Basic information

2004/0109(COD) COD - Ordinary legislative procedure (ex-codecision procedure) Regulation	Procedure lapsed or withdrawn
Electricity regulation: cross-border exchanges, date of application by Slovenia **Subject** 3.60.03 Gas, electricity, natural gas, biogas **Geographical area** Slovenia	

Key players

Council of the European Union	**Council configuration**	**Meetings**	**Date**
	Environment	2593	2004-06-28
European Commission	**Commission DG**	**Commissioner**	
	Energy and Transport		

Key events

Date	Event	Reference	Summary
26/04/2004	Legislative proposal published	COM(2004)0309	Summary
28/06/2004	Act adopted by Council after consultation of Parliament		
02/07/2004	Final act published in Official Journal		

Technical information

Procedure reference	2004/0109(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Regulation
Legal basis	2003 Accession Treaty (10 countries) TTE 057
Stage reached in procedure	Procedure lapsed or withdrawn

Documentation gateway

European Commission

Document type	Reference	Date	Summary
Legislative proposal	COM(2004)0309	26/04/2004	Summary

Additional information		
Source	**Document**	**Date**
European Commission	EUR-Lex	

Final act	
Regulation 2004/1223 OJ L 233 02.07.2004, p. 0003-0004	Summary

Electricity regulation: cross-border exchanges, date of application by Slovenia

2004/0109(COD) - 26/04/2004 - Legislative proposal

PURPOSE : to amend the Electricity Regulation as regards the date of some provisions to Slovenia. PROPOSED ACT : Regulation of the European Parliament and of the Council. CONTENT : Regulation 1228/2003/EC on access to the network for cross-border exchanges in electricity (the "Electricity Regulation") aims at setting fair rules for cross-border exchanges in electricity, taking into account the specificities of national and regional markets. According to Article 6 "network congestion problems shall be addressed with non-discriminatory market based solutions which give efficient economic signals to the market participants and transmission system operators involved". The Electricity Regulation Guidelines provides further detailed rules on its implementation. It will apply from 1 July 2004. Slovenia has submitted to the Commission a request for amendment of the Electricity Regulation, which would allow Slovenia to continue operating its current system of congestion management at the interconnections with Austria and Italy until 1 July 2007. At the moment, half of the total available capacity of the two interconnections in question is allocated by Slovenia on the basis of this system. In fact, according to an arrangement between the transmission system operators concerned, the other halves of the total capacity are allocated by the Italian respectively the Austrian system operator. Under the current Slovenian system the available capacity, in case total demand for capacity exceeds the capacity available (congestion), is allocated to applicants for capacity on a pro rata basis (pro-rate curtailment of the requests for capacity). The capacity is allocated free of charge. Eligible for applications of capacity are Slovenian consumers (Austrian border) and respectively Slovenian electricity producers (Italian border). A minimum of 1 MW must be requested by applicants (which de facto excludes on the consumer side small consumers, notably households). Such a system cannot be considered a non-discriminatory, market based solution in the sense of the Electricity Regulation. Slovenia has provided the following justification of the request: - With regard to the interconnection with Austria the pro-rata allocation has resulted in allocation of capacity to large, energy intensive industrial consumers located in the north of the country, notably aluminium and steel producers. If the capacity is allocated on the basis of market mechanisms instead, for instance auctioned, it would no longer be made available free of charge. The companies in question would thus see their cost of production increase, which would make them uncompetitive in the short term and endanger the currently implemented final phase of their restructuring process. - With respect to the interconnection with Italy the allocation allows electricity producers to sell part of their production on the Italian market and benefit from the higher price level for electricity in Italy, compared to Slovenian prices. If the capacity is no longer allocated free of charge but at a price resulting from a market mechanism the additional cost would be close to the current price difference between the Italian and the Slovenian market. Notably one producer - the largest electricity producer in Slovenia - has to bear high costs arising frominvestment in environmental protection, necessary to meet EC acquis. The Commission finds it appropriate to amend the regulation as requested by Slovenia. Slovenia has invoked reasons which justify such a transitional period. This situation is unlikely to change before 1 July 2007. Whilst there are concrete plans to extend the capacity of the two interconnections concerned, the state of these projects is such that no significant extension of the current capacity can be expected before 1 July 2007. The proposal amends the Electricity Regulation in such a way that Article 6 (1) and the related provisions of the Guidelines apply in Slovenia only from 1 July 2007.

Electricity regulation: cross-border exchanges, date of application by Slovenia

2004/0109(COD) - 28/06/2004 - Final act

PURPOSE : to allow Slovenia a transitional period for the application of Article 6(1) of the Electricity Regulation until 1 July 2007.

LEGISLATIVE ACT : Council Regulation 1223/2004/EC amending Regulation 1228/2003/EC of the European Parliament and of the Council as regards the date of application of certain provisions to Slovenia.

CONTENT : Regulation 1228/2003/EC on conditions for access to the network for cross-border exchanges in electricity aims at setting fair rules for cross-border exchanges in electricity. That Regulation

applies from 1 July 2004. In accordance with Article 6(1) of Regulation 1228/2003/EC, network congestion problems are to be addressed by means of non-discriminatory market-based solutions which give efficient economic signals to the market participants and transmission system operators involved. The Guidelines on the management and allocation of available transfer capacity of interconnections between national systems, set out in the Annex to the Regulation, contain rules which are directly linked to the general principle contained in Article 6(1) of that Regulation.

This regulation grants Slovenia's request for a transitional period for the application of Article 6(1) and the related provisions in the Guidelines, until 1 July 2007. Slovenia has demonstrated that without a transitional period certain Slovenian energy-intensive industries would be adversely affected by higher prices for electricity imported from Austria and certain electricity producers by lower incomes from export sales to Italy. That would impede the ongoing efforts of the industries concerned to restructure and respectively comply with Community acquis applicable to electricity production.

The derogation is limited to what is strictly necessary in view of the Slovenian request. It only covers the part of the interconnection capacity allocated by the Slovenian transmission system operator and applies only insofar as such capacity does not exceed half of the total capacity available.

ENTRY INTO FORCE : 02/07/04.

DATE APPLICABLE : 01/07/04.