



EWEA

THE EUROPEAN WIND ENERGY ASSOCIATION

EWEA response on the consultation on the European Energy Regulators 2010 Work Programme

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1. General remarks

EWEA welcomes the ERGEG Consultation and recognises it as a step towards the achievement of the goals outlined in the 3rd Package. This consultation facilitates an early start of the interim period of the Agency for the Cooperation of Energy Regulators (ACER) and is a way for market stakeholders to contribute to all major aspects of the matter.

We believe that the refocusing on the seven key areas of work as outlined in the 2010 work programme along with this consultation will bring additional benefits with regard to the quality of the final deliverables foreseen in the 3rd Package, in particular network codes and framework guidelines.

EWEA hopes to give with this response an adequate picture on what is essential to ensure well designed regulatory frameworks for grid management, electricity infrastructure development, electricity markets and sustainable development issues with a large scale integration of a energy source like wind power in mind.

2. Key Areas of work in 2010

a. The 3rd package

ERGEG rightly states in the consultation document that the momentum of the 3rd Package negotiations must not be lost. The TSOs have set up ENTSO-E now prior to the full implementation of the 3rd Package in March 2011 with a dedicated organisational outline and responsibilities. EWEA urges the European Regulators to ensure that timing for the establishment of ACER and the already ongoing work on the development of framework guidelines and network codes is not delayed. In this context, EWEA fully supports the ongoing work on the "Pilot Code" on a Wind Generation Interface and a first "Pilot" 10-Year Network Development Plan and calls for the European Regulators to actively facilitate this process on these two crucial deliverables for the European wind industry.

EWEA therefore regards all deliverables stated in the work programme 2010 under "Regulatory aspects of grid management, regulatory aspects of electricity infrastructure development" and "regulatory aspects of electricity wholesale market issues" as very important with a practical focus on the two mentioned key deliverables, the "Pilot Code" on a Wind Generation Interface and accordingly a future "Pilot Framework Guideline on electricity grid connection" and the first "Pilot" 10-Year Network Development Plan. Furthermore, EWEA plans to actively participate on subsequent consultations or hearings on these issues.

b. Security of Supply

Another important key area of work has been rightly identified as security of supply. EWEA agrees with the European Regulators view that the completion of the single EU energy market is vital for Europe's security of supply. In this regards the European Regulators advice on the 10-year electricity network development plan will be crucial to achieve a joint European approach to overcome planning and administrative barriers for infrastructures, lack of public acceptance, lack of economic incentives for TSOs to invest and finally to ensure fair and unbiased access to the grids for wind power installations and other renewables. However, alongside an adequate transmission infrastructure it is also necessary to have market rules that allow for operation of the system such that there is an efficient international power exchange (see also the item "regional market integration" below). This includes also the necessary coordination of EU-wide operational planning of the power system e.g. coordinated measurements and tools to analyse system stability and forecasting of variable renewable energy sources.

c. Affordability and consumer issues

The provisions in the 3rd package regarding smart metering are important to EWEA as a first building block of a future "Smart Grid". Accordingly EWEA would be possibly interested in participating in consultations and hearings on the regulatory aspects of customer affairs, namely on the "EREGG Guidelines of good practise on retail market monitoring" and " ERGEG Guidelines of Good Practise on regulatory aspects of smart metering".

d. The Climate and Energy package

EWEA urges the European Regulators to take due account of the provisions in the RES directive, in particular on the stipulation that national governments and TSOs should guarantee sufficient transmission capacity and fair access for renewable electricity to the transmission network.

It is clear that investment decisions on building new transmission lines have to be supported by proper feasibility studies proving the economic benefit. On a European level, it has been shown by various studies like TradeWind that properly selected network upgrades will lower operational costs of power generation, which should be beneficial rather than risky for the consumers. It should be the task of the regulators (together with governments) to design and implement schemes that favour the right investment decisions, and ensure a cost recovery for the investors, especially on cross-border projects, which require a more coordinated approach.

EWEA calls for the European regulators to recognise that the benefits of developing a truly European grid network would lie not only in overcoming the present congestions on some of the main transmission lines but would also provide for savings in balancing and system operation costs and enabling a functioning internal market. A European approach towards an optimised European electricity system should be promoted. Such an approach should not

be based on the profitability of the lines only, but as any strategic investment, reflect the European priorities. Investments should therefore take into account the security of supply, market integration and connection of renewable energy technologies.

Accordingly EWEA regards the European Regulators activities in this field as very important and welcomes the planned CEER Status Review of the implementation of the Climate and Energy Package.

e. Financial Services

EWEA regards the European Regulators approach to remove major barriers to competition and liquidity in relation to electricity trading transactions as important as current market constraints have emerged from market rules that have been developed for conventional generating technologies, based on trade between large vertically-integrated power companies. Given the European generation mix of the future, market rules are required that lead to an efficient allocation of wind and other renewable generation capacity.

EWEA welcomes therefore the planned deliverables under the work programme item "Regulatory aspects of wholesale energy markets" and consequently urges the European Regulators to ensure that transparent and regularly updated information is available to all market players in order to analyse the best market opportunities, have the best possible imbalance management and have the best opportunities to maintain their generation/load balance.

Furthermore it must be ensured that adequate mechanisms for market monitoring are put in place. Consequently, competent authorities must have full access to all relevant information for the purpose of monitoring activities and implementing any ex-post investigations and necessary measures to mitigate market power or prevent potential abuse of it.

f. Regional Market Integration

The seven regional initiatives which are promoted by regulators as a bottom-up approach complementary to top down tools (e.g. network codes) to achieve further market integration in Europe are welcomed by EWEA as a practical step towards the creation of a truly integrated European market. EWEA urges the European regulators therefore to facilitate ongoing developments such as the Baltic Energy Market Interconnection Plan (BEMIP) as a prominent good example of regional market integration and to deliver similar progress in the remaining regions. Furthermore, an ambitious cross regional roadmap will be needed as well.

Regional Initiatives should act as a tool to overcome principle barriers to the development of a European grid network which are constituted by regulatory, institutional and market constraints. Practically, it means that deployment of intra-day market trading with gate closure times as close to real time as possible should be put in place in the respective regions, as well as the application of intra-day wind power forecasting for low reserve requirements.

Secondly, the introduction of implicit auctioning has proved to be the most practical solution for capacity allocation in intra-day markets.

EWEA will follow with great interest the respective deliverables in this regard, namely the status review on the ERGEG Regional Initiatives and the conclusions paper on a strategy for delivering a more integrated European energy market through the Regional Initiatives.

g. External Relations

EWEA supports the European regulators' view of raising their profile globally as long as these activities have a direct impact on the internal EU network in terms of improving the regulatory frameworks between EU member states and third countries (in particular Mediterranean countries and EU neighbouring countries).

Clearly, a grid system can not operate in isolation. EU involvement in third countries has to be seen in this context and any measure to improve this in Europe is welcome.

EWEA furthermore supports the European regulators plans to deepen their dialogue within the Energy Community for South East Europe, particularly to facilitate interconnection and market integration with Ukraine and Turkey, given their size and importance also for future RES electricity generation capacity

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The European Wind Energy Association (EWEA) is the voice of the wind industry, actively promoting the utilisation of wind power in Europe and worldwide. It now has over 600 members from 60 countries, including manufacturers with a 90% share of the world wind power market, plus component suppliers, research institutes, national wind and renewables associations, developers, electricity providers, finance and insurance companies and consultants. This combined strength makes EWEA the world's largest and most powerful wind energy network.