that a costly remedial action be taken);
2. The requester principle (meaning that the TSO requesting remedial actions be taken pays the costs of all contributing TSOs); and
3. The principle of using a cost-sharing key.

The challenge is to find a solution within different regulatory regimes.

In 2009, re-dispatching was used to guarantee the allocated capacity in only four countries. According to the Regulation, part of congestion revenues can be used to cover costs to guarantee the actual availability of the allocated capacity.

²⁰ Coordination of Electrical System Operators (CORESO) and Transmission System Operator Security Cooperation (TSC)

4. Intraday trading mechanism

Intraday trading arrangements on interconnectors were identified as a shortcoming in the Second Compliance Report. Thus, and upon request from the Commission, intraday trading is a focus area for the Third Compliance Report.

According to point 1.9 of the Congestion Management Guidelines, mechanisms for intraday congestion management for interconnector capacity shall be established in a coordinated way no later than 1st January 2008. For practical purposes, existence of intraday trading arrangements by mid-2010 is counted as compliant. Furthermore, for full compliance with ERGEG criteria, the rules for the trading mechanism should be described and published by the TSO and sent to the NRA for review.

There are cases where, in preparation for implementing intraday mechanism, the TSO has described the trading mechanism and sent it to the NRA, but the intraday mechanism is not yet implemented. In these cases it is possible to score only partial compliance without the actual mechanisms being in place. Full compliance is only possible if intraday trading is in place.

Answers given by NRAs on this point vary with respect to different interconnections. That is, there may be differing arrangements on different interconnectors from one country with regard to intraday mechanisms, and whether or not such mechanisms are in place. In this context, it has only been possible to answer “non-applicable” on interconnectors where no congestion occurs. Such answers (e.g. as for the Baltic interconnectors) have been counted as “yes” in the calculations.

Responses from NRAs indicate that over two thirds of the interconnectors have intraday trading mechanisms or that they are without congestion. This is an increase since the second report, where only about half (54 %) of interconnectors were considered compliant.

The number of interconnectors included in this monitoring report (31) is higher than in the previous reports (28 in the Second Report), so the numbers are not directly comparable. However, it is reasonable to say that there is a clear trend towards increased intraday trading on European interconnectors.

Several intraday projects have been implemented. For example, intraday trading has been introduced on the France-UK interconnector, and on the interconnectors between Norway and Denmark and Norway and Sweden, and likewise for the Austrian-Czech and the Czech-German interconnectors. On the Polish borders with the Czech Republic, Germany and Slovakia, cross-border intraday mechanisms have already been described and approved by the relevant NRAs. Implementation of these took place at the beginning of December 2010.

On interconnectors where intraday mechanisms are established, the TSOs have in most cases sent a description of these mechanisms to the relevant NRA. Likewise, the NRAs in most cases confirm that the intraday mechanisms, where they are introduced, are introduced in a coordinated way with the time frames of day-ahead and balancing.

In summary, NRA data confirms that intraday trading arrangements are in place on 17 of the 31 interconnectors, and that TSOs comply with mostly all criteria set by the regulators. There are, however, a few cases where the TSO has not sent a description of the rules to the NRA.

On borders where no intraday arrangements are in place, there are concrete plans for implementation. On the interconnectors between Poland and Slovakia, Poland and Germany and Poland and the Czech Republic, intraday was implemented on 1 December 2010. The type of trading agreement is First-Come-First-Serve (FCFS) explicit allocation.

For 2011, there are plans to implement intraday on the following interconnectors²¹:

- Italian borders (4 interconnectors)
- Hungary – Slovakia (Dec 2010)
- Hungary – Austria
- Norway – Netherlands

There are five different types of intraday trading arrangements that have been reported on the monitored interconnectors:

- First come first serve (FCFS) with explicit capacity allocation
- Continuous trade with implicit allocation of capacity
- Improved pro-rata allocation
- Explicit auctions
- Implicit auctions

In this report there is no evaluation of the trading arrangements or the compatibility between them; existence of intraday trading counts as compliant regardless of the trading arrangement.

The percentages in the middle column of Table 3 indicate compliance with the criteria as defined by ERGEG. "NA" is acceptable only for those interconnections where no congestion exists. If an intraday mechanism is not in place, then the reply shall be 'No'. The criteria are as follows:

- Mechanism for intraday has been described by TSOs;
- TSO has published rules on mechanism for intraday;
- TSO has sent description of intraday mechanism to NRA;
- NRA has ensured that mechanism for intraday complies with this Article;

For example, a percentage of 75 % indicates that the NRA has replied "yes" to three out of four criteria.

²¹ For a couple of interconnectors such as Austria - Hungary and Austria – Italy, mechanisms have already been described but the rules have not been published as of 30th June 2010. This results in different levels of compliance according to the above criteria.

Article in Regulation		Point 1.9		Mechanism for intra-day has been described by TSOs.	TSO has published rules on mechanism for intra-day	TSO has sent description of intra-day mechanism to NRA	NRA has ensured that mechanism for intra-day complies with this Article.
Total number of answers		Criteria					
Interconnection	From	Type of trading arrangement	Compliance with criteria	"NA" is acceptable only for those interconnections having no congestions. If intra-day mechanism is not in place then reply shall be No unless planning was advanced by 30.6.2010.			
Estonia - Latvia	Estonia	No congestion	100 %	NA	NA	NA	NA
	Latvia	No congestion	100 %	NA	NA	NA	NA
Latvia - Lithuania	Lithuania	No congestion	100 %	NA	NA	NA	NA
	Latvia	No congestion	100 %	Yes	NA	NA	NA
Austria - Czech Republic	Austria	FCFS	100 %	Yes	Yes	Yes	Yes
	Czech Republic	FCFS	75 %	Yes	No	Yes	Yes
Austria - Hungary	Austria	No intraday	75 %	No	No	Yes	No
	Hungary	No intraday	25 %	No	No	Yes	No
Austria - Slovenia	Austria	FCFS explicit	100 %	Yes	Yes	Yes	Yes
	Slovenia	FCFS explicit	75 %	Yes	Yes	Yes	No
Germany - Poland	Germany	No intraday	0 %	No	No	No	No
	Poland	No intraday	0 %	No	No	No	No
Czech Republic - Poland	Poland	No intraday	0 %	No	No	No	No
	Czech Republic	No intraday	0 %	No	No	No	No
Poland - Slovakia	Poland	No intraday	0 %	No	No	No	No
	Slovakia	No intraday	0 %	No	No	No	No
Czech Republic - Germany	Germany	FCFS explicit	100 %	Yes	Yes	Yes	Yes
	Czech Republic	FCFS explicit	100 %	Yes	Yes	Yes	Yes
Czech Republic - Slovakia	Czech Republic	FCFS explicit	100 %	Yes	Yes	Yes	Yes
	Slovakia	FCFS explicit	75 %	Yes	No	Yes	Yes
Hungary - Slovakia	Slovakia	No intraday	0 %	No	No	No	No
	Hungary	No intraday	0 %	No	No	No	No
Austria - Italy	Austria	No intraday	75 %	No	No	No	No
	Italy	No intraday	0 %	No	No	No	No
Italy - Slovenia	Italy	No intraday	0 %	No	No	No	No
	Slovenia	No intraday	75 %	No	No	No	No
Greece - Italy	Italy	No intraday	0 %	No	No	No	No
	Greece	No intraday	0 %	No	No	No	No
France - Italy	Italy	No intraday	0 %	No	No	No	No
	France	No intraday	0 %	No	No	No	No
France - Germany	France	Improved pro rata	100 %	Yes	Yes	Yes	Yes
	Germany	FCFS explicit	100 %	Yes	Yes	Yes	Yes
Belgium - France	Belgium	Improved pro rata	100 %	Yes	Yes	Yes	Yes
	France	Improved pro rata	100 %	Yes	Yes	Yes	Yes
Belgium - Netherlands	Belgium	Improved pro rata	100 %	Yes	Yes	Yes	Yes
	Netherlands	Improved pro rata	100 %	Yes	Yes	Yes	Yes
Germany - Netherlands	Germany	FCFS explicit	100 %	Yes	Yes	Yes	Yes
	Netherlands	FCFS explicit	100 %	Yes	Yes	Yes	Yes
Norway - Sweden	Sweden	Continuous trading	100 %	Yes	Yes	Yes	Yes
	Norway	Continuous trading	100 %	Yes	Yes	Yes	Yes
Finland - Sweden	Sweden	Continuous trading	100 %	Yes	Yes	Yes	Yes
	Finland	Continuous trading	100 %	Yes	Yes	Yes	Yes
Denmark - Sweden	Sweden	Continuous trading	100 %	Yes	Yes	Yes	Yes
	Denmark	Continuous trading	100 %	Yes	Yes	Yes	Yes
Denmark - Germany	Germany	FCFS explicit	100 %	Yes	Yes	Yes	Yes
	Denmark	FCFS explicit	100 %	Yes	Yes	Yes	Yes
Denmark - Norway	Norway	Continuous trading	100 %	Yes	Yes	Yes	Yes
	Denmark	Continuous trading	100 %	Yes	Yes	Yes	Yes
France - Spain	France	Explicit auction	75 %	Yes	Yes	Yes	No
	Spain	Explicit auction	100 %	Yes	Yes	Yes	Yes
Portugal - Spain	Portugal	Implicit auction	100 %	Yes	Yes	Yes	Yes
	Spain	Implicit auction	100 %	Yes	Yes	Yes	Yes
France - UK	France	Explicit auction	67 %	Yes	No	Yes	Yes
	UK	Explicit auction	100 %	Yes	Yes	Yes	Yes
Hungary - Rumania	Rumania						
	Hungary	No intraday	25 %	No	No	Yes	No
Bulgaria - Rumania	Rumania						
	Bulgaria	No intraday	0 %	No	No	No	No
Bulgaria - Greece	Bulgaria	No intraday	0 %	No	No	No	No
	Greece	No intraday	0 %	No	No	No	No
Norway - Netherlands	Norway	No intraday	0 %	No	No	No	No
	Netherlands	No intraday	0 %	No	No	No	No

Table 3 Intraday compliance and trading arrangements

5. Inter-TSO Compensation and Transmission Tariffication

Article 3 of the Regulation requires that TSOs be compensated for costs incurred as a result of hosting cross-border flows of electricity. Payment of compensation is to come from those TSOs where the flows arise and where they end. Article 8 of the Regulation also foresees that the European Commission will, using the comitology process, set binding Guidelines for Inter-TSO compensation and for transmission tariffication.

5.1 Inter-TSO Compensation: History, Past and Present

The ITC scheme has applied since 2002. It is currently a voluntary agreement among participating TSOs. Where relevant, regulatory authorities have reviewed TSO involvement and have provided data on allowed transmission network costs.

The ITC mechanism was first implemented with nine ITC Parties in 2002. At the beginning of 2004, the total number of ITC parties increased to twenty. The number of countries participating in the voluntary scheme had increased to 32 by the end of 2009.

The compliance of the ENTSO-E voluntary methods for 2009 and 2010 is practically equal to the respective considerations in the Second Compliance Report and will thus not be subject to further analysis in this compliance monitoring report. Compliance with the new Commission regulation on ITC adopted on 2 September 2010 is not covered in this report.

March 2002 to Dec 2002	2003	2004, 2005 and 2006	2007	2008 and 2009
Austria	Austria	Austria	Albania	Albania
Belgium	Belgium	Belgium	Austria	Austria
France	Czech Republic	Czech Republic	Belgium	Belgium
Germany	France	Denmark	Bosnia	Bosnia
Italy	Germany	Finland	Czech Republic	Czech Republic
Luxembourg*	Greece	France	Denmark	Denmark
Netherlands	Hungary	Germany	Finland	Finland
Portugal	Italy	Greece	France	France
Spain	Luxembourg*	Hungary	Germany	Germany
Switzerland	Netherlands	Italy	Greece	Great Britain
	Portugal	Luxembourg*	Hungary	Greece
	Slovakia	Netherlands	Italy	Hungary
	Slovenia	Norway	Estonia	Ireland
	Spain	Poland	Luxembourg*	Italy
	Switzerland	Portugal		Estonia
		Slovakia		Latvia
		Slovenia		Lithuania
		Spain		Luxembourg*
		Sweden		FYROM
		Switzerland		FYROM
				Montenegro
				Netherlands
				Northern Ireland
				Norway
				Poland
				Portugal
				Romania
				Serbia
				Slovakia
				Slovenia
				Spain
				Sweden
				Switzerland

Table 4: Countries where TSOs have participated in Inter-TSO Compensation mechanism²²

The 2010/2011 ITC agreement is based on contributions from the cross-border flows between 32 countries that participated in the 2008/2009 ITC agreement and the sum of scheduled flows from perimeter countries.

²² Luxembourg is indirectly included in the scheme via participation of German ITC party.

The calculation of compensation had two main components: an infrastructure asset cost element to compensate for the cost of hosting cross-border flows, and a transmission losses element based on the with and without transit (WWT) model. In the WWT-model, losses are calculated on each TSO's transmission grid in a load flow situation with transits and in a load flow situation without transits.

The level of infrastructure payment was based on the regulated cost asset value of the infrastructure used to host cross-border flows, and the amount of cross-border flows between the participating TSOs.

Contributions from participating countries were calculated based on cross-border flows between these countries. The contribution from perimeter countries was €1.4/MWh multiplied by the sum of scheduled flows to / from participating countries.

The compensation amounts for each participating TSO during 2004-2006 were presented in the First Compliance Report in 2007. The compensation amounts for a participating TSO during 2007, 2008 and 2009 vary from paying approximately €55 million to receiving about €60 million. During these years, the value of the compensation fund has been around €350 - 400 million, depending on the cost of the horizontal network and the amount of flows. Table 5 presents ex-post calculation for the years 2007, 2008 and 2009 net results for compensation country by country.

Country	2004	2005	2006	2007	2008	2009
Albania				-1.57	-1.13	-1.19
Austria	20.08	21.37	19.79	26.24	21.05	19.27
Belgium	0.87	1.77	0.98	3.59	-0.4	-0.12
Bosnia				4.98	3.68	2.5
Bulgaria				0.85	-4.17	-4.24
Croatia				4.55	5.07	4.45
Czech Republic	-4.29	3.02	6.96	0.03	-0.86	-2.86
Denmark	7.41	12.21	7.26	9.5	15.1	11.96
Finland	-4.14	-18.16	-8.85	-7.54	-6.64	-8.59
France	-53.92	52.03	-56.06	-53.67	-55.82	-42.85
Germany	31.64	37.5	40.5	22.06	49.72	54.7
Great Britain					-8.07	-9.01
Greece	2.73	0.78	1.48	0.58	-2.05	-2.26
Hungary	2.86	6.7	5.47	6.05	9.47	6.84
Ireland					-1.59	-1.61
Italy	-60.06	-67.33	-52.86	-48.94	-46.6	-46.61
Estonia				-0.88	-0.98	-0.98
Latvia					-0.61	-0.61
Lithuania					-0.61	-0.61
FYROM				-1.33	-1.17	-0.92
Montenegro				0.69	0.47	0.05
Netherlands	-16.6	-21.51	-24.08	-17.51	-15.06	-16.64
Northern Ireland					-0.82	-0.57
Norway	-17.57	-18.92	-16.6	-16.34	-15.73	-15.21
Poland				3.14	-5.03	-4.11
Portugal	-5.21	-5.46	-3.08	-5.66	-5.38	-5.14
Romania				-3.43	-6.05	-7.08
Serbia				6.27	4.77	1.78
Slovakia	8.45	9.05	10.57	3.64	0.46	0.77
Slovenia	7.94	6.85	6.14	5.95	6.45	6.57
Spain	13.49	15.76	17.12	8.87	0.79	2.35
Sweden	-3.62	-2.52	-1.33	-3.37	2.23	-0.01
Switzerland	69.59	76.39	49.82	53.27	59.51	59.97

Table 5: Ex-post calculation of ITC compensations

The table above shows ex post calculations for the years 2007, 2008 and 2009. Figures present ex-post net results after reconciliation in € million. A negative sign shows that TSO has to pay and positive sign that the TSO shall receive the amount of money given.

At the Electricity Cross-Border Committee meeting on 24 March 2010, the Committee was asked to give its opinion, in accordance to the regulatory procedure provided for in Regulation 1228/2003 and 714/2009, on guidelines establishing an Inter-TSO compensation mechanism and a common regulatory approach to transmission charging.

The European Commission proposals to the Committee consisted of two Commission Regulations, one under Regulation 1228/2003, that would expire 2 March 2011, and a second under 714/2009 that would apply from 3 March 2011 and would reflect the institutions established by the 3rd Package. The Committee gave a positive opinion on this Regulation on 24 March 2010. The guidelines relating to Inter-TSO compensation and a common regulatory approach to transmission charging were adopted as Commission Regulation (EU) No 774/2010 on 2 September 2010.

5.2 Inter-TSO Compensation: Future perspective on ACER work

The adopted ITC guidelines provide an important role for ACER in this topic:

According to Article 5.1 of the ITC Guidelines, ACER shall make a proposal on the compensation for the provision of infrastructure for the cross-border flows of electricity. Article 5.3 states that ACER shall make its best endeavours to produce this assessment within two years after the Regulation 714/2009 becomes applicable. This proposal shall be based on a Union-wide assessment of the infrastructure of electricity transmission associated with facilitating cross-border flows of electricity. This assessment shall consist of a technical and economic assessment of the forward-looking long-run average incremental costs (LRAIC) on an annual basis of making such electricity transmission infrastructure available for cross-border flows of electricity over the relevant period.

Furthermore, according to Article 4.4, ACER shall verify the criteria for the valuation of losses.

Until ACER has carried out this assessment, the annual cross-border infrastructure compensation sum shall be €100.000.000.

ACER has considered this task already in its 2011 work programme and it will become a challenge, especially as the different opinions on an appropriate solution expressed in the past prevail.

5.3 Charges for Access to the Networks

General principles regarding charges for access to the networks for cross-border exchanges of electricity are set in the preamble of the Regulation. It is stated that, for example, rules introduced with regard to cross-border tariffication and the allocation of available interconnection capacity should be fair, cost-reflective, transparent and directly applicable in order to ensure effective access to transmission networks for the purpose of cross-border transactions.

According to Article 4 of the Regulation, charges applied by network operators for access to networks shall be transparent, take into account the need for network security and reflect actual costs incurred insofar as they correspond to those of an efficient and structurally comparable network operator and applied in a non discriminatory manner. Those charges shall not be distance-related (Article 4.1).

Producers and consumers ('load') may be charged for access to networks (Article 4.2), when setting the charges for network access the payments and receipts resulting from the inter-transmission system operator compensation mechanism as well as actual payments made and received as well as payments expected for future periods of time, estimated on the basis of past periods shall be taken into account (Article 4.3).

Finally, charges for access to networks applied to producers and consumers shall be applied regardless of the countries of destination and, origin, respectively, of the electricity (Article 4.4), and there shall be no specific network charge on individual transactions for declared transits of electricity (Article 4.5).

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

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

5.4 Transmission Tariffication Guidelines

Under Article 8.3 of the Regulation, the European Commission is empowered to set binding Guidelines that shall determine appropriate rules leading to a progressive harmonisation of the underlying principles for the setting of charges applied to producers and consumers (load) under national tariff systems including *inter alia*, the provision of appropriate and efficient locational signals. ERGEG drafted Guidelines on Transmission Tariffication (TT Guidelines) in early 2005 and revised them following the consultation process held in May and June 2005.

The guidelines relating to transmission charging were adopted in Commission Regulation (EU) No 774/2010 on 2 September 2010. The Guidelines provide for a level of harmonisation of average G charges paid by generators for access to networks considering them more important than L charges in terms of development of undistorted competition.

As the level of average G charges across Europe had not yet been set by legally binding Guidelines during 2008 and 2009, the compliance in this regard cannot be considered.

5.5 Compliance with the ITC and TT Provisions in the Regulation

As indicated above, since in 2008 and 2009 there was no detailed specification and legally binding framework for the ITC and TT solutions in the form of Guidelines according to Article 8 of the Regulation, there could also be no full compliance for these two issues. Neither is it possible to perform related monitoring and compliance assessment to the full extent necessary.

Nevertheless, the Regulation does provide some general and some specific provisions for Inter-TSO compensation and for transmission tariffication, which must be complied with. It is these provisions that have been evaluated in detail for this Third Compliance Report.

The basis for the evaluation in this report has been mainly the Article 4 of the Regulation. The compliance criteria for this part of the Third Compliance Report have also been defined and described in detail in the ERGEG Criteria Paper mentioned in the introduction.

All NRAs but one indicate that the tariff methodology is described. The tariff methodology is publicly available in all countries.

TSO network charges are published on the TSO website in all countries, except for one. All the NRAs but one check annually that tariffs reflect only relevant (allowed) costs and take into account the network security aspects.

Charges are identical for all customers and do not reflect network relevant factors in all countries where NRAs answered the questionnaire. All charges are completely independent of distance between commercial seller and buyer.

Finally, all NRAs but one have ensured that charges comply with Article 4.1 of the Regulation.

The total amount of network charges borne by generation are reported to be transparently defined in about 80 % of the countries. The remaining 5 countries consider this issue not applicable, since charges for generation are set to zero by the TSO or the relevant Authority/Ministry.

In addition, about 80 % of the NRAs have communicated the definitions of network charges to each other, by describing charges in their annual report to the European Commission.

Transmission charges may be imposed on generators (G charge) and on load (L charge).

The Regulation does not set any absolute values or shares for charges to be applied to producers and consumers of electricity. However, charges borne by producers shall be lower than the proportion borne by consumers. The allocation of these charges in all Member States fulfils the criteria that the majority of the charges fall on load rather than on generation.

The figure below shows costs included in transmission tariffs in the countries that answered the compliance questionnaire.

	CAPEX			Losses	ITC	OPEX	System services										Other costs
	Depreciation	Return on capital invested	other costs				Primary reserves	Secondary reserves	Tertiary reserves	System balancing	Internal congestion management	CM on interconnectors	Voltage control / reactive reserve	Black start	Other costs		
Austria																	
Belgium																	
Bulgaria																	
Czech Republic																	
Denmark																	
Estonia																	
Finland																	
France																	
Germany																	
Greece																	
Hungary																	
Italy																	
Latvia																	
Lithuania																	
Luxembourg																	
Netherlands																	
Norway								NA									
Poland																	
Portugal																	
Rumania																	
Slovakia																	
Slovenia																	
Spain																	
Sweden								NA									
UK																	

Figure 5: Costs Included in Transmission Tariffs

Transmission charging systems in Member States are different but they are in general built on comparable schemes and components, which are applied in a non-discriminatory way. The basic cost elements of the network tariffs are operational costs and capital costs related to transmission activity. In some Member States, transmission tariffs can include costs of primary, secondary and tertiary reserves and other ancillary services (Ireland, Germany, Lithuania, Luxembourg, France, Austria, Poland, Denmark, Latvia and Hungary).

In Slovenia, there are separate transmission and ancillary services tariffs. The latter is paid by all users of all networks regardless of whether they use the transmission system. In all but one case where a TSO is participating in the Inter-TSO Compensation scheme, the compensations – both paid as well as received – are included into the tariff cost base.

Figure 6 shows the tariffication principles and pricing signals in all the EU countries that answered the compliance questionnaire. Transmission tariffs in Member States reflect most of the requirements of the Regulation given that they are entry-exit tariff systems rather than being distance-based. In some countries, a zonal tariff system (Bulgaria, Italy and Great Britain) or a nodal system (Norway) is applied. Article 4.2 of the Regulation warrants the provision of locational signals to producers and consumers of electricity. Some countries have introduced systems providing locational signals (Great Britain, Norway, Sweden, Romania and Slovakia). The majority of countries do not have locational signals that take into account the network losses and congestion caused and investment costs for infrastructure. However, this is not considered as actual non-compliance as Article 4.2 is largely conditional and leaves implementation of locational signals to the Member States.

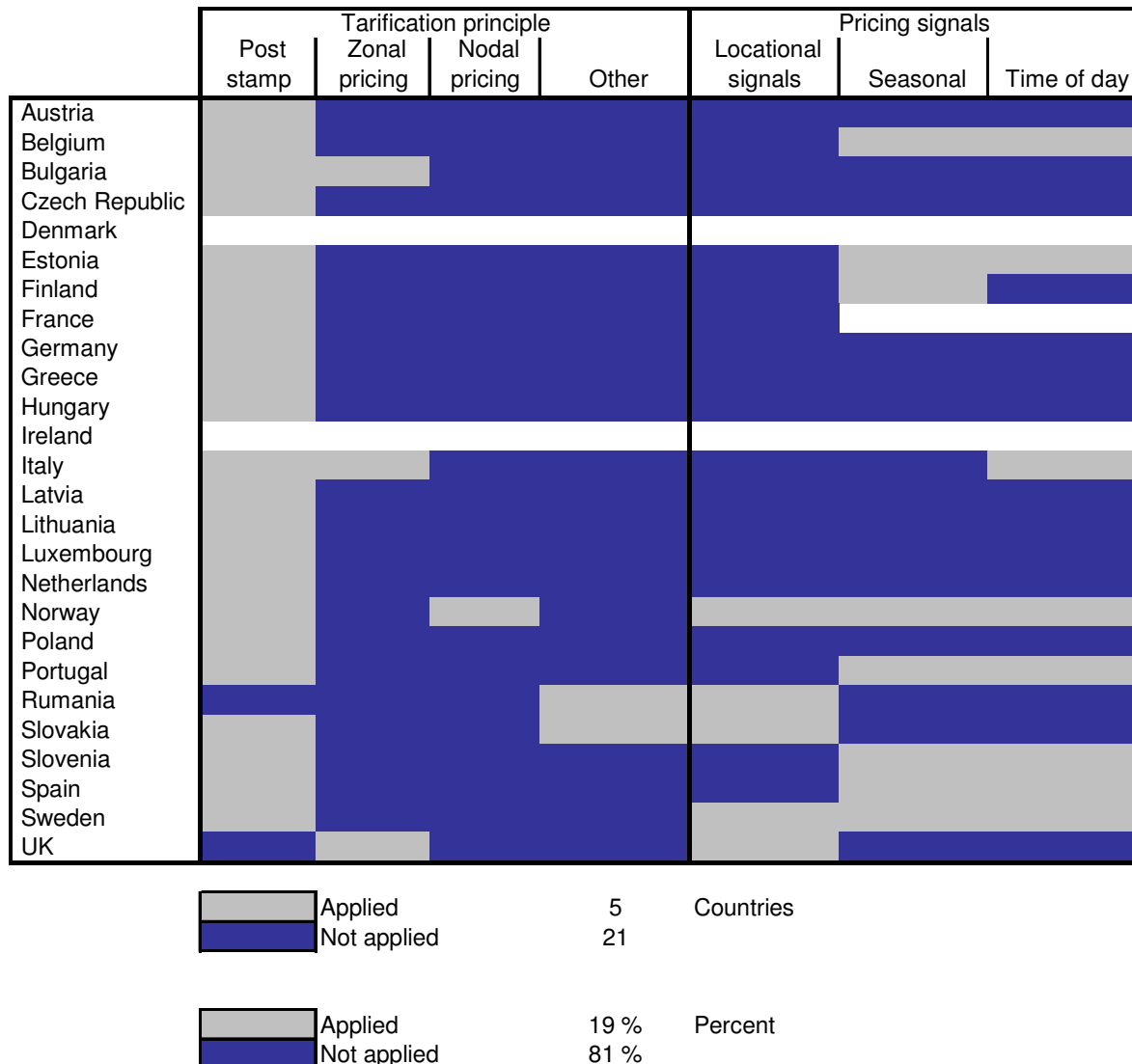


Figure 6: Tariffication Principles and Pricing Signals

Figure 6 represents the use of different connection charges for the analysed countries. 33 % of the Member States practice deep connection charges, which means that the direct cost of connection (connecting line, bay in substation and part of common equipment) plus some part of grid development costs are charged when connection is realised. Shallow connection charges include mainly the direct connection costs, e.g. the cost for new lines to an existing network point and sometimes the transformer in the distribution or transmission network. The detailed structure of the shallow connection charge approach may vary significantly between countries.

The answers imply a significant increase in the use of deep connection charges since the First Compliance Monitoring Report.

Connection charges

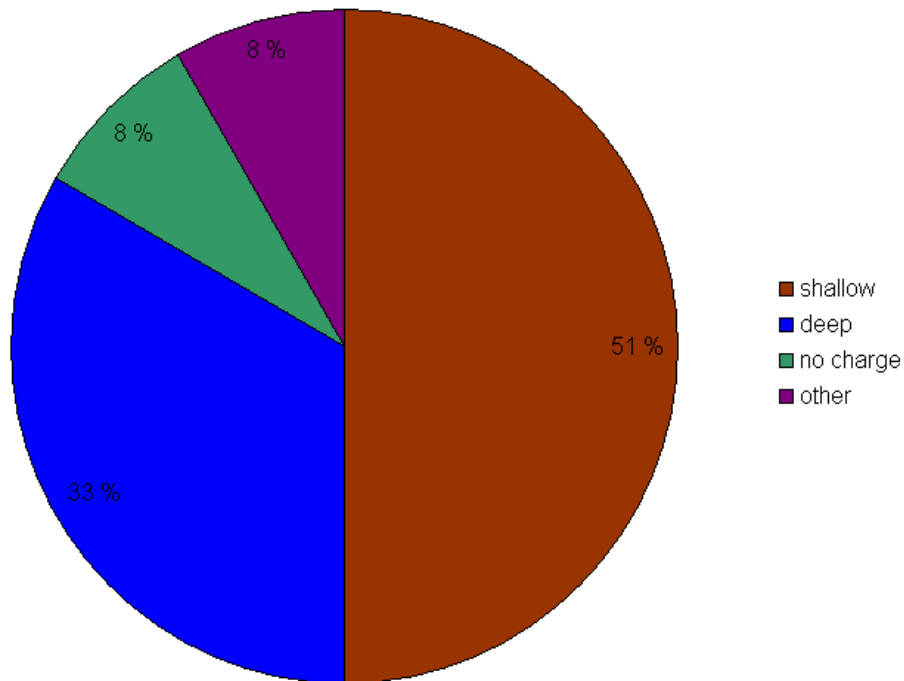


Figure 7: Connection Charges

Figures 6 and 7 indicate full compliance with the related aspects of Article 4 and with the general provisions and requirements for non-discrimination and tariffication which stem from Directive 2003/54/EC.

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

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

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

6. Summary and Conclusions

Overall, there is a high level of compliance, and the data ERGEG has gathered reveals full compliance with several provisions. Compliance is measured according to ERGEG criteria which go further than the legal provisions. ERGEG has measured full compliance with:

- Regulation Article 4.1 (about charges for network access);
- Regulation Article 6.1 and 6.4 (general principles of congestion management);
- CM Guideline Point 1.2 (on access to interconnection when no congestion);
- CM Guideline Point 2.7 (non-discrimination in capacity allocation);
- CM Guidelines Point 4.1 (on timetable for allocation of capacity); and
- CM Guidelines Point 5.3 and 5.4 (on transparency).

On several further Points and Articles, the overall compliance according to ERGEG's criteria is over 95 %, thus signifying a high level of compliance with the legal provisions in the Regulation and CM Guidelines.

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

6.1 Key Findings

6.1.1 Intra- and Inter-Regional Coordination and Coherence

Coordination of congestion management methods and procedures on a regional and EU-level is a key objective of Regulation 1228/2003 and the CM Guidelines. This coordination is of particular relevance for monitoring compliance and progress. In general, the degree of compliance is higher than in the previous report. Several regional and cross-regional projects have contributed to this improved situation. However, it should be noted that almost all regions have coordination shortcomings compared to the legal requirements.

In the near future, further projects will move from elaboration to real implementation and thus compliance is expected to be increased. Some ongoing projects address coordination in long-term allocation (such as in CEE and CSE) or market coupling (in CWE).

It should be noted that several NRAs considered that the methods currently applied for managing the interconnections are not suitable for regional and community-wide application. Although explicit allocations are compliant, there seems to be a growing consensus that implicit day-ahead auctions are more suitable for regional and community-wide integration. In addition, the coherence of long-term allocations is going to be enhanced. These developments are reflected in the ERGEG draft Framework Guidelines on Capacity Allocation and Congestion Management for electricity. In the period until the Framework Guidelines and the accompanying codes are finalised, efficient steps shall be taken to enhance compliance on a regional level with regard to the coordination requirements but also to ensure overall consistency between the regions.

6.1.2 On the limitation of cross-border capacity

Compliance with regards to point 1.7 of the CM Guidelines (no limitation of cross-border capacity to solve internal congestion) is analysed in chapter 3.1.7. Compared to the Second Report, compliance has improved, however the interpretation of this article is not commonly shared. As a consequence, for the same interconnection, different answers were sometimes given from the respective sides of the border. This highlights an important need to specify the information TSOs shall provide to the regulators and market players. Moreover, this point is strongly linked to transparency (see point 5.1 of the CM Guidelines) and capacity calculation issues. For example, it appears that there are few concrete criteria to assess the price zone question in the ongoing discussions within ERGEG and AHAG. This issue was reinforced with the recent Svenska Kraftnät case. Therefore, it is of the utmost importance to support all efforts to define clear criteria for reporting on and reviewing network constraints in order to ensure that cross-border capacity is not limited for internal congestion and the European market is fully efficient.

6.1.3 Intraday Aspects

There is a higher level of compliance on intraday since the last report, due to several new projects having been implemented. However, there are examples of interconnectors where intraday is not in place. Of the 31 monitored interconnectors, intraday is in place on 17 of them. On a further 10 interconnectors there are concrete plans for introduction within 2010 and 2011. The type of intraday solutions has not been subject to compliance monitoring in this report.

To achieve improvement, enhanced coordination of different intraday solutions needs to become an objective. Due to the increasing amount of intermittent renewable generation, the importance of coordinated intraday mechanisms will increase.

6.1.4 Transparency

In general, there is a higher level of compliance on transparency since the last report. A lower level of transparency is still observed in certain areas. This is especially so with regard to renewables, especially forecasts of wind and solar power for control areas with more than 1 % of such sources or bidding areas with more than 5 %. Here still only in one third of countries with these levels of wind or solar do the TSOs publish the required information. Furthermore, publication of outages in transmission grid, generation and large consumption units is still missing in several countries. Information on corrective actions in the grid and the effects of these also needs improvement.

6.1.5 Use of congestion income

In general, the most common use of congestion income is to reduce tariffs, which is how about half of the reported congestion income is used, followed by use for investment in new lines, while the amount used to ensure capacity is the lowest. Several countries do not report the planned use of congestion income, indicating that in this area regulators need to be more active. Also, clearer rules for how to define the different uses are needed.

6.2 Recommendations

In general, there seems to be a high level of “practical compliance”, i.e. procedures and practices in fact work according to the Regulations and Guidelines. However, in several cases the additional ERGEG requirements have been fulfilled to a lesser extent, e.g. TSO has not sent written documentation of procedures to the NRAs. In cases where the NRA has not received documentation from the TSO, ERGEG cannot consider this to be fully compliant.

ERREG recommends the following issues be addressed by the following stakeholders in order to ensure the goals set out for cross-border trade in the Regulation and the CM Guidelines are met:

The European Commission is asked to:

- Give guidance and clarify those provisions of the Regulation and the CM Guidelines that are currently ambiguous and thus leave too much room for interpretation. This is important as the provisions of the Regulation and the CM Guidelines are setting the rules for cross-border issues and differing interpretations contain the risk of diverging and non-coherent development.
- Ensure a swift comitology process for the development and adoption of legally binding European rules for cross-border issues on the basis of the Framework Guidelines and related network codes for capacity allocation and congestion management and the ERREG Advice on Comitology Guidelines for Fundamental Electricity Data Transparency in order to support the further development of the IEM.

Member States are asked to:

- Ensure proper implementation and enforcement of the legal framework that supports efficient cross-border trade including the network codes under the forthcoming Framework Guidelines for Capacity Allocation and Congestion Management, the envisaged Fundamental Electricity Data Transparency Comitology Guidelines and the provisions stemming from the 3rd package requiring TSOs and Regulators to cooperate in cross-border issues.
- Support Regional Initiatives in their efforts for market coupling and coordinated congestion management procedures within regions and across regions for all time frames.

TSOs are requested to:

- Ensure the fast development of the network codes related to the CACM Framework Guidelines
- Continue their committed work within the Regional Initiatives and strive towards efficient intra- and inter-regional congestion management methods for all time frames.
- Enhance and speed up implementation of missing transparency elements, as requested by the forthcoming Comitology Guidelines for Fundamental Electricity Data Transparency.
- Ensure documentation of relevant procedures and send these to NRAs.

European Regulators are committed to:

- Continuing to foster and support regional and inter-regional coordination of capacity allocation and congestion management via the Regional Initiatives and through their participation in the work of the Agency.
- Ensuring that TSOs document relevant procedures and routines and send these to the NRAs for review.
- Documenting relevant national procedures with regard to monitoring compliance of the TSO. Furthermore, regulators should consider developing a more harmonised approach in national compliance monitoring of the TSOs.

The ongoing ERGEG work on draft Framework Guidelines for Capacity Allocation and Congestion Management and the subsequent network codes will contribute to clarifying and specifying requirements for appropriate methods to be applied to capacity allocation on interconnectors and congestion management methods in general. Likewise, the envisaged Comitology Guidelines for Fundamental Electricity Data Transparency will contribute to clarifying what information, when and how is required to be published on a European-wide basis.

6.3 Future role of ACER in compliance monitoring

Compliance monitoring is among the key tasks of ACER, and there could be scope for further developing the framework for future compliance reporting, and detailing criteria for compliance without endangering a consistent and comparable approach over the years. The work done by ERGEG could be a starting point for ACER's future work with compliance monitoring, though a new legal framework (i.e. the 3rd Package Directive and corresponding Regulations) would require adjustments.

Work towards national harmonised approach on procedures for compliance monitoring is another issue that ACER could support and coordinate.

Annex 1 – List of Acronyms and Abbreviations

Term	Definition
ACER	Agency for Cooperation of Energy Regulators
CACM	Capacity Allocation and Congestion Management (Framework Guidelines)
CASC	Capacity Allocation Service Company (auction platform)
CM	Congestion Management
CM Guidelines	Congestion Management Guidelines 2006/770/EC
CEE	Central East Europe region
CORES0	Coordination of Electrical System Operators
CSE	Central South Europe region
CWE	Central West Europe region
EMCC	European Market Coupling Company
ENM TF	ERGEG Electricity Network and Market TF
ERI	ERGEG Electricity Regional Initiatives
FCFS	First-Come-First-Serve method
FUI	France-UK-Ireland region
HN	Horizontal Network definition for the ITC purposes
IEM	Internal Electricity Market (of the EU)
ITC	Inter-TSO Compensation
LRAIC	Long-Run Average Incremental Costs
NRA	National Regulatory Authority
Regulation	Regulation (EC) 1228/2003
SEE	South East Europe region
SWE	South West Europe region
TLC	Trilateral Market Coupling between Belgium, France and Netherlands
TPA	Third Party Access (regulated)
TSC	Transmission System Operator Security Cooperation
TSO	Transmission System Operator
TT	Transmission Tariffication
UIOLI	Use-It-Or-Loose-It rule
UIOSI	Use-It-Or-Sell-It rule
WWT	With and Without Transit

Annex 2 – Summary of Replies from National Regulatory Authorities

EXPLANATORY NOTE 1:

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

For that, the regulators have adopted common criteria²³.

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

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

A summary of all responses regarding compliance is presented below in table form, using the following methodology:

- All answers by NRAs to the Compliance Questionnaire have been summarised per country or per interconnection and per Article of the Regulation or Point of the CM Guidelines;
- The percentages are a sum of answers with “yes” or “not applicable” in relation to the all answers for a given issue;
- In calculating percentages, each “sub-question” or criterion of an Article / Point (the number of “sub-questions” per Article/Point is indicated in the second row of the tables) has been given same weighting, although in terms of legal provisions, the “sub-questions” do not always have equal importance. Such a simplification was introduced for practical reasons, readability and clarity;
- For better visibility, colour codes have been used in the tables to highlight areas which are less than 100 % compliant: **Pink** for values below 50 % and **Light Green** for values between 50 % - 100 %.

²³ http://www.energy-regulators.eu/portal/page/portal/EER_HOME/EER_PUBLICATIONS/CEER_ERGEG_PAPERS/Electricity/2007/E07-EFG-25-03_CriteriaForCompliance_10-Dec-2007.pdf

Article 4 of the Regulation

Article in Regulation	Article 4.1	Article 4.2	Article 4.3	Article 4.4	Article 4.5
Total number of answers	7	6	4	3	3
Country					
Estonia	100%	100%	100%	100%	100%
Latvia	100%	100%	100%	100%	100%
Lithuania	100%	100%	100%	100%	100%
Austria	100%	100%	100%	100%	100%
Czech Republic	100%	83%	100%	100%	100%
Hungary	100%	100%	100%	100%	100%
Slovenia	86%	100%	100%	100%	100%
Germany	100%	100%	100%	100%	100%
Poland	100%	100%	100%	100%	100%
Slovakia	100%	100%	100%	100%	100%
Italy	100%	83%	100%	100%	100%
Greece	100%	100%	100%	100%	100%
France	100%	100%	100%	100%	100%
Belgium	100%	100%	100%	100%	100%
Netherlands	100%	100%	100%	100%	100%
Luxembourg					
Sweden	100%	100%	100%	100%	100%
Norway	100%	100%	100%	100%	100%
Finland	100%	100%	100%	100%	100%
Denmark	100%	83%	100%	100%	67%
Spain	100%	100%	100%	100%	100%
Portugal	100%	100%	100%	100%	100%
UK	100%	100%	100%	100%	100%
Ireland	100%	100%	100%	100%	100%
Romania					
Bulgaria	100%	100%	100%	100%	100%
Overall compliance %	99%	98%	100%	100%	99%

Article 5 of the Regulation

Article in Regulation		Article 5.1	Article 5.2	Article 5.3
Total number of answers		4	6	7
Interconnection	From			
Estonia - Latvia	Estonia			
	Latvia			
Latvia - Lithuania	Lithuania			
	Latvia			
Austria - Czech Republic	Austria	100%	100%	100%
	Czech Republic	100%	100%	100%
Austria - Hungary	Austria	100%	100%	100%
	Hungary	100%	100%	100%
Austria - Slovenia	Austria	100%	100%	100%
	Slovenia	0%	100%	71%
Germany - Poland	Germany	75%	100%	86%
	Poland	100%	100%	100%
Czech Republic - Poland	Poland	100%	100%	100%
	Czech Republic	100%	100%	100%
Poland - Slovakia	Poland	100%	100%	100%
	Slovakia	100%	100%	86%
Czech Republic - Germany	Germany	75%	100%	86%
	Czech Republic	100%	100%	100%
Czech Republic - Slovakia	Czech Republic	100%	100%	100%
	Slovakia	100%	100%	86%
Hungary - Slovakia	Slovakia	100%	100%	86%
	Hungary	50%	100%	100%
Austria - Italy	Austria	100%	100%	100%
	Italy	75%	100%	100%
Italy - Slovenia	Italy	75%	100%	100%
	Slovenia	0%	100%	71%
Greece - Italy	Italy	75%	100%	100%
	Greece	50%	100%	100%
France - Italy	Italy	75%	100%	100%
	France	75%	50%	57%
France - Germany	France	75%	50%	57%
	Germany	75%	100%	86%
Belgium - France	Belgium	75%	67%	57%
	France	75%	50%	57%
Belgium - Netherlands	Belgium	75%	67%	57%
	Netherlands	75%	50%	71%
Germany - Netherlands	Germany	75%	100%	86%
	Netherlands	75%	50%	71%
Germany - Luxembourg	Germany			
	Luxembourg			
Norway - Sweden	Sweden	100%	67%	100%
	Norway	100%	100%	100%
Finland - Sweden	Sweden	100%	67%	100%
	Finland	100%	100%	100%
Denmark - Sweden	Sweden	100%	67%	100%
	Denmark	75%	100%	100%
Denmark - Germany	Germany	75%	100%	86%
	Denmark	75%	100%	100%
Denmark - Norway	Norway	100%	100%	100%
	Denmark	75%	100%	100%
France - Spain	France	75%	100%	100%
	Spain	100%	100%	100%
Portugal - Spain	Portugal	100%	100%	100%
	Spain	100%	100%	100%
France - UK	France	75%	100%	100%
	UK	100%	100%	100%
Ireland - N. Ireland	Ireland			
	N. Ireland			
Hungary - Romania	Rumania			
	Hungary	100%	100%	100%
Bulgaria - Romania	Rumania			
	Bulgaria	100%	100%	86%
Bulgaria - Greece	Bulgaria	100%	100%	86%
	Greece	50%	100%	100%
Norway - Netherlands	Norway	100%	100%	100%
	Netherlands	75%	50%	71%
Overall compliance %		84%	92%	91%

Article 6 of the Regulation

Article in Regulation		Article 6.1	Article 6.2	Article 6.3	Article 6.4	Article 6.5	Article 6.6
Total number of answers		4	11	4	4	4	7
Interconnection	From						
Estonia - Latvia	Estonia						
	Latvia						
Latvia - Lithuania	Lithuania						
	Latvia						
Austria - Czech Republic	Austria	100%	100%	50%	100%	100%	100%
	Czech Republic	100%	100%	100%	100%	100%	100%
Austria - Hungary	Austria	100%	100%	50%	100%	100%	100%
	Hungary	100%	100%	100%	100%	100%	100%
Austria - Slovenia	Austria	100%	100%	50%	100%	100%	100%
	Slovenia	100%	100%	75%	100%	100%	86%
Germany - Poland	Germany	100%	100%	100%	100%	75%	100%
	Poland	100%	100%	100%	100%	100%	100%
Czech Republic - Poland	Poland	100%	100%	100%	100%	100%	100%
	Czech Republic	100%	100%	100%	100%	100%	100%
Poland - Slovakia	Poland	100%	100%	100%	100%	100%	100%
	Slovakia	100%	100%	100%	100%	100%	100%
Czech Republic - Germany	Germany	100%	100%	100%	100%	75%	100%
	Czech Republic	100%	100%	100%	100%	100%	100%
Czech Republic - Slovakia	Czech Republic	100%	100%	100%	100%	100%	100%
	Slovakia	100%	100%	100%	100%	100%	100%
Hungary - Slovakia	Slovakia	100%	100%	100%	100%	100%	100%
	Hungary	100%	100%	100%	100%	100%	100%
Austria - Italy	Austria	100%	100%	100%	100%	100%	100%
	Italy	100%	82%	50%	100%	100%	100%
Italy - Slovenia	Italy	100%	82%	100%	100%	100%	100%
	Slovenia	100%	100%	67%	100%	100%	86%
Greece - Italy	Italy	100%	82%	100%	100%	100%	100%
	Greece	100%	100%	50%	100%	75%	100%
France - Italy	Italy	100%	82%	100%	100%	100%	100%
	France	100%	82%	100%	100%	100%	100%
France - Germany	France	100%	73%	50%	100%	75%	100%
	Germany	100%	100%	100%	100%	75%	100%
Belgium - France	Belgium	100%	100%	50%	100%	100%	71%
	France	100%	73%	50%	100%	75%	100%
Belgium - Netherlands	Belgium	100%	100%	50%	100%	100%	71%
	Netherlands	100%	82%	100%	100%	100%	100%
Germany - Netherlands	Germany	100%	100%	100%	100%	75%	100%
	Netherlands	100%	82%	100%	100%	100%	100%
Germany - Luxembourg	Germany						
	Luxembourg						
Norway - Sweden	Sweden	100%	100%	100%	100%	100%	86%
	Norway	100%	91%	100%	100%	100%	100%
Finland - Sweden	Sweden	100%	100%	100%	100%	100%	86%
	Finland	100%	100%	100%	100%	100%	86%
Denmark - Sweden	Sweden	100%	100%	100%	100%	100%	86%
	Denmark	100%	100%	100%	100%	100%	100%
Denmark - Germany	Germany	100%	100%	100%	100%	75%	100%
	Denmark	100%	100%	100%	100%	100%	100%
Denmark - Norway	Norway	100%	91%	100%	100%	100%	100%
	Denmark	100%	100%	100%	100%	100%	100%
France - Spain	France	100%	73%	50%	100%	75%	100%
	Spain	100%	100%	100%	100%	100%	100%
Portugal - Spain	Portugal	100%	100%	100%	100%	100%	100%
	Spain	100%	100%	100%	100%	100%	100%
France - UK	France	100%	64%	50%	100%	75%	100%
	UK	100%	100%	100%	100%	100%	43%
Ireland - N. Ireland	Ireland						
	N. Ireland						
Hungary - Romania	Romania						
	Hungary	100%	100%	100%	100%	100%	100%
Bulgaria - Romania	Romania						
	Bulgaria	100%	100%	75%	100%	25%	71%
Bulgaria - Greece	Bulgaria	100%	100%	75%	100%	25%	71%
	Greece	100%	100%	50%	75%	50%	100%
Norway - Netherlands	Norway	100%	91%	100%	100%	100%	71%
	Netherlands	100%	82%	100%	100%	100%	100%
Overall compliance %		100%	95%	87%	100%	92%	95%

Point 1 of the CM Guidelines

Article in Regulation	Total number of answers	Point 1.1	Point 1.2	Point 1.3	Point 1.4	Point 1.5	Point 1.6	Point 1.7	Point 1.8	Point 1.9	Point 1.10
Interconnection	From	6	3	3	13	6	2	5	4	4	3
Estonia - Latvia	Estonia	100%	100%	67%	100%	67%	50%	20%	100%	100%	67%
	Latvia	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Latvia - Lithuania	Lithuania	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Austria - Czech Republic	Austria	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
	Czech Republic	100%	100%	100%	100%	100%	100%	100%	100%	75%	33%
Austria - Hungary	Austria	100%	100%	100%	100%	100%	100%	100%	100%	75%	100%
	Hungary	100%	100%	100%	100%	100%	100%	100%	100%	25%	100%
Austria - Slovenia	Austria	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
	Slovenia	83%	100%	67%	77%	83%	50%	80%	0%	75%	67%
Germany - Poland	Germany	100%	100%	100%	85%	100%	50%	100%	100%	0%	100%
	Poland	100%	100%	100%	100%	100%	100%	100%	100%	0%	67%
Czech Republic - Poland	Poland	100%	100%	100%	100%	100%	100%	100%	100%	0%	67%
	Czech Republic	100%	100%	100%	100%	100%	100%	100%	100%	0%	0%
Poland - Slovakia	Poland	100%	100%	100%	100%	100%	100%	100%	100%	0%	67%
	Slovakia	100%	100%	67%	100%	100%	100%	100%	100%	0%	67%
Czech Republic - Germany	Germany	100%	100%	100%	85%	100%	50%	100%	100%	100%	100%
	Czech Republic	100%	100%	100%	100%	100%	100%	100%	100%	100%	33%
Czech Republic - Slovakia	Czech Republic	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
	Slovakia	100%	100%	100%	100%	100%	100%	100%	100%	75%	67%
Hungary - Slovakia	Slovakia	100%	100%	67%	100%	100%	100%	100%	100%	0%	67%
	Hungary	100%	100%	33%	85%	100%	100%	80%	75%	0%	0%
Austria - Italy	Austria	100%	100%	100%	100%	100%	100%	100%	100%	75%	100%
	Italy	100%	100%	100%	100%	100%	50%	100%	100%	0%	100%
Italy - Slovenia	Italy	100%	100%	100%	100%	100%	50%	100%	100%	0%	100%
	Slovenia	83%	100%	67%	77%	83%	50%	80%	0%	75%	67%
Greece - Italy	Italy	100%	100%	100%	100%	100%	50%	100%	100%	0%	100%
	Greece	100%	100%	67%	92%	50%	50%	100%	50%	0%	33%
France - Italy	Italy	100%	100%	100%	100%	100%	50%	100%	100%	0%	100%
	France	100%	100%	100%	91%	40%	100%	40%	100%	0%	100%
France - Germany	France	100%	100%	100%	91%	40%	100%	40%	100%	100%	100%
	Germany	100%	100%	100%	85%	100%	50%	100%	100%	100%	100%
Belgium - France	Belgium	100%	100%	0%	92%	33%	50%	40%	75%	100%	100%
	France	100%	100%	100%	91%	40%	100%	40%	100%	100%	100%
Belgium - Netherlands	Belgium	100%	100%	0%	92%	33%	50%	40%	75%	100%	100%
	Netherlands	100%	100%	0%	77%	100%	100%	100%	50%	100%	100%
Germany - Netherlands	Germany	100%	100%	100%	85%	100%	50%	100%	100%	100%	100%
	Netherlands	100%	100%	0%	77%	100%	100%	100%	50%	100%	100%
Germany Luxembourg	Germany										
	Luxembourg										
Norway - Sweden	Sweden	83%	100%	67%	92%	100%	100%	100%	100%	100%	100%
	Norway	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Finland - Sweden	Sweden	83%	100%	67%	92%	100%	100%	100%	100%	100%	100%
	Finland	83%	100%	67%	77%	100%	100%	100%	100%	100%	100%
Denmark - Sweden	Sweden	83%	100%	67%	92%	100%	100%	100%	100%	100%	100%
	Denmark	100%	100%	67%	100%	100%	0%	100%	100%	100%	100%
Denmark - Germany	Germany	100%	100%	100%	85%	100%	50%	100%	100%	100%	100%
	Denmark	100%	100%	67%	100%	100%	0%	100%	100%	100%	100%
Denmark - Norway	Norway	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
	Denmark	100%	100%	67%	100%	100%	0%	100%	100%	100%	100%
France - Spain	France	100%	100%	100%	91%	80%	100%	40%	100%	75%	100%
	Spain	100%	100%	100%	100%	100%	50%	100%	100%	100%	100%
Portugal - Spain	Portugal	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
	Spain	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
France - UK	France	100%	100%	100%	77%	50%	100%	40%	100%	67%	100%
	UK	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Ireland - Northern Ireland	Ireland										
	Northern Ireland										
Hungary - Romania	Romania										
	Hungary	100%	100%	100%	100%	100%	100%	100%	100%	25%	100%
Bulgaria - Romania	Romania										
	Bulgaria	100%	100%	67%	100%	100%	100%	100%	100%	0%	100%
	Bulgaria	100%	100%	67%	100%	100%	100%	100%	100%	0%	100%
Bulgaria - Greece	Greece	100%	100%	67%	92%	50%	50%	100%	50%	0%	0%
	Norway	100%	100%	67%	85%	50%	100%	60%	100%	0%	100%
	Netherlands	100%	100%	0%	77%	100%	100%	100%	50%	0%	100%
Overall compliance %		98%	100%	81%	94%	90%	81%	90%	91%	62%	87%

Point 2 of the CM Guidelines

Article in Regulation		Point 2.1	Point 2.2	Point 2.3	Point 2.4	Point 2.5	Point 2.6	Point 2.7
Total number of answers		26	3	5	7	7	3	4
Interconnection	From							
Estonia - Latvia	Estonia	100%	100%	80%	100%	86%	100%	100%
	Latvia	100%	100%	100%	100%	100%	100%	100%
Latvia - Lithuania	Lithuania	100%	100%	100%	100%	100%	100%	100%
	Latvia	100%	100%	100%	100%	100%	100%	100%
Austria - Czech Republic	Austria	100%	100%	100%	100%	100%	100%	100%
	Czech Republic	100%	100%	100%	100%	100%	100%	100%
Austria - Hungary	Austria	100%	100%	100%	100%	100%	100%	100%
	Hungary	78%	100%	100%	100%	100%	100%	100%
Austria - Slovenia	Austria	100%	100%	100%	100%	100%	100%	100%
	Slovenia	95%	33%	80%	57%	86%	33%	100%
Germany - Poland	Germany	70%	33%	80%	86%	100%	100%	100%
	Poland	70%	100%	100%	100%	100%	100%	100%
Czech Republic - Poland	Poland	70%	100%	100%	100%	100%	100%	100%
	Czech Republic	87%	100%	100%	100%	100%	100%	100%
Poland - Slovakia	Poland	70%	100%	100%	100%	100%	100%	100%
	Slovakia	87%	100%	100%	100%	100%	100%	100%
Czech Republic - Germany	Germany	100%	33%	80%	86%	100%	100%	100%
	Czech Republic	100%	100%	100%	100%	100%	100%	100%
Czech Republic - Slovakia	Czech Republic	100%	100%	100%	100%	100%	100%	100%
	Slovakia	100%	100%	100%	100%	100%	100%	100%
Hungary - Slovakia	Slovakia	87%	100%	100%	100%	100%	100%	100%
	Hungary	85%	100%	20%	57%	100%	100%	100%
Austria - Italy	Austria	85%	100%	100%	100%	86%	100%	100%
	Italy	85%	100%	100%	100%	86%	100%	100%
Italy - Slovenia	Italy	85%	100%	100%	100%	86%	100%	100%
	Slovenia	95%	33%	80%	57%	86%	33%	100%
Greece - Italy	Italy	85%	100%	100%	100%	86%	100%	100%
	Greece	70%	100%	80%	100%	100%	0%	100%
France - Italy	Italy	85%	100%	100%	100%	86%	100%	100%
	France	85%	100%	100%	100%	86%	100%	100%
France - Germany	France	80%	100%	60%	71%	100%	100%	100%
	Germany	100%	33%	80%	86%	100%	100%	100%
Belgium - France	Belgium	100%	100%	100%	100%	100%	100%	100%
	France	80%	100%	60%	71%	100%	100%	100%
Belgium - Netherlands	Belgium	100%	100%	100%	100%	100%	100%	100%
	Netherlands	90%	100%	80%	86%	100%	100%	100%
Germany - Netherlands	Germany	100%	33%	80%	86%	100%	100%	100%
	Netherlands	90%	100%	80%	86%	100%	100%	100%
Germany - Luxembourg	Germany							
	Luxembourg							
Norway - Sweden	Sweden	100%	100%	100%	100%	100%	67%	100%
	Norway	100%	100%	100%	100%	100%	100%	100%
Finland - Sweden	Sweden	100%	100%	100%	100%	100%	67%	100%
	Finland	100%	100%	100%	100%	100%	100%	100%
Denmark - Sweden	Sweden	100%	100%	100%	100%	100%	67%	100%
	Denmark	100%	100%	100%	71%	14%	67%	100%
Denmark - Germany	Germany	91%	33%	80%	86%	100%	100%	100%
	Denmark	100%	100%	80%	71%	100%	100%	100%
Denmark - Norway	Norway	100%	100%	100%	100%	100%	100%	100%
	Denmark	100%	100%	100%	71%	14%	67%	100%
France - Spain	France	80%	100%	60%	71%	100%	100%	100%
	Spain	100%	100%	100%	100%	100%	100%	100%
Portugal - Spain	Portugal	100%	100%	100%	100%	100%	100%	100%
	Spain	100%	100%	100%	100%	100%	100%	100%
France - UK	France	80%	100%	80%	71%	100%	100%	100%
	UK	100%	100%	100%	100%	100%	100%	100%
Ireland - N. Ireland	Ireland							
	N. Ireland							
Hungary - Romania	Romania							
	Hungary	90%	100%	100%	100%	100%	100%	100%
Bulgaria - Romania	Romania							
	Bulgaria	80%	100%	100%	71%	100%	0%	100%
Bulgaria - Greece	Bulgaria	80%	100%	100%	71%	100%	0%	100%
	Greece	80%	100%	80%	100%	100%	0%	100%
Norway - Netherlands	Norway	83%	100%	100%	100%	100%	100%	100%
	Netherlands	79%	100%	80%	86%	100%	100%	100%
Overall compliance %		91%	92%	92%	92%	95%	88%	100%

Point 2 of the CM Guidelines (continued)

Article in Regulation		Point 2.8	Point 2.9	Point 2.10	Point 2.11	Point 2.12	Point 2.13
Total number of answers		2	2	6	6	8	10
Interconnection	From						
Estonia - Latvia	Estonia	100%	100%	50%	67%	100%	0%
	Latvia	100%	100%	100%	100%	100%	100%
Latvia - Lithuania	Lithuania	100%	100%	100%	100%	100%	100%
	Latvia	100%	100%	100%	100%	100%	100%
Austria - Czech Republic	Austria	100%	100%	100%	100%	100%	100%
	Czech Republic	100%	100%	100%	83%	63%	100%
Austria - Hungary	Austria	100%	100%	100%	100%	100%	100%
	Hungary	100%	100%	100%	83%	100%	100%
Austria - Slovenia	Austria	100%	100%	100%	100%	100%	100%
	Slovenia	100%	50%	83%	100%	75%	100%
Germany - Poland	Germany	100%	100%	50%	100%	75%	100%
	Poland	100%	100%	100%	83%	75%	100%
Czech Republic - Poland	Poland	100%	100%	100%	83%	75%	100%
	Czech Republic	100%	100%	100%	83%	63%	100%
Poland - Slovakia	Poland	100%	100%	100%	83%	75%	100%
	Slovakia	100%	100%	100%	100%	100%	90%
Czech Republic - Germany	Germany	100%	100%	50%	100%	75%	100%
	Czech Republic	100%	100%	100%	100%	63%	100%
Czech Republic - Slovakia	Czech Republic	100%	100%	100%	100%	63%	100%
	Slovakia	100%	100%	100%	100%	100%	90%
Hungary - Slovakia	Slovakia	100%	100%	100%	100%	100%	90%
	Hungary	100%	100%	83%	100%	50%	80%
Austria - Italy	Austria	100%	100%	100%	100%	100%	100%
	Italy	100%	100%	100%	100%	75%	100%
Italy - Slovenia	Italy	100%	100%	100%	100%	75%	100%
	Slovenia	100%	50%	83%	100%	75%	100%
Greece - Italy	Italy	100%	100%	100%	100%	75%	100%
	Greece	100%	100%	50%	83%	75%	70%
France - Italy	Italy	100%	100%	100%	100%	75%	100%
	France	100%	100%	100%	100%	75%	100%
France - Germany	France	100%	100%	83%	100%	50%	90%
	Germany	100%	100%	50%	100%	75%	100%
Belgium - France	Belgium	100%	100%	100%	100%	75%	100%
	France	33%	100%	83%	100%	63%	90%
Belgium - Netherlands	Belgium	100%	100%	100%	100%	75%	100%
	Netherlands	100%	100%	100%	100%	63%	100%
Germany - Netherlands	Germany	100%	100%	50%	100%	75%	100%
	Netherlands	100%	100%	100%	100%	63%	100%
Germany - Luxembourg	Germany						
	Luxembourg						
Norway - Sweden	Sweden	100%	100%	100%	100%	100%	89%
	Norway	100%	100%	100%	100%	100%	100%
Finland - Sweden	Sweden	100%	100%	100%	100%	100%	89%
	Finland	100%	100%	100%	100%	100%	100%
Denmark - Sweden	Sweden	100%	100%	100%	100%	100%	89%
	Denmark	100%	100%	100%	83%	100%	100%
Denmark - Germany	Germany	100%	100%	50%	100%	75%	100%
	Denmark	100%	100%	100%	83%	100%	100%
Denmark - Norway	Norway	100%	100%	100%	100%	100%	100%
	Denmark	100%	100%	100%	83%	100%	100%
France - Spain	France	100%	100%	83%	100%	50%	100%
	Spain	100%	100%	83%	100%	63%	100%
Portugal - Spain	Portugal	100%	100%	100%	100%	100%	100%
	Spain	100%	100%	100%	100%	100%	100%
France - UK	France	100%	100%	83%	100%	50%	100%
	UK	100%	100%	100%	100%	100%	100%
Ireland - N. Ireland	Ireland						
	N. Ireland						
Hungary - Romania	Romania						
	Hungary	100%	100%	100%	83%	100%	100%
Bulgaria - Romania	Romania						
	Bulgaria	100%	100%	50%	83%	100%	100%
Bulgaria - Greece	Bulgaria	100%	100%	50%	83%	100%	100%
	Greece	100%	100%	50%	83%	38%	70%
Norway - Netherlands	Norway	100%	100%	83%	100%	88%	100%
	Netherlands	100%	100%	100%	100%	63%	100%
Overall compliance %		99%	98%	89%	96%	82%	96%

Point 3 of the CM Guidelines

Article in Regulation		Point 3.1	Point 3.2	Point 3.3	Point 3.4	Point 3.5	Point 3.6
Total number of answers		5	8	2	2	3	6
Interconnection	From						
Estonia - Latvia	Estonia	100%	75%	100%	100%	100%	100%
	Latvia	100%	100%	100%	100%	100%	100%
Latvia - Lithuania	Lithuania	100%	100%	100%	100%	100%	100%
	Latvia	100%	100%	100%	100%	100%	100%
Austria - Czech Republic	Austria	75%	63%	100%	0%	67%	100%
	Czech Republic	100%	25%	100%	0%	100%	100%
Austria - Hungary	Austria	75%	63%	100%	0%	67%	100%
	Hungary	100%	63%	100%	100%	100%	100%
Austria - Slovenia	Austria	75%	63%	100%	0%	67%	100%
	Slovenia	100%	100%	100%	0%	0%	80%
Germany - Poland	Germany	100%	100%	100%	0%	100%	83%
	Poland	100%	100%	100%	0%	100%	100%
Czech Republic - Poland	Poland	100%	100%	100%	0%	100%	100%
	Czech Republic	100%	63%	100%	0%	100%	100%
Poland - Slovakia	Poland	100%	100%	100%	0%	100%	100%
	Slovakia	100%	100%	100%	100%	0%	100%
Czech Republic - Germany	Germany	100%	100%	100%	0%	100%	83%
	Czech Republic	100%	63%	100%	0%	100%	100%
Czech Republic - Slovakia	Czech Republic	100%	63%	100%	0%	100%	100%
	Slovakia	100%	100%	100%	100%	0%	100%
Hungary - Slovakia	Slovakia	100%	25%	100%	100%	0%	100%
	Hungary	60%	0%	100%	0%	0%	0%
Austria - Italy	Austria	75%	63%	100%	0%	67%	100%
	Italy	100%	100%	100%	0%	67%	100%
Italy - Slovenia	Italy	100%	100%	100%	0%	67%	100%
	Slovenia	100%	100%	100%	0%	0%	83%
Greece - Italy	Italy	100%	100%	100%	0%	67%	100%
	Greece	100%	50%	100%	0%	0%	50%
France - Italy	Italy	100%	100%	100%	0%	67%	100%
	France	0%	63%	100%	0%	67%	67%
France - Germany	France	0%	88%	100%	0%	67%	67%
	Germany	100%	100%	100%	0%	100%	83%
Belgium - France	Belgium	0%	38%	100%	0%	33%	100%
	France	0%	88%	100%	0%	67%	67%
Belgium - Netherlands	Belgium	0%	38%	100%	0%	33%	100%
	Netherlands	100%	63%	100%	0%	0%	83%
Germany - Netherlands	Germany	100%	100%	100%	0%	100%	83%
	Netherlands	100%	63%	100%	0%	0%	83%
Germany - Luxembourg	Germany						
	Luxembourg						
Norway - Sweden	Sweden	100%	100%	100%	0%	0%	100%
	Norway	75%	100%	100%	0%	0%	100%
Finland - Sweden	Sweden	100%	100%	100%	0%	0%	100%
	Finland	100%	100%	100%	0%	0%	100%
Denmark - Sweden	Sweden	100%	100%	100%	0%	0%	100%
	Denmark	100%	100%	100%	0%	0%	100%
Denmark - Germany	Germany	100%	100%	100%	0%	100%	83%
	Denmark	100%	100%	100%	0%	0%	100%
Denmark - Norway	Norway	80%	100%	100%	0%	0%	100%
	Denmark	100%	100%	100%	0%	0%	100%
France - Spain	France	0%	63%	100%	0%	67%	67%
	Spain	100%	100%	100%	0%	33%	100%
Portugal - Spain	Portugal	100%	100%	100%	100%	100%	100%
	Spain	100%	100%	100%	0%	33%	100%
France - UK	France	0%	63%	100%	0%	67%	67%
	UK	100%	100%	100%	0%	100%	100%
Ireland - N. Ireland	Ireland						
	N. Ireland						
Hungary - Romania	Romania						
	Hungary	100%	63%	100%	100%	100%	100%
Bulgaria - Romania	Romania	100%	13%	0%	0%	0%	67%
	Bulgaria	100%	63%	0%	0%	0%	50%
Bulgaria - Greece	Bulgaria	100%	63%	0%	0%	0%	50%
	Greece	80%	25%	100%	0%	0%	50%
Norway - Netherlands	Norway	80%	63%	100%	0%	0%	100%
	Netherlands	100%	63%	100%	0%	0%	83%
Overall compliance %		85%	78%	95%	16%	49%	89%

Point 4 of the CM Guidelines

Article in Regulation		Point 4.1	Point 4.2	Point 4.3	Point 4.4
Total number of answers		6	6	5	4
Interconnection	From				
Estonia - Latvia	Estonia	100%	100%	100%	100%
	Latvia	100%	100%	100%	100%
Latvia - Lithuania	Lithuania	100%	100%	100%	100%
	Latvia	100%	100%	100%	100%
Austria - Czech Republic	Austria	100%	100%	100%	100%
	Czech Republic	100%	100%	100%	100%
Austria - Hungary	Austria	100%	100%	100%	100%
	Hungary	100%	100%	20%	75%
Austria - Slovenia	Austria	100%	100%	100%	100%
	Slovenia	100%	100%	80%	50%
Germany - Poland	Germany	100%	100%	0%	100%
	Poland	100%	100%	80%	100%
	Poland	100%	100%	80%	100%
Czech Republic - Poland	Czech Republic	100%	100%	0%	100%
	Poland	100%	100%	80%	100%
Poland - Slovakia	Slovakia	100%	100%	80%	100%
	Germany	100%	100%	100%	100%
	Czech Republic	100%	100%	100%	100%
Czech Republic - Slovakia	Czech Republic	100%	100%	100%	100%
	Slovakia	100%	100%	100%	100%
	Slovakia	100%	100%	80%	100%
Hungary - Slovakia	Hungary	100%	100%	0%	100%
	Austria	100%	100%	100%	100%
Austria - Italy	Italy	100%	100%	0%	75%
	Italy	100%	100%	0%	75%
Italy - Slovenia	Slovenia	100%	100%	80%	50%
	Italy	100%	100%	0%	75%
Greece - Italy	Greece	100%	100%	0%	50%
	Italy	100%	100%	0%	75%
France - Italy	France	100%	100%	0%	0%
	France	100%	100%	100%	0%
France - Germany	Germany	100%	100%	100%	100%
	Belgium	100%	100%	100%	100%
Belgium - France	France	100%	100%	100%	0%
	Belgium	100%	100%	100%	100%
Belgium - Netherlands	Netherlands	100%	100%	20%	100%
	Germany	100%	100%	100%	100%
Germany - Netherlands	Netherlands	100%	100%	20%	100%
	Germany				
Germany - Luxembourg	Luxembourg				
	Sweden	100%	100%	100%	100%
Norway - Sweden	Norway	100%	83%	100%	100%
	Sweden	100%	100%	100%	100%
Finland - Sweden	Finland	100%	100%	100%	100%
	Sweden	100%	100%	100%	100%
Denmark - Sweden	Denmark	100%	100%	100%	75%
	Germany	100%	100%	100%	100%
Denmark - Germany	Denmark	100%	100%	80%	75%
	Norway	100%	83%	100%	100%
Denmark - Norway	Denmark	100%	100%	100%	75%
	France	100%	100%	60%	0%
France - Spain	Spain	100%	100%	100%	100%
	Portugal	100%	100%	100%	100%
Portugal - Spain	Spain	100%	100%	100%	100%
	France	100%	83%	100%	100%
France - UK	UK	100%	100%	100%	100%
	Ireland				
Ireland - N. Ireland	N. Ireland				
	Romania				
Hungary - Romania	Hungary	100%	100%	0%	100%
	Romania				
Bulgaria - Romania	Bulgaria	100%	100%	0%	100%
	Bulgaria	100%	100%	0%	100%
Bulgaria - Greece	Greece	100%	100%	0%	50%
	Norway	100%	83%	20%	100%
Norway - Netherlands	Netherlands	100%	100%	20%	100%
Overall compliance %		100%	99%	68%	87%

Point 5 of the CM Guidelines

Article in Regulation	Point 5.1	Point 5.2	Point 5.3	Point 5.4	Point 5.5	Point 5.6	Point 5.7	Point 5.8	Point 5.9	Point 5.10
Total number of answers	9	0	4	4	47	2	17	6	3	3
Country										
Estonia	100%	100%	100%	100%	85%	50%	88%	100%	100%	100%
Latvia	78%	100%	100%	100%	92%	50%	76%	67%	100%	100%
Lithuania	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Austria	100%	100%	100%	100%	98%	50%	76%	50%	100%	100%
Czech Republic	100%	100%	100%	100%	98%	50%	94%	100%	100%	100%
Hungary	100%	100%	100%	100%	96%	50%	100%	100%	100%	100%
Slovenia	89%	100%	100%	100%	98%	50%	65%	100%	100%	100%
Germany	44%	100%	100%	100%	98%	50%	76%	100%	100%	100%
Germany										
Germany										
Germany										
Poland	100%	100%	100%	100%	98%	50%	94%	83%	100%	100%
Slovakia	100%	100%	100%	100%	85%	50%	53%	50%	100%	100%
Italy	78%	100%	100%	100%	71%	50%	94%	100%	100%	100%
Greece	100%	83%	100%	100%	65%	50%	29%	67%	100%	33%
France	14%	100%	100%	100%	48%	50%	59%	50%	33%	67%
Belgium	78%	100%	100%	100%	68%	50%	47%	83%	67%	100%
Netherlands	89%	83%	100%	100%	74%	50%	53%	50%	67%	100%
Luxembourg										
Sweden	100%	100%	100%	100%	96%	50%	76%	67%	100%	100%
Norway	100%	100%	100%	100%	98%	50%	82%	67%	100%	100%
Finland	100%	100%	100%	100%	67%	50%	71%	67%	67%	67%
Denmark	100%	100%	100%	100%	98%	50%	82%	100%	100%	100%
Spain	100%	100%	100%	100%	98%	50%	94%	83%	100%	100%
Portugal	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
UK	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Ireland										
Romania										
Bulgaria	67%	100%	100%	100%	70%	0%	12%	20%	67%	100%
Overall compliance %	89%	99%	100%	100%	87%	54%	75%	78%	91%	94%

Point 6 of the CM Guidelines

Article in Regulation Total number of answers Country	Point 6.1 3	Point 6.2 2	Point 6.3 5	Point 6.4 4	Point 6.5 2	Point 6.6 5
Estonia	0%	0%	100%	0%	0%	20%
Latvia	100%	100%	100%	100%	100%	100%
Lithuania	100%	100%	100%	100%	100%	100%
Austria	100%	100%	100%	100%	100%	100%
Czech Republic	100%	100%	100%	100%	100%	100%
Hungary	33%	50%	80%	50%	100%	100%
Slovenia	100%	100%	60%	100%	100%	100%
Germany	100%	100%	100%	100%	100%	100%
Poland	100%	100%	100%	100%	100%	100%
Slovakia	100%	100%	100%	100%	100%	100%
Italy	100%	100%	100%	100%	100%	100%
Greece	100%	100%	100%	50%	0%	100%
France	100%	100%	80%	100%	100%	100%
Belgium	100%	100%	100%	100%	50%	80%
Netherlands	100%	100%	100%	50%	100%	100%
Luxembourg						
Sweden	100%	100%	80%	100%	100%	100%
Norway	100%	100%	100%	100%	50%	100%
Finland	100%	100%	100%	100%	50%	100%
Denmark	100%	50%	100%	100%	0%	100%
Spain	100%	100%	100%	100%	100%	100%
Portugal	100%	100%	100%	100%	100%	100%
UK	100%	100%	100%	100%	100%	100%
Ireland						
Romania						
Bulgaria	100%	100%	100%	100%	0%	40%
Overall compliance %	93%	91%	96%	89%	76%	93%

Annex 3 – Interconnections not in the Compliance Report

1. Spain – Morocco (non-EU)
2. Interconnections to Switzerland (unclear applicability (non-EU))
3. Germany – Luxembourg (special case)
4. Sweden – Germany (special case)
5. Sweden – Poland (Swepol) (special case)
6. Ireland – Northern Ireland (part of internal market – SEM)
7. Finland – Estonia (Estlink) (derogation)
8. Finland – Russia (non-EU)
9. Hungary – Ukraine (non-EU)
10. Poland – Belarus (non-EU)
11. Slovakia – Ukraine (non-EU)
12. Slovenia – Croatia (non-EU)
13. Hungary – Croatia (non-EU)
14. Greece – Macedonia (non-EU)
15. Greece – Albania (non-EU)
16. Romania – Ukraine (non-EU)

Annex 4 - ERGEG

The Council of European Energy Regulators (CEER) is a not-for-profit association in which Europe's independent national regulators of electricity and gas voluntarily cooperate to protect consumers' interests and to facilitate the creation of a single, competitive, efficient and sustainable internal market for gas and electricity in Europe. CEER acts as a preparatory body for the European Regulators' Group for Electricity and Gas (ERGEG).

ERGEG is the European Commission's formal advisory group of energy regulators. ERGEG was established by the European Commission, in November 2003, to assist the Commission in creating a single-EU market for electricity and gas. ERGEG's members are the heads of the national energy regulatory authorities in the 27 EU Member States.

The work of the 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 Electricity Networks and Markets Task Force of the Electricity Working Group.