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Position Paper

ERGEG: Draft Pilot Framework Guideline on Electricity Grid Connection

Berlin, September 24, 2010

The German Association of Energy and Water Industries (BDEW) represents the interests of its 1,800 members of the electricity, gas and water industries. In the energy sector, BDEW represents companies active in generation, trading, transmission, distribution and retail.

1 General Remarks

BDEW welcomes the opportunity to comment on the draft Pilot Framework Guidelines on Electricity Grid Connection (Ref.: E09-ENM-18-04). We want to point out the necessity of setting a clear framework for regulators, TSOs and market participants with those guidelines in order to avoid later misinterpretations or difficulties.

To achieve this common purpose, the Framework Guidelines should clearly distinguish between duties and responsibilities of TSOs and DSOs. In the Framework Guidelines ERGEG should lay down the frame of corresponding rules for grid connection to the transmission network. Nevertheless, in doing so ERGEG should have in mind the different issue of resulting duties especially of DSOs but also other market participants connected to the distribution network.

2 Specific Remarks

1. Are there additional major problem areas or further policy issues that should be addressed within the Grid Connection Framework Guideline?

We agree with the addressed issues but find them incomplete.

Harmonised processes, timelines and rule settings are urgently needed to create equal conditions and to safeguard a level playing field for generation companies across Europe. Such harmonised processes, timelines and rule settings should also be extended as much as possible to renewable energy, which faces quite different frameworks for grid connection across Europe. Exemptions might only be acceptable if technically justified. An optimal outcome would be to define a precise process with clear deadlines and responsibilities of network operators (TSOs, DSOs) and generation companies, which provide a non-discriminating access to the grid, which strengthens competition and supply quality in Europe.

The Framework Guidelines are describing tasks and duties of grid users connected to TSOs.

DSOs do not have a formal role in the development process of the Network Codes although implications on the DSOs' responsibilities are massive (i.e. connection of distributed generation, flow of information between DSO and TSO and DSO and connected grid users.). Particularly, with regard to several provisions in the Framework Guideline concerning DSOs it's necessary that DSOs are closely involved in the elaboration of the Network Codes. This step is important to clarify possible inconsistencies in the TSO and DSO Network Codes at an early stage and to safeguard the later functioning of the implementation of the related Network Codes.

2. What timescale is needed to implement the provisions after the network code is adopted? Is 12 months appropriate or should it be shorter or longer?

We think the 12 months to implement the provisions are calculated tightly and not appropriate in any case. The answer to the question how fast new requirements can be implemented depends on technical feasibility, e.g. technical installations have long preparatory / lead times and on the degree of the needed changes to existing national codes. Generally, there will be a need for transitional periods. We suggest that all cases in which grid operator and grid user agreed on the technical specifications of a new installation plus grid connection based on the old network code should be treated equally to existing users.

3. Should harmonisation of identified issues be across the EU or, perhaps as an interim, by synchronous area?

Target of the Framework Guideline and the related network codes is harmonisation across the EU. Structuring harmonisation by a synchronous area for an interim period could be a helpful and an appropriate instrument. At the same time any new requirement should be clearly justified by adequate benefits and should not be asked for without justification. This is especially the case for existing installations where causing costs simply for the sake of harmonisation has to be avoided. Any distortion of competition by interim solutions has to be avoided.

4. Should the requirements apply to existing grid users? How should it be decided? To which existing users should the requirements apply? How should timelines for transitional periods be set? Who should bear any costs of compliance?

There should be granted a right of continuance for existing grid users which comply with the former rules. Otherwise the grid operator should bear all cost of change. This is deemed fair as system security or increased competition on an integrated market are in favour of all grid users.

There should be a possibility to adopt new requirements for existing grid users, wherever it is necessary for example to keep system security, increase competition on an integrated European market or to adopt expected far-reaching changes in the production structure. Such change of requirements should only be made if they are the only practicable and reliable possibility and if a solid analysis of benefits and costs/risks has proven the value of the change.

The process for such a decision should be structured similarly to the Network Code development process with involvement of all concerned parties. Application of new requirements to

existing users and timelines for transitional periods should depend on type and size of the challenge to be covered.

Covering of costs of new requirements should be decided with involvement of the regulators as any remaining costs for TSOs and DSOs have to be covered in the grid fees. It has to be taken in consideration that, also grid users are affected by costly changes, whenever a provision of information is modified. In no case, any new requirements and their financing should distort the economic situation of existing power plants and other grid users.

5. The framework guideline identifies intermittent generation, distributed generation and responsive demand as requiring specific grid connection guidelines. Is it appropriate to target these different grid users?

Yes, the approach is appropriate. We propose to clearly structure requirements for generation in general and then to specify requirements for conventional and special production technologies in the specific chapters. As new production technologies and the related requirements for grid connection are evolving, there is a need to keep details of such requirements open for development e.g. in case of decentralized generation. Furthermore, we want to stress that there is a clear need that requirements are balanced between different production technologies and that one type is not burdened to the benefit of another - especially with regard to existing power plants. BDEW welcomes ERGEG´s position in the IIA for the Pilot Framework Guideline on Electricity Connection, stating, that it would be wise to select a policy option that will pertain only for installed capacities in excess of e.g. 100 MW as a general threshold. Such thresholds might differ with requirements from the grid situation and could be defined in the development process of the Network Codes as a result of discussions involving politicians, regulators, TSO/DSOs and grid users.

5a. How should the requirements for intermittent generation, distributed generation and responsive demand differ from the minimum requirements?

We propose that such differentiations/requirements should be based on the relevant results of the development process of the Network Codes - involving politics, regulators, TSO/DSOs and grid users.

5b. Is there a need for more detailed definition / differentiation of grid users?

No, there is no necessity for a more detailed definition / differentiation of grid users in the context of the guideline. We propose to cover all customers with influence on system stability in section 3.2.3.

6. Is it necessary to be more specific regarding verification, compliance and reinforcement?

Yes, see our additional remarks below.

7. What are the key benefits and types of costs (possibly with quantification from your view) of compliance with these requirements?

As already mentioned under question 1, the tasks of the TSOs should be clearly described in an introductory section. In that section, the aimed benefits should be listed (as they are already described in the Initial Impact Assessment (IIA)). From our point of view, secure system stability and transparency about the grid connection requirements are the two major benefits.

From a DSO perspective, the costs for information exchange between grid users, TSOs and DSOs and the costs for compliance monitoring are the most related costs. New information technology is needed in particular on DSO levels to transform the existing grids to smart grids with a sophisticated communication system. These costs could be immense.

From the view of grid users a non-discriminatory and harmonised grid access to the European internal market secures competition and supply quality. Hence, changes in the communication system can also affect users and the access to grid. Furthermore, we support a transparent publication of this grid connection data to strengthen competition on electricity markets. This helps to understand the development of grid fees and promotes an efficient use of the European grid.

However, for all views, a quantification of the costs is not possible as long as the requirements are not known in detail.

8. How should significant generation and consumption units be defined?

As proposed in 2.4 “significant generation and consumption units” should be defined by a power threshold to be defined in the Network Code. Such thresholds might differ with the specific network situation. Other definitions might be defined in the Network Code as appropriate.

9. For what real-time information is it essential to improve provisioning between grid users and system operators? Do you envisage any problems such greater transparency? What are the costs (or types of costs) and benefits you would see associated with this?

The cost benefit ratio for real-time information exchange should be assessed.

Real-time information exchange should only be required if such information is really necessary to secure system stability and to strengthen competition. Real-time information exchange for example is especially needed for parameters as active power in-feed/withdrawal; reactive power in-feed/withdrawal; wind speed (for wind generators) or solar radiation (for photovoltaic).

With increasing feed-in from decentralized generation connected to the distribution grids, there is also an increasing need for real-time information to the DSO who will then give bundled information to the TSO. In order to keep costs as low as possible, it has to be secured that only data is exchanged that is needed to secure system stability and to strengthen competition. Also the interaction with grid users needs to be elaborated. A quantification of the costs is not possible as long as the requirements are not known in detail. Therefore, BDEW supports an open discussion and an involvement of all grid users, TSOs and DSOs in the development process.

3 Additional Remarks

To 1.16

In this section the responsibilities about compliance monitoring should be clearly stated, e.g. who is responsible to prove compliance and to whom the compliance should be proven. Furthermore, it should be added what happens in case the compliance is not proven by the grid user. Which measures are to be taken to enforce the compliance?

To 2.1

A bullet point that covers the necessary information sharing between DSOs in cases where several DSOs are cooperating in a vertical structure (in countries with strong diversification of the DSO structure (for example Germany) some DSOs are connected as customers to other DSOs should be added.

To 2.3

We recommend to shift the aspect about the publication of a transparent grid connection procedure for all different grid users (3.1, 3.2, 3.3). A transparent procedure for large-scale intermittent generation distributed generation, customers/ loads and conventional power plants should be developed.

To 3.2.2

We recommend to shift the general description about the requirements for the connection point between TSO and DSO to chapter 1.

To 3.2.3

Section 3.2.3 states that DSOs should be assigned the responsibility that generation and consumption units meet the requirements set by TSOs (or DSOs). In this context, we think all requirements with relevance to the distribution grid should be jointly elaborated and agreed *(cf. our answer to question 1).*

To 3.2.2 and 3.2.3

In addition, we would like to address the issue that rules with regard to connection of large scale intermittent generation and decentralized generation are also set in national laws and regulations, e.g. on power production from renewable energies. It has to be ensured that such rules and network codes are fully consistent.

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