



Press release

8 August 2000

EFET express concern to European Commission on cross border transmission tariffs.

The European Federation of Energy Traders (EFET) has expressed to the European Commission its concern with the recent direction of Florence process discussions on cross-border power transmission tariffs. EFET advocates a non-discriminatory, transparent and cost-reflective regime of cross-border tariffication, which does not require the individual identification of transactions. A revised deadline of August 1 was given by the Commission to receive proposals from the Member States/ TSOs for [national] cross border tariff regimes.

There have now been a few indications of proposals from a few transmission system operators to be in favour of a tariff that would be imposed on declared exports, perhaps at the rate of 2 euros per MWh, as was originally proposed by ETSO at Florence in March.

EFET believes that sanctioning of such a scheme would virtually bring us back to a transaction-based system of cross-border charges, which all parties to the Florence process have agreed since last year must be avoided. This agreement was in fact endorsed by the Council of Energy Ministers on May, 30, where the emphasis was put on non-discriminatory, cost-reflective and non-transaction based tariffication of cross-border power transmission.

Objections to a cross border tariff charged according to declared exports are:

It will inhibit trade between Member States

- By creating ambiguity as to who should pay the charge if more than one market party is involved in a series of transactions and the incidence of export is virtually unidentifiable.
 - By eliminating trading margins on most spot transactions if the amount of the tariff is approved at anywhere near the apparently proposed level.
- **Its incidence will be discriminatory**
 - Vertically integrated incumbents will be in a privileged position as they will often be able to evade such charge by having multiple sources and loads on either sides of the border or by entering into a swap agreement with another incumbent.
 - **It would not be cost-reflective**
 - The costs attributed to transit flows are obviously over-estimated. Besides, we believe that it would be unfair to penalise only export transactions in order to cover payments into the inter-TSO pool while spreading the benefits of any credits from that pool across all system users.

For more information: Jan van Aken
e-mail: secretariat @efet.org
phone: +31 621 537 537