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THE EUROPEAN WIND ENERGY ASSOCIATION

EWEA response on the future role of the Regional Initiatives

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EWEA welcomes the consultation by the European Commission on the Regional Initiatives (RI) as a review of the process and its contribution to the completion of an Internal Energy Market (IEM) is long overdue. EWEA already outlined in the ERGEG public consultation in January 2010 the structural weaknesses of the Regional Initiatives (RI) as such a voluntary approach driven by the regulators triggered only varied progress in different regions, different levels of national regulator and stakeholder involvement, as well as poor project management in some regions.

Furthermore, the need for a high level/strategic vision was outlined in order to set the overall direction of market integration and to close the gap between the current bottom-up approach of the RIs and the top-down approach which will be applied during the implementation of the 3rd Package through Framework Guidelines and Network Codes.

EWEA agrees with the European Commission when stating that Electricity RIs should collectively pursue the target of full market coupling across the EU by 2015, as outlined in the target model for market integration as developed by the ERGEG Ad hoc Advisory Group (AHAG) and discussed at the Florence Forum. EWEA advises therefore the European Commission to launch an initiative based on Article 12.3 of the Electricity Regulation (714/2009) redefining the geographical area covered by each regional cooperation structure within the context of a broader process of reform of the RIs. Together with the ongoing construction and planning of new subsea interconnectors and current market coupling activities according to the target model, an upcoming integration of the France-UK-Ireland region with the Central-West region, the Central-West region with the Northern region, as well as the Baltic region with the Northern region seem reasonable.

In view of the ongoing and future market coupling plans as outlined in the target model up to 2015 and also from the Members States' commitment to achieve a single market for electricity even earlier in 2014¹, a future Commission driven reform of the RIs should importantly include an ambitious timetable and milestones when RIs should subsequently merge and lastly converge into a single European market. The Florence Forum is the appropriate place to elaborate such a final strategic vision with the European Commission leading this process, in close collaboration with the relevant stakeholders. Again, it should be clearly stated that RIs are not a goal in itself, and any risk that RIs become too strong and consequently an obstacle for the establishment of a single market should be avoided.

¹ See HoS council conclusions, 4 February 2011:
http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/119175.pdf

However, two key issues remain to be clarified:

- what role are the RIs going to play with regards to network codes related to market integration; and
- how will the RIs complement ENTSO-E in its work on the forthcoming official 10-year network development plan (TYNDP) by identifying additional further infrastructure needs in their respective regions.

The 3rd Liberalisation Package provides for a framework for achieving a single energy market with newly established bodies at European level such as ENTSO-E and ACER, and main deliverables such as Framework Guidelines and Network Codes, the latter constituting binding EU regulations on cross-border network management. Regarding the first concern, EWEA believes that the RIs must be part of this new legislative framework and well coordinated with its objectives without compromising the envisaged top-down measures of Framework Guidelines and Network Codes. In addition, the European Commission should have a proactive role in overseeing the entire process of RIs converging into a single market and giving guidance and support to Member States and NRAs when it comes to enforcement actions.

Sufficient coordination will be required between the European and regional structures of ERGEG/ACER, ENTSO-E and the Member States, together with the European Commission, which should provide guidance on adequate oversight arrangements. By the same token the Commission rightly states that coherence of the work of the different regions must be provided by top-down guidance, concretely through Framework Guidelines and Network Codes. Therefore, any additional structure to provide for coherence across regions should be avoided and the swift establishment of electricity market related Network Codes (which are the translation of the target model developed by the AHAG) must be prioritised and taken as a reference for the regions in case RIs are lagging behind when converging into a single market.

However, EWEA agrees that for issues which are not yet covered by framework guidelines and network codes, the RIs can have an important role as test-bed for new ideas which might then result in an initiative to develop new binding rules, e.g. via new network codes under the condition of proper and transparent stakeholder involvement.

Furthermore, the European Commission should explore potential synergies of the RIs and its vision on infrastructure development needs as presented in the recent communication on infrastructure priorities. EWEA welcomes therefore the suggestion to make best use of the RIs by giving them a more pronounced role in identifying infrastructure priorities for their respective regions and in coordinating cross-border investments both within and in between

regions. To this end, ENTSO-E should take due account of any investment needs identified by the RIs in addition to their project list outlined so far in their first 10-year network development plan, and in the future results of their network modeling towards the first official 10-year network development plan due in March 2012.

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The European Wind Energy Association (EWEA) is the voice of the wind industry, actively promoting the utilisation of wind power in Europe and worldwide. Over 650 members from nearly 60 countries, including manufacturers, developers, research institutes, associations, electricity providers, finance organisations and consultants, make EWEA the world's largest wind energy network.