

ERGEG
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Nordenergi response to the public consultation on ERGEG's Draft Advice on the Community-wide Ten-year Electricity Network Development Plan

Nordenergi, the joint collaboration between the Nordic associations for electricity producers, suppliers and distributors, welcomes the opportunity to comment on the "Draft Advice on the Community-wide Ten-year Electricity Network Development Plan".

In the near future there will be substantial need for investments in new interconnectors in order to fit new RES into the electricity system. The EU 20-20-20 goals and related initiatives to introduce new RES accentuate the need for further integration of the Nordic electricity market into the North European electricity markets. Well integrated electricity markets are a prerequisite for efficient use of new intermittent energy sources. And sufficient transmission capacity is a prerequisite for well integrated markets. The Community-wide ten-year electricity network development plan (TYNDP) is a very important tool to evaluate the needed transmission capacity and to obtain the needed investments in transmission capacity. Nordenergi finds that the energy regulators play an important role in securing the implementation of the needed investments in a European perspective and in securing the consistency in relation to the national plans.

Nordenergi finds that a common TSO-plan is needed. Consequently, it is important that the TYNDP not only combines national plans, but as well maintains a high level of ambition. Although the plan is non-binding, Nordenergi believes that the plan will form the basis of a common European coordination. However, this also means that the plan in it self is not enough to ensure an actual grid extension, and the plan must, therefore, be followed up by specific guidelines and financing mechanisms which are needed in order to fulfil the plan.

Nordenergi shares the view that the TYNDP should identify congestion on interconnections as well as internal congestion having an effect on cross-border activities. Furthermore, the plan should identify internal congestion that has an effect on the use of grid in neighbouring countries. To better understand future needs in the network, it is important that the TYNDP includes an evaluation of how the grids are currently used, i.e. highlight current bottlenecks and loop flows in and between the internal grids (referring to section 6.6.1).

Below, we expand on the questions raised up in the document in section 1.2.

Planning process

Nordenergi finds it very important that the stakeholders (network owners, producers, traders and suppliers, major end-users and their associates) are actively involved in the process. Consequently, it is not enough to keep stakeholders informed. This involvement should be added in the criteria for regulatory opinion (referring to section 7). To get useful comments from stakeholders, transparency is important in the sense that stakeholders, who have commercial interests in reducing bottlenecks and increasing trade, get full insight in data on consumption and production, in the model and in the different scenarios. If only results are presented, it is very difficult, if not impossible, for stakeholders to give constructive comments since the results are only part of the solutions. Therefore, the regulators must push for a clearer and deeper transparency and stakeholder involvement, and this at an early stage in the process.

Transparency could be obtained by including information and calculations on the individual control areas in the Annex of the plan.

The content of TYNDP

Nordenergi finds that the regulators in the guidelines should define a minimum level of what the plan has to include. During the process more needs will probably be uncovered, and the guidelines should not hinder the TSOs taking those into account.

Increasing cross-border trade should not be a goal in itself, but the maximizing of social welfare on European level. This requires efficient use of interconnectors and increase of transmission capacity and therefore most probably induces more trade. Nordenergi shares the opinion that the integration of the European electricity markets within and between regions increases competition and efficiency.

Although it was mentioned in the consultation that financing and cost-sharing of the investments are outside of the scope of the document, it is important to discuss and agree on common ways on how to use the money collected from congestion. The Third Energy Package states that congestion income must be used for new lines and improvement of existing lines. It can only be used for tariff reduction if it is approved by national regulators. Incentives to maintain bottlenecks should preferably be removed as stronger grid for wind and market integration is a necessity. Hence, Nordenergi finds that the European regulators must make common guidelines for the calculation and the use of congestion income, and the exception approval from the regulators.

European generation adequacy outlook

It is crucial that stakeholders are closely involved in the process when making the outlook (see also "Planning process").

Identification of investment projects

In general, it is important to look at investments in grid infrastructure in a regional/pan-European perspective. The calculations have to be based on European social welfare to ensure the most economical investments for Europe as a whole (referring to section 6.5.2). National views would create non-optimal solutions.

Identifying the priority of cross-border investments, the economic criteria is the most important. The economic evaluation of new cross-border capacity takes into account the needed grid enforcements in the national grids. The technical requirements are a part of the economic evaluation.

When identifying the needed new transmission capacity a special attention must be given to the investment needs of national grids and the bottlenecks in those.

Regulatory opinion

In the Regulatory Opinion the Agency must emphasize that new investments are taken from a European perspective (referring to section 7).

Compatibility between national plans and TYNDP

Nordenergi finds it useful to get a clarification of the links between the national development plans made by Independent Transmission Operators, Independent System Operators, and Transmission System Operators in relation to the TYNDP. This could be done by a description of how the national plans are included in the process of the TYNDP, also with respect to the use of binding and non-binding distinctions in the different plans. Nordenergi urges the regulators to push for all member states to deliver national plans (TYNDPs), also where the TSO is unbundled. This will give all stakeholders an opportunity to have their view included in drafting the national, regional and community-wide ten-year network development plans (referring to section 5.3).

Implementation – smoother and common European licensing procedures

Nordenergi shares the view, that it is important to monitor the implementation of TYNDP, though it is non-binding. A monitoring report itself may still prove to be insufficient. In case there has been delays in implementation, a follow-up should be defined. Specific guidelines for the implementation are needed.

Another issue to address, in the building of new transmission lines, is licensing procedures. It would be beneficial to agree on easier and harmonised procedures with respect to approval, in order to be able to build the lines in practice. That is, make barriers as small as possible for a successful implementation of the developed TYNDP. Nordenergi finds that the European regulators play a role and must start working on harmonisation between the European countries in order to minimise the barriers for a successful deployment of the grid.

Yours sincerely,



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