

Press Statement

21 September 2001

ETSO Proposal for a Temporary CBT Mechanism

Still Moving in the Wrong Direction

EFET, during its General Meeting in Berlin on 20 September 2001, expressed concern about the direction of the European debate about transmission tariffs, which are supposed to compensate the cost of cross-border and transit flows of electricity. Referring to the ETSO proposal for a temporary transmission tariffication scheme for cross border trade (“CBT”) of 3 September 2001, EFET members made clear at the General Meeting their disagreement with the ETSO proposal.

ETSO purports to have proposed a transitory mechanism to remunerate the use of national transmission systems for cross-border trade. That part of ETSO’s proposal, which envisages a fee of 1Euro/MWh to be charged on declared exports (or an equivalent charge on those “causing flows”), is:

- Potentially transaction based
- Not cost reflective
- Potentially discriminatory
- Likely to impede trade
- Likely to distort the market by giving false pricing and investments signals.

During the 7th Electricity Regulatory Forum in Florence in May 2001 participants concluded that the “...implementation of the system by each Member State must ensure that the mechanism facilitates trade, does not hamper the further development of the market...” Furthermore, the Conclusions went on to state, “It must also not be transaction based and fully respect the principles of non-discrimination, cost reflectiveness, simplicity and transparency and must lead to an undistorted internal market.”

EFET continues to advocate tariffs for transmission access, which are charged only to connected generation and/or load. EFET firmly believes that a dialogue must be continued to ensure that a CBT system is developed, which is not transaction based and discriminatory, but which ensures that a truly open and competitive internal energy market develops.

To these ends EFET intends to continue the process of consultation, already started in June 2001, with the Council of European Energy Regulators (“CEER”) and other Florence participants, on a permanent CBT system. This should be based on the 14 guidelines put forward by CEER in its written proposal to the May Florence meeting. EFET looks forward to an intensification of the work, which urgently needs to be completed by members of ETSO, to facilitate the permanent CBT system.

Editor Note

Members of EFET are 63 electricity and gas trading entities from 15 European countries, including almost all major and medium size energy traders in Europe. The objective of EFET is to promote energy trading and to establish an efficient wholesale market for electricity and gas in Europe and to get rid of the barriers and hurdles that hinder the development of an efficient European electricity and gas market.

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