

Newsletter from October 4th, 2007

1. Compliance with Electricity Regulation 1228/2003 - An ERGEG Monitoring Report!

- *With the entry into force of the Regulation on the 1st of July 2004, the first Guidelines on Congestion Management became legally!*
- *Binding and on the 1st of December 2006, the amended Congestion Management Guidelines took legal effect!*

Executive Summary

The European Commission has requested the European Regulators Group for Electricity and Gas (ERGEG) to prepare a report on ERGEG's experience with the Member States' compliance with the Regulation (EC) 1228/2003 (Regulation (EC) No 1228/2003 of the European Parliament and of the Council of 26 June 2003 on conditions for access to the network for cross-border exchanges in electricity, hereafter "Regulation"), in cooperation with the European Commission. ERGEG has assessed the compliance with the obligations under the Regulation in the areas of Inter Transmission System Operator Compensation (ITC) mechanism, Transmission Tarification (TT), Congestion Management (CM) and within that scope transparency and new interconnectors.

The Regulation provides for binding guidelines on ITC mechanism, Transmission Tarification and Congestion Management. With the entry into force of the Regulation on the 1st of July 2004, the first Guidelines on Congestion Management (annexed to the Regulation) became legally binding and on the 1st of December 2006, the amended Congestion Management Guidelines took legal effect. The Regulation requires parallel adoption of ITC and Transmission Tarification Guidelines, but the difficulties with deciding on the appropriate ITC scheme have postponed the process. ITC Guidelines and Guidelines on Transmission Tarification have not been adopted so far. It is important for the development of the internal electricity market to have the guidelines on the two remaining issues adopted as soon as possible in order to have binding EU rules for the network access charges (Transmission Tarification Guidelines) and Inter-TSO Compensation (ITC Guidelines).

The ITC scheme has been run on a voluntary basis by the European Transmission Network Operators' (ETSO). The latest ETSO agreement on ITC mechanism was accomplished on 27th of May 2007 to cover the time period of June-December of 2007. The voluntary ETSO schemes applied have not fully complied with the Regulation, with the major sources of non-compliance being (i) the applied cost basis, i.e. not taking into account the Long Run Average Incremental Costs (LRAIC), and (ii) the fees that have been set for nominated export to the non-participating countries and for nominated import from the non-participating countries within the EU, in so far these fees have not been socialized among the transmission network customers.

ERGEG has prepared in 2005 draft Guidelines on Transmission Tarification. As tariff structures may vary across the countries and also within a country, the approach applied in the draft TT Guidelines has been to propose the harmonisation of G charges at transmission network level and to introduce a specific range for the G charge with dedicated categories for continental Europe, Nordel, UK and Irish systems.

The G charges in the Member States already fulfil to a high extent the harmonisation requirement of the draft TT Guidelines by falling within the range set for the fees for generators.

However, the requirement of removal of international supply transaction based charges in the draft TT Guidelines is not presently fulfilled because of the fees for non-participating EU countries set in the voluntary ETSO ITC scheme.

The Regulation provides the general principles for managing congestion, while the Congestion Management Guidelines lay down more detailed rules including transparency requirements. In general the allocation procedures at the different borders are applied for all the available transmission capacity as required by the CM Guidelines. However, long term capacity

reservations exit at the Swiss borders, at the Poland – Slovakia border and Slovakian side at the Slovakia – Hungary border.

According to the CM Guidelines, the congestion management methods shall be market-based. Explicit and implicit auctions are considered for that purpose. Furthermore, for intra-day trade continuous trading may be used. Explicit auctions are used at most of the European borders for long-term allocation of capacity and these are also used for short-term day-ahead allocation in continental Europe. Implicit auctions with market splitting or market coupling are used (or will be used) for short-term allocations (day-ahead and/or intraday) at interconnections between Nordic countries, in continental Europe between France, Belgium and the Netherlands and linking Nordic market with the continental Europe.

The CM Guidelines require that capacity allocation is coordinated and implemented using common allocation procedures among those TSOs having mutual affect on their grids. In this respect the regions defined in the CM Guidelines do not fully comply with the Guidelines.

Only a few TSOs publish all relevant information related to network availability, access and use together with a report on congestions and its future management. Publication of data is not yet coordinated within regions. TSOs have published general information on the auction mechanism but detailed information of these mechanisms is rarely published. The same applies for capacity calculation: only general or partial descriptions of capacity calculations have been published. Only a few TSOs publish annually the evolution of transmission infrastructure for the longer term while some TSOs publish this information bi-annually or less regularly. All TSOs publish at least available capacity for daily auctions and allocated capacity but publication of monthly, weekly and intra-day capacity forecasts varies depending on the market design. Only some TSOs publish ex-ante information on planned outages and ex-post unplanned outages of generation units larger than 100 MW.

ERGEG will continue to monitor the compliance with the CM Guidelines and prepare a second compliance report in year 2008. Furthermore, ERGEG will continue the work on the CM Guidelines to provide recommendations on interpretations and, where necessary, recommendations on amendments to the CM Guidelines. The recommendations will be a subject of a separate document and will be delivered to the EC as an ERGEG advice during the year 2008.

According to Article 7 of the Regulation, new direct current interconnectors or significant increases of capacity of the existing interconnectors may, upon request, be exempted from certain provisions of the Regulation. So far only one exemption has been granted on that basis, to a direct current interconnector connecting Estonia with Finland in February 2005.

Source: europa.eu

2. Revised EU waste shipment regulation!

- *Tougher enforcement rules are foreseen, and exports of hazardous waste to developing countries will be banned!*
- *The regulation stipulates the type of requirements shipments must comply with!*

On 12 July 2007 a revised regulation on the shipment of hazardous and non-hazardous waste entered into force. The regulation replaces the 1993 waste shipment regulation. It aims at providing greater transparency of the supply chain and preventing illegal exports.

The new rules will make it easier for Governments to block exports of waste not destined for recovery.

Tougher enforcement rules are foreseen, and exports of hazardous waste to developing countries will be banned. Exports of hazardous waste from the EU to developing countries will be banned, as well as exports of non-hazardous waste, for disposal in non-EU or EFTA countries.

Member states will carry out spontaneous inspections and be authorised to open containers. Senders of waste must take the waste back at their own expense if the shipment cannot be properly completed.

The regulation is based on the EU commitments in the context of the Basel Convention and the OECD Decision on the trans-boundary movements of waste.

However, the EU regulation does not only cover extra-EU movements but also shipments of waste between member states. The regulation stipulates the type of requirements shipments must comply with.

Find out more on: <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/07/1078>

Source: Eye on WEEE

3. New applicant in Romania: RoRec

- *“Our ambition is to take on producer responsibility for WEEE management and to meet high recycling standards”!*
- *The financing system will consist of a visible fee for appliances!*

RoRec, a non-profit Romanian WEEE system, has also applied for membership of the Forum (WEEE-Forum). The system was founded by members of CECED Romania: Amica, Arctic, BSH, Candy/Hoover, Electrolux, Gorenje, IndesitCompany, Philips, Group SEB and Whirlpool. —Our ambition is to take on producer responsibility for WEEE management and to meet high recycling standards”, says Liviu Popenesciu, president of RoRec.

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The system covers all the steps of the WEEE collecting and recycling process, namely logistics, treatment and reporting. Concerning the logistics, municipalities and retailers will be responsible for the collection from households. After sorting and partial dismantling, the e-scrap will either be exported or be recycled in Romania. Two companies are currently investing in WEEE treatment (at Buzau and Constanta). The transport/logistics, storage and sorting and treatment partners will be selected based on best offer selection, taking into consideration the price but also a legal, best performing and environmental sound framework.

The system, covering both B2C and B2B appliances is licensed by the authorities. The financing system will consist of a visible fee for appliances that are used in households and a direct contribution (per ton) for B2B appliances. The visible fee is specific for every category of appliances. There are also subcategories according to the dimensions, for refrigerators and TV sets. In the context of the introduction of the visible fee in Romania, the secretary general of the WEEE Forum, Pascal Leroy, was invited to take part in a press event organised by RoRec and Recolamp on 29 June 2007 in Bucharest. Contact: Catalin Gurau MD CECED Romania catalin.gurau@cecedromania.ro

Source: Eye on WEEE