

## Press Release

### CEER Proposal for Cross Border Trading

Florence, May 9, 2001: The Council of European Energy Regulators (CEER) put forward its Proposal for a long term scheme governing cross border trading in electricity at the 7<sup>th</sup> Meeting of the European Electricity Regulatory Forum held in Florence on 7/8 May.

The scheme outlined in the 'Proposal to Accelerate Liberalisation of the European Energy Market' provides a concrete framework aimed at creating harmonised national transmission tariffs, a permanent inter-TSO payment scheme and an EU-wide congestion management system.

The CEER Proposal sets out 14 Guidelines based on three fundamental principles namely, that network tariffs should be non-transaction based, that economically efficient locational signals should be based on charges for network losses, and that network infrastructure costs should be charged mainly on loads. Underlying the Proposal is the fundamental condition that transmission service operators (TSOs) should be independent.

There was agreement from all participants at the Forum for this Proposal and the European Commission mandated the CEER to develop the scheme with the European Transmission System Operators (ETSO) in time for implementation by September 2002. 'I am delighted that the CEER Proposal has been adopted as the basis for the long term and permanent solution to developing an EU-wide market in electricity,' said the CEER Chairman Jorge Vasconcelos. 'This is badly needed to maintain European competitiveness as well as benefiting European consumers. In parallel, the CEER will continue consultations with other interested parties.'

The CEER also welcomed the endorsement of a short term set of proposals for inter-TSO compensations, agreed at a previous Forum, to be introduced in September 2001. This is not a permanent solution, but represents a useful step in the right direction. It can be implemented, on a basis which is competitive and in line with EU objectives, even if not all countries will apply it in the same way. The CEER underlines the importance that the short term solution should be brought in quickly.

The CEER welcomed the European Commission's recent draft directive; however, it stressed the need to move quickly to implement a system for cross border transmission in line with the Commission's proposals but without waiting for the directive to be formally approved.

Note to editors: The CEER includes independent energy regulators from 15 EEA & EU Member States. It provides a platform in which regulators can co-ordinate their work and, where appropriate, formulate joint policy initiatives. Regulatory policy in each Member State remains a matter for individual national regulators and their respective governments. CEER members acknowledge that the opening up and closer integration of the European electricity and gas markets is a common goal. In particular, the CEER works to promote the full implementation of the Electricity Directive and the Gas Directive. The CEER acts as a focal point for contacts between regulators and European Union Institutions and participates actively in the Florence Regulatory Process and the Madrid Regulatory Process.