



Treffpunkt Netze
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EC proposals for separating production and supply from transmission networks

The Third Legislative Package for the Electricity market

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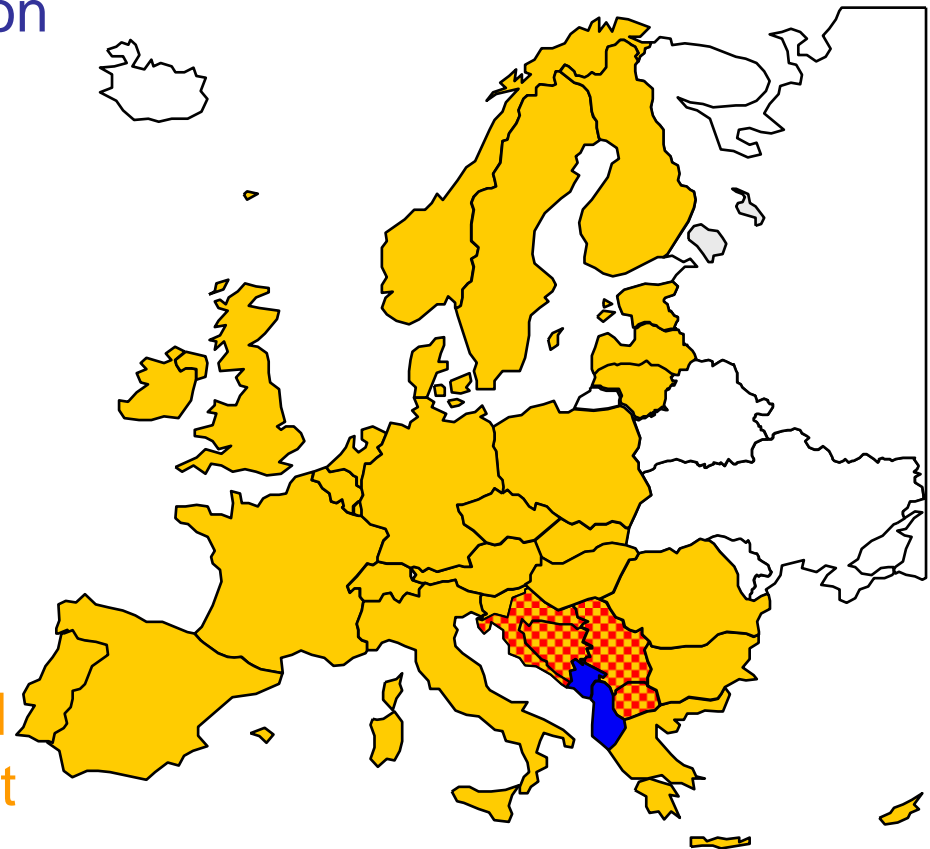





ETSO was established in 1999 upon the request of the European Commission

Direct membership of all TSOs in the EU and associated countries

ETSO is the only EU wide organisation specifically for TSOs

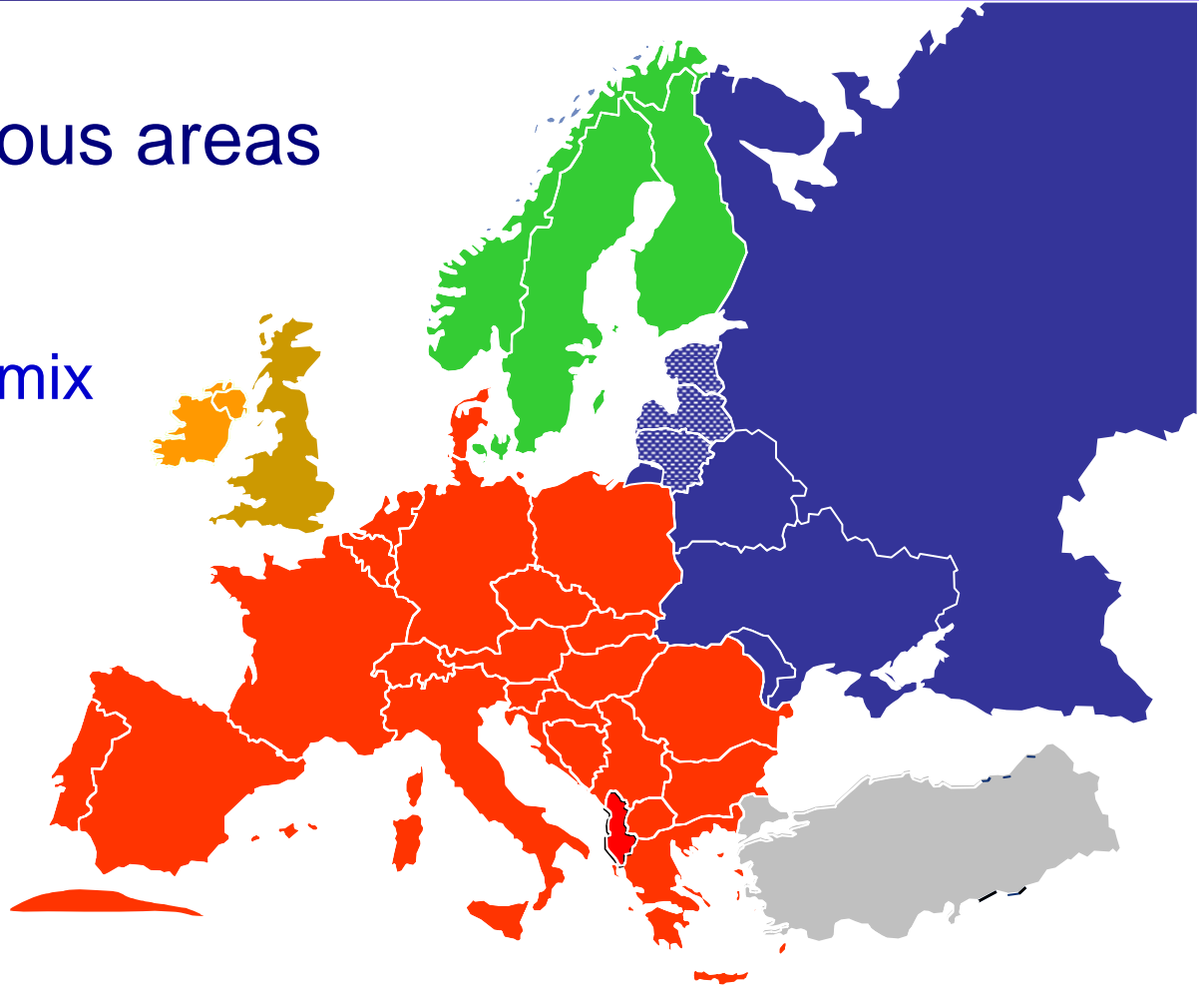
36 full members (29 countries) and associate members (4 countries) at present



-  Full Members
-  Associate Members
-  Special relation



- Several synchronous areas
 - Installed generation
Highly diversified mix
> 650 GW
 - Consumption
3,000 TWh/year
 - Physical exchanges
300 TWh/year



A long process of building a toolbox (market) to pursue the (changing) political goals

- *competitiveness*
 - *A €150 bn yearly market with huge possible savings*
 - *over €1000 bn of investments to come by 2030*
- *security of supply*
- *sustainability*



1. TSO roles and responsibilities
2. TSO as market facilitators: a few examples
3. Ownership unbundling
4. Enforced cooperation: binding membership
5. ENTSO-E: not a self-regulating body
6. Formal consultation: key to success
7. Technical & Market codes: TSO rationale
8. Missing link: authorisation procedure for investments



- TSOs role is twofold:
 - secure and efficient operation of power systems and networks
 - ensure that physical reality and commodity markets operate seamlessly and reliably as if electricity could be traded as any other commodity
- TSOs are not market actors and have no incentive to intervene in the market or distort prices



- TSO cooperation = major realisations
 - Increased transmission capacity between Member States
 - Building regional markets (market coupling between F, NL, B)
 - Suppressing cross-border fees (Inter TSO Compensation)
 - Outlook for generation adequacy (Winter + Summer)
 - Operational handbook in the UCTE Area
 - Developing together with Power Exchanges an efficient spot market for Europe
 - Peer review of French control center by experts from Belgian, German and Italian TSOs
 - Free and open access to improve market transparency, such as the ETSOVista data platform (www.etsovista.org)



- Ownership unbundling?
 - No consensus among ETSO members
 - Many members are OU – the benefits are not denied
 - But: Not in itself sufficient to create a truly single market
- Independent System Operator?
 - Does not foster innovation, nor investment, nor enhanced efficiency
 - With responsibilities being diluted, it remains to be demonstrated that security of supply is not reduced
- Is there a Third way?

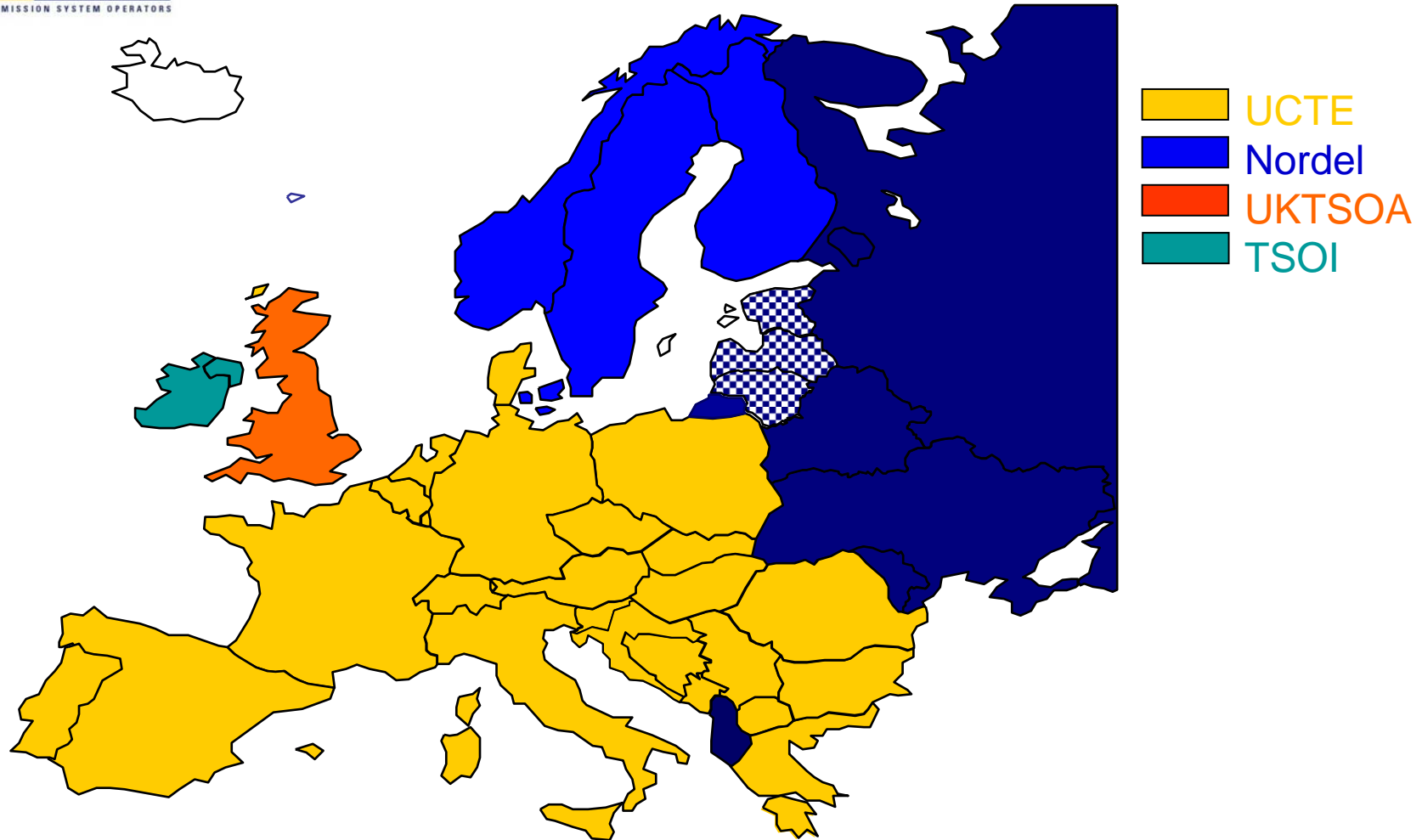


What kind of Solution is needed?

- ETSO expects from the legislator that, whatever the solution, it will guarantee and finally give trust in the full independence of TSOs



Regional TSO cooperation



👉 EC has requested the Creation of a Single TSOs body (ENTSO-E)



- Key to progress
 - Binding TSO Membership in ENTSO-E to accelerate the development and implementation of technical and market codes
 - Clear mandate in line with market expectations and in consultation with ACER and the Commission
 - TSOs will be able to focus on transparent objectives
 - TSOs will speak as "one voice" for all IEM issues
- *All existing TSO associations have agreed to set up ENTSO-E ahead of adoption of the 3d package*



- TSOs do not contemplate to become a self-regulated industry
 - Neither as TSO: already regulated on a national basis
 - Nor as ENTSO-E: 3rd package gives ACER the power
 - to approve or reject each rule or code proposal before it is implemented by TSOs
 - to monitor the way the rule or code is applied
- The Agency has also the right to impose decisions on National regulators
 - Monitoring ensured by European Commission
 - Comitology process to address Member State concerns



- ENTSO-E consultation
 - a continuous process achieving broad understanding and support
 - Annual work program and priorities based on stakeholder inquiry and consultation with ACER
 - For rule and code proposals:
 - before drafting: inquiry about expectations and objectives
 - during drafting: regular request for suggestions and amendments
 - Transparency ensured by regular publication of stakeholders opinions and ENTSO-E standpoint (whether change is included or not, and why)
 - Close monitoring by the Agency and the Commission
- ACER consultation on final code proposed by ENTSO-E
 - ensures public interest and verifies stakeholders opinion



■ **To be drafted by TSOs**

- “Pure” technical codes
- Cross-border capacity allocation (implicit or explicit)
- Congestion management
- Tariffs & Inter TSO Compensation
- Day ahead-, intraday- and balancing markets
- Settlement incl. gate closure
- Secondary market for capacity and Financial Transmission rights
- Transparency
- Data exchange

■ **Not to be drafted by TSOs**

- Codes without any impact on TSOs technical responsibilities and operation (ex. rules on financial instruments such as ‘futures’)
- Codes without any involvement of TSOs during implementation or operation (ex. rules specific to power exchanges or trading between market parties)

On-going dialogue between CEER and ETSO for better understanding



- Increased investments in electricity infrastructure is a key to an integrated sustainable electricity market
 - Two main issues frustrate increased interconnectivity across the EU today:
 - The increasing difficulty to obtain permits
 - The "regulatory gap" as there is currently no requirement for regulatory authorities to consider issues outside their member state borders
- ETSO welcomes mandate to national regulators to cooperate at European level
- But: further measures facilitating and accelerating authorisation procedures are desperately needed



- Unbundling: whatever the solution, ETSO expects it will guarantee and finally give trust in TSO's full independence
- Key for rapid progress: binding TSO Membership in ENTSO-E and a clear mandate from the Commission and ACER
- ENTSO-E is not a self-regulating body in the 3^d package
- ENTSO-E consultation: transparent and continuous process for broad understanding and support
- Technical & Market codes: a ENTSO-E responsibility once TSOs are involved in design, implementation or operation
- Don't forget the missing link: faster authorisation procedures





Thank you for your attention!

