

To DTe
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Dear Sir/Madam,

The Dutch generation companies, united in the section Generation of EnergieNed, support regional market integration of wholesale electricity markets as a way to increase liquidity and improve the functioning of the electricity market. In this process reaching an equal level of transparency in the three countries is a must.

Below we will answer to the questions in the different chapters of the consultation document DTe, CREG and CRE prepared on this issue. The responses represent the common position of our members. Individual members may respond more in detail in a separate reaction.

2 Long term and medium term explicit auction mechanisms

1. Our preference for the selection of the time frames for the explicit auction mechanism is annual, quarterly and monthly. For the day ahead implicit auctions should be used.
2. For the allocation of the available capacities we prefer option b, since in our opinion this method is the most transparent. We recommend to allocate a significant minimum percentage of the available capacity as day-ahead capacity.
3. We recommend the "marginal price" mechanism, since in our opinion this is the fairest method.
5. In our opinion single rounds will suffice.
6. We do't expect this behaviour to occur in a healthy market. To guarantee a liquid interconnector capacity market, sufficient market players should be present. All remaining long and medium term capacity not contracted and not nominated should fall to the day ahead and intraday market, while introducing mechanisms like 'use it or lose it' and netting.

8. We prefer option a since eventually the TSO's will have to reconcile. TSO's will be able to monitor market player behaviour.
9. We prefer option a.
10. We prefer option b.
11. No. Buying interconnector capacity is an option.
12. This is useful since non-used capacity can be auctioned as day-ahead capacity.
13. It sounds reasonable. If two-way nomination is used, the netted capacity can be made available intraday.
14. We recommend auctions similar to the ones mentioned on www.tso-auction-org, since in our opinion these provide a solid, reliable and fair auction mechanism.
15. This is very important. Capacity determination (long, medium, short term) should be determined on a common and preferably independent basis.
16. They should apply to all interconnectors in order to gain market transparency.

3 Assessment of the day-ahead market coupling

17. We prefer option a. If you apply DAMC, all day-ahead capacity should be allocated by this mechanism. However, explicit auctions for long term capacity should be kept in place.
18. The main advantage of DAMC is the fact that interconnectors will always be used as expected. Flexibility will decrease when using DAMC. It is however debatable if flexibility is needed when using DAMC.
 Market power mitigation will occur when using DAMC. However, not all preconditions for a healthy introduction of DAMC are fulfilled yet. All non nominated capacity should be offered to the intraday market ('use it or lose it' principle).
 Risk management is also possible under DAMC. Especially when "Contracts for difference" are introduced (like on NordPool).
 Implementation costs of DAMC can be high, because of the introduction of new products and new ways of exchanging, which will both require modifications in IT-applications.
 Capacities are always used in an optimal manner under DAMC.
 Liquidity tends to be sufficient for DAMC.
20. Yes, although assessing the current Belgian market situation, illiquidity will dent the reliability of Belpex.
21. The best example of DAMC is NordPool. Current spot auctions in the Netherlands, Belgium and France do not differ a lot from spot auctioning at NordPool. We expect these harmonization issues to be surmountable. One of these harmonization issues are the block bids on the spot

market. We prefer flexible block bids (like on the APX) over the standardized block bids (on Powernext).

4 Cross-border intraday trade

22. Yes, (a) primarily. It is extremely important that there is a level playing field on both sides of the border
23. No. It can hardly be avoided that for example a speculating market party uses arbitrage to earn on a physical disturbance.
24. Certain fees enforced by TSO's should be abolished or harmonized. The 400 MW limit enforced by DTe in the Netherlands should be abolished. Leftover capacity should be made available to the market without any limits.
25. In principle not. Capacity already allocated (annual, monthly, day-ahead) ought to be exchangeable on an intraday basis. This is possible because nominations can be changed intraday as well.
27. Yes, complemented by ex ante market data control.
28. One of the reasons to obtain intraday rights and not nominate them is to bother other market players. Therefore the obligation to nominate the acquired capacity seems logical to us.
30. Option f: implicit allocation of spare intraday cross border capacity through a continuous trading platform (for instance like the Elbas platform). It's extremely important that rules for intraday trading and imbalance management are the same in all countries.

5 Cross-border balancing trade

31. Yes, it is useful in case of unpredictable events (outages, strikes, etc.) and to pool spare capacities across countries.
32. Option b. A distinction should be made between intraday and balancing.
33. Harmonization is an absolute precondition. Same rules, same chances. We prefer a balancing system on marginal prices, like the Dutch system.
34. Arbitrage will definitely occur in this situation. The occurrence of the situation is an incentive for harmonisation by creating one set of regulations for all countries.
35. No. Then TSO's will interfere in the market, which is unwanted. Therefore it should be avoided. Of course the TSO's need to allocate firm capacity in case of serious network problems (as is usual today). Yes, reservation of capacity by TSO's is not desirable and should ideally be avoided. If any reservation would be considered, it should be minimized and made public.
36. We don't think it is suitable. Reserving capacity for cross-border balancing would benefit the market and lower the balancing costs. This capacity however should not be reserved for the TSO's only, but should be available to all market participants. TSO's should be treated

as one of the parties bidding for capacity. PV's are the best-placed to manage their imbalances.

6 Market Transparency

37. The information made available should depend on the level of competition on the market. In competitive markets, less information should be made available. In near monopolistic markets, nearly all information concerning production capacity, outages etc. should be made available to all market parties.

We would like to point out some specific information needs that should be made available to all markets:

- Nationwide load forecast on a day-ahead basis.
- Real-time consumption data.
- Real-time load flow on each border.
- Forecast for total cross-border capacity estimated for the whole year.
- Reservoir levels (on a weekly basis).

38. TenneT: generation & load

RTE & Elia: grid data

It's important to reach an equal level of transparency in the three countries.

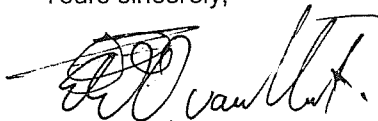
39. Formats should preferably be in Excel and/or automatically downloadable in backoffice systems.

7 Market power and cooperation between regulators

41. We agree.

If some of our answers need clarification, please don't hesitate to contact us.

Yours sincerely,



mr. E.W.O. van Vliet
Managing director section Generation