



GEODE COMMENTS ON CEER CALL FOR EVIDENCE ON GENERATION ADEQUACY TREATMENT IN ELECTRICITY

GEODE, the European association representing the interest of **energy distribution companies** welcomes CEER paper on Generation Adequacy Treatment in Electricity. **GEODE** appreciates this opportunity to make our contribution to the subject, although, we must highlight that CEER's paper focuses on generator related topics, as the generation adequacy, the barriers to investment in new generation capacity and the diversity in electricity generation.

GEODE agrees with CEER that a European efficient liquid electricity market should be in place. To achieve it the implementation of efficient congestion management mechanisms and the maximising of the use of existing interconnector capacity, is essential. Bottlenecks have to be removed by new interconnection capacity (infrastructure investment). Existing available capacity is still broadly insufficient and it is crucial for the functioning of the internal market.

Additionally, the European energy system should be technologically adapted to manage larger amounts of intermittent generation in order to meet the 20-20-20 mandate. To reach the objective, transmission capacity and congestion management must be solved at regional levels. From all mentioned above, we can conclude that European energy market evolution can not be separated from market integration and the development of the grid.

The development of the grid requires significant investments. Therefore **GEODE** agrees with CEER that a clear, stable and reliable regulatory framework is needed to mitigate related risks and positively favour investments.

GEODE also wants to call for changes in the legal framework as regards to the harmonization in the regulation of permits and licenses for network expansion, construction and modifications or reinforcements, in order they should be available for projects implementation on time. Other legal change needed is the establishment of an environmental impact assessment process.

Barcelona, 26th. April 2010