

PROPOSAL FOR SIMPLIFICATION AND HARMONISATION OF TRANSMISSION CAPACITY ALLOCATION PROCEDURES

- Working plan -

by

Energy Community Secretariat

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2nd PERMANENT HIGH LEVEL GROUP MEETING

16 November 2006

Skopje

BACKGROUND

1st PHLG Meeting (17-18 October 2006, Vienna), Conclusions 34

PURPOSE

Identify problems and present working plan to counteract complexities

OBJECTIVE

Address simplification and harmonisation

CONTEXT

Obvious technical component, but also a political one

PROBLEMS

1. Lack of coordination between TSOs in allocation of capacity
2. Region depends heavily on imports
3. Authority over the borders for capacity allocation purposes

TSOs

Bilateral and multilateral communication has no alternative

REGULATORS

Rules on allocation and use of cross border capacities

TRADERS

Own vision on cross border trade of electricity

REFERENTIAL DOCUMENTS

EC, ETSO, SETSO TF, UCTE, ERGEG, EFET, Eurelectric, USAID

WORKING PLAN

1. Summary
2. Detailed

WORKING PLAN

1. Borders and authority over allocation of capacity of cross border inter-connecting lines (case Serbia and UNMIK)
2. Coordination between neighbouring TSOs and regulators in the allocation of capacity
3. Domestic production as a remedy to dependence on imports of electrical energy (oil-fired power plants in the SEE region)

WORKING PLAN (sample, point 2.a)

I	II	III	IV	V
No	ACTION SUB-TASKS	RESPONSIBLE AUTHORITY	COMPLETION TIMEFRAME	REFERENCE DOCUMENTS, COMMENTS AND STATUS OF ACTION AND SUB-TASKS
2.	Coordination between neighbouring TSOs and regulators in the allocation of capacity			
a	Guidance Notes, list of recommendations and proposals from various contributors – General considerations	TSOs, Regulators, Consultants	Dec 2006	Including the most suitable method, shared findings from significant projects, and revision of long term contracts.
	The most suitable transmission capacity allocation method in the SEE region for the next winter 2006-2007	ETSO, SETSO TF, NACMPF SG	Dec 2006	Including description of the position concerning Congestion Management (CM) in the SEE region, work already done, principles to be applied, work to be done, next concrete steps to functioning, effective and transparent Congestion Management. Bilateral vs. coordinated capacity allocation. Curtailment based on NTCs vs. bilateral auctioning. Coordinated auctioning.
	Shared findings from the KfW financially supported project 'Investigation and Implementation of Transfer Capacity Allocation Methods for Electricity in SEE'	Consentec, APCS	Dec 2006	Including technical, organisational and juridical perspective.
	Detection of congestions in the SEE region	SECI TSPG	Dec 2006	Shared findings from the two concurrent project studies: 1) Transmission Network Investment Criteria, and 2) Evaluation of Investments in Transmission Network to Sustain Generation and Market Development in SEE.
	Inclusion of the cross border transmission capacity allocation into the SEE Market Monitoring Pilot Project	USAID, NARUC, Potomac Economics, U Cambridge, U Budapest, TSOs, Regulators	Dec 2006	Including monitoring of transparency requirements, market power, competitiveness vs. SoS, and wholesale prices. Reveal evidences of anticompetitive conduct related to congested periods (focus on transmission outages, generation dispatch, power flows on congested facilities, and prices charged for wholesale power).
	Revision of long term contracts which have pre-emptive allocation	TSOs, Regulators	Dec 2006	Already allocated capacity (AAC).

NEXT STEPS IN THE WORKING PLAN

1. PHLG to consult the proposal with their counterparts in the regulatory authorities and TSO
2. PHLG to submit consolidated comments by the 1st of December 2006 to the Secretariat
3. The Secretariat to prepare a follow-up report for the upcoming PHLG meeting in respect with the implementation of the working plan

BASIS FOR THE WORKING PLAN (when commenting)

- "Guidelines on the management and allocation of available transfer capacity of interconnections between national systems" (or often called "Congestion Management Guidelines")
- The Guidelines amend the existing guidelines which are annexed to the Regulation 1228/2006 on cross-border trade in electricity
- In the Guidelines, Europe is divided into seven regions based on the physical reality of the network - South East Europe will be the eighth region applying the same rules throughout the Treaty
- Commission Decision on 9 November 2006, publication in the OJ on 11 November 2006, entry into force in EU on the 20th day following the publication (1 December 2006)

MAIN ELEMENTS

1. General provisions (10 paragraphs)
2. Congestion management methods (13 paragraphs)
3. Coordination (6 paragraphs)
4. Timetable for market operations (4 paragraphs)
5. Transparency (10 paragraphs)
6. Use of congestion income (6 paragraphs)