

```
<%@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 %>
```

INTERNATIONAL FEDERATION OF INDUSTRIAL ENERGY CONSUMERS

EUROPE



Head Office: 119 Chaussée de Charleroi B- 1060 Brussels

Tel: 32 2 542 06 87 Fax: 32 2 542 06 92

IFIEC Europe

Documents- Electricity

Brussels: 19/03/2003

Completing the Internal Electricity Market

The industrial consumers' point of view with respect to the Common Position adopted by the Council on February 3rd, 2003 with a view to the adoption of a Directive of the European Parliament and of the Council concerning common rules for the internal market in electricity and repealing Directive 96/92/EC (ref: 2003/C 50 E/02) and the adoption of a Regulation of the European Parliament and of the Council on conditions for access to the network for cross-border exchanges in electricity (ref: 2003/C 50 E/01)

The European Council reached an agreement on February 3, 2003 on a new Directive to complete the Internal Market for Electricity. The Council also issued its Common Position on the Regulation on cross-border exchanges for Electricity. IFIEC Europe welcomes these long-awaited agreements as they will provide a significant step forward in reaching effective market opening and competition within the European electricity market to the benefit of electricity customers and the European economy.

In particular IFIEC Europe welcomes the following achievements:

- **Directive concerning common rules for the internal market in electricity**

1. Clear dates for full market opening: According to Art. 21, non-domestic customers shall become eligible to purchase from the electricity supplier of their choice by July 1, 2004; domestic customers shall enter the competitive market by July 1, 2007 at the latest. IFIEC Europe suggests not to weaken this essential element of the new Directive.

2. Strict unbundling of electricity grids: IFIEC Europe is convinced that ownership unbundling is the only effective way to avoid conflicts of interest. The Council's common position proposes legal unbundling. Therefore, we feel that at the very least, this legal unbundling must be subject to clearly defined principles and rules in order to prevent abuse.

IFIEC Europe believes that it is most important that legal unbundling is achieved with the strongest possible separation between the TSO and its parent company, as well as

undertakings. Proper unbundling is critical for the new Directive to succeed. Therefore, it is imperative that transmission system operators and distribution system operators be companies independent from generation and supply undertakings and have their own independent decision-making body.

Consequently, the following articles are challenged:

In articles 10.2(c), 15.2 (c) and 17(c), the last sentence should be deleted.

“ This should not prevent the existence of appropriate coordination mechanisms to ensure that the economic and management supervision rights of the parent company in respect of return on assets in a subsidiary are protected.”

Ultimate supervision rights of parent companies in respect of return on assets in a subsidiary are already protected by existing laws. In this Directive, the independence of transmission system operators and distribution system operators, and their capability to use sufficient financial resources for investments and reinvestments in a cost-efficient way, must primarily be protected.

3. Regulation of monopoly services: Art. 23 provides regulatory authorities with new competence which are urgently needed for the effective functioning of the market. Regulatory authorities will be supervising the management of interconnection capacities between Member States. They will also be responsible for fixing or approving the methodologies of national transmission and distribution tariffs as well as the provision of balancing services. IFIEC Europe suggests not to compromise on these regulatory functions which are essential to safeguard competition.

4. Public service obligations: IFIEC Europe suggests not to overburden all actors within the internal electricity market by any further public service obligations. There are many signs that competition is in effect the best measure of customer protection and that extensive obligations may serve as a pretend to limit competition and safeguard special interests.

- **Draft Regulation on conditions for access to the network for cross-border exchanges in electricity**

5. Regulation on cross-border exchanges : IFIEC Europe is convinced that the Electricity Transit Regulation will promote cross-border trade and help to overcome still fragmented national markets. In particular we welcome the clear abolition of any distance-related charges for access to networks by Art. 4. Specific network charges on individual transactions for declared transits are also ruled out.

6. Congestion Management: IFIEC Europe welcomes the general principals contained in Art. 6.

As concerns the Annexe on the management and allocation of available transfer capacity of interconnections between national systems, IFIEC Europe agrees with the overall principles governing methods for congestion methods.

Nevertheless, as concerns specific methods, IFIEC Europe continues to support a so-called dynamic toolbox approach whereby allocation methods should be tailor-made to the specific circumstances at the border which might change over time. For this reason, IFIEC Europe opposes the introduction of a sole auctioning method to resolve all congestion management problems throughout Europe. Further guidelines need to be developed for other methods

under Art. 8 for which IFIEC Europe offers its full active support.

In conclusion we hope that the demanding timetable to bring the new directive and regulation into force will be kept, and that electricity customers will see further market opening by mid 2004. We are looking forward to discuss these matters in further detail with you.

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