

Pilot Framework Guidelines on Electricity Grid Connection
EREG Public Consultation Paper
Cover Note and Consultation Questions
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Comments from RWE AG, Essen

RWE welcomes the Pilot Framework Guidelines on Electricity for Grid Connection (FG) as a further step of harmonisation of market conditions in order to create the Single European electricity market. In addition, it is a key factor in the process of further ensuring a secure EU-wide system management and increasing thereby security of supply. Doing so, RWE supports the development of minimum standard requirements for connection for grid users being non-discriminatory and taking into account the technical characteristics of different grid users. We believe, that the latter is an important step to reflect the increasing role of intermittent and decentralised generation as well as of the load in the European electricity market as such and in their contribution to secure grid stability.

The FG and associated codes should focus primarily on new facilities unless there is an overriding system need. Otherwise, this would damage investor confidence and impose a disproportionate burden to the existing grid users.

However, harmonisation of grid connection procedures between grid user and TSO, of grid access and of cost allocation principles is to be established, too, being than in line with the FG.

Introductory Remarks

- *Scope guidelines and network code goes further than just cross-border issues :*
Regulation 714/2009 states that the network codes to be developed by ENTSO-E within the framework of the guidelines shall be developed “only for cross-border network issues and shall be without prejudice to the Member States right to establish national codes for non-cross-border issues.” It is of course difficult to draw a clear line between national and cross-border issues. However, the draft guidelines seem to cross the line significantly. For example, is regulation on the connection regime for distributed generation a cross-border issue, and are requirements with respect to reactive power a cross-border issue. If you look at the scope of the framework guidelines, one may wonder if there is anything left to regulate on a national level. With respect to a lot of the issues to be covered in the network code there seems no good reason, why these issues should be regulated on a European level. In short, the scope of the guidelines seems not to be in line with the subsidiary principle.
- Our understanding is that these guidelines are aimed at ensuring connected grid users can respond to emergency grid situations, and hence contribute to the avoidance of major black-outs.

Thus the draft guidelines do not cover aspects such as how TSOs interact with potential new connectees such as the terms of any commercial agreements, the determination of the connection timetable or how conflicting connection applications are dealt with. It is anticipated that further “grid access” guidelines may be developed in this respect, depending on the view taken on whether these are considered to be issues with an impact on cross border competition.

General Issues

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

RWE believes that in general the draft FG reflects the major issues. However, there are still important additions needed:

- Requirements for TSOs and DSOs are not defined. It must be clarified, too, what they have to provide. Therefore, the codes should include obligations for TSOs with respect to connection, such as transparency or rules for grid extension/congestion management.
- Thus, RWE considers that the issue of grid cost allocation should be addressed, too. In order to create a competitive level-playing-field, harmonised rules should be established to allocate connection costs and network reinforcement costs. This also means rules to decide on when network reinforcement is preferred to reinforcement of technical installations of the grid user and who will bear the relevant costs.
- Guidelines should also deal with requirements on DSOs that are connected to the transmission grid and of grid users connected to the DSO.

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?*

It should be longer than 12 months. Both, the assessment of compliance for existing grid users as well as the adaptation of planning for new grid user units will take time and need resources. Thus, RWE believes that an implementation period of 24 months would be more appropriate.

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

As a minimum, harmonisation should take place by synchronous area although it would be more suitable to have an EU wide regime so that equipment manufacturers have a common standard. As an interim step, categories of requirements may be defined to which grid users have to comply with at EU level, at the level of a synchronous area or at national/TSO level. National derogations should be allowed only in special issues, e.g. local reactive power problems.

A top-down process is needed since a bottom-up process would take too long. Different rulings on TSO level would result in discrimination and competitive distortion.

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?*

In general, they should only apply to new grid user units as well as to such which were significantly modified. As a general rule, there should be no requirement for full compliance for existing grid user units or in the case that existing equipment will just be replaced.

If the TSO decides that full compliance is needed also for existing grid user units because of system security reasons, a clear rule on cost allocation has to be established. This includes that additional costs for existing grid user units to comply with the FG may be reimbursed by the TSO. Thus, TSO may set market-based incentives for existing grid users to retrofit their facilities in order to comply with the Codes.

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?*

As a general rule, there is no need for a more detailed definition since the grid users are appropriately addressed. Intermittent and decentralized generation should have to contribute to the objectives of the guidelines in the same manner as all other grid users do. Thus, they have to comply with the minimum requirements, too. However, depending on the size of the unit, the compliance test may be simplified for smaller users.

Implementation

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

It is necessary to be more specific about how the guidelines should be implemented in terms of the extent of enforcement, sanctions and so on. However the precise legal specification of these should be left to individual Member States and the TSOs affected. The applicable network code should identify the applicable compliance regime.

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

Harmonised requirements will contribute to a level-playing-field reducing competitive distortions by setting equal terms for grid users in the same market. In addition, this will increase system security and will standardize equipment for PGF. Thereby, costs may decrease. As mentioned before, if new regulations would be imposed on existing grid users the associated costs should be socialised through the grid operator to ensure the level-playing-field between member states.

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

As a general rule, all new generation units larger than a threshold of 50 MW_{el} should have to meet the requirements of the FG being “significant”.

In detail, the Codes may derogate, defining “significant” generation and consumption units in the context of the potential impact of exports or imports on the relevant electricity network.

This would enable the definition to vary according to specific network conditions and reflect the reality of existing network connection arrangements. However, once the “significant” capacity has been identified then this should be established in the relevant network code with any changes subject to appropriate governance arrangements. Nevertheless, if the amount of decentralized generation in smaller units increases it is necessary to define rules even for non-significant units smaller than 50 MW_{el}.

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 existing transparency requirements stipulate that large grid users have to deliver some real-time information 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. However, we expect these issues to be dealt with in the transparency guidelines.