Executive Exchange on the Coordinated Cross Border Transmission of Electricity

Brussels, 22 September 2008
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 4 associate members (4 countries) at present.
- The President of the Assembly and therefore of ETSO is Daniel Dobbeni, CEO ELIA System Operator (BE)
- The Chairman of the Steering Committee is Pierre Bornard, Senior Executive Vice President RTE (France)
- The Secretary General of ETSO is Cecilia Hellner
  - Seven Task Forces currently
Main Objectives

- The study and development of common principles regarding the harmonisation and establishment of rules in order to enhance network operation and maintain transmission system security;

- Facilitate the internal European market for electricity;

- The communication and co-operation with organizations and institutions having similar objects;

- The investigation and solution of scientific and regulatory issues of common interest to the TSO industry.
Main fields of Activities

- Project on Inter-TSO Compensation for Transit
- Congestion Management/Transparency
- Tariffs
- Security of Supply
- Electronic Data Interchange
- Project on Renewables
- South-eastern TSOs
ETSO Task Forces’ Activities and Perspectives
Inter TSO Compensation

- ITC Agreement (October 2007) signed by 39 TSOs in 34 European countries

- Allows ETSO to work on a further improved technically grounded long term mechanism, with the aim of reaching in two year time a sustainable solution for Europe in line with the progress of the IEM

- DG TREN intention to issue guidelines on ITC for 2010 and beyond
  - ITC discussion is foreseen for the Florence Forum on 24/25 November 2008
  - Comitology expected to start in March/April 2009
ITC Parties for 2008-2009

39 TSOs
31 ITC Parties
34 Countries
Spain should be compensated as a result of hosting transit flows in case of transit from France to Portugal
• The Ex-Post total Net Result

- Infrastructure Costs Deviation (PC)
- Losses Costs Deviation
- Swiss Reduction Deviation
- Ex-Ante Net Results

Ex-Post NET RESULT
ITC mechanism 2008-2009

- The Ex-Ante total Net Result - Statistics
Security of Supply

- Development of 10-Year Network Development Statement
  - Possible joint presentation with CEER to Florence Forum in development
- Engagement in EC Priority Interconnections Project
  - Paper on TSO contribution to investment procedures
- Outlook reports of Security of Supply for Winter 2008-09 and Summer 2009, plus subsequent Winter retrospect analysis
  - Presentations to EC Cross Border Electricity Committee
- Power System Adequacy Report 2010-2020
Network Access & Congestion Management

- Anticipating future European concepts
  - Alongside the Regional Initiatives
- Market facilitation services
  - Improvement of ETSOVista
- Proactive dialogue with key stakeholders
  - Organisation of meetings and conferences
  - Joint ETSO/EUROPEX study ‘Coordinated Model(s) for Regional and Inter-Regional CM Methods’ + Consultation
- Cross-Border Balance Management issues
- Incentive regulation for cross-border capacity assessment
Development on features (published data) from release 1.0 to release 2.0

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(*) From the TSOs websites

(**) Sent by the TSOs
Implementation of regional auctions
- SEE auction project dry-run
- Legal and regulatory issues
- Technical and organizational challenges

Regional balancing system
- Guidance, support and tools
- Cooperation with SEE stakeholders

Publications
- New “Maximum Flow” methodology for Border Capacities in flow-based allocation scheme defined and implemented
- SEE TSOs’ option analysis on Congestion Revenues
- Memorandum of Understanding for SEE Auction Office creation
Electronic Data Interchanges

- ETSO Capacity Allocation and Nomination (ECAN)
- ETSO Scheduling System (ESS) release 3.1 finalisation of Intraday process.
- Co-operate with other organizations (UCTE, EFET, ebIX, ...) to harmonize the European standardisation effort
- Energy Communication Platform (alongside the Regional Initiatives)
- Harmonization
  - Common Information Model and Common Profile for Market Management Systems
  - ETSOVista data exchange
Publication of a draft RES directive as part of the Commission’s Renewable Energy and Climate Change Package

Important issues: access to the electricity grid, grid development, operation of the power system and guarantees of origin

Publications of ETSO Position Paper on the draft RES directive and ETSO Proposal for Amendments on the draft RES directive

NoE RES will continue to follow the process of the draft directive
Tariffs

- Transmission Tariff Overview 2007
- Differential tariff drivers analysis
- Incentive Regulation Study
- WACC and RAB Study
- Locational Signals
- Follow up of CEER TSO Efficiency Benchmarking
- Renewable Energy Sources: feed-in tariffs and other transmission related issues
- Transmission tariffs and decentralized generation
- Regulation and investments
Legal

- Terms of Reference & Internal Regulations adopted
- Support to the other Task Forces
  - ETSOVista Agreement
  - Capacity firmness – ERGEG meeting: attendance and legal issue
  - ITC Agreement 2008/2009 and ITC 2010
  - EUROPEX – ETSO paper
- Support to the Association
  - Appointment of legal counsels to ETSO
- Participation to the creation of ENTSO-E
Guiding the contributions of the task forces through value creation

Supporting works related to the 3rd Package and the RES and Climate Package

- ENTSO-E Project
- Developing key messages and amendments to the EC draft Directives
EC has requested the Creation of a Single TSOs body (ENTSO-E)
Proposal by European Commission to strengthen TSO-cooperation (EC Draft Third Energy Package)

Project initiated in January 2008 by Presidents of current TSO Associations (ATSOI, BALTSO, ETSO, NORDEL, UCTE, UKTSOA)

ENTSO-E is to replace current TSO associations

TIME is of the essence: TSOs want to be proactive and put new body in place ahead of final adoption of 3rd Energy package by legislators
Project working structure

- **Project Manager**
  - Joint support by ETSO/UCTE Sec Gen

- **WS A** Governance & Organization
  - Juha Kekkonen

- **WS B** Business Processes of ENTSO-E
  - Klaus Kleinekorte

- **WS C** System Development
  - Andy McIntosh

- **WS D** System Operations
  - Juan-Ma. Rodriguez

- **WS E** Market Frameworks
  - Pascale Fonck
Some ENTSO-E possible responsibilities

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<td>Balancing Market Rules</td>
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Research & Development
Key Success Factors

- A Customer-driven strategy, not only Regulatory-driven: being in the driver’s seat!
- Skill, competence and efficiency for the new Association and its staff
- Innovation, catalyst for TSO-driven R&D
- Consultation Process
- A fair balance between Pan-European / Synchronous Area / EU and non-EU/Regional issues
  - ‘Regions’ changing with subject and time
  - Existing voices still to be heard
  - Avoiding the slowest sets the pace
Next milestones

- 31/12/08  Establishment of ENTSO-E and appointment of Secretary General

- 01/04/09  ENTSO-E fully operational, transfer of activities

- 01/07/09  winding up of existing associations

Essential to keep momentum and give a strong signal to EC, authorities, regulators and other stakeholders that TSOs are committed to ENTSO-E!
THANK YOU

www.etso-net.org
www.etsovista.org