

Energy Regulatory Office Press Release

Agreement between the German and Austrian regulators: The Art of Half-hearted Solutions

The plan to split the German-Austrian joint bidding zone emerged last year. The split was to take place after a multilateral debate on setting up the necessary mechanisms. From the point of view of the Czech Republic, the proposal is welcome, among other things, because it should reduce the risks of loop flows. Loop flows pose a threat to our transmission system when electricity is transported from Northern Germany to Austria.

But the Austrians did not agree with the plan and challenged it in court. They withdrew the action only after they had agreed with the Germans. On 15 May 2017 the German regulator (Bundesnetzagentur) concluded an agreement with its Austrian counterpart (E-Control) on the allocation of transmission capacities on the common border which means besides other things that the zone will be split in October 2018.

The Energy Regulatory Office (ERO) has been striving for this aim for a long time and welcomes that the two countries are trying to remedy an illegitimate situation that has occurred for several years. But the content of the agreement and the approach to the negotiations do not meet our expectations.

„The long-term limits agreed by the Bundesnetzagentur and E-Control, 4.9 GW, are very close to the maximum trade within the existing pricing zone. It means that loop flows would continue to threaten especially our and Polish transmission systems. This in itself is difficult to accept. The regulators from Germany and Austria have basically bypassed us and did not invite to the consultations any states which might bear the consequences of these high limits,“ Alena Vitásková, chairwoman of the ERO, says.

EU rules require, inter alia, such a step to be coordinated with operators of transmission systems in the countries affected. However, representatives of neither the Czech nor the Polish transmission system operator nor the regulators have been involved in the process.

The Czech and Polish regulators are already discussing a common approach and are about to get into contact with the Agency for the Cooperation of Energy Regulators (ACER). At the same time they will seek to engage the widest possible range of national regulators from the countries concerned.

„Just a few days ago the completion of the energy integration was celebrated in Brussels. But at the same time Germany and Austria held closed door consultations. This absolutely denies the principles of the multilateral cooperation. Such an agreement is not only unacceptable to us, but above all is invalid. We will strive to ensure that the split of the German-Austrian pricing zone is discussed not only with our participation and also in accordance with the current legislation,“ presents ERO's position Alena Vitásková, and adds: *„I still believe that we can find reasonable solution within ACER framework. After all, the agency has a word cooperation in its own name.“*

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