



Energy Community Regulatory Board

Electricity Working Group

**CROSS-BORDER CHALLENGES IN SOUTH-EAST
EUROPEAN ELECTRICITY MARKETS**

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Conference: Cross Border Power Trading for the CEE & SEE markets

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 - Need for safe and secure power system operation in SEE
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Generation and Transmission Adequacy in SEE region

SEE Generating Sources - 2005

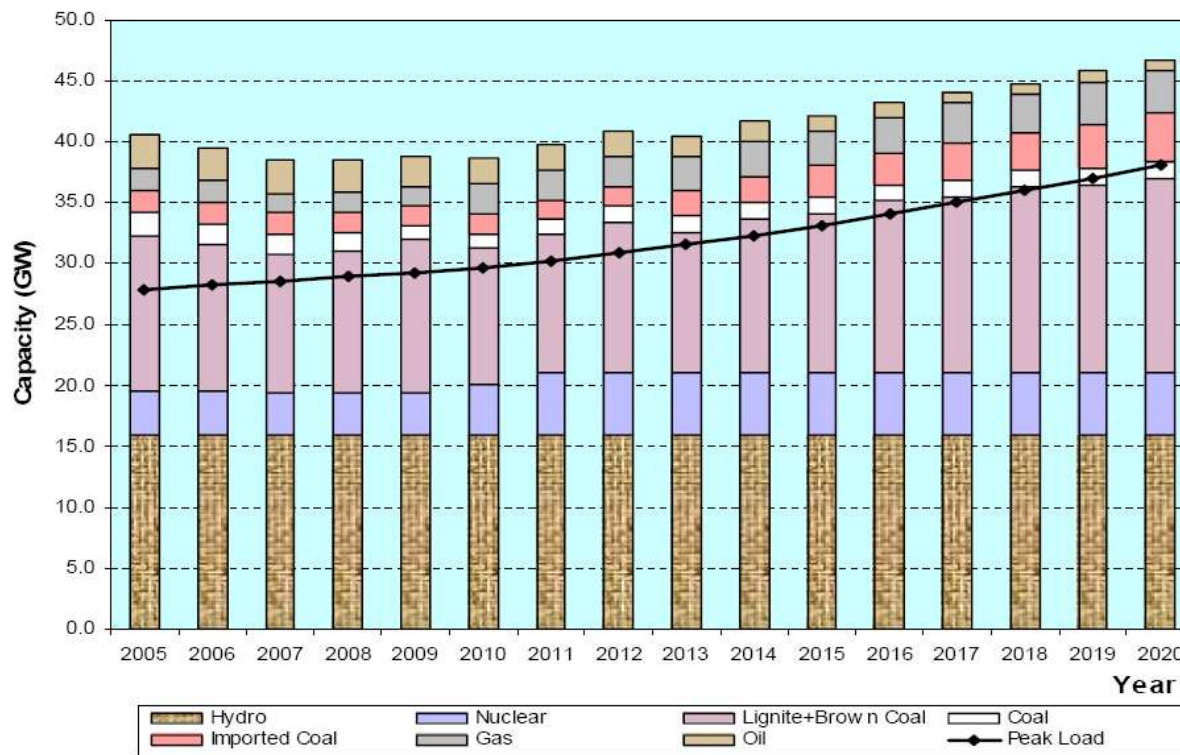


Source	Total	42.8 GW	167 TWh	100 %
Hydro	HPP+PS	18.2	47.6	28.5
TPP	Lignite + Brown coal	12.8	74.6	44.7
	Coal domestic and imported	3.7	18.4	11.0
	Oil	2.7	0.2	0.1
	Gas	1.8	2.8	1.7
Nuclear		3.5	23.4	14.0

SEE Peak demand and sources: 2005-2020



- Security of Supply in SEE mainly based on Generation and Transmission availability in SEE region
→ Main difference between SEE and EU member states
- Demand is growing in SEE
→ it has big influence to SoS as existing generation capacities cannot cover this increase
- Generation and dispatching facilities are often old and inefficiently working

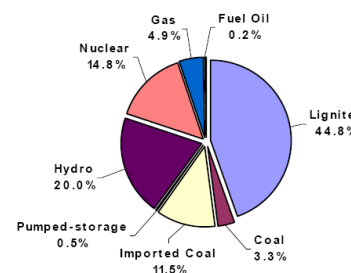
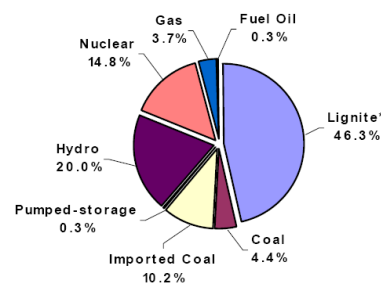


Results of GIS Update

<u>Scenario</u>	<u>Rehab</u> <u>(MW)</u>	<u>New</u> <u>(MW)</u>
■ Official plan:	11,574	11,000
■ Baseline Justified:	9,361	12,696
■ High electricity imports	9,361	6,936
■ High oil/gas prices:	10,061	12,494
■ Low oil/gas prices:	6,814	14,712
■ €20/ton of CO2:	4,573	16,634
■ €30/ton of CO2:	Zero	21,259
■ High gas/CO2 prices	10,061	13,926

■ Official Rehabilitation

■ Justified Rehabilitation



Generation in SEE: State of play

- Lack of energy in SEE region (present generation vs. consumption growth)
- South of SEE is facing the greatest energy deficit (Albania, Greece, Montenegro, FYROM, UNMIK)
- Clear indicatives for consumption/energy demand growth from 2005-2020 (also due to air-conditioning)
- Cost-reflective tariff systems still not in place in SEE
- Energy efficiency still low (electricity use for heating)

Clear conclusions:

- There is an urgent need for generation capacities investments in SEE region
- Electricity Deficit in SEE is provided through electricity imports (present and in near future)
- High Electricity Import prices (40-45 €/MWh vs. 70-80 €/MWh in SEE)

Electricity Transmission Grid: Actual situation in SEE region



- Huge Electricity imports in SEE started in 2007 (due to NPP Kozloduyi closure of 2 units, 2x440 MW, in January 2007)
- Huge Electricity Transit flows from North (energy sources) to South (area which faces deficit)
- National Electricity Transmission grids (interconnection and internal lines) were not designed for such immense transits from North to South in SEE region (built during 1970'ties)
- Therefore, SEE region is facing congestions on almost all electricity borders

Clear Conclusions:

- There is an urgent need for investment in:
 - o Construction of new interconnection lines, which are congested
 - o Construction of new internal lines, which have influence on congestions
 - o Upgrade or rehabilitation of the existing OHLs and internal grid
- Thus... the larger electricity flows in SEE would be enabled

Final Goals and Performances of SEE Electricity Market



Final Goals:

- Creation of SEE Regional Electricity Market and its inclusion within EU Internal Electricity Market
- Opening of Electricity Market in all SEE countries
- Provide reliable and secure electricity supply for over 50 million consumers in SEE region

Performances of SEE Electricity Market

- Most of countries in SEE region import electricity and gas
- Even those who are annually energy balanced are facing seasonal energy unbalance
- Cross Border capacities are either not sufficient or contracted
- Market based allocation schemes are less developed and not harmonized

Possible solutions

- Investment in generation and transmission facilities has to be intensified in SEE region
 - Common approach towards new infrastructure needed
 - Security of Supply to be dealt at regional level, if possible (infrastructure planning)
 - Incentivise investment in generation and transmission through common approach towards new infrastructure
 - Harmonization of Market environment (Market Rules, Licenses, Auction Rules, Regulatory competences, ...)
 - Cooperation among stakeholders to find suitable scheme to support vulnerable households
 - Improvement of level of payment through energy efficiency and target support for low income households
-

Wholesale Markets in SEE: Current Status



- Low free wholesale market activity in SEE region, except in Romania
 - Several documents on SEE Market Design ... BUT, no real market opening in place
 - DisCos (suppliers) are not eligible or are integrated with generation
 - Starting privatizing DSOs (FYROM, Albania, ...)
 - Question of metering (“commercial losses”) still not solved in some SEE countries, billing and collection rate still low (responsibility for losses)
 - Concept of wholesaler or public supplier
 - Foreign investors facing a lack of legal environment for collection of electricity bills
 - Dominant role of incumbents → free market, even on national level, is far from reality
- Retail is opening faster than wholesale

Wholesale Market Activity in SEE

- Freely negotiated bilateral transactions between GenCos and suppliers/traders exist in SEE: Active market! e.g. 33 Traders licensed and currently active in Serbia
 - Does not involve final consumers
 - Wholesale prices can serve as benchmark
 - Wide range of wholesale supply prices (regulated or open market) – from 24 to 80 Euro per MWh
 - Recently – illiquidity and high prices: 70-90 Euro/MWh
- Possible reasons: Electricity lack in SEE region transmission capacities shortage; Non-adequate transparent transmission capacity allocation; Generation capacities maintenance; Draughts in SEE; NPP Kozloduy 2 units closure in January 2007, Public procurement rules, etc.

Day Ahead Markets in SEE

- OPCOM in Romania; and
- 4 Px in EU border countries:
 - o 2 Voluntary: Slovenia/Austria;
 - o 1 Mandatory Pool: Greece; and
 - o 1 Hybrid: Italy

- Low volumes for Voluntary exchanges but growing in Romania: 7,8% of total volume in 2006 (4.11 TWh); Average price: 51.6 Euro/MWh
- Difficult to participate for foreign participants
- Wide range of regional prices in Day Ahead Markets

Cross-border trading in SEE

- Lack of Transparency despite provisions of Regulation 1228/03
 - Basic information still missing on TSOs WebPages
 - Most Cross-Border trade is handled by traders – contracts with utilities/TSOs
 - Most trading is based on base load products – traded in band for day, week or month
 - Tendering procedures in place in many countries with (sometimes) complex procedures; no optimization and expensive
 - Difficult to identify traders' risks with absence of Market Rules - current situation:
 - Difficult to get access
 - But, inconsistencies between markets and price distortions create trading opportunities
-

Role of the Public Supplier

Basically, there are 3 models of Market Design in SEE region:

1. Emerging national Wholesale Market where suppliers freely sign contract with GenCos (Romania, Bulgaria, BiH-special case → has 3 GenCos and 3 suppliers competing in open market, most wholesale transactions regulated)
 2. Integrated dominant GenCo-Public supplier (Croatia, Montenegro)
 3. Dominant GenCo, one or more suppliers but with Wholesale supplier as intermediate and most of contracts being regulated (Albania, FYROM, Serbia, UNMIK)
- Competition will come from Cross-Border trade, as most of national SEE markets will continue to be dominated by dominant generator, Wholesale supplier/Single Public supplier
- National Regulators could promote gradual opening of Wholesale Market ...

Market Rules – Minimum Content

- Existence of Market rules in each country binding for all participants → for enabling trading at wholesale and retail level → lead to transparency for investors and market participants and ensure level playing field for all
- Critical elements in Market rules: Size of settlement period; Gate closure should be afternoon ahead as a minimum; Bids and offers rules; Imbalance prices quantities and price calculation; Guarantees to cover imbalances; Dispute resolution; Auction rules for interconnection capacity rights, ...
- Minimal constraints to bilateral contracting
- Details of ex-ante and ex-post information to be made available to market participants
- Transitional rules for energy import-export tendering as required by national procurement laws should be improved and linked to Market Rules
- Different competences of regulators regarding Market Rules and Rules for Capacity Allocation approval identified within SEE region

ECRB EWG views on WMO in SEE (1)

- **Regional Market Design (RMD)... Recently, WMO Study financed by WB has just started (POYRY/NordPool)**
 - REM - least cost option for sustainable development of national markets (compared to VPPs, generation divestment etc.)
 - Defines targets of regional integration (bilateral contracts and/or DAM and/or balancing mechanism) - respecting the principle of subsidiarity
 - EnCT just sets the level playing field
 - RMD aims to avoid creation of several isolated markets with unfavourable market structure for developing competition
 - Reducing market concentration and market power - dominant national players become small players in regional context
- **Minimum content of the Market Rules and compatibility**
 - Strongly dependent on the target market integration
 - Further elaboration needed

ECRB EWG views on WMO in SEE (2)

- **Removing obstacles to Cross-Border Trade**
 - Prerequisite for developing regional market
 - Enable direct contracting btw. generators and suppliers
- **Other issues**
 - Geographic scope of the regional market: 8th Region created
 - Link and compliance with the ERGEG Regional Initiatives
 - Responsibility for developing the SEE market design (SEE CAO IG, Athens Forum)
 - Dealing with associated risks - developing competition with forecasted shortage of generation capacity in the region
 - Political will and commitment
 - Public awareness of regional approach
 - ECRB Empowerment act ?
(e.g. take measure on regional market design)

Conditions for achieving the SEE REM

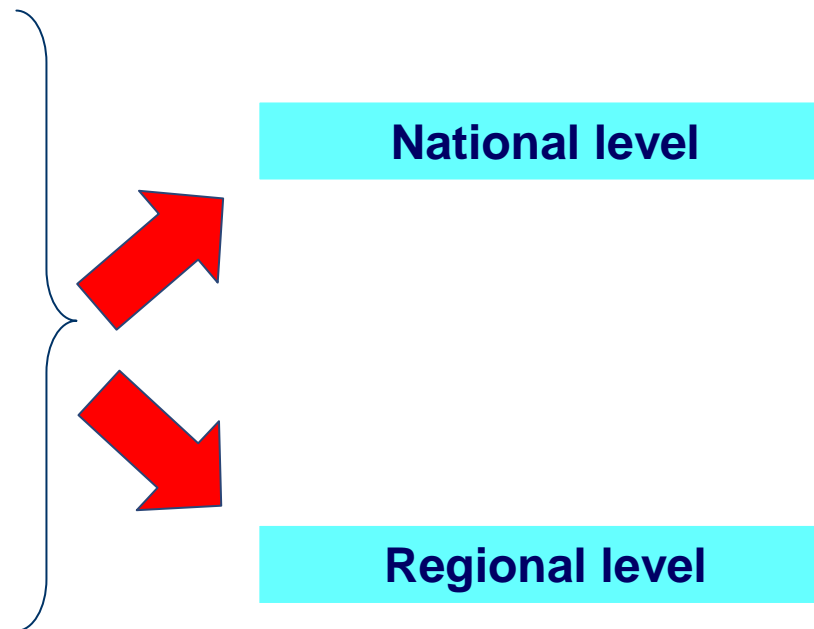


Legal framework

Industry structure

Institutional framework

Change management



Regulatory Conclusions

- Emphasis on the development of regional wholesale market arrangements
- Reviewing if compliance of SEE national markets with EnCT is within competencies of the EnCS
- Necessity to be coherent with ERGEG regional initiatives
- Regional market design may be developed using the mechanisms of the EnCT
- Compatibility of Market Rules needed, scope depending on the desired level of market integration
- Adequate measures for effective wholesale market opening are necessary – by Regulators – respecting specificities of SEE region (lack of electricity, political involvement, national strategies, ...)
- Commitment of national institutions based on clear benefits for national markets is required

Specificities of SEE Electricity Market (1)

- Absence of full unbundling in SEE region
- Various organization of the electric power sector in particular SEE countries
- Existence of dominant national players in SEE → to be integrated into the wholesale market, paying respect to the obligation of unbundling in line with EU Directives
- Lack of electricity in SEE region: Each national power system is just hardly covering its electricity demand !
- Outcome: High electricity prices in SEE region !
- Implementation of cost-reflective tariff systems in all SEE countries is one of the major prerequisites for WMO, which will enable gradual transition of electricity prices from social to market values !

Specificities of SEE Electricity Market (2)

- Unrealistic low electricity prices for tariff consumers in SEE
 - e.g. in Serbia all non-household consumers, and household consumers consuming over 200,000 kWh annually, are free to choose a supplier
 - **de jure 47% of the market is contestable for new entrants**
 - **due to low regulated retail tariffs de facto degree of market opening is currently zero**
- Outcome: Large industrial consumers are not willing to exercise their eligibility due to low tariff prices and prefer to remain within national regulated tariff → Problem !
- SEE WM Absurd ... WMO is a kind of “Reverse Process” in SEE region: While WMO reduces electricity prices in EU countries, WMO shall increase electricity prices in SEE region !
- WMO is affected by Public Service Obligations (PSO) and national procurements for electricity in SEE
- It is impossible to start WMO in SEE regional market immediately or in a very near future without taking any accompanying measures, according to SEE regulators’ opinion

Specificities of SEE Electricity Market (3)

- It is necessary to take an efficient Step-by-step approach when introducing the WMO in the SEE region
 - The first step should be solving cross-border mechanisms via SEE CAO IG
 - Complete Regional Market Design comes at the very end („Mosaique pieces concept“), whereby the national market designs need to be adjusted gradually, based on the participants' consensus on the desired level of integration
- WMO is mainly driven by political influence and national strategies
 - Regulators could just support WMO and propose, but cannot decide or make strong influence to decisions ...
- WMO issue has to be discussed at political level, after regulators' conclusions and proposals for WMO in SEE region
 - WMO issue should be introduced to the Ministries as well !

Conclusions

- Preliminary SEE Regulators' (ECRB EWG) conclusion:
 - Goal is to make Regional Market Design
- Equal emphasis could be put on wholesale market in the sense of Power Exchanges (Px) and Trader-to-Trader transactions/Over-The-Counter (OTC) platform compared to supply transactions for non-household customers
 - According to ECRB EWG opinion it could be the most suitable, feasible in short terms, realistic at the moment, but more discussion is needed ...
- It is necessary to study carefully all WMO relevant issues and take into consideration specificities of SEE region

Status of Cross-Border interconnections in SEE

Progress with market design and regulatory initiatives under the Athens Forum

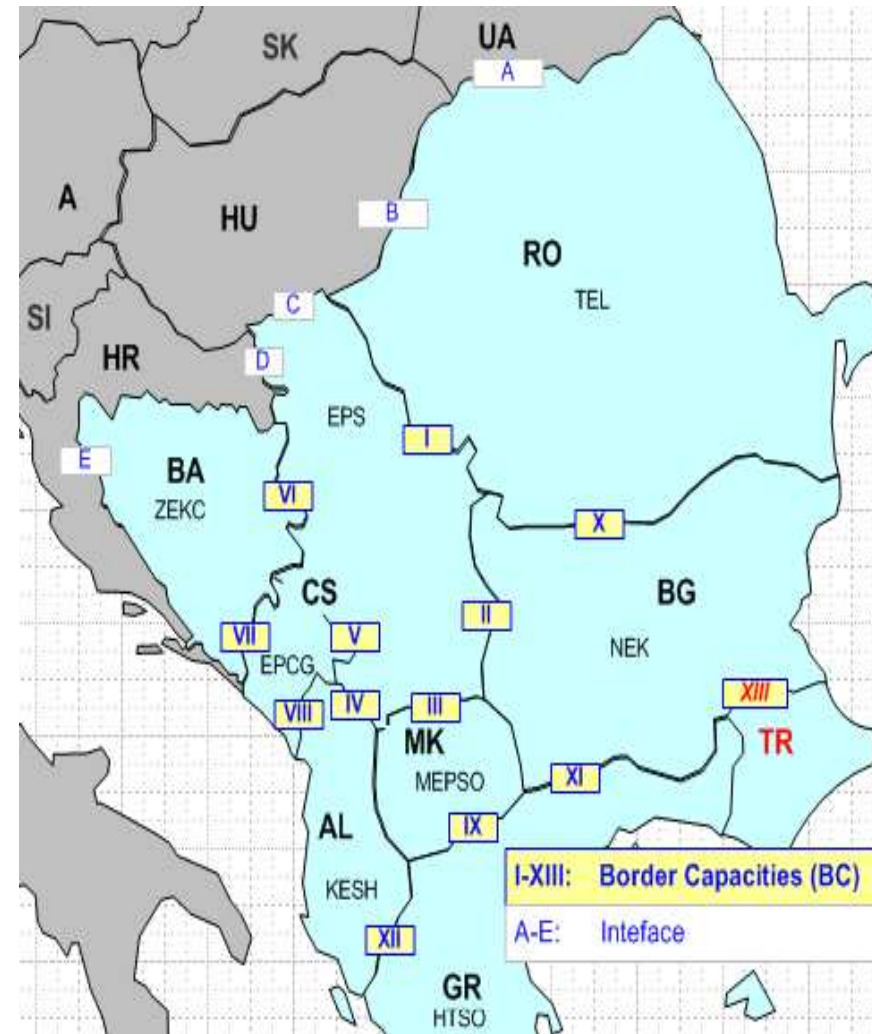


- SEE regional Regulators and TSOs are working to provide and enable the active and efficient market conditions for Electricity Market functioning in SEE
- New TSOs mechanisms were introduced as preconditions for efficient Electricity Market functioning and as initial elements of future SEE Market Design with clear goals:
 - o ITC mechanism → remuneration for transits, usage of transmission grid
 - o Explicit Flow-based Coordinated Auctions of interconnected transmission capacities (CAO) → provide one step trading between SEE region towards other EU regions
 - o Regional Balancing Mechanism → help TSOs operation and offer of short-term generation surpluses

Capacity Allocation and Congestion Management in SEE

Auction mechanisms in SEE region

- 14 Interconnection lines within SEE region
- NTC based approach in all interconnection lines
- Different transmission capacity auction mechanisms in different borders
- Most of auction mechanisms are market-based
- No common auctions in SEE region (except HU-HR, GR-AL, GR-MAC, GR-BUL) ... negotiations ongoing
- Most of auction mechanisms are not in compliance with Regulation 1228/03 and CMG



Capacity Allocation and Congestion Management in SEE



- Market-based mechanisms for transmission capacity allocation are in place in most of SEE TSOs
 - Approved by Regulators within Market Rules or Rules for Capacity Allocation
 - NTC values are calculated, coordinated and determined by TSOs
 - Sometimes unrealistic and small NTC values occur as an obstacle to electricity trade in SEE
 - Reasons: protection of national electricity markets, PSO obligations, etc.
 - Regulatory role in approving NTC calculation within Grid Codes
 - Monitoring (sometimes no regulatory reaction to reported low NTC values)
 - Transmission grid is highly meshed in SEE and congested due to huge electricity transits from North to South of SEE region
 - Electricity Grid was not designed for it when constructed in 70-80's
 - Maximum one year contracts in place
 - Long term contracts abolished in line with EU Regulation
-

Recent development on CB issues

- Need for an overview of current Cross-Border mechanisms in SEE (ECRB EWG)
- Need for Cross-Border benchmarking in SEE
- Necessity to work on improving Cross-Border modalities in SEE until SEE CAO is not established
- Investigate how each Contracting party (ECRB EWG members) are taking necessary steps in order to meet CMG requirements and their awareness of the progress they have to make in order to fulfill them
- CB Questionnaire
 - Results presented to 12th Athens Forum
 - Recognize individual deviations from CMG principles
 - Agree next steps and individual time tables in order to fulfill CMG conditions in the period till SEE CAO establishment

Background

- The data presented is based on the findings out of the questionnaires elaborated by ECRB EWG and filled in by the regulatory authorities together with the TSOs from: Albania, Austria, Bosnia and Herzegovina, Croatia, Hungary, Italy, FYRo Macedonia, Romania, Serbia, Slovenia, UNMIK
- Conclusions were made upon discussions within ECRB EWG
- As UNMIK performs at the moment no auctions for Cross Border transmission capacities the figures presented in the following slides indicate in case of UNMIK only the existing legal provisions

SEE CB Reality

- The national transmission systems, initially interconnected only for reliability reasons, are nowadays faced with a complex international electricity market and a growing number of market participants
- Thus cross border congestions occur and create a barrier for international electricity trade within Europe
- Therefore it was necessary to implement proper rules for market based congestion management
- The Basic principles for Cross Border Congestion Management are described in the Regulation (EC) 1228/2003 and CMG
- Regulation 1228/2003 and CMG is applicable in the SEE region through the Energy Community Treaty



General Principles for Congestion Management



Regulation (EC) 1228/2003, Article 6:

“... Network congestion problems shall be addressed with non discriminatory market based solutions which give efficient economic signals to the market participants and transmission system operators involved ...”

No pro-rata allocation of capacity

Regulation (EC) 1228/2003, Article 6:

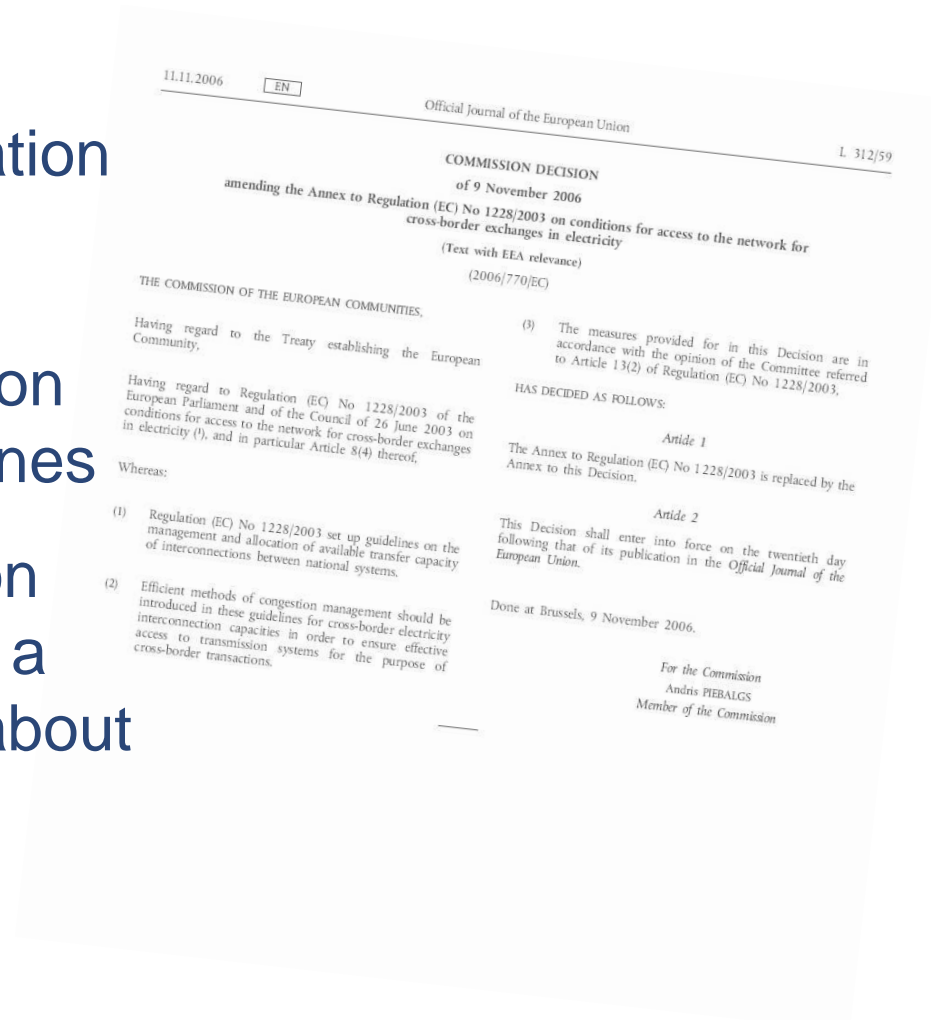
“... The **maximum** capacity of the interconnections and/or the transmission networks affecting cross-border flows shall be **made available** to market participants, complying with safety standards of secure network operation ...”

No long term contracts

General Principles for Congestion Management



- Further details concerning the allocation of CB capacities are provided by the ammended Congestion Management Guidelines
- They request common auctions and provide a detailed description about transparency requirements



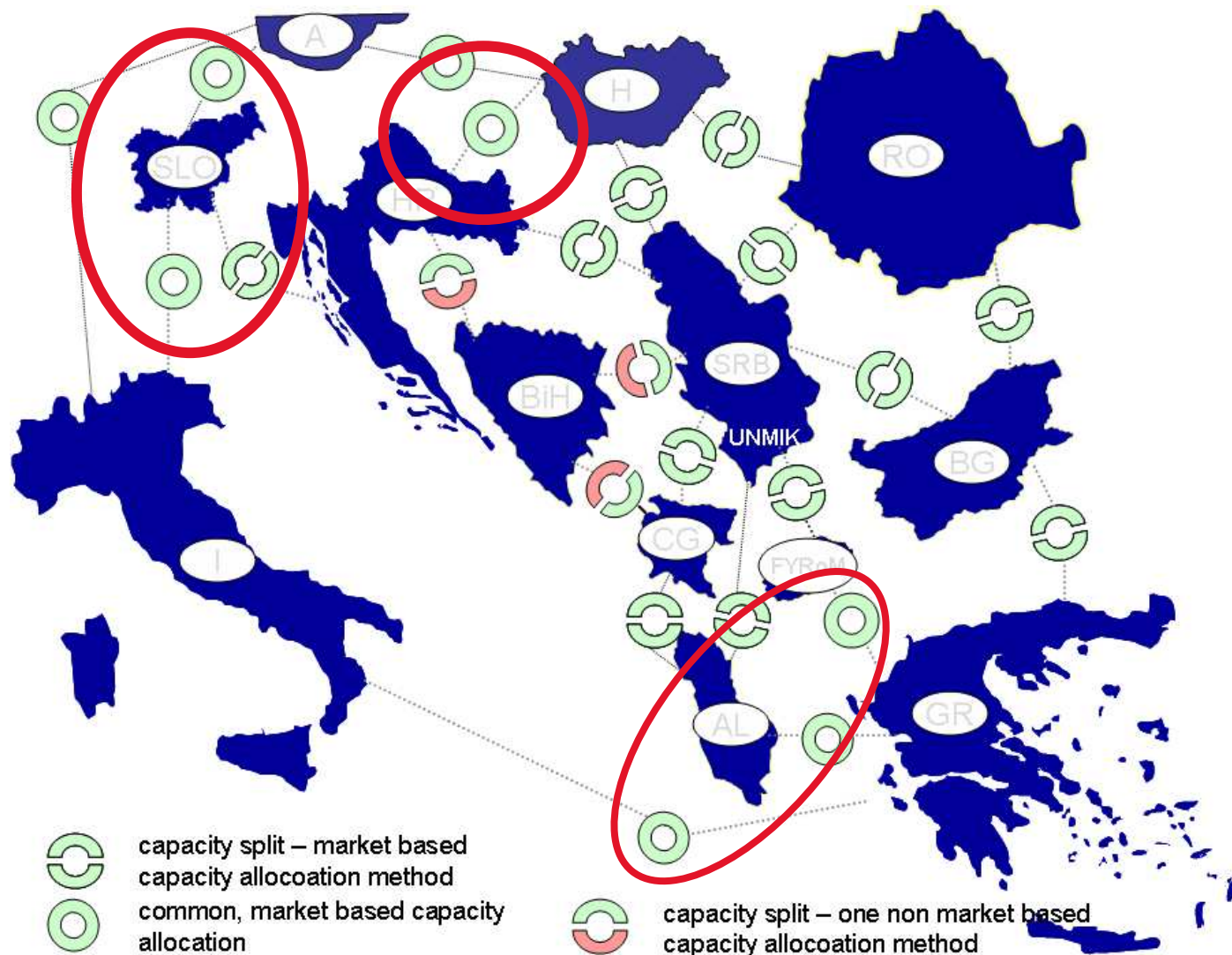
Requirements for allocation schemes

Congestion Management Guidelines

“... Congestion management methods shall be market-based in order to facilitate efficient cross-border trade. For this purpose, capacity shall be allocated only by means of explicit (capacity) or implicit (capacity and energy) auctions...”

„...Capacity allocation at an interconnection shall be coordinated and implemented using common allocation procedures by the TSOs involved. In cases where commercial exchanges between two countries (TSOs) are expected to significantly affect physical flow conditions in any third country (TSO), congestion management methods shall be coordinated between all the TSOs so affected through a common congestion management procedure ...”

CB capacity allocation schemes in SEE



CB capacity allocation schemes in SEE



Findings:

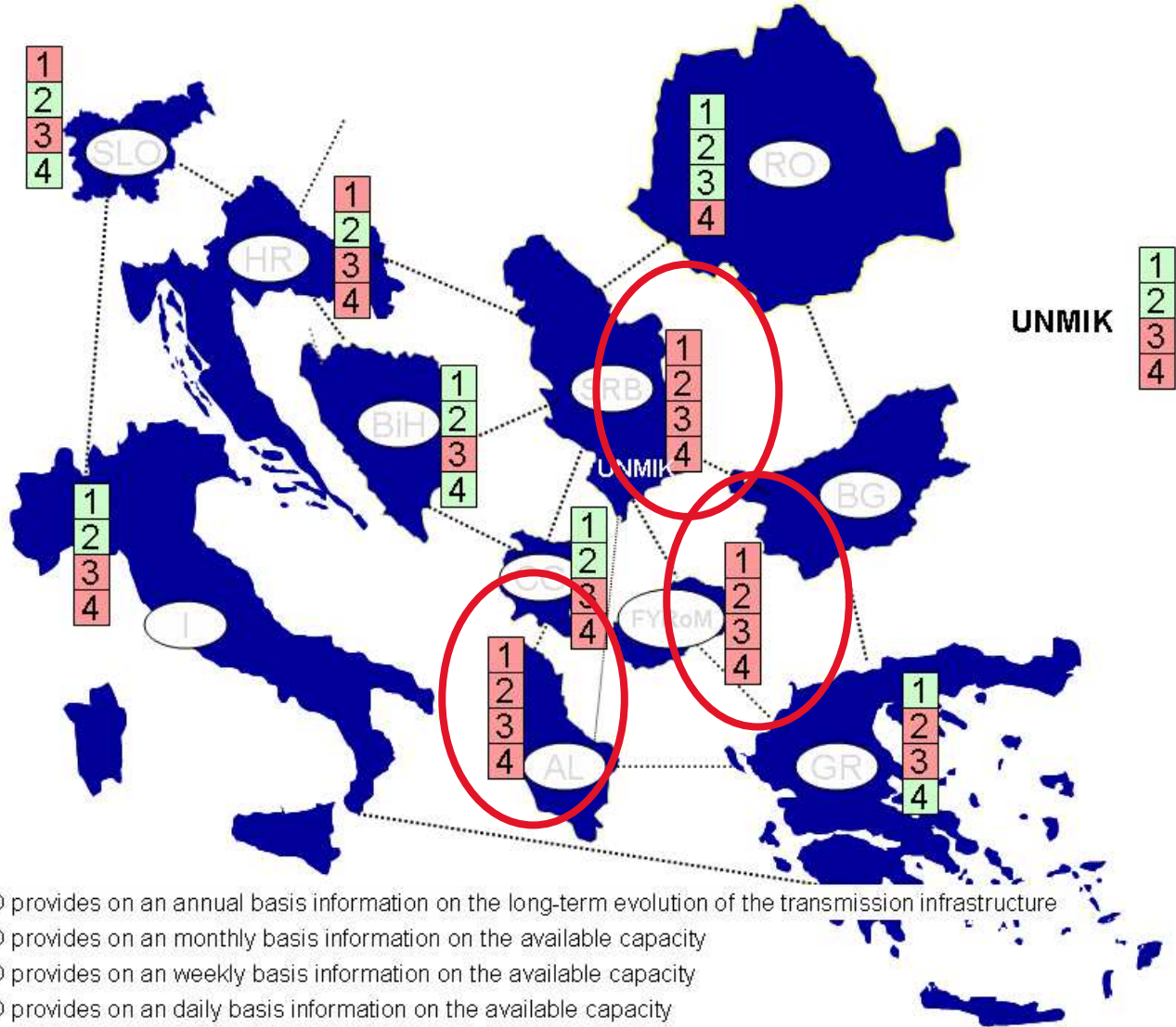
- Most of the contracting parties introduced a market based allocation scheme (only Bosnia and Herzegovina still uses pro-rata allocation)
- Only few contracting parties fulfill the Congestion Management Guidelines at least at one border for one auction type
- Most of the contracting parties perform no coordinated/common auctions, but few negotiations started (SRB-HR, SRB-RO, SRB-MAC, etc.)

Transparency

Congestion Management Guidelines:

- “... **TSOs shall publish all relevant data concerning cross-border trade** on the basis of the best possible forecast. In order to fulfill this obligation the market participants concerned shall provide the TSOs with the relevant data. The way in which such information is published shall be subject to review by Regulatory Authorities. TSOs shall publish at least:
- (a) **annually:** information on the long-term evolution of the transmission infrastructure and its impact on cross border transmission capacity;
 - (b) **monthly:** month- and year-ahead forecasts of the transmission capacity available to the market, taking into account all relevant information available to the TSO at the time of the forecast calculation (e.g. impact of summer and winter seasons on the capacity of lines, maintenance on the grid, availability of production units, etc.);
 - (c) **weekly:** week-ahead forecasts of the transmission capacity available to the market, taking into account all relevant information available to the TSOs at the time of calculation of the forecast, such as the weather forecast, planned maintenance works of the grid, availability of production units, etc.;
 - (d) **daily:** day-ahead and intra-day transmission capacity available to the market for each market time unit, taking into account all netted day-ahead nominations, day ahead production schedules, demand forecasts and planned maintenance works of the grid;...”

Information provided by TSOs



- 1 TSO provides on an annual basis information on the long-term evolution of the transmission infrastructure
- 2 TSO provides on an monthly basis information on the available capacity
- 3 TSO provides on an weekly basis information on the available capacity
- 4 TSO provides on an daily basis information on the available capacity

Information provided by TSOs

Findings:

- Not a single TSO provides all information required by the Congestion Management Guidelines
- Quality of Data provided to market participants is still quite poor and homogenous within the region
- Some of the TSOs are members of the ETSO Transparency Platform ETSO Vista

Secondary Market

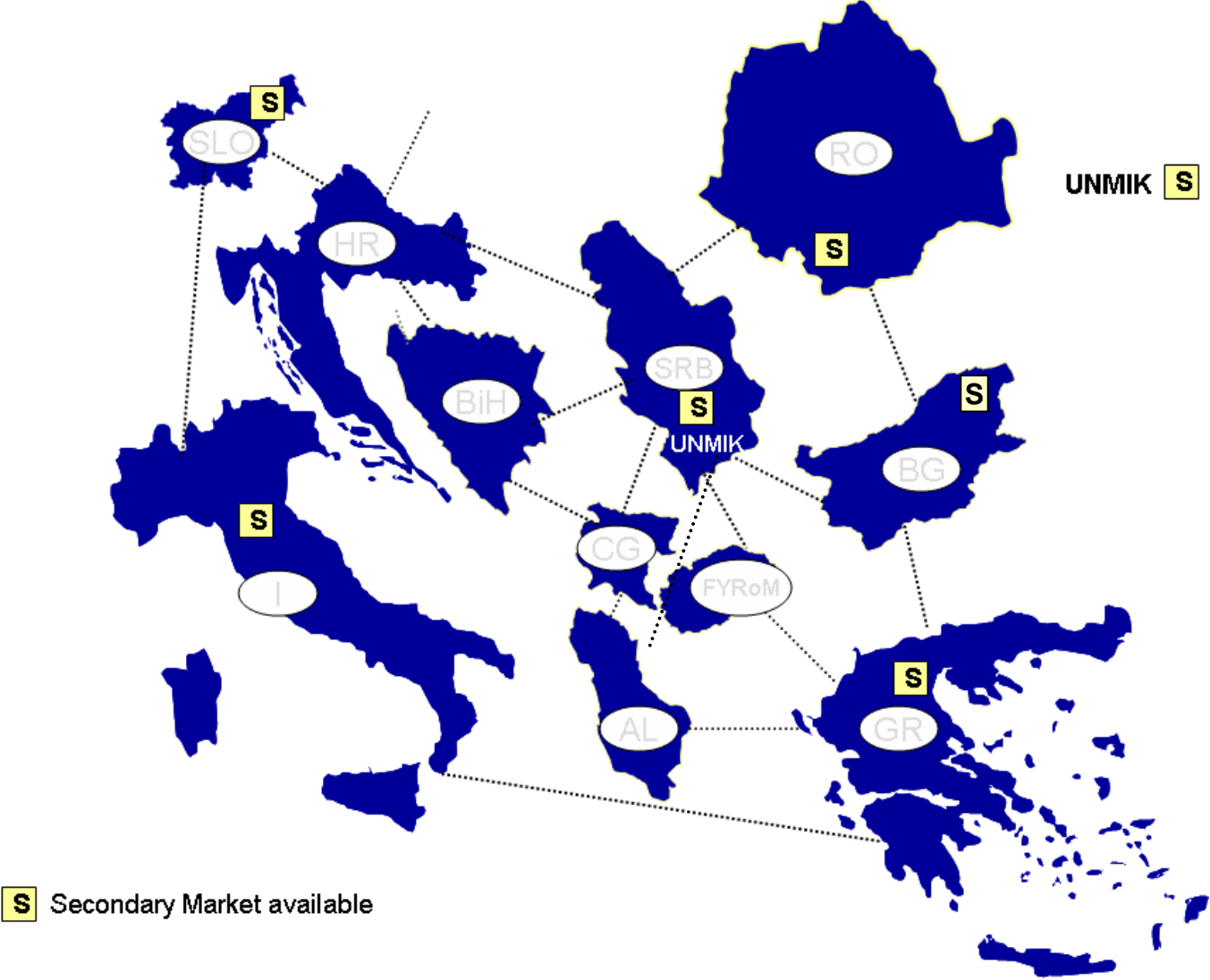


Congestion Management Guidelines:

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

Congestion Management Guidelines require the implementation of a secondary market

Secondary Markets in SEE



Secondary Market



Findings:

- Only few TSOs implemented/organized a secondary market in SEE
- Some Market Rules in SEE region do not even allow the implementation of a secondary market

Usage of CM income

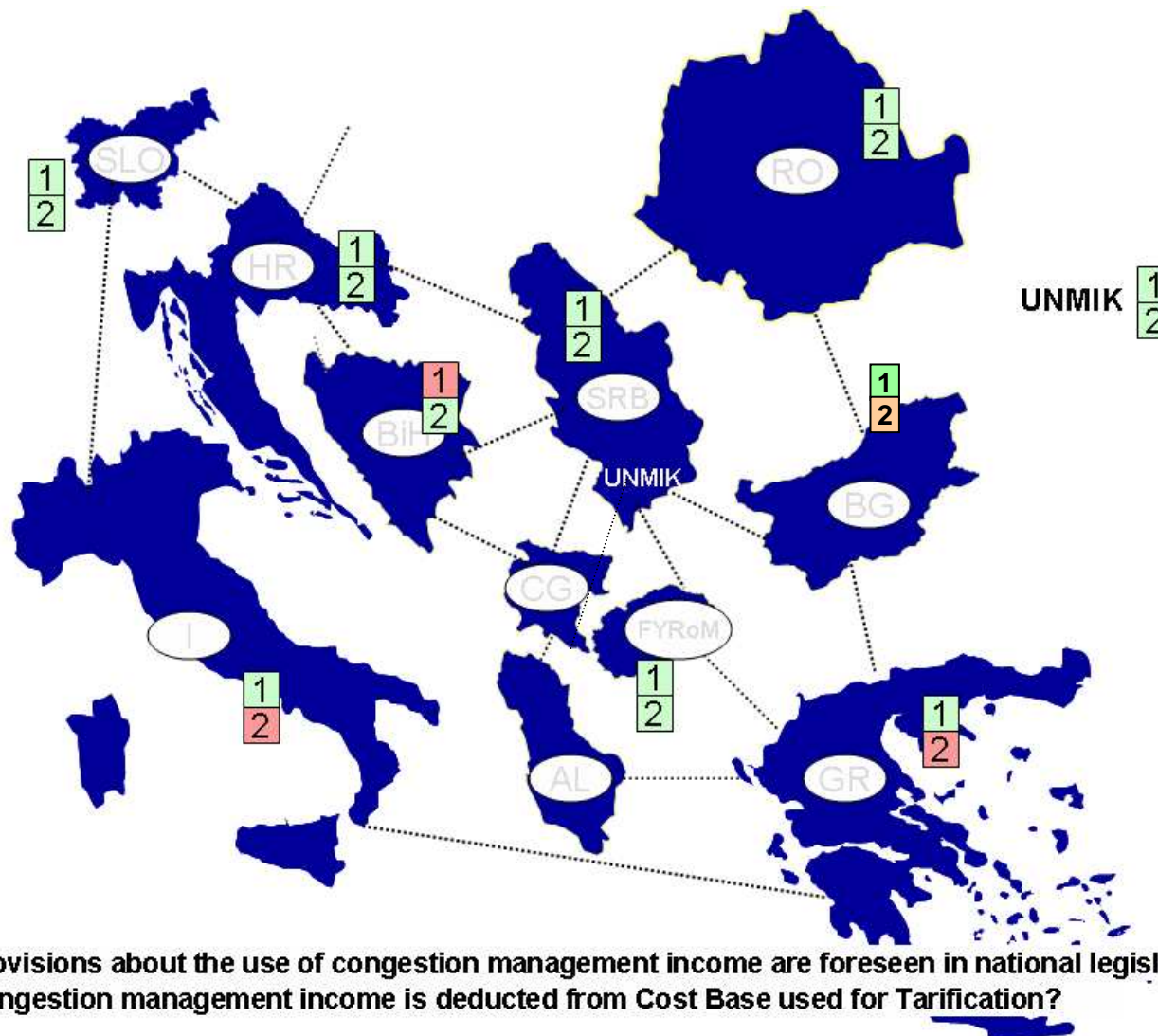


Regulation (EC) 1228/2003:

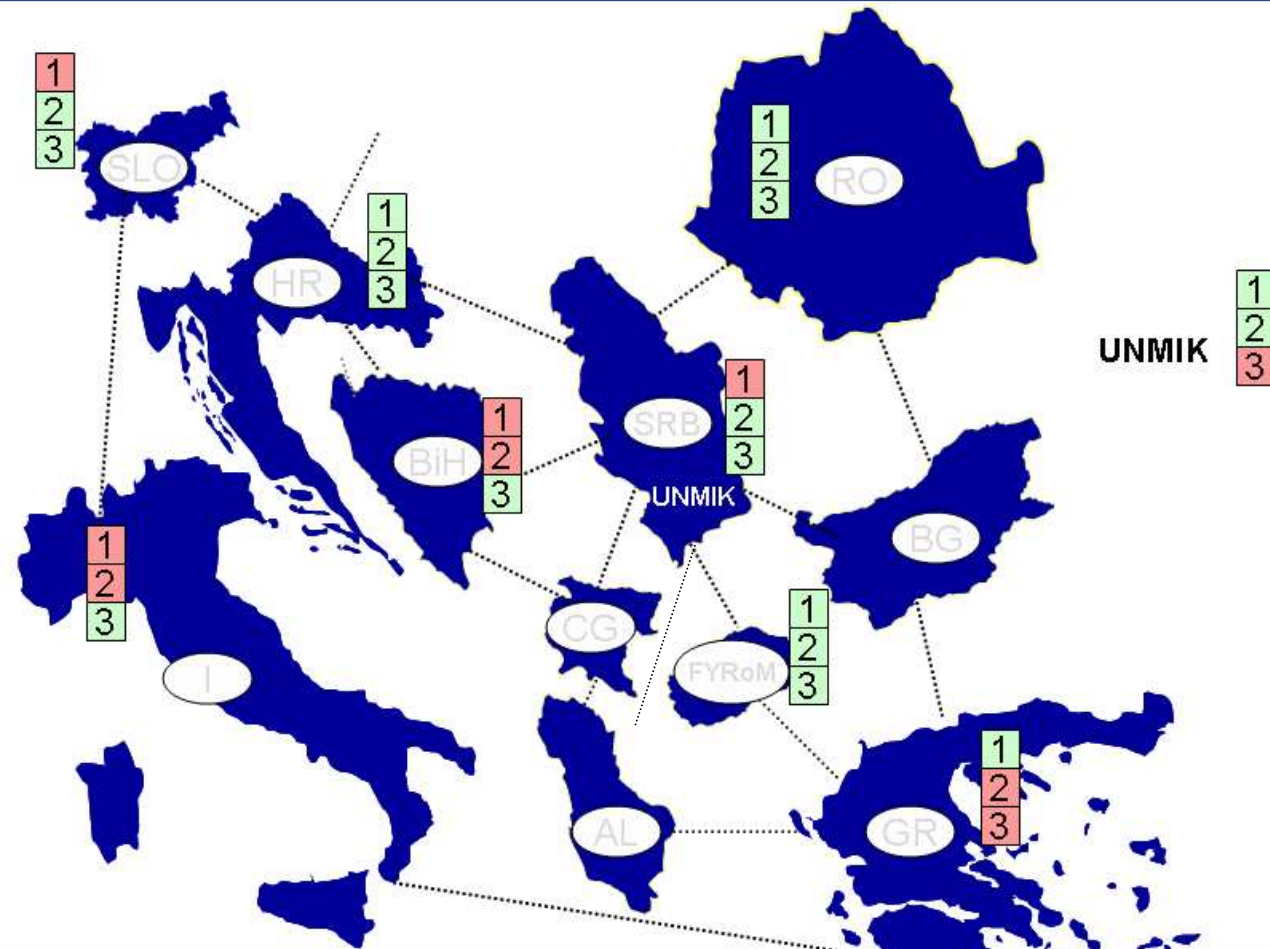
“... **Any revenues** resulting from the allocation of interconnection shall be used **for one or more** of the following purposes:

- (a) guaranteeing the actual availability of the allocated capacity;
- (b) network investments maintaining or increasing interconnection capacities;
- (c) as an income to be taken into account by regulatory authorities when approving the methodology for calculating network tariffs, and/or in assessing whether tariffs should be modified ...”

Usage of CM income



Usage of CM income in accordance with Regulation (EC) 1228/2003



- 1 CM revenues are used for guaranteeing the actual availability of the allocated capacity;
- 2 CM revenues are used for network investments maintaining or increasing interconnection capacities;
- 3 CM revenues are used as an income to be taken into account by regulatory authorities when approving the methodology for calculating network tariffs, and/or in assessing whether tariffs should be modified.

Congestion Management Income

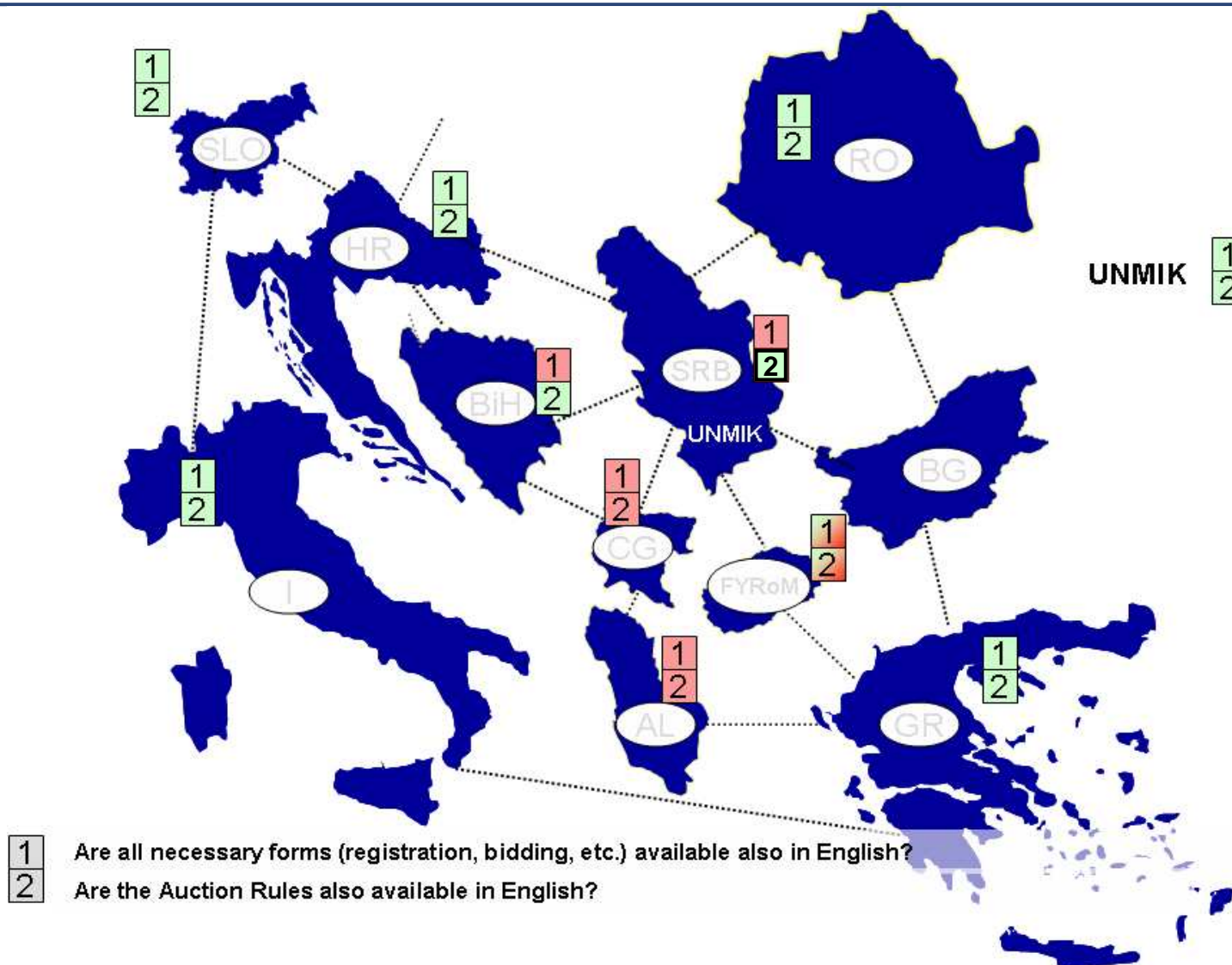
Findings:

- Most of SEE countries already have provisions in their legislation concerning the usage of Congestion Management income
- However, in some SEE countries Congestion Management income is not deducted from the cost base in the national tariffication systems
- (Only) Austria and Greece explicitly use part of TSOs CM income to finance construction of certain transmission interconnection infrastructure projects
- All countries fulfill at least one of three possible options for the usage of congestion management income described within Regulation (EC) 1228/2003

Barriers for foreign Traders

- All TSOs in SEE region provide in principle also WebPages in English
- But ... not all necessary information concerning Cross Border Trade is available in English
- This creates a barrier for international traders and the development of an integrated electricity market in SEE

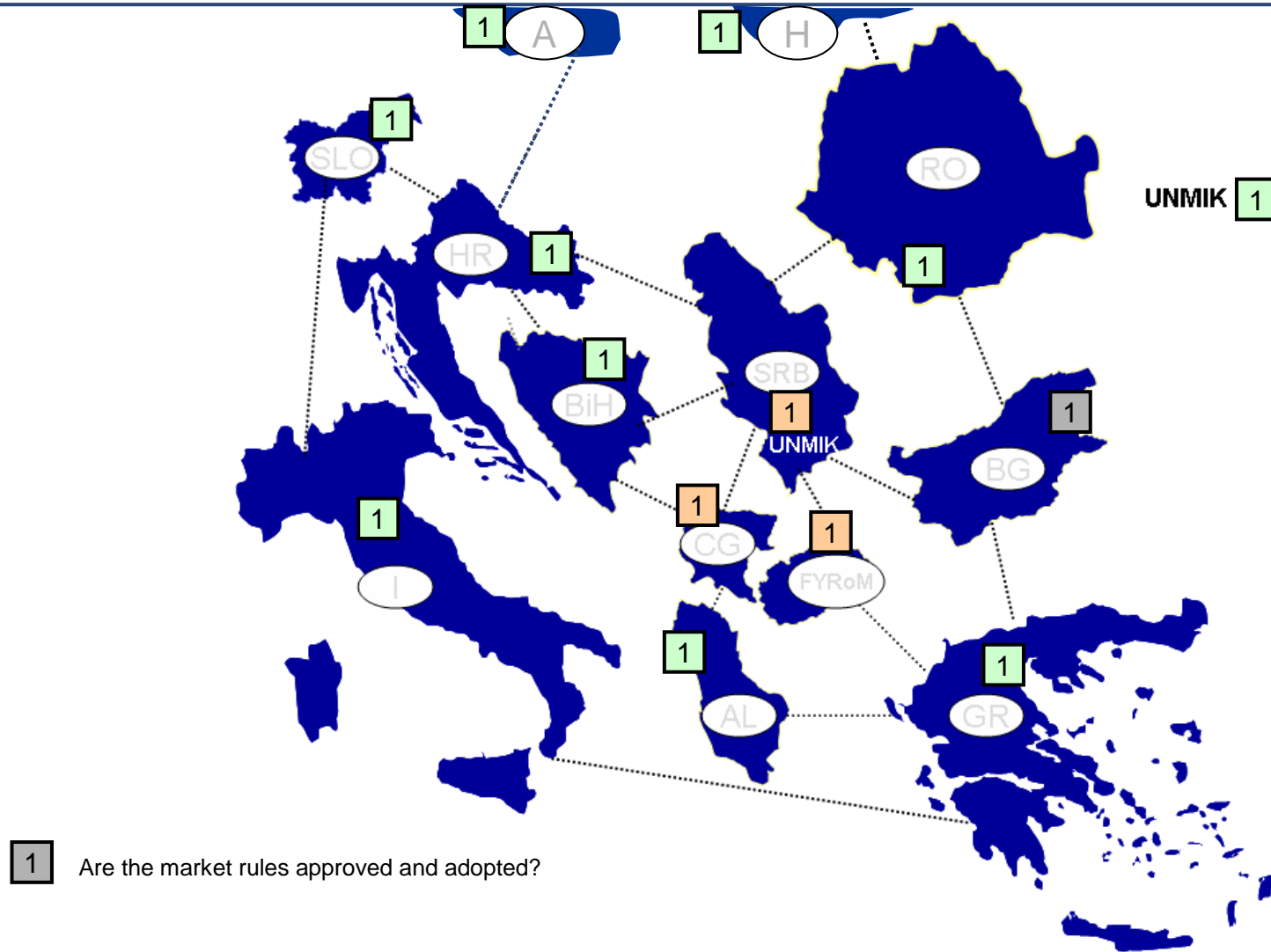
Barriers for international Traders



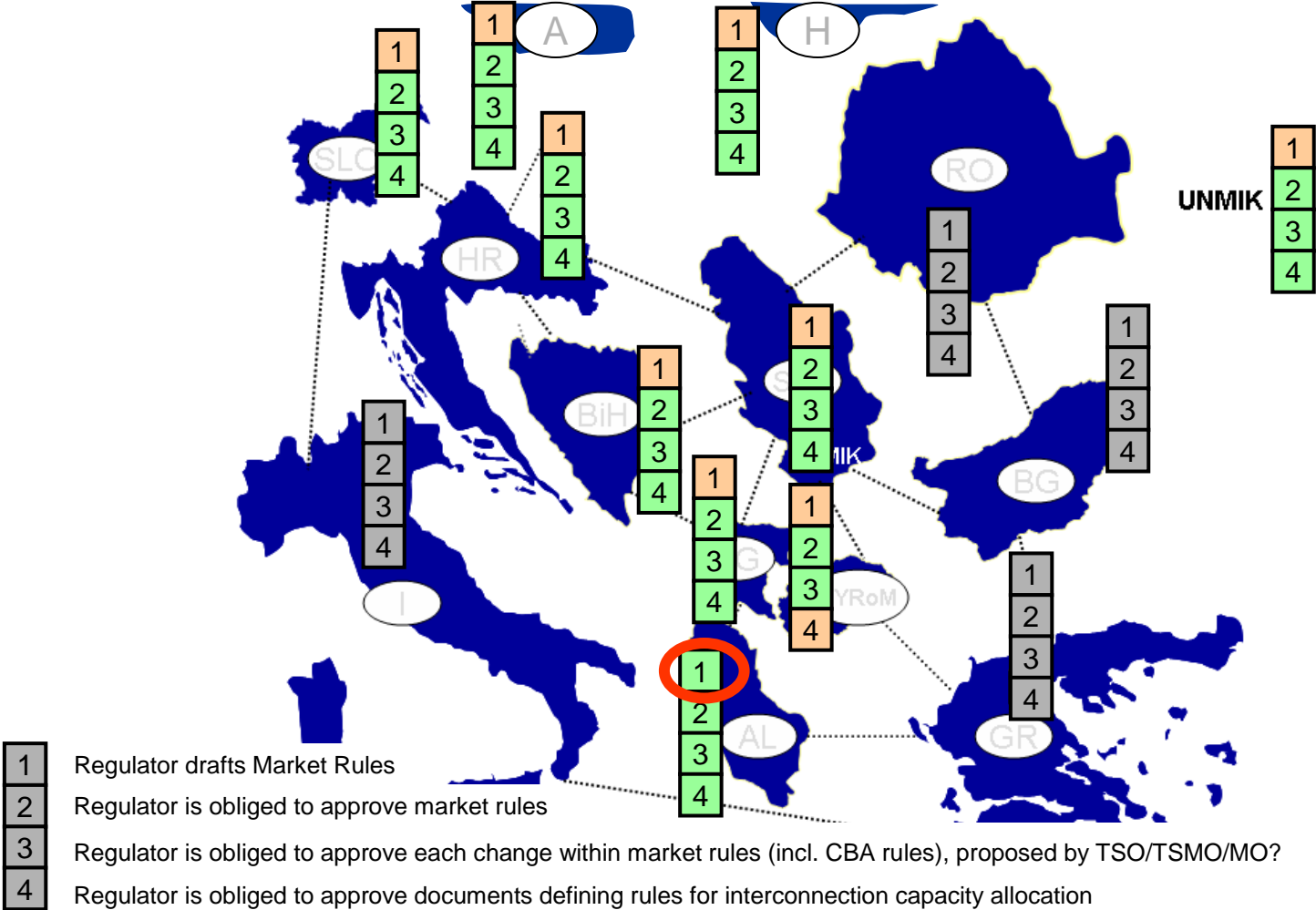
Market Rules in SEE

- Market Rules and Rules for Capacity Allocation in SEE are recognized as the backbone of a functioning electricity market as they describe relationship and responsibilities of market participants
- Various approaches for the establishment of a regional electricity market could be noticed

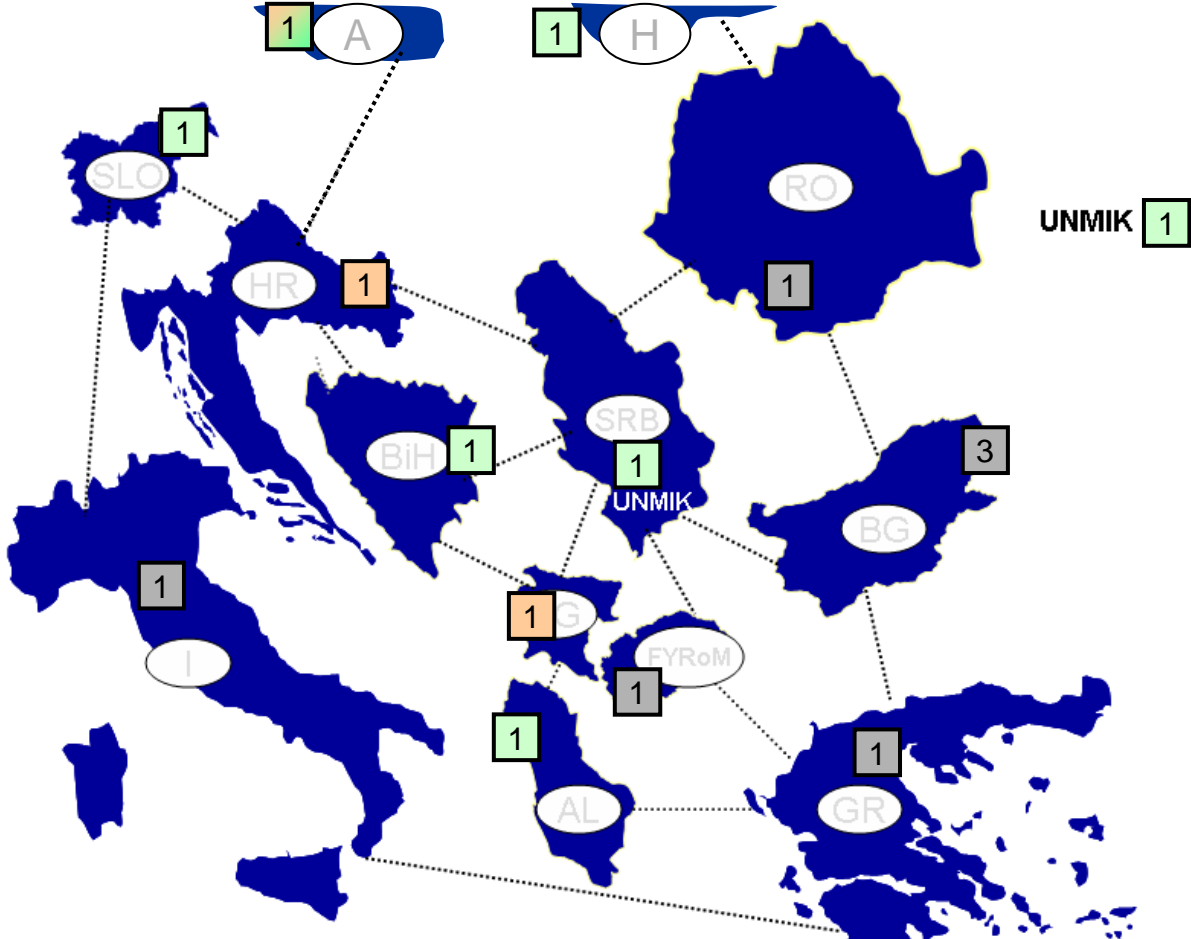
Market Rules: Implementation Status



SEE Regulators' responsibility regarding Market Rules



Market Rules and CB Capacity Allocation Rules



1 Are the procedures for interconnection transmission capacity allocation included within the document of market rules or is there a separate document related to this issue?

Conclusions

- Although most of the contracting parties have already implemented the basic principles of the Regulation (EC) 1228/2003, not a single SEE TSO is in full compliance with Regulation and especially the Congestion Management Guidelines
- There is a lack of Transparency (data provided to market participants) and coordination between SEE TSOs

Explicit Flow-based Coordinated Auctions in SEE region

Coordinated Explicit Flow-based Auctions in SEE region



- TSOs and Regulators are investigating possibility to implement ETSO proposal for tr.cap.allocation, based on better representation on physical behavior of interconnected electric systems than those widely used on most of EU borders until now (bilateral ATC allocation)
- SEE CAO Implementation Group prepares all necessary activities in order to create CAO, involving all stakeholders (TSOs, regulators, traders, donors, ...)
- CA Dry-run phase since January 2004
- Based on: Border Capacity, PTDF matrix, traders' bids procedure
- Recently introduced Maximum Flows concept concerning interconnection capacity values with aim to make physical limitations more transparent – reporting “critical branches” approach → thermal limits as the only input → new light on CA revenue distribution modus
- Internet based tool: www.drcat.at
- CAO structure will be owned by SEE TSOs
- Future prospects: CAO establishment in 2009 → Real-run Feb 2010

CA recent development: Status of play

- Defining borders of CAO and consequently the perimeter countries to it (EC and MC): 8th Region
 - After ECRB request: 8th region was established (MC in June 2008)
 - Non-EU parties but contracting parties to Energy Community integrated into the 8th region through the EnC Treaty
 - Joint work between Regulators, TSOs and traders within SEE CAO Implementation Group → cooperation with CEE region
 - Actual: TSOs MoU signature in December 2008; Action Plan with explicit deadlines; Business Plan presentation and approval at 13AF; Definition of CAO location list of criteria (preferable in SEE region)
 - Regulatory contribution in analysis of TSOs consultancy material: Reviews on Maximum Flow approach and CA Revenue distribution method
-

ITC Mechanism in SEE region

Inter TSO Compensation (ITC) mechanism

- Establish one single ITC mechanism within EU
- Single EU-SEE ITC fund was created in June 2007
- Looking forward for ITC Guidelines

Regulatory role:

- Monitoring ITC process
- Cooperation with ETSO/SETSO TF
- Define loss prices to calculate value of transit losses
- Infrastructure costs, value of assets based on regulated costs as covered by national tariffs
- Commenting proposed (signed) ITC Agreement...

ETSO ITC Agreement for 2008/09

- ITC Clearing and Settlement Agreement for 2008/09 was signed by TSOs on 12 October 2007
- Deadline (till 16 Nov 2007) for regulatory complaints was prescribed by ITC Agreement for 2008/09
- ITC Agreement came into force on 1 Jan 2008

www.etso-net.org



The screenshot shows the ETSO website homepage. At the top right, there is a navigation menu with links: Home, Masthead, Legal notice, Sitemap, Search, and Contact. The ETSO logo is on the left. Below the logo, there is a banner with the text "ETSO - European Transmission System Operators" and "Transmission system operators". A secondary navigation menu includes: Association, Activities, NTC, Conferences, Forums, Members corner, and News. The main content area features a "Latest news" section with a thumbnail image of power lines. The news article is titled "Pan-European Inter-TSO Mechanism 2008-2009" with a date of "30-11-2007". The text of the article states: "39 European Transmission System Operator (TSO) Companies have for the first time reached a voluntary agreement on Inter-TSO Compensation (ITC) for transit flows that covers TSOs in all EU interconnected member countries. It will also be applied by TSOs in a number of non-EU member countries, including South-East Europe. The mechanism will enter into force on 1 January 2008 and last for two years. It makes it possible to suppress cross-border electricity transmission fees, and facilitate trade and market integration (see full text under Press Releases)". At the bottom left of the news section, there are links for "Latest news" and "Press Releases".

Regional Balancing Mechanism in SEE region

RBM: Final Goal

Based on TSOs concept (developed by SEE TSOs), RBM final aim is:

- To increase margins of balancing resources for SEE TSOs
 - TSOs obtain Balancing Energy (BE) in short period and under competitive market prices
 - To help TSOs to obtain necessary tertiary reserve easily (emergency help)
 - To ensure safe, reliable and secure power system operation
 - To reduce TSOs costs for obtaining Balancing Energy (BE)
 - To give opportunity to national Market Players to offer their short-term electricity surpluses via BETSEE/TSOs platform with lower prices
 - RBM/BETSEE represents actual state of play of market participants offers for BE depending on real-time situation, introduced on BETSEE internet platform
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RBM: State of play

- SEE Regulators (ECRB EWG) filled Legal Questionnaire (LQ) regarding the RBM issues: Transmission System operator ownership and extent of unbundling-legal; Accounting; Management; Legal; Cross Border Capacity; Market functioning; TSOs structural organization; Dispatching and Balancing; National balancing model; Licensing
- SEE Regulators are reviewing Examination Papers issued by SETSO BM SG
- SETSO BM SG announced that RBM Dry-Run will take place in January 2009 → SEE TSOs, Regulators and Market Players will take active participation after installation of RBM application
- SETSO BM SG shall prepare a Road Map of future RBM activities including further crucial steps, obligations and goals of stakeholders
- As there is no common support of all SEE TSOs, RBM project should be continued within smaller group of TSOs which will fully support and accept common cooperation and BETSEE project realization



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