



# Regulatory Framework for Northern Region

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between Denmark and Germany 13.11.2007

## Energy legislation

- EU  
...especially Regulation 1228/2003 including Annex
- National  
...in this case German and Danish legislation

## Competition legislation

- EU
- National

## Cooperation

- ERGEG Electricity Regional Initiative Northern Europe
- Other, e.g. NordREG

## Regulation 1228/2003 - general

- **Regulators' cooperation**
- **Minimum rules – might be more detailed nationally**
- **Penalties**
  - **National penalties**
  - **Commission fines**

### **Regulation 1228/2003 – "New" Annex. Crucial CM related requirements**

- **Explicit or implicit auctions**
- **Firm long and medium term allocations  
"Use-it-or-loose-it" or "use-it-or-sell-it"**
- **Daily, monthly, quarterly etc.: TSO with NRA review**
- **Secondary capacity market**
- **Coordination within regions  
Inter-regional compatibility**
- **Cooperation between TSOs**
- **Intra-day congestion management by 1 January 2008**
- **No discrimination between bilateral and spot trading**

### Regulation 1228/2003 – "New" Annex Crucial NRA tasks

- Evaluate congestion management methods
- Review allocation of capacity between different timeframes
- May impose restrictions on companies' participation
- Review of methods for compensation in case of curtailment
- Review TSO transparent publication of information
- Review
  - sharing of congestion income between TSOs
  - TSOs' use of congestion income

- **DE - DK interconnectors are Continental – Nordic  
German and Danish energy legislation will apply**
- **German and Danish energy legislation at present add very little to regulation 1228 rules**

**Consequently...notification of CM method must allow NRAs to:**

- **Evaluate CM method**
- **Review**
  - **allocation of capacity between different timeframes**
  - **sharing of congestion income**
  - **compensation schemes**
  - **transparency**

# National legislation – Energy (2)

## – notification process

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- 1. Based on informations on planned CM model received up till now BNetzA and DERA**
  - accept 2008 allocation between timeframes
  - request the use of "use-it-or-sell-it" from 2009
  - call on TSOs to increase transparency and accessibility of secondary capacity trading
  - call on MoU partners to establish an appropriate intra-day platform
  
- 2. Comprehensive information for formal notification will include**
  - Description of all elements of CM on DE – DK interconnectors
  - Description of EMCC legal/contractual set-up and accordance with competition rules

## Generally

- Informal ERGEG initiated process
- Promote electricity (and gas) market integration
- Regulators as catalysts  
TSOs and PXs as "do'ers"  
Involving stakeholders
- Role in transition period until "3rd package" implementation

## North Europe specifically

- Germany, Poland, Denmark, Sweden, Norway and Finland
- Focus on interface between Nordel-area and Continent
- Top priorities:
  - Capacity allocation mechanisms
  - Transparency in the whole sale market

- **MoU presented and discussed at the 1st Implementation Group (IG)**
- **”MoU-process” driver of this part of ERI North Europe work**
- **IG reviews among market participants**
- **MoU presentation at Stakeholder Group meeting 14 June**
- **Related work IGs on ”Transparency” and ”Baltic Cable and SwePol”**
- **Other than DE/DK regulators, TSOs and stakeholders take part in this ”Continental – Nordic” process**