

To:

Konstantin Staschus
Secretary General – ENTSO-E

Friday, 29 August 2014

Subject: EFET comments on the ENTSO-E Work Programme 2014 Through December 2015

Dear Mr Staschus,

The European Federation of Energy Traders (EFET) welcomes the consultation launched by ENTSO-E on its Work Programme 2014/2015. While the present letter will not enter into the details of the different work streams you have presented in this document, we respectfully suggest that the Board of ENTSO-E may want to take account of our concerns with regard to a number of elements of its Work Programme where possible conflicts of interests may arise between the regulatory mandate of ENTSO-E and the standard, non-statutory business activities of its members.

Specifically, we fear that some of the activities listed in your Work Programme may distract ENTSO-E from discharging its duties under the Third Energy Package in an efficient manner without interference of individual TSO interests going against ENTSO-E's efforts to build the internal energy market. ENTSO-E should be fully dedicated to its core roles and responsibilities of ensuring *optimal management of the electricity transmission network and to allow trading and supplying electricity across borders in the Community*.

We see the current governance structure of ENTSO-E as an impediment to fully carrying out this regulatory mandate, as illustrated in the case of network code drafting where the consensus efforts at the ENTSO-E General Meeting prevented in our view the advancement of ambitious market rules for the internal electricity market. We would therefore advise the Board of ENTSO-E to consider the possibility of an organisational split:

- A separate body – the “statutory institution” – with a simpler decision-making process, not requiring the approval of every European TSO at its AGM; it would carry out the regulatory mandate of EC Regulation 714/2009, such as the drafting and adaptation of network codes and TYNDPs;
- The existing ENTSO-E structure used as an association supporting grid management functions and other standard business activities of TSOs; its decision-making process is already closer to that of a trade body.

This organisational split would allow discretionary objectives supporting TSOs' standard business activities to be handled in a transparent manner via separate channels from the regulatory mandate. In particular, we believe that the following elements laid out in the ENTSO-E Work Programme are not linked to the EC Regulation mandate:

- **policy development** (page 4), insofar as it does not relate to carrying out the objectives framed in the legislation and set by the European Commission and ACER, it falls outside the scope of the organisation's regulatory mandate
- **increasing visibility** (page 4) is clearly an advocacy function unrelated to the regulatory mandate
- **projects** such as the e-Highway2050 Project or the ENTSO-E Academy are purely discretionary activities

On another note, we would also caution ENTSO-E against uncoordinated and isolated efforts on **standardisation** (page 10) if such efforts would include market-facing data, especially regulated energy trading data reporting. As you know, we are supporting European IT standardisation, especially for nominations. Standardisation of market-facing data and data exchange has been at the core of EFET activities since its foundation in 1999, and several (open) standards developed by EFET have been widely adopted by the energy trading industry. These standards are continuously updated to comply with European legislation such as REMIT or EMIR. Redesigning those existing standards would likely be a burdensome and time-consuming task for ENTSO-E and would lead to high adaptation costs for market participants. Such a task, not mandated by legislation and not necessary due to the existing standards, should not be included in the work of ENTSO-E as it currently stands, or of the "statutory institution" proposed above. The extension of European-wide standards, used for regulatory reporting and post-trade event processes however, to include such nomination processes, could be a "natural next step" for the open standard "Commodity product Markup Language" (CpML).

We would like to reassure you that the above-mentioned comments and suggestions are made in a spirit of constructive cooperation with ENTSO-E. EFET is fully committed to providing help and support to ENTSO-E and its Board, should they wish to explore these matters any further. We would welcome an open dialogue on the subject and invite you, as well as Mr Frydas and Mr Feasy to contact Peter Styles (p.styles@efet.org) and Jérôme Le Page (j.lepage@efet.org) for further discussions.

Yours sincerely,



Jan van Aken, Secretary General