

# **Energy: internal market in electricity, cross-border exchanges, access to network. 'Electricity Regulation'**

2001/0078(COD) - 26/06/2003 - Final act

**PURPOSE** : to set the rules for cross-border exchanges in electricity. **COMMUNITY MEASURE** : Regulation 1228/2003/EC of the European Parliament and of the Council on conditions for access to the network for cross-border exchanges in electricity. **CONTENT** : this Directive aims to enhance competition within the internal electricity market. This involves the establishment of a compensation mechanism for cross border flows of electricity and the setting of harmonised principles on cross-border transmission charges and the allocation of available capacities of interconnection between national transmission systems. This Regulation lays down basic principles with regard to tarification and capacity allocation, whilst providing for the adoption of guidelines detailing further relevant principles and methodologies, in order to allow rapid adaptation to changed circumstances. The main points are as follows: - transmission system operators should be compensated for costs incurred as a result of hosting cross-border flows of electricity on their networks by the operators of the transmission systems from which cross-border flows originate and the systems where those flows end; - payments and receipts resulting from compensation between transmission system operators should be taken into account when setting national network tariffs; - charges for access to the network must be transparent and reflect actual costs incurred and be applied in a non-discriminatory manner. The charges must not be distance-related; - the precondition for effective competition in the internal market is non- discriminatory and transparent charges for network use including interconnecting lines in the transmission system. The available capacities of these lines must be set at the maximum levels consistent with the safety standards of secure network operation; - it is important to avoid distortion of competition resulting from different safety, operational and planning standards used by transmission system operators in Member States. Moreover, there must be transparency for market participants concerning available transfer capacities and the security, planning and operational standards that affect the available transfer capacities; - there are rules on the use of revenues flowing from congestion-management procedures, unless the specific nature of the interconnector concerned justifies an exemption from these rules; - methods to deal with congestion problems must provide correct economic signals to transmission system operators and market participants and be based on market mechanisms; - decisions and guidelines on tarification and capacity allocation will be made by the Commission with the involvement of Member States' regulatory authorities. **ENTRY INTO FORCE** : 04/08/03. **DATE APPLICABLE** : 01/07/04.