

DAILY NEWS to Members: 11/03/2008 by Marco Foresti

Ereg Conference: Energy Commissioner Shows Support For Eurelectric's Regional Independent Operators Proposal

The regional independent operator (RIO) model put forward by EURELECTRIC could be *"even more effective than the Independent System Operator (ISO) model"* in both ensuring effective unbundling of grid operations and fostering market integration, EU Energy Commissioner Andris Piebalgs told 200 delegates at a conference hosted by the European Commission and regulators' body ERGEG on 27 February. The event focussed on the Annual Report of the *ERGEG Regional Initiatives (ERIs)* launched in spring 2006.

At the conference in Brussels, representatives from the energy industry, regulators and the Commission expressed their views on the current status of the market integration process at regional level. Under the *Regional Initiatives*, three gas and seven electricity regional markets have been set up with the aim of harmonising market and technical codes as an intermediate step towards the creation of a single competitive European energy market*.

Gunnar Lundberg, Chairman of EURELECTRIC's Markets Committee, outlined the industry point of view on the challenges still lying ahead. He underlined that market players have welcomed the ERIs as a useful tool to drive regional markets forward, adding that in order to speed up the integration process, development should be consistent from region to region, following a roadmap with clear steps and priorities. Focus should be placed on areas *"which will deliver rapid results while demanding few actions"* - areas such as harmonised gate closure, centralised capacity auction office, market coupling and intraday balancing markets#.

Discussion also took place on the new liberalisation proposals set out in the *"third energy package"*[^], and the opportunities for fostering market integration, EURELECTRIC and other market stakeholders arguing that the draft directives and regulations proposed by the Commission do not sufficiently emphasise regional cooperation. Mr Lundberg reaffirmed the need to incentivise transmission system operators (TSOs) to join up in regional independent operators. The RIO model^o would both drive market integration and solve the issues of independent investment planning and fair access to networks, he stressed.

Andris Piebalgs recognised the importance of the ERIs as a way to overcome national approaches and move towards a pan-European market. He also supported the idea of a regional system operator as a possible way to solve the unbundling issues. Referring to an unofficial discussion paper⁺ drawn up by Commission officials, the Energy Commissioner told delegates that the *"third way"* approach championed by a number of EU Member States could be accepted if *"accompanied by a legal obligation for the companies concerned to establish a regional system operator."* Mr Piebalgs acknowledged that, given its strong regional approach and potential contribution to further market integration, the RIO model *"may even be more effective than the ISO model proposed by the Commission in the third package."*