

# ENERGY IN THE EU

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Monthly ČEZ Bulletin

3/2007



## ENERGY IN THE EU: HOW THE CITIZENS SEE IT

In February issue of our bulletin we presented the results of a public opinion poll of Euro-citizens about energy technologies. Recently the Eurobarometer published data from a survey of the attitudes of EU citizens regarding more general issues associated with energy, organised at the incentive of the European Commission and conducted in the form of telephone calls by the Hungarian branch of the Gallup Institute. Its employees asked questions on energy and its role in the lives of almost 26,000 people in all EU member countries, and the results show that it concerns a topic of utmost urgency. One of the most interesting findings is the overwhelming opinion that matters associated with energy should be dealt with at European (62% of respondents), and not at national (32%) level. The European Commission and German chairmanship has gratification in its attention to energy policy this year however it should not overlook that there is a considerable difference of opinion between some of the new and old EU members. Citizens from five central and Eastern European countries, including the Czech Republic would like to see an energy policy mainly “at home”. The Eurobarometer does not provide an answer

to the question to what degree these opinions are influenced by the general scepticism or perhaps “public disillusion” from the enthusiasm for the EU in the past or whether this concerns a conscious attitude to energy. The answer will probably be somewhere in the middle. There are also differences in other spheres, for example in such sensitive issues as nuclear energy; 3/4 of Greeks and Austrians would want to see its role reduced, on the contrary, half of Bulgarians and Czechs want it to increase because it is energy that does not contribute to global warming. One positive impression from the results of the poll appears to be obvious on a pan-European scale: Europeans – fortunately – are not just interested in the results of the football championship league, but they are also not indifferent to energy policy. The fact that they want to deal with some issues in their own way should not worry EU politicians, but inspire them to look for answers to fundamental issues – what is the common aspect of energy policy and where will the weight of the EU be displayed in the best possible sense of the word. One such sphere could certainly be “a common EU energy foreign policy”.

Your EAS

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### THIRD EUROPEAN COMMISSION “ENERGY PACKAGE”

**“The third energy package which we plan to issue by the end of this year must be the last required to complete the creation of the internal energy market”, said European Energy Commissioner, Mr. Andris Piebalgs, at a conference held as part of the German chairmanship of the Council of Europe in Berlin.**

This package would, in his words, contain proposals for specific meas-

ures so the single internal market could be fully functional by the end of the term in office of the present European Commission. The Commissioner promised to issue the package by the end of this year even though the European Commission, despite the disapproval of some member states, intends to continue to enforce a concept of ownership unbundling whereby it is now analysing the possibilities of how when realising the ownership unbundling to guarantee the legitimate rights of shareholders and protect their interests.



### REDUCTION IN THE ALLOCATION OF EMISSION ALLOWANCES FOR THE CZECH REPUBLIC

**At the end of this March the European Commission passed a decision on the Czech and Polish national allocation plan for the period of 2008 to 2012, when it limited the allocation of emission allowances for both these member countries.**

The Czech Republic requested that for the years 2008 to 2012 it be allowed to issue emission allowances for up to about 102 million tons of CO<sub>2</sub> annually. The Commission accepted its national allocation plan provided that a certain number of changes are made including a fundamental decrease in the generally proposed number of emission allowances. The European Commission demands the limitation of the allocation of emission allowances for the Czech Republic by a sixth to 86.8 million tons. “Our decisions are based on open emissions of the member countries in 2005, and they take into account projected economic growth and consider expected im-

provement in carbon intensity,” said European commissioner Stavros Dimas after the approval of the emission plans for the Czech Republic and Poland. In comparison with Poland, the Czech Republic came out pretty well: Warsaw’s demands were limited by the Commission by more than a quarter to 208.5 million tons. In the previous period the Czech Republic demanded an emission allowance of up to 97 million tons of CO<sub>2</sub>, however Czech “production” of this greenhouse gas is really 82.5 million tons. The compilers of the allocation plan must now prepare a breakdown of the allocation into individual facilities and incorporate further partial comments of the European Commission into the allocation plan. In view of the extent of the reduction of the allocation and process of preparations of the allocation plan, solution proposals can be expected in the course of April for discussions with the public and its subsequent processing into the form of a government regulation. The final decision can be expected within a period of several months. The Commission’s decision is available at the following address [↗](#)

## GREEN BOOK ON “ENVIRONMENTAL” TAXATION

**The European Commission’s Directorate-General for Taxation and Customs Union published its Green Book on 28<sup>th</sup> March of this year which deals with the transfer of the tax burden from labour taxation to taxation of activities harmful to the environment.**

The purpose of this book is to begin discussions on the utilisation of market instruments to stimulate sustainable consumption and production. Taxes, fees, subsidies and negotiable allowances should assist in realising the environmental and energy objectives while including the concealed costs of unsustainable behaviour and production. Therefore, the European Commission called on all interested parties to provide their opinions and standpoints by the end of this July. The Green Book proposes the establishment of a new forum to support the exchange of experiences and the best practice between member countries in the field of environmental tax reforms and market instruments. The point of this consultation is to gain as many incentives and

opinions so the European Commission can subsequently draw up proposals of relevant legal regulations which will be acceptable to all the member countries to the greatest possible extent. The acceptance of legal regulations in the tax sphere requires the unanimous approval of all the member countries. ČEZ, a.s. will submit its standpoint to this Green Book in the next few months. The Green Book can be consulted at the following address [↗](#)

## “RENREN”

**Under the auspices of the European Energy Commissioner, Mr. Andris Piebalgs, six European regions have commenced closer cooperation in the sphere of renewable energy sources through the so-called RENREN – Renewable Energy Regions Network.**

The purpose of the cooperation between Upper Austria, Schleswig-Holstein, North Sweden, Wales, Cyprus and Iceland is to exchange experience in the sphere of utilisation of renewable sources and making their utilisation more efficient. The initial session of this

regional initiative was held on 17<sup>th</sup> April in Brussels. More information is available at the following address [↗](#)

## GROUP OF EMPLOYERS WITHIN THE EESC ON THE EU ENERGY POLICY

**Representatives of the Group of Employers representing the business sphere within the European Economic and Social Committee (EESC), one of the most important and biggest advisory bodies of the EU, met on 3<sup>rd</sup> April for an extraordinary meeting the subject of which was the EU energy policy.**

The meeting was also attended by Deputy Director-General of DG TREN, Mr. Dominique Ristori. Representatives of employers admitted responsibility for resolving the challenges of the present such as the topic of climate change, however they also warned of some phenomena that they consider negative for the future of Europe; particularly the growing dependence on energy suppliers who are tempted

to take the EU as “ransom” or of rapid increase in energy consumption. One of the ways of avoiding these risks is the development of an economy with a lower share of “carbonic” energy. The Employers Association within the EESC also opened the issue of greater integration within the sphere of energy regulation (e.g. in the form of a common European regulator or in the form of the separation of production and distribution). Given the attention that they devoted to these issues, it can be concluded that enterprises such as energy customers need not be left out of an discussions in future concerning this pressing topic and their opinions and requirements will have to be taken seriously – at least for the reason that EU bodies can refer to them in their political and legislative initiatives. The Group of Employers also agreed on the need to significantly increase the awareness of the community about the critical problems of energy policy such as the discussed energy dependence of the EU on external sources. The press release of the meeting is available at the following address [↗](#)

## INAUGURATION OF A SOLAR POWER PLANT IN SPAIN

**On 30<sup>th</sup> March of this year the first commercial concentration solar power plant in Europe of the company Anegoa was opened 25 km west of the Spanish city of Seville.**

The 11 MW power plant was financed partly from the funds of the European Union and total costs came to € 35 million and it should produce 23 GWh of electricity annually which corresponds to supplies of electricity for about 10,000 people. The power plant was opened by the European Energy Commissioner, Mr. Andris Piebalgs, who stated that new technologies are providing Europe with the potential of how to confront climate change and increase energy security. The so-called PS10 project should produce electricity by 624 tracking mirrors known as “heliostats” each on 120 m<sup>2</sup> which concentrate solar radiation into a 115 metre high tower. More information is available at the following address [↗](#)

## E.ON SURRENDERS BID FOR ENDESA

**The German energy company E.ON has surrendered a take-over bid for the Spanish company Endesa of more than € 42 billion (CZK 1.2 billion).**

However E.ON has agreed to purchase some of Endesa’s assets from applicants competing for its takeover if their bid proves successful. The parties competing for Endesa are the Italian energy company Enel and the Spanish construction group Acciona. If the abovementioned companies prove successful, E.ON will purchase from them Endesa’s assets in Spain, Italy, France, Poland and Turkey worth € 10 billion. However last week E.ON had increased the takeover bid for Endesa to € 40 per share from the previous € 38,75. Shortly afterwards Enel and Acciona announced that they would offer at least € 41 per Endesa share provided that E.ON as part of its bid does not gain more than half of the Spanish company. Enel and Acciona already own 46 percent of the shares in Endesa. E.ON’s agreement is available at the following address [↗](#)



## EU SOLAR POTENTIAL MAP

**In the last month the European Commission published a new interactive map which depicts the potential of European regions with regard to their utilisation of solar energy. The document also contains information about the utilisation of photovoltaic technologies.**

The map shows that the same solar system may produce twice as much electricity in the sunny regions of Europe such as Malta or southern Spain as in Scotland for example or in northern Scandinavia. Solar energy is one of the renewable sources of energy that the European Commission wants to promote in the years to come for the purpose of achieving the binding 20% share of renewable sources in the European Union’s energy mix in 2020. The map is available at the following address [↗](#)

## ENERGY STOCK MARKET IN PRAGUE HAS ITS DIRECTOR

**Last month Mr. David Kučera was appointed general secretary of the Prague Energy Stock Exchange. He was appointed to the post by the stock exchange chamber of the Energy Stock Exchange which is its supreme body.**

The Prague Energy Stock Exchange was established to achieve transparent pricing on the home electricity

market and should begin to operate as of this July. The newly founded market will offer trading with electricity in the form of term derivatives and will use trading platforms which arise on the basis of the trading system tried and tested by the Prague Stock Exchange. ČEZ, a.s. will offer most of its electricity production through this energy stock exchange.

## URANIUM PRICES SHOOT UP

**According to the world and home news media the price of uranium on world markets climbed to a record high in April when it crossed the limit of 100 dollars per 1 pound of raw material.**

When converted to its real value, the last time uranium was so expensive was in the 1970s. Experts regard the cause of the price growth as being the fear of the effects that will arise from mining being stopped at Ranger, one of the biggest Australian mines which was affected by the recent flood and representatives of the company ERA, which operates the mine, announced that the effects of this disaster will



result next year in a fall of production by at least a ¼. The stakes are also on for Australian uranium (the country is the world's biggest supplier) in another part of the country in the state of Queensland. The company Paladin Resources has offered more than 6 billion Australian dollars for the takeover of the owner of the deposit which allegedly is the biggest in Australia. The federal state of Queensland had so far prohibited the mining and processing of uranium on its territory, however the governing Labour Party in the state is apparently considering a change in attitude with regard to this issue.

## CURRENT INFORMATION ON PREPARATIONS FOR THE NUCLEAR FORUM

**In the last issue of the bulletin we informed you of the intention to establish a discussion platform for the field of nuclear energy.**

The Czech Republic seized the initiative and under the management of the Ministry of Industry and Trade established a preparatory committee for the organisation of the nuclear forum in Prague. The members of the team are representatives of the Czech Republic's Government Office, the Ministry of Foreign Affairs, Ministry of the Environment, Czech Nuclear Forum and ČEZ. A detailed agenda has been prepared for the "Prague Nuclear Forum" and a preliminary date fixed for 13<sup>th</sup> and 14<sup>th</sup> September 2007 in Prague. In view of the fact that the Slovak Republic had also officially expressed interest in organising the nuclear forum talks have been initiated between representatives of the Czech, Slovakia and the European Commission on how to actually put the planned

forum into effect. Currently the proposal made by the Czech side is being discussed for the venue of the nuclear forum to alternate between Prague and Bratislava while the first meeting would take place in Prague probably on the date stated above.

## AMBASSADOR VÁCLAV BARTUŠKA VISITS TEMELÍN NPP

**The Czech Republic's Ambassador-at-Large for Energy Security, Mr. Václav Bartuška, and his entourage visited the Temelín Nuclear Power Plant on 5<sup>th</sup> April 2007.**

His visit was a bit overshadowed by the Czech prime minister's visiting Temelín on the same day. The ambassador was particularly interested in issues of the security of nuclear fuel supplies and obviously also about the technical failures that have dogged the plant in the recent period. He also visited the controlled nuclear power plant zone to convince himself of the perfect security of the plant and the exemplary organisation of the operation.



## REGULATION ON FINANCING PROJECTS IN THE SPHERE OF NUCLEAR SECURITY

**Last month the regulation of the Council No. 300/2007 came into force which sets up an instrument for cooperation in the field of nuclear security.**

This regulation is an additional instrument the purpose of which is to support the efforts for a high standard of nuclear security, protection against radiation and

enforcement of effective and purposeful surveillance of nuclear materials in third countries. It regulates the Community's financial aid in third countries for the support of the objectives of the Nuclear Energy Treaty. By the treaty the Community undertakes to finance measures to support the standard of nuclear security, radiation protection and effective and purposeful surveillance over nuclear materials in third countries. Assistance of the Community and provision of funds should come under this regulation based on several year strategic documents and guidance programmes. The Community's financing could assume the following forms; support of a certain branch; contributions to guarantee funds; programmes for reducing indebtedness or grants for financing measures or grants for financing operating expenses. The projects may be co-financed not just by the member countries, but also by companies firms and other private organisations. The regulation is available at the following address [↗](#)

## SLOVAKIA'S LAWSUIT AGAINST THE EUROPEAN COMMISSION

**A press release was published in the European Union's Central Bulletin regarding Slovakia's lawsuit for the repeal of the decision of the European Commission regarding the Slovak allocation plan by which the Commission reduced the overall amount of emission allowances of the Slovak Republic for the next period of 2008 to 2012.**

Slovakia is basing its lawsuit on the fact that the Commission breached Article 9 (3) in connection with Article 9 (1) and Article 11 (2) of Directive 2003/87/ES and the principle of the legitimate expectation that regardless of the national allocation plan it has enforced in the contested decision its own way of determining the maximum total average annual amount of emission allowances thereby illegitimately taking over the role that the directive entrusts to a member country. Besides this, Slovakia claims that even if the European Commission were authorised to enforce its own way of determining the overall amount of emission allowances by not consulting

its enforcement prior to the issue of the contested decision with Slovakia, it breached the principle of loyal cooperation of the bodies of the Community with the bodies of the member countries. Moreover, the European Commission was to have breached the general legal principle by enforcing a procedure for determining the overall amount of emission allowances that does not take into account the need to increase production of electricity on the territory of Slovakia from carbon-rich sources as a consequence of the obligation to close two units of the nuclear power plant in Jaslovské Bohunice. The press release is available at the following address [↗](#)

## EUROPEAN VENTURE FOR ITER AND DEVELOPMENT OF ENERGY FROM NUCLEAR FUSION

**The Council of the European Union has adopted a decision to establish a joint European venture for ITER (International Thermonuclear Experimental Reactor) and the development of energy from nuclear fusion (Fusion for Energy), for a period of 35 years from 19<sup>th</sup> April of this year.**

The Council's draft decision on the seventh general programme of the European Atomic Energy Community (Euratom) in the field of nuclear research and professional preparations (2007 to 2011) and the special programme implementing the general programme ascribes ITER with a key role in European strategy for nuclear fusion and with regard to the preparation of demonstration reactors for nuclear fusion it will determine a contribution to Euratom through a joint venture for the organisation of ITER, for activities of a broader approach and for further related activities. The tasks of the joint venture are to be the following: provide the International Nuclear Organisation from the nuclear fusion of ITER with a contribution of the European Atomic Energy Community, provide a contribution to Euratom for activities within the broad approach performed with Japan to quickly implement the utilisation of energy from nuclear fusion, prepare and coordinate an activity programme in connection with the preparation of the construction of demonstration reactor for nuclear fusion and related equipment, including international equipment for irradiation of materials for nuclear fusion. The joint venture will be based in Barcelona and its members will be Euratom, represented by the Commission, Euratom member countries and third countries that have concluded with Euratom an agreement on cooperation in the field of controlled nuclear fusion thanks to which the programmes of these countries are linked to the Euratom programmes and express the wish

to become members of the joint venture. The decision on the establishment of the joint venture is available at the following address [↗](#)

### REASONED OPINION OF THE CZECH REPUBLIC REGARDING THE ECONOMIC COMPETITION ACT

**The European Commission has formally called upon the Czech Republic to bring into line the Czech Act on the Protection of Economic Competition (Antimonopoly Act) with community law.**

The European Commission requires that the Czech Republic amend the provisions which restrict the authority of the Czech Office for the Protection Of Economic Competition to enforce Article 81 (banning cartels and other restrictive business practices) and Article 82 (banning the abuse of a dominant position) of the EC Treaty on cases of action disrupting economic competition in the branch of electronic communication. The call was placed in the form of a reasoned opinion which is the second stage of the official procedure for fulfilling the obligations arising from the EC Treaty (Article 226). If the Czech Republic does not bring this Act into line with EU legislation within two months after receiving the reasoned opinion, the Commission may submit the case to the Court of Justice of the European Communities. More information is available at the following address [↗](#)

### STUDY ON ELECTRICITY MARKETS IN THE EU

**The European Commission has published a study on electricity markets which was drawn up for it by an institution called London Economics in cooperation with Global Energy Decisions.**

This extensive document describes the situation in six European countries, i.e. Belgium, Germany, Spain, France, Netherlands and Great Britain. The first of the three main parts of the study deal with the issue of how electricity companies compete on the market on an hourly "basis" and assess the level of competition using data, for example, on installed capacity and own effective production. In the second part the authors of the study compare real prices with hypothetical ones which would be implemented in case of the "perfect competitiveness" of the markets. In the last part there are data acquired from the previous two steps and economic simulation related therein and assessed, and the authors also compare the real and hypothetical standard of electricity production. According to the European Commission the study confirms its opinion that wholesale prices of electricity would on perfectly operating markets be lower, but at the same time the study shows that it was the costs of the actual raw materials that contributed to the growth of electricity prices since 2003. The study is available at the following address [↗](#)



## 2007 ENERGY GLOBE AWARD GOES TO KENYA

**On 11<sup>th</sup> April of this year the 2007 Energy Globe Awards were presented in the plenary hall of the European Parliament.**

An international jury selected five out of 732 projects from 96 countries designed to make the utilisation of energy more efficient. The audience then voted on the best project. The main prize this year was won by Mr. John Maina of Kenya whose invention involving a solar fruit and vegetable dryer has significantly contributed to increasing the standard of living in the Kenyan countryside. More information is available at the following address [↗](#)

## EU AND G8 STRENGTHEN INTEREST IN ENERGY EFFICIENCY

**At the joint conference of the EU and G8 countries devoted to global initiatives in the sphere of energy efficiency, Andris Piebalgs recapitulated the growing activity of the EU in this sphere.**

Among other things, he reiterated that the member countries are obliged to submit by this June their own national energy efficiency plans which will become implementing instruments of the “all-European” action plan, and contribute to the “national” specific elements for achieving common objectives. The EU and the governments of the economically most important countries do not question the key importance of energy in the next few years for world security, the standard of living and the environment; as far as the contribution of increasing energy efficiency in this process is concerned, what was important was that the talks of the European, North American, Japanese and Russian politicians were directed at seeking market-orientated solutions.

## EU EUROPEAN ECONOMIC AND SOCIAL COMMITTEE ON THE RENEWED LISBON STRATEGY

**The European Economic and Social Committee (EESC) organised the third meeting of its group on 17<sup>th</sup> April for the Lisbon strategy entitled “Renewal of the Lisbon Strategy – Spring 2006 – Spring 2008”.**

The meeting directed by Mr. Mario Sepim, president of the “Group of Employees” within the EESC, determined as its objective to identify the best ways by which the civil community can increase its influence on the entire “Lisbon process”. The EESC thereby intends by this way to contribute to forming the closing report to the process by which the European Council has demanded its spring summit in 2008. The press release of the meeting is available at the following address [↗](#)



**ON 17<sup>TH</sup> APRIL** the European Commission published a call for presenting projects as part of the Intelligent Energy for Europe for 2007 Programme. The closing date for the projects is 28<sup>th</sup> September. More information on the thematic orientation of the call and rules for the projects see [↗](#)

**ON 23<sup>RD</sup> AND 24<sup>TH</sup> APRIL** an unofficial meeting was held in Luxembourg of the EU Council for general and external affairs. Among other matters, the foreign ministers of the member countries will be engaged in EU strategy for relations with central Asia and Iran; energy policy will certainly play a significant role in these relations.

**ON 25<sup>TH</sup> APRIL** the European Parliament is voting on a General Agreement on Multilateral Nuclear and Environmental programme in the Russian Federation. The reporter of the agreement is Czech European Parliament member Vladimír Remek.

**ON 26<sup>TH</sup> TO 28<sup>TH</sup> APRIL** EU ministers will also hold an informal meeting in Würzburg, Germany in charge of the promotion of competitiveness. The European Commissioner for Research Janez Potočnik will also attend the meeting which will be accompanied by a rich agenda for news reporters. The EU Council for Competitiveness will then be held on 21<sup>st</sup> and 22<sup>nd</sup> May.

**ON 30<sup>TH</sup> APRIL** top EU representatives will head for Washington to attend the EU-USA Summit.

**ON 2<sup>ND</sup> MAY** the European Parliamentary Committee on Industry, Research and Energy (ITRE) will meet in Brussels and will immediately have several important items to discuss such as trade relations and climate change, or identification and protection of crucial European infrastructure. The next day European Parliament members associated in ITRE will discuss “European Energy Foreign Policy”.

**ON 7<sup>TH</sup> TO 11<sup>TH</sup> MAY** a large international biomass conference will be held in Berlin. This will be the 15<sup>th</sup> meeting of experts and politicians on this topic. For those interested about the event see [↗](#)



## REGIONAL INITIATIVES OF THE ERGEG

**The European Regulators' Group for Electricity and Gas (ERGEG), an advisory group of the European Commission to assist in Commission in consolidating the internal energy market, and applying Directives 2003/54/ES and 2003/55/ES and Regulation No. 1228/2003, launched its so-called Electricity and Gas Regional Initiatives (ERI + GRI) in spring 2006 for the purpose of improving the operation of the European energy market directed at creating regional energy markets.**



The basic idea of this project is to combine the regulatory authorities, market operators, observers of the transmission systems and main market participants together with the Commission and member countries for the purpose of speeding up the integration of the energy market. The annual conference on these regional initiatives was held on 28<sup>th</sup> March and before it closed the annual report was adopted on the progress achieved in this sphere and on the future regional priorities. The regional initiatives organisation takes place at several levels. So-called regulatory committees meet at the level of regulatory authori-

ties, implementing groups meet at the level of transmission system and market operator observers, and the so-called group of market participants at the level of market participants. As far as the electricity sector is concerned, 7 regions were created and an initial meeting of all the abovementioned groups was held with the participation of the European Commission. The Czech Republic has become part of the regional market of "Central and East Europe" together with Austria, Germany, Hungary, Poland, Slovakia and Slovenia. The Austrian regulatory authority (E-control) has been authorised with the management of this regional market. The results and plans in the region of "Central and East Europe" are part of the published annual report. The introduction of explicit border auctions of the region concerned and

creation of a joint auction office for the allocation of transmission connection capacities in Germany are among the most important activities in the overload management sphere. A coordinated flow-based overload management system is to be implemented by the end of 2007 and an analysis was drawn up of the powers of regulatory authorities in the region. The regulatory authorities in the Central European region carried out an analysis in cooperation with the market participants of the existing transparency situation. Further to this, a chart was drawn up showing the voluntary publication of production data (based on a proposal of submitted by the energy association Eurelectric). V During the course of this year a final report is also to be drawn up containing proposals for further improvement of data publication.

The annual report also contains a proposal for setting up an implementing group on the obstacles of entering the market and the powers of regulatory authorities. In the second quarter of 2007 the action plan is to be published for the Central and East European region. Among its main priorities should be to improve the efficiency and monitoring of the methods of overload management, implementation of requirements arising from the rules for overload, calculation of "load flow-based" capacity, improvement of the wholesale market and cross-border situation as far as transparency is concerned in accordance with ERGEG instructions and also an analysis of the obstacles of entering the market and proposals for their removal. The annual report is available at the following address [↗](#)