

The five regulators publish an action plan for fostering electricity market integration in the Central West region (Belgium, France, Germany, Luxemburg and the Netherlands)

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The Regional Co-ordination Committee (RCC) of the Central West region – assembling the five regulators CREG, CRE, BNetzA, ILR and DTe – publishes an ambitious action plan, indicating concrete steps to foster regional integration of the electricity markets during the next two years.

The action plan carries on the significant work achieved through the road maps elaborated by the regulators at the end of 2005. It aims to guarantee, from 2007 onwards, an entirely regional approach to market integration in the Central West region. It enumerates several priority areas in which action is required and identifies specific actions and related timings for each priority area. The actions and timings concern all borders and countries in the Central West region, and have been consulted with the relevant Transmission System Operators (TSOs).

The priority areas mentioned in the action plan are:

- Harmonisation and improvement of the long-term explicit auction rules, including firmness of cross-border capacity allocation
- Implementation of a day-ahead flow-based market coupling
- Implementation of cross-border intraday and balancing trade
- Establishment of a common calculation method for cross-border capacities
- Maximisation of the amount and of the utilisation of cross-border capacities
- Elaboration of a regional capacity investment plan
- Transparency
- Regional market monitoring
- Harmonisation and improvement of data exchange

On 27th February 2006, the European Regulators' Group for Electricity and Gas (EREG) launched its Electricity Regional Initiative (ERI), aiming to identify and remove barriers hindering the growth of competitive electricity markets in seven European regions. In the framework of the ERI for the Central West region, the RCC organised in June 2006 a Mini Forum at which several market actors, stakeholders and authorities were invited and consulted regarding the topics they considered a priority for improving market integration in the region. This consultation led to a proposal for an action plan drafted by the RCC. This proposal was communicated to the TSOs and was the subject of further TSO consultation in October 2006. It resulted in the regionally harmonised action plan published at present.



The five regulators BNetzA, CRE, CREG, DTe and ILR would like to specify that, regardless of this regionally harmonised action plan, they continue to encourage all progress towards improved market integration.

With a view to achieving the single European electricity market, the five regulators consider the need for coherence and harmonisation of congestion management mechanisms and appropriate convergence of market designs with the other Electricity Regional Initiatives of the utmost importance.

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Central West Electricity Regional Energy Market

ACTION PLAN

0. Background and introduction

On 27th February 2006, the European Regulators' Group for Electricity and Gas (ERGEG) formally launched its Electricity Regional Initiative (ERI). This initiative aims to identify and remove barriers which may be hindering the growth of competitive electricity markets. In order to make real progress in delivering a competitive liberalised single European market, ERGEG identified seven European electricity regional markets (REMs), in which market integration will be fostered. One of these REMs is the Central West Electricity REM, consisting of Belgium, France, Germany, Luxemburg and the Netherlands.

On 20th June 2006 the Regional Co-ordination Committee (RCC) – assembling representatives of the five regulators BNetzA, CRE, CREG, DTe and ILR – of the Central West Electricity REM, organised a Mini Forum at which the transmission system operators (TSOs), the power exchanges, UCTE, ETSO, Europex, Eurelectric, EFET, IFIEC, the ministries and the European Commission were invited and consulted on the topics they considered a priority for improving market integration in the Central West Electricity REM. Based on this stakeholder consultation the Regional Co-ordination Committee drafted a proposal for an action plan. This proposal was communicated to the TSOs and was the subject of further TSO consultation during an Implementation Group meeting on 10th October 2006. Additionally, the TSOs provided a written response to the proposal for the action plan.

This final version of the action plan takes into account the responses from the stakeholders received during the consultation of 20th June 2006 and the additional responses from the TSOs received in October/November 2006.

An important feature of the Central West Electricity REM, which distinguishes it from some other Regional Markets, is the fact that, even before the launch of the Electricity Regional Initiative by ERGEG, other initiatives had been introduced, both by the regulators and the governments. It was considered of the utmost importance not to interfere with or duplicate these initiatives; therefore the existence of these initiatives has strongly influenced the developments and decisions in the Central West Electricity REM in the first year after the launch of the Electricity Regional Initiative.

In 2005, before the announcement of the Electricity Regional Initiative, the regulators drew up two road maps, indicating ways to move forward in improving market integration in (parts of) the Central West region:

- a common road map for integration of the electricity wholesale markets of Belgium, France and the Netherlands (common document of the CRE, the CREG and the DTe)

<http://www.creg.be/pdf/Presse/2005/compress07122005/20051202RoadmapUK.pdf> ;

- a common road map for congestion management at the French-German border (common document of the CRE and the BNetzA)
<http://www.cre.fr/imgAdmin/1132592241484.pdf>.

Both road maps resulted from extensive written consultations of the stakeholders in the Central West region. They focused on topics such as:

- Facilitating the functioning of explicit auctions mechanisms for long-term cross-border capacities (secondary markets & harmonised auction rules);
- Establishment of Trilateral Market Coupling between Be-Fr-Nl;
- Implementation of cross-border intraday and balancing trade;
- Implementation of a common calculation method for cross-border capacities;
- Implementation of increased transparency;
- Establishment of monitoring and cooperation between regulators.

Separately, in 2005 the governments have established the Pentalateral Energy Forum. This Forum also seeks to improve regional market integration in the Central West region by creating a platform assembling governments, regulators, TSOs and some key market actors and discussing three main topics:

- Optimisation of available interconnection capacity and allocation mechanisms;
- Security of supply and development of new interconnectors;
- The removal of legal barriers to closer co-operation.

During the consultation of 20th June 2006 the stakeholders expressed their support for all existing initiatives. However, at the same time they requested for an increased harmonisation of the approach in the entire Central West region. For this reason, during the first year after the launch of the Electricity Regional Initiative, the Regional Co-ordination Committee has adopted a two-fold approach.

Initially, a good execution of both road maps was considered a top priority by the regulators. Therefore, in 2006, the Regional Co-ordination Committee has focused on monitoring the correct and timely implementation of the actions agreed in the road maps. An overview of the agreed actions according to the two road maps can be found in annex to this document. It is clear that, although not all actions are fully executed (yet), the road maps have triggered an important progress in the process of market integration in the Central West region.

In parallel to the implementation of the road maps, the Regional Co-ordination Committee has started drafting an entirely regional action plan, taking into account the responses from the stakeholders and TSOs received during the two consultations in the second half of 2006. This action plan intends to fill the gaps that are left by the road maps and to guarantee, from 2007 onwards, an entirely regional approach to market integration in the Central West region. For this reason this action plan will replace all the outstanding and remaining actions mentioned in the road maps. The outstanding topics in the road maps are:

- Implementation of cross-border intraday and balancing trade;
- Implementation of a common calculation method for cross-border capacities;
- Harmonisation of auction rules.

Exactly because the Regional Co-ordination Committee considers these topics very important in the process of regional market integration, this action plan attempts to follow immediately an entirely regional approach when implementing them and trying to find solutions. In their response to the proposed action plan the TSOs welcome this idea of an overall and harmonised action plan for the entire Central West region, stating that: *“Therefore we welcome the fact that idea of a possible common action plan is presented for the whole central west European region. Our hope is that such an action plan will help in harmonizing the views of the various regulators and TSO’s involved and avoid overlapping or conflicting roadmaps.”*

This does not mean that the Regional Co-ordination Committee does not encourage sub-regional progress towards market integration. On the contrary, the Regional Co-ordination Committee welcomes all steps towards improved market integration.

Finally, given that all stakeholders consider it of high importance to avoid duplication of work and to receive clarity concerning the roles and responsibilities of each of the different initiatives existing in the Central West region, the Regional Co-ordination Committee will maintain a close communication with the Pentilateral Energy Forum. The action plan is transmitted to the Pentilateral Energy Forum. Full support of the Pentilateral Energy Forum is assumed.

In general, the consultation of the stakeholders on 20th June 2006 raised specific topics that were considered a priority. This action plan enumerates the priority topics and identifies concrete actions for each topic. All the regulators consider the actions and deadlines detailed in this action plan firm and binding for the TSOs and other action-takers to whom they are bilaterally related. If a deadline or timing cannot be met, the action-taker should inform the regulators in time and provide a document explaining clearly the reason(s) why the deadline cannot be met, the status of the topic and its ongoing actions.

1. Harmonisation and improvements of the long-term explicit auctions

The Regional Co-ordination Committee considers a harmonisation and improvement, among the entire Central West region, of the rules for auctioning cross-border transmission capacity an important step towards regional market integration. The market participants stressed the importance of having firmness of capacity in order to be able to lock in the transmission price when competing across borders. They also requested for an exact and common definition of Force Majeure.

An efficient and practical way to achieve harmonised auction rules could be the establishment of one single auction platform for the region. The stakeholders welcome this idea for the annual and monthly explicit auctions. The French and German TSOs have analysed the advantages and disadvantages of such a single auction office. The results of this analysis have been forwarded to all the stakeholders.

A proposal by the Belgian, Dutch and French TSO on the harmonisation of the auction rules should have been submitted on 1st August 2006. However, this was not done. Any further action on this topic in the framework of the road maps is replaced by the actions mentioned in this action plan, which foster an immediately regional approach.

Actions:

1. Harmonisation and improvement of auction rules

The TSOs are expected to submit a specific proposal for a harmonised and improved set of auction rules for the entire Central West region. Any items for which TSOs will not have been able to reach a common position will have to be specified and justified.

Specific items for harmonisation and improvement are:

- definitions,
- participation requirements,
- the bank guarantee,
- the firmness of both allocated capacities and nominated programs,
- the definition of force majeure,
- the bids format,
- the timing of the auctions,
- the indemnities/compensation/repayment in case of reduction,
- the payment conditions,
- secondary market principles ("use it or sell it"),
- the responsibility of parties,
- the suspension/termination of contract conditions.

The RCC is open to any proposal of TSOs on additional topics to be harmonized.

Additionally, TSOs are requested to analyse the possibility of multi-year auctions and of Y+2 auctions of annual capacity. Also, the future of multi-stage annual auctions will be investigated.

2. Firmness of cross-border capacity allocation

The TSOs are requested to carry out a study on the cost of compensation at full market price in case of capacity reduction based on past observations.

The Regional Co-ordination Committee will use the TSO proposal for harmonisation and the results of the study on the compensation at full market price to draft a document assembling all the relevant aspects to the topic of the harmonisation and improvement of the explicit auction rules. This document will be submitted for consultation to the stakeholders in the region. By mid 2007 the regulators should be able to reach an agreement on the explicit auction rules, such that implementation for 2008 is possible.

Timing:

- 1st March 2007

A concrete proposal for a harmonised and improved set of auction rules for the entire Central West region must be presented by the TSOs, including a specific

study on the cost of compensation at full market price differential in case of capacity reduction.

- **1st April 2007**
The Regional Co-ordination Committee publishes a consultation document assembling all the relevant issues on the harmonisation and improvement of the auction rules for the entire Central West region, including the possible compensation at full market price differential in case of capacity reduction.
- **15th May 2007**
Responses of the stakeholders on the consultation document assembling all the relevant issues on the harmonisation and improvement of the auction rules for the entire Central West region, including the possible compensation at full market price differential in case of capacity reduction, are due.
- **15th July 2007**
Conclusions and agreement of the Regional Co-ordination Committee should be reached on the new explicit auction rules for the entire Central West region.
- **1st January 2008**
The new explicit auction rules must be implemented in the entire Central West region.

2. Implementation of a day-ahead flow-based market coupling in the entire Central West region

The Regional Co-ordination Committee fully supports the integration of energy markets and the allocation of day-ahead cross-border capacities through a decentralised approach, with the aim of maximising the social welfare.

At the same time, the Regional Co-ordination Committee considers it important for the day-ahead market coupling approach to be “flow-based”. The implementation of such a “flow-based” mechanism should constitute an important step in removing barriers to the development of a true competitive regional market. The stakeholders consider this topic very important and insisted on further work on it, at the same time requesting an increase in transparency in the development process. The Pentilateral Energy Forum, Support Group 1, asked the TSOs to further investigate “flow-based” methods for the allocation of available capacities.

The implementation of flow-based allocation methods is requested by the new Guidelines on Congestion Management, section 3.5.: *“Such coordination shall include, in particular:*

(a) [...]

(b) Allocation and nomination of capacity to deal efficiently with interdependent physical loop-flows, [...]”

The BNetzA has commissioned a legal, technical and economic feasibility study on the topic of open market coupling. This open market coupling is a decentralised system where several power exchanges co-exist and comprises hybrid auctions (both explicit

and implicit). The main results from the three studies are that the open market coupling is legally and technically feasible and that a lot of economic efficiency can be gained by it, especially if it is combined with a PTDF method for allocating transfer capacities.

The possibility to extend the regional approach to countries outside the region (such as the United Kingdom and Spain) is an important prerequisite. Market coupling between Norway and the Netherlands has already been decided for implementation in 2007

Actions:

1. Workshop on open market coupling

BNetzA will organise a workshop on open market coupling on 1st February 2007, for which an invitation will be sent to all the regulators, ministries, TSOs, power exchanges and stakeholders of the Central West region. This workshop will be a first opportunity to discuss and compare the open market coupling concept with the trilateral market coupling already implemented for the Belgian-Dutch-French energy markets since 21st November 2006.

2. Implementation study of a day-ahead flow-based market coupling approach for the entire Central West region

The TSOs are requested, with the Power Exchanges' (PXs) support, to carry out an implementation study detailing all the organisational issues related to the implementation of a day-ahead flow-based market coupling approach for the entire Central West region in 2008. The implementation study shall address specifically the following issues:

- a detailed description of the possible algorithms, with a comparison of their respective efficiency and robustness;
- the respective cost of each possible approach and a description of the way of financing it;
- the interaction with Nordpool;
- the requirements linked to block-bidding;
- the possibility to extend the possible approaches to other markets;
- the governance and institutional framework (organisational relations between TSOs and PXs, the governance of PXs,...);
- the monitoring and transparency of the functioning of the approach and of the market results;
- the possible impact on the Power Exchanges' liquidity and the level of Power Exchanges' fees;
- identify possible legal obstacles;
- a detailed implementation timetable for each possible approach.

The TSOs are invited to inform the Regional Co-ordination Committee whenever problems are encountered in the achievement of the implementation study. If necessary, in order to tackle these problems, specific Implementation Group meetings may be organised.

3. Orientation study for day-ahead flow based market-coupling for the entire Central West region

The TSOs are requested to submit an orientation study for the implementation of a flow-based day-ahead cross-border congestion management method for the entire Central West region. This study should elaborate on the different technical options and on the related difficulties and opportunities. The study should examine and compare at least two different options:

1. Market coupling with PTDF based allocation of capacities, with one node per country, and specific border capacities
2. Market coupling with PTDF based allocation of capacities, with the possibility of more than one node per country, and specific border capacities

Other relevant options may also be examined.

In particular, the orientation study should, for each option:

- Provide a detailed description of the principles of functioning, of the equations of the system and of the synthesis of the network proposed (nodes/zones; bottleneck definitions,...);
- Provide a coherent and common method for the calculation of specific border capacities;
- Examine the allocation of congestion revenues;
- Examine the advantages of hybrid auctions i.e. auctions that combine implicit and explicit bids at the day-ahead stage;
- Identify possible legal obstacles;
- Identify implementation problems and their consequences;
- Provide an estimation of the economic benefits (simulation of social welfare for typical market/network conditions);
- Identify the need for minimum allocated capacities;
- Examine the impact on loop-flows;
- Propose a timing for implementation;
- Identify market power issues.

The TSOs are invited to inform the Regional Co-ordination Committee whenever problems are encountered in the achievement of the orientation study. If necessary, in order to tackle these problems, specific Implementation Group meetings may be organised.

Timing:

- **1st February 2007**

The BNetzA will organise a workshop on open market coupling, assembling the regulators, ministries, TSOs, power exchanges and stakeholders of the Central West region.

- **1st July 2007**

The TSOs should submit the implementation study and the orientation study concerning the implementation of a day ahead flow based market coupling in the entire Central West region in 2008.

- **1st August 2007**

The Regional Co-ordination Committee publishes a consultation document assembling all the relevant issues on the possible approaches for implementing a flow-based day-ahead market coupling in the entire Central West region.

– **15th September 2007**

Responses of the stakeholders on the consultation document assembling all the relevant issues on the possible approaches for implementing a flow-based day-ahead market coupling in the entire Central West region are due.

– **1st November 2007**

Conclusions and agreement of the Regional Co-ordination Committee should be reached on a flow-based day-ahead market coupling approach for the entire Central West region, and implemented in 2008.

3. Implementation of cross-border intraday and balancing trade

The implementation of cross-border intraday and balancing trade was foreseen in 2007 for Belgium, France and the Netherlands. However, the Regional Co-ordination Committee prefers to prepare an entirely regional solution, instead of taking the interim step of a sub-regional approach. However, this does not mean that current developments are to be hindered. Between France and Belgium for instance an interim short term solution for intraday trade, consisting of an improved pro-rata system, will be implemented. In the framework of both road maps a target system for cross-border intraday trade was proposed by Elia, RTE and TenneT, on one side, and RTE, RWE and EnBW, on the other side. These proposals were considered good by the regulators. Therefore, the Regional Co-ordination Committee proposes to use these two proposals as a basis for further study work, resulting in (a proposal for) the implementation of an entirely regional solution.

The Regional Co-ordination Committee also considers that:

- under the condition of further investigation, there should be no reservation of cross-border intraday capacity;
- under the condition of further investigation, cross-border intraday capacity could be allocated for free, because it is not reserved.

Additionally, in the framework of the road map, RTE, RWE and EnBW submitted a joint analysis for cross border balancing trade and proposed that TSOs may make use of balancing reserves under the proposed intra-day trading scheme. In that respect, the Regional Co-ordination Committee would like to consider how the intra-day target mechanism will be compatible/interact with cross-border balancing trade. In particular, the possibility to use capacity platform for cross-border balancing trade should be assessed.

Actions:

1. Cross-border intraday trade

The TSOs should submit a sophisticated and detailed proposal for the implementation of cross-border intraday trade in the entire Central West region. This proposal should

take into account the implications of the implementation of a flow based day-ahead market coupling in the region.

This proposal should include:

- organisational issues (this should at least examine the option that the TSOs are only responsible for a common single capacity allocation platform (matrix) that is able to link with different energy trading platforms as well able to facilitate cross-border OTC trade);
- a comprehensive analysis of cost charging issues (this should at least cover the option that costs are covered by a fee charged to the energy trading platforms that make use of the allocation platforms);
- an analysis of the possible interaction with cross-border balancing trade, including to what extent the capacity platform concept could be used for cross-border balancing trade;
- an analysis of the possible undesirable effects of gaming strategies and possible mitigating measures;
- an analysis of possible negative effects on network security (if this topic is considered relevant by the TSOs) and possible mitigating measures;
- an examination of the impact on loop-flows and the need for flow-based solutions in the intra-day domain;
- a study to analyse whether the free allocation of intra-day capacity could entail perverse effects leading to inefficient trade and if this is the case whether the introduction of an artificial price (e.g. the price for cross-border capacity as determined in the day-ahead domain) could prevent such effects.

The proposal will be published for the consultation of market actors and should allow implementation of cross-border intraday trade in 2008. The RCC underlines that any progress made in the area of intra-day trade shall not entail any delay in the progress to be made in the areas of flow-based solutions and market coupling.

2. Cross-border balancing

The TSOs are requested to submit a comprehensive and entirely regional proposal pursuing the objective of a further integration of balancing markets, which must allow implementation in 2009.

Timing:

– 1st July 2007

The TSOs submit a detailed and extensive proposal for the implementation of cross-border intraday trade in the entire Central West region taking into account above mentioned considerations. If the TSOs encounter problems in the achievement of this proposal, they are invited to inform the RCC directly.

– 1st August 2007

The Regional Co-ordination Committee publishes the proposal submitted by the TSOs on cross-border intraday trade in the entire Central West region for consultation of all stakeholders.

– 1st September 2007

Responses of the stakeholders on the consultation document containing the TSOs proposal for the implementation of cross-border intraday trade in the entire Central West region are due.

– **1st October 2007**

The Regional Co-ordination Committee decides on the approach for the implementation of cross-border intraday trade in the entire Central West region and initiates implementation actions in each of the countries.

– **1st January 2008**

Cross-border intraday trade must be implemented in the entire Central West region.

– **1st June 2008**

The TSOs submit a detailed and extensive proposal for the implementation of cross-border balancing trade in the entire Central West region.

– **1st July 2008**

The Regional Co-ordination Committee publishes the proposal submitted by the TSOs on cross-border balancing trade in the entire Central West region for consultation of all stakeholders.

– **15th August 2008**

Responses of the stakeholders on the consultation document containing the TSOs proposal for the implementation of cross-border balancing trade in the entire Central West region are due.

– **15th October 2008**

The Regional Co-ordination Committee decides on the approach for the implementation of cross-border balancing trade in the entire Central West region and initiates implementation actions in each of the countries.

– **1st March 2009**

Cross-border balancing trade should be implemented in the entire Central West region.

4. Common calculation for cross-border capacities

The implementation of a common cross border capacity calculation method is included in both roadmaps. Therefore, it seems natural to examine the implementation of a common method for the five countries in order to maximise capacities allocated to the market. A concrete proposal for a common cross-border capacity calculation method should have been submitted on 1st August 2006 by the TSOs in the framework of the two roadmaps. However, this was not (entirely) done. This topic was also addressed in support group 1 of the Pentalateral Energy Forum, where an implementation plan of a common cross-border capacity calculation method is foreseen for 1st February 2007.

Any further action on this topic in the framework of the road maps is replaced by the actions mentioned in this action plan, which foster an immediately regional approach.

Article 5.2 of the regulation EC 1228/2003 foresees that transmission system operators shall publish a general scheme for the calculation of the transfer capacity and that this scheme shall be subject to the approval of regulatory authorities. Finally, this is also required by the new Guidelines for Congestion Management, section 3.5: “*With a view to promoting fair and efficient competition, coordination between TSOs shall include all the steps from capacity calculation and optimisation of allocation to secure operation of 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, [...]”

Actions:

1. Common calculation method for long-term cross-border capacity

The implementation of a transparent and common cross-border capacity calculation method is a requirement of the new Guidelines for Congestion Management. Therefore, the TSOs are asked to clarify how they will meet this requirement. The Regional Co-ordination Committee will monitor compliance of this requirement.

The TSOs are invited to inform the Regional Co-ordination Committee if problems are encountered in meeting the requirement. If necessary, in order to tackle these problems, specific Implementation group meetings may be organised.

2. Common calculation method for day-ahead cross-border capacity

The issue of a transparent and common calculation method for day-ahead capacities is also a prerequisite for a well functioning flow based allocation approach, which is covered in chapter 2 of this action plan.

Timing:

– 1st February 2007

The TSOs submit a detailed plan for the implementation of a co-ordinated and common capacity calculation in the Central West region to the Pentilateral Energy Forum.

– 1st November 2007

The TSOs must submit to the Regional Co-ordination Committee a detailed report on how the new Guidelines for Congestion Management are met regarding the requirements for a co-ordinated and common capacity calculation in the Central West region.

5. Maximisation of the amount and of the utilisation of cross-border capacities

The need for a proper mechanism to incentivise TSOs to maximise the amount of available cross-border capacities and their utilization was mentioned by both TSOs and market participants. While this topic is explicitly addressed at ERGEG's level, with the participation of ETSO and EFET, the Regional Co-ordination Committee consider that a regional approach could allow to achieve further progress in the management of cross-border capacities.

At the same time, it is assumed that the TSOs will take all measures possible to maximise the availability and the available capacity of interconnectors. Such measures can constitute of innovative technical measures as well as organisational measures. The TSOs are invited to inform the regulators and market participants yearly on the progress made in this area

Actions:

The TSOs are requested to submit a joint proposal for a regional incentive scheme, allowing the maximisation of the amount and of the utilisation of firm cross-border capacities in the Central-West region. A particular focus should be put on the maximisation of long term (annual and monthly) cross-border capacities.

Timing:

- **1st August 2007**
The TSOs should submit a joint proposal for a regional incentive scheme.
- **1st September 2007**
The Regional Co-ordination Committee publishes the proposal submitted by the TSOs on a regional incentive scheme in the entire Central West region for consultation of all stakeholders.
- **1st October 2007**
Responses of the stakeholders on the consultation document containing the TSOs proposal for a regional incentive scheme in the entire Central West region are due.
- **1st November 2007**
The Regional Co-ordination Committee decides on the approach for the implementation of a regional incentive scheme in the entire Central West region.

6. Regional capacity investment plan

The Regional Co-ordination Committee considers the elaboration of a regional transmission capacity investment plan a very important topic.

The high-voltage networks in the Central West region are highly meshed and form the basis for a truly regional energy market. It is theoretically possible that investments in a national network have little benefits for the country itself but are beneficial for the region

as a whole. In order to be able to assess in an objective and transparent manner from a regional perspective the possible needs for investment, the TSOs in the Central West region could be requested to jointly draft a regional transmission capacity plan (RTC-plan), identifying possible structural congestions and thus the need for additional investments within the regional transport network.

Actions:

The Regional Co-ordination Committee intends to submit a detailed proposal for further investigation on this topic to the Pentilateral Energy Forum. The Regional Co-ordination Committee will follow up and take appropriate action whenever necessary.

Timing:

- **2007**
The Regional Co-ordination Committee would aim for a regional transmission capacity investment plan to be available before 31st December 2007.

7. Transparency

On 15th March 2006 ERGEG launched a public consultation on the Guidelines for Good Practice (GGP) on Information Management and Transparency in Electricity Markets¹, seeking to establish a consistent approach to the provision of information on load, transmission and access to interconnections, generation, balancing and the wholesale market in general to market participants such as suppliers, generators, energy traders, large customers and demand side participants. The guidelines set out ERGEG's view on the required level of transparency that shall at the minimum be in place, give a minimum set of rules required for the organisation and dissemination of information and define general principles for information release. All stakeholders agreed that transparency is a key issue.

The Congestion Management Guidelines (into force from 1st January 2007 onwards) contain several new publication requirements addressed to TSOs. TSOs are obliged to publish certain information-items regarding network availability but also regarding load and generation. These new transparency requirements largely exceed the current transparency levels within the Central West region but are in line with regulators' desired transparency level. Therefore, the regulators emphasize the importance of a quick and solid implementation of these new transparency requirements by the TSOs.

Actions:

Within the framework of the Electricity Regional Initiatives a transparency list has been published on 7th November 2006 by the Regional Co-ordination Committee. The main purpose of this list is to identify the desired information-items within the Central West

¹ http://www.ergreg.org/portal/page/portal/ERGEG_HOME/ERGEG_PC/GGP_Transparency/E05-EMK-06-10_GGP_transparency_info_mgmt_off_0.pdf

region, merely based on the Guidelines for Good Practice of ERGEG, to give a picture of the current transparency level within the countries of the Central West region and to verify the transparency priorities according to market participants.

Based on this overview, measures for improvement will be discussed taking into account the new transparency requirements resulting from the Congestion Management Guidelines and ERGEG's Guidelines for Good Practice. The main objective will be to identify and discuss any implementation problems that are relevant for the Central West region. Furthermore, the RCC will focus on questions such as (i) which type of information should be disclosed, by whom and in what time frame, (ii) how to get definitions aligned, (iii) how to organise data collection, (iv) how and in what format to disclose this information and (v) whether the requirements will be fulfilled by regulation or self-regulation of the market players concerned. The Regional Co-ordination Committee will also closely follow the progress which is made in this field in the North European region.

Furthermore, the Regional Co-ordination Committee will closely monitor the implementation of the new transparency requirements resulting from the Guidelines for Congestion Management. However, the prime action to implement the transparency requirements will remain on each of the TSOs and will be supervised by its national Regulatory Authority.

Timing:

– **15th January 2007**

Responses of stakeholders on the transparency list published by the Regional Co-ordination Committee, regarding information-items they consider a priority, are due.

– **1st March-1st September 2007**

The Regional Co-ordination Committee will publish, if necessary; an updated transparency list, adapting information-items to priorities highlighted by market participants' responses. The Regional Co-ordination Committee will monitor the implementation of these transparency priorities throughout the Central West region and discuss, in the next six months the five questions mentioned above, more precisely: (i) which type of information should be disclosed, by whom and in what time frame, (ii) how to get definitions aligned, (iii) how to organise data collection, (iv) how and in what format to disclose this information and (v) whether the requirements will be fulfilled by regulation or self-regulation of the market players concerned.

– **31st March 2007**

The TSOs must submit to the Regional Co-ordination Committee a detailed report on how the new Guidelines for Congestion Management are met regarding the transparency requirements in the Central West region.

– **1st December 2007**

The Regional Co-ordination Committee publishes an updated transparency list for the Central West region in order to evaluate transparency improvement.

8. Regional market monitoring

With the ongoing integration of national markets into a regional market and as market participants are more and more international players, there is an increasing need to monitor the functioning of the market from a regional perspective. The Regional Co-ordination Committee decided that a joint monitoring taskforce will be established in the entire Central West region. For the time being, its task will be limited to the monitoring of cross-border trade, but the issue of the enlargement of the scope of regional market monitoring will be discussed inside the Regional Co-ordination Committee and addressed to the Pentalateral Energy Forum if necessary.

Actions:

A joint monitoring taskforce will monitor cross-border trade in the entire Central West region.

Timing:

- **1st February 2007**
Establishment of the joint monitoring taskforce

9. Harmonisation and improvement of data exchange

At the Mini Forum consultation, the German grid operators stated that the harmonization and improvement of data exchange for customer switching and metering between system operators and market participants is a very important issue. This was confirmed by Eurelectric and EFET.

At the Implementation Group meeting, the TSOs agreed that this is an important issue but stipulated that not the TSOs but the DSOs are the primary responsible for this. It was concluded that this topic is important for the regional integration of the retail markets, and that, since the retail markets are not yet fully liberalised, this issue should be kept for the future.

Annex: status of the road maps on the 31st of December 2006

Date	To be implemented / concluded	Action point	CRE-CREG-DTe	CRE-BNA
1 January 2006	Sealed bids explicit auctions at marginal price for the annual, monthly and day-ahead timeframes will be implemented on the Belgian-French and the Belgian-Dutch borders.	1	Completed	Completed
	Implementation by the regulators of a joint monitoring taskforce	2	A joint report format is under discussion	A joint report format is under discussion
1 April 2006	Proposal by the three TSOs for harmonised rules for secondary trading	3	Proposal submitted	Proposal submitted
1 June 2006	Investigation and submission of joint conclusions for implementation of multiple rounds (annual auctions) and rolling auctions by TSOs	4	Not included	Conclusions submitted
1 July 2006	Implementation by the three TSOs of harmonised rules for secondary trading	5	Delayed to the beginning of 2007	Harmonization with other auction rules is not specifically addressed
	Proposal by the three TSO's for common definition of "Force Majeure"	6	Proposal submitted	Already done. Harmonization with other auction rules is not specifically addressed
	Submission of joint TSOs' proposal regarding the advantages/disadvantages of having one TSO Auction office	7	Not specifically addressed	Proposal submitted
1 August 2006	Proposal by the three TSOs for harmonisation of auction rules	8	Still expected as soon as possible (including auction times, timeframes, firmness levels, products' nominations, secondary markets, etc.)	Harmonization with other auction rules is not specifically addressed
	Implementation by the three TSOs of common definition of "Force Majeure"	9	Completed	Already done. Harmonization with other auction rules is not specifically addressed
	Proposal by the three TSOs for cross border intraday trade	10	Proposal submitted	Proposal submitted
	Proposal by the three TSOs for a common calculation of cross-border capacities	11	Still expected as soon as possible	Proposal submitted
	Regulators publication of detailed list of transparency items	12	Completed - Publication included all 5 countries	
1 September 2006	Submission of joint TSOs analysis for cross border balancing trade including a specific schedule for implementation	13	Foreseen for the 1 st of January 2007	Proposal submitted
	Investigation into opportunity of quarterly and multi-annual allocation	14	Still expected by the regulators	Proposal submitted
	Publication by the TSOs of the minimum of the yearly, monthly and daily capacities to be allocated for the following year	15	Still expected as soon as possible	Publication for the 1 st of November 2006
1 October 2006	Implementation of multi-stage annual auction by the three TSOs	16	Completed for the Belgium-Dutch border.	Regulators decided not to implement this multi-stage annual auction for 2007

			Still expected for the French-Belgium border as soon as possible	
1 January 2007	Investigation by the TSOs and the regulators of the "use it or get paid for it" rule	17	To be done	No specific date foreseen
	Presentation by the TSOs to the regulators of possibility to implement a centralised trading platform for secondary trading	18	To be done	Not specifically addressed
	Implementation of fully harmonised auction rules between the different borders, including a common definition of "Force Majeure" and a calculation method for cross-border capacities	19	To be done	Harmonization with other auction rules is not specifically addressed
	Implementation by the three TSOs of cross-border intraday trade	20	To be done	No specific date of implementation foreseen
	Proposal by the three TSOs for cross-border balancing	21	To be done	Proposal submitted
1 July 2007	Implementation of cross-border balancing trade	22	To be done	No specific date of implementation foreseen
	Implementation of benchmark list for transparency by market participants	23	To be done	Not specifically addressed