Brussels, 4 June 2008

UCTE Comments to

ERGEG Draft Guidelines of Good Practice for Operational Security

UCTE welcomes and supports that ERGEG dedicated an own forward-looking document to the issue of system reliability and currently put to public consultation.

UCTE underlined repeatedly over the last years that the main challenge faced by system operators in order to keep their respective system reliable is to achieve:

- **Enforceability** for the already existing network codes and
- The **extension of such legally binding codes beyond the sole TSOs** to all entities ("system actors") whose action doubtlessly impacts the overall system reliability.

Therefore, the following document briefly presents fundamental comments to the ERGEG document, bearing in mind that all the detailed comments provided by the UCTE TSOs (see annex) will be subject of a direct bilateral consultation with ERGEG.

In the context of the above said, UCTE on the one hand highly appreciates that:

- The documents goes in essential aspects in line with the UCTE Operation Handbook (OH) and the UCTE Compliance Programs, as two key products that were steadily improved based on the return of experience of a large TSO community in Europe;

- The document is obviously anticipating the "framework Guidelines" as currently discussed in the context of the 3rd Energy Package; UCTE underlines that such documents should be the basis for the development of network related codes by the TSOs that would ultimately have to be settled via *comitology* in case of non-agreement of stakeholders – a procedure that UCTE deems clearly more efficient for all involved parties; this aspect appears to UCTE as of utmost importance in case the approval of the 3rd package would suffer any delay.

- The ambition of the document to move towards interoperability of all European systems especially in the sense of a convergence of *objectives and means.*

On the other hand, UCTE would like to draw attention to a number of issues that might give room for misunderstandings or sub-optimal results:

- The operational security of the electricity grid is only possible, if all acting entities (TSOs, DSOs, generators, but also traders) in a given system work together and coherently interact. Therefore it is

crucial that rights and obligations are clearly identified for the said entities. However, the document under review mentions under chapter 4 the diversity of entities to be targeted, but nearly all statements in the document corpus are directed only to TSOs. UCTE would suggest therefore a clarification as to whether:

- o This is either a shortcoming of the document *structure /presentation* or

- o ERGEG indeed assumes that the present legal/regulatory conditions preventing TSOs to enforce standards to DSOs, generators and traders will be released and TSOs empowered to do so under the new guideline (e.g. upon in-depth consultation with the addressees).

- Even if UCTE presents (see annex) specific comments to the document, UCTE believes that the ERGEG text goes in several issues either too much into details (e.g. capacity allocation) or is even contestable (e.g. reactive power exchanges) from the perspective of system security. To this extend, some parts of the documents could be simplified and kept at the level of *objectives* ("meta-level" → more details at bilateral meeting).

- The fact that UCTE is gathering TSOs in EU but also in non-EU systems is correct but does not deliver any solution for bridging the need for global enforceability; as true as UCTE binds today all its member TSOs (in EU and non EU member states) to the same rights and obligations via a dedicated inter-TSO contract (Multilateral Agreement) the enforcement of future network codes will imply a firm action by stakeholders (at governmental level) to provide for extending enforceability outside EU member States.

- As said above, the document is clearly in line with the basic approach of UCTE to compliance monitoring; UCTE is convinced that such compliance monitoring programs can always be improved. However, "Compliance monitoring audits" should not be executed *exclusively* by representatives of representatives of EC and regulatory authorities, but also by TSO bodies (e.g. within the future ENTSO-E). Such an approach will ensure full transparency to the compliance monitoring process, simplicity to manage the process for EC and regulators and the necessary professional /practical experience for assessing in detail all the compliance aspects.

- The document addresses the important function of TSOs to assess "interoperability within and between systems", but obviously limits this aspect to the 5 existing synchronously interconnected systems (UCTE, NORDEL, UKTSOA, ATSOI, BALTSO); it should be extended by a number of guidelines concerning the actions of TSO in the context of requested system extensions (AC or DC) as well as concerning the assessment of interoperability of the existing systems with RES (s. EWIS Study).