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<%@LANGUAGE="VBSCRIPT"%> <% Dim Recordset1 Dim Recordset1_numRows Set Recordset1 =  
Server.CreateObject("ADODB.Recordset") Recordset1.ActiveConnection = MM_ifiec_STRING  
Recordset1.Source = "SELECT * FROM electricity ORDER BY volgorde DESC"  
Recordset1.CursorType = 0 Recordset1.CursorLocation = 2 Recordset1.LockType = 1 Recordset1.Open()  
Recordset1_numRows = 0 %>
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EUROPE

IFIEC Europe

Documents- Electricity

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Working document

Directive 96/92/CE of the European Parliament and the Council
concerning common rules for the internal market of electricity

PRINCIPLES OF REGULATION AND DISPUTE SETTLEMENT with particular regard to electricity transmission

IFIEC EUROPE preliminary recommendations

The Electricity Directive is not explicit as to how regulation should be organised during the implementation phase. Art. 22 of the Directive states only that : « Member States shall create appropriate and efficient mechanisms for regulation, control and transparency so as to avoid any abuse of dominant position... » Regulation is a national responsibility and Member States are free to choose regulatory mechanisms which may differ from one country to another, as long as the mechanisms « take account of the provisions of the Treaty, and in particular Art. 86 thereof ».

With regard to dispute settlement, Avenant (36), Art. 20(3) and Art 20(4) require Member States to « designate a competent authority, which must be independent of the parties, to settle disputes relating to the contracts and negotiations in question ».

Without prejudice to the above, IFIEC Europe considers that national regulatory policies and provisions for dispute settlement concerning the internal electricity market could aim to embrace common basic principles, particularly with regard to transmission activities.

IFIEC Europe recommends that the following principles be given due consideration by the Commission and by Member States during the implementation phase of the Electricity Directive :

1. Areas where de facto monopolies exist should be regulated.
2. Monopoly activity in the electricity sector should not be used to conduct public policy.

3. Power transmission broadly covers two functions:

- the investment, maintenance and operation of high-voltage infrastructures,
- the management of the grid operations, including the dispatching of power generation according to merit order and the provision of ancillary services covering the regulation of high voltage flows, quality of power delivered, (losses, grid stability and frequency control, harmonics, etc...), stand-by provisions in case of interruptions or technical breakdown, (reserve capacity, pumping storage capacity, spinning capacity, etc...).

4. In order to effectively implement the electricity directive, high-voltage transmission should be treated as a low economic risk, « de facto » monopoly.

5. The aspects of transmission that should be regulated are:

- charges reflecting the cost of investment, maintenance and operation of the transmission infrastructure and certain ancillary services including: frequency and voltage control,
- maintenance and safety standards,
- connection standards and charges,

6. Charges should be transparent, as low as possible and fully-reflective of demand-side needs. Indicative prices should be published.

7. Selective aspects of transmission should be optional and subject to negotiation, according to plant site profile. These aspects cover ancillary services including: primary and secondary reserve, blackstart, reactive energy.

Ancillary services should be unbundled and indicative values should be published.

8. The priorities for transmission regulation are:

- grid access ,
- transparency of prices offered,
- non-discrimination of conditions and prices for comparable use of grid.

9. The function of regulation should ensure independence. The conditions required to achieve this are:

- clearly defined objectives and terms of mandate,
- accountability on an annual basis,
- adequate resources to carry out the mandate, in terms of financial and administrative resources and availability of high-level economic and technical expertise,
- fixed long-term mandate (ex; 5 years),
- a collective regulatory body composed of 3-5 high-level members, with phased, non-renewable nominations.

10. The government should appoint the individuals charged with the mandate of regulation.
11. The regulatory body should be fully accountable.
12. In case of disagreement with the decision of the regulatory body, an appeals procedure should be provided for. The plaintiff should have the possibility to appeal directly to other entities, e.g. competition authority; local, national or EU court; international arbitration.
13. The membership of the regulatory body should reflect broad representation of experience, including experience from the business community. Industrial consumer representation should be ensured in the regulatory consultation process.
14. A common methodology for high voltage transmission access conditions and pricing should be developed across Europe.
15. The basis tenents of regulation should be simplicity and transparency.

<% Recordset1.Close() Set Recordset1 = Nothing %>