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PRESS RELEASE

**CRE PRESS RELEASE
ON IMPROVEMENTS TO THE USE OF THE FRANCE-SPAIN
ELECTRICITY INTERCONNECTION**

CRE has asked RTE¹ to enforce a 25 MW power limit on commercial transactions on the Franco-Spanish interconnection. RTE already has plans to introduce limits of this kind on the German and Swiss borders from November 1st 2003. These new rules will increase the number of transactions that can be activated on each interconnection, and also the number of parties to these transactions. They will also be implemented by RTE with effect from November 1st 2003.

CRE's request follows the intervention of several market players, who have observed that in Spain, there is no way of quickly introducing the changes to national regulations required for adopting the joint allocation mechanism between REE and RTE. Consequently, they have asked RTE to take transitory measures aimed at opening access to this interconnection to a larger number of players.

Furthermore, in an effort to promote more effective management of this interconnection and facilitate the integration of the Spanish and continental electricity markets, CRE and the market players who contacted it also consider that the following steps must be taken:

- The system must be strengthened to increase the interconnection capacity available for transactions between France and Spain, which is currently limited to 1,400 MW in winter and 1,200 MW in summer;
- A new allocation mechanism must be developed, that is better suited to the circumstances of this interconnection and those of the Spanish and French markets; it must be co-ordinated between RTE and REE, and in particular it must place all available capacity at users' disposal more efficiently than the "first come, first served" rule;
- Intradaily gate closures must be introduced, which are compatible with the rules of the continental system markets and those of the Spanish market; they must also give Spanish operators access to the French balancing mechanism;
- There must be moves to strengthen operational co-ordination between REE and RTE for calculating available capacities and real-time system management, to allow very short-term energy exchanges and to reduce operating margins.

CRE would like to see all these points dealt with swiftly by the transmission system operators in the two countries and the competent Spanish and French authorities. In particular, it would like the

¹ RTE: *Réseau de transport d'électricité* (Electricity Transmission System Operator)

TSOs to examine firstly proposals by market players to adopt a suitable prorata allocation mechanism, and secondly these players' demands that medium-term capacity reservations be allocated by the system operators.

Set up on March 24th 2000, CRE's mission is to oversee the smooth running of the electricity and gas markets, and to ensure that there is no discrimination, cross-subsidy or hindrance to competition.

**Press contact: Christophe FEUILLET Tel: +33 (0)144 504 177 - +33 (0)622 264 310 –
Fax: +33 (0)144 504 111– christophe.feuillet@cre.fr**