

## ERGEG Public Consultation on Pilot Framework Guidelines on Electricity Grid Connection

### EDF Response

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*24 September 2010*

EDF welcomes the opportunity given by ERGEG to comment on these draft Framework Guidelines (FG) on grid connection, thereby anticipating the application of the 3rd Energy Package during the interim period before the Agency for Cooperation of Energy Regulators (ACER) starts effective work.

Framework Guidelines and the coming Network Codes are one of the steps of the top-down approach defined in the provisions of the 3rd Energy Package for harmonizing and achieving the European internal energy market and ensuring security of supply.

The proposed FG address the issue of grid connection in a globally comprehensive and satisfying way as they aim to increased system security and stability, transparent, harmonised and fair treatment of grid users, and increased competition. EDF takes the opportunity to share its views with ERGEG on the following:

EDF agrees with the need for harmonisation at European or regional scale, in order to provide grid operators and users with simplified, optimized and adequately levelled connection requirements.

EDF believes that the document submitted to consultation, regarding its quite overall approach aiming at establishing an appropriate minimum degree of standardisation, should guarantee fair, transparent and non-discriminatory treatment for all types of generation, each being submitted to comparable discipline.

EDF would however agree on the need for Transmission System Operators to take into account the specificities of all types of generation in an objective and non-discriminatory way. This goal could be achieved through the upcoming ENTSO-E Grid Code in accordance with the general trend resulting from the Framework Guidelines.

Indeed, special attention should be paid to a pragmatic definition of minimum requirements so that it can apply in every Member state, leaving room for objective specificities and thereby avoiding excessive costs or inappropriate technical constraints, as detailed in response to question 1.

Concerning the implementation of those requirements, EDF believes that any new or revised standard should prove its positive economic impact and its positive effect on system security in order to justify the compliance cost for the TSO and for new installations or significantly modified ones. These evolutions in the connection requirements should be integrated into national regulation and contracts through an effective consultation process and with sufficient implementation time.

Concerning the issue of applicability of these new connection standards to existing users, EDF believes that enforcement should concern new connecting users only (or significantly modified installations), with the exception of derogations restrictively related to system security and showing overall economic performance. In those cases, the cost of compliance should be socialised and network tariffs should evolve accordingly.

This position results from both legal and economic considerations. Indeed, a different approach would increase risk perception and thus have damaging and counterproductive effects on investment.

## **General Issues**

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

As a general comment, EDF wishes to underline that the present Framework Guidelines should not ignore, in parallel of users' obligations towards the system, additional external constraints such as those resulting from other regulation fields (environmental

protection, urban planning regulations, nuclear safety regulation etc.), or recommendations made to TSOs by public authorities in order to address some specific users' needs.

Nuclear generation is one relevant example where some level of technical specificity is needed, which could be in detail addressed through the Network Code(s) or let to national regulations: for this type of generation, where safety issues can prevail, the external electrical grid is considered as part of the first defence line by main nuclear Safety Agencies. In most countries, the experience feed back reveals the grid is to be considered as a key source, and the International Atomic Energy Agency has already published draft recommendations on these matters. Framework Guidelines could usefully refer to this general issue in order to help efficient harmonisation.

Indeed, whereas Framework Guidelines minimum requirements and principles should apply in a common and general manner, some specificities should be taken into account in a non-discriminatory and objective way by TSOs when defining Network Code(s), in order to maintain a high level of performance for the system as a whole.

Another issue concerns the need to improve the existing coordination of TSOs in terms of exchange programs between UCTE blocks, despite the very accurate ENTSO-E existing policy. It could reduce the very high variations of frequency (75–120 mHz) that currently occur in the UCTE network on peaks and at the different market closure gates. These high variations de-optimize the ancillary services and generators' programs, create interconnection overloads and in the end increase significantly the risks of black out.

## **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?**

EDF understands this timescale as the time needed to integrate the Network Code provisions into the national ones. 12 months is probably too short regarding the necessary national consultation and validation processes. In addition, the foreseen timescale should grant sufficient stability and visibility to investors when significant evolutions are integrated. For these reasons, EDF recommends a more realistic 2 year timescale as a minimum.

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

Market integration issues require a European harmonisation level whereas other matters (such as frequency alignment) could, mainly for technical reasons, start on synchronous area scale.

### **Grid Users related Aspects**

## **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?**

The initial impact assessment document mentions that (§3.2), concerning application to existing grid users, a transition period might be needed or application may be merely unfeasible. These conclusions seem inconsistent with the Pilot Framework Guidelines (§1.1) that stipulates that the Network Code(s) shall “identify and consider the standard minimum requirements that should be complied with by all users including existing ones“. ERGEG position should be clarified on this matter.

EDF believes in a progressive, still efficient, implementation of new provisions through enforcement over new connected users only (and significantly modified existing installations), thus limiting the negative effects on existing users in terms of additional costs (technical and organisational changes, ..).

This position results from both legal and economic considerations. Indeed, a lack of stability on these matters would increase risk perception and cost, thus having damaging and counterproductive effects on investment.

However, if the overall economic performance of an upgrade of existing installations and its necessity for system security are transparently justified against alternative solutions (as network reinforcements among others), then the upgrade could be conducted and its cost socialised. Network tariffs should then evolve accordingly. Doing so, TSOs would be incentivised to adopt solutions that bring the highest social welfare.

In any case, this type of derogation shall not apply to obsolete installations or close to decommissioning.

Concerning new grid users, or significantly modified installations, technical requirements should be known long enough in advance, with respect to investment basics, as addressed in question 2.

**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? How should the requirements for intermittent generation, distributed generation and responsive demand differ from the minimum requirements? Is there a need for more detailed definition / differentiation of grid users?**

All grid users including the intermittent and distributed generation and responsive demand must contribute to the needs of the power system. Therefore, the standards for these users should be close, if not the same, to the minimum requirements. Deviations from the standards should be possible through Network Code(s) in order to take into account constraints related to technical feasibility and cost in a transparent, objective and non-discriminatory way, avoiding hidden cross-subsidies.

**Implementation**

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

No comment.

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

EDF shares ERGEG's vision of the different expected key benefits from increased harmonisation. Benefits will mostly result from increased competition and more efficient investment decisions, with, in the end, positive effects for final customers.

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

EDF agrees on the necessity to establish (preferably through the ENTSOE Network Code, considering the technical expertise needed) a European-wide public, clear and realistic definition of the "significant generation and consumption units" in the scope of these Grid Connection Codes.

The definition of these "significant generation and consumption units" should allow the largest possible contribution to the system needs at acceptable overall costs regarding expected benefits.

This definition will, depending on national situations, encompass DSOs activities or not (generation and consumption units being connected, for given power characteristics, to different voltage levels from one country to another; different DSOs and TSOs network repartitions..).

In that respect, EDF believes that Framework Guidelines should give a clearer definition of DSOs status, that one could presently perceive as mere executants of TSOs decisions. DSOs endorse network operators responsibilities and constraints that justify being more closely associated to Network Codes construction, at least on issues directly related to their activities.

## **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?**

A European harmonization of real time information access will allow more transparency and bring higher confidence to physical as well as non physical market players.

EDF considers that, in addition to already very extensive communication of generators' data, the improvement of communication on the following real time data would be useful to grid users and market players:

- information on interconnections (cross border capacities and prices),
- network data (hosting capacities, network state),
- data from wholesale markets, balancing markets/mechanisms and consumption/load data.

Existing transparency requirements that large grid users have to comply with already include some real-time information which has to be delivered to the TSO. Each additional requirement has to be in line with this ruling. Before requiring additional transparency a cost-benefit analysis has to be made and confidentiality of data has to be ensured.

The cost of increased transparency for generators mostly depends on the reporting schemes chosen. Network tariffs should cover the costs of these evolutions for network operators.

EDF will express its views in a more detailed format in response to another current ERGEG consultation on this issue (Draft Guidelines on Comitology Fundamental Electricity Data Transparency).

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