CEFIC's Answers to the ERGEG Consultation on the Community-wide ten-year Electricity Network Development Plan:

Cefic generally welcomes and supports ERGEG's draft advice on the Community-wide ten-year Electricity Network Development Plan. For that reason please find below only a general remark and few detailed comments.

GENERAL REMARK

Compared with the ante-liberalization period, the European grid today is very vast. It has to satisfy an increasing amount of international transactions and must tolerate irregular feed-ins from volatile renewable energy sources. Furthermore in the meanwhile technology has proceeded and the grid needs to be adapted accordingly.

The optimum design of this European grid may differ from the past optimum At this step it is, however, crucial to study the long-term optimum design of the European grid and to see that future projects are line with this optimum design.

During the ERGEG Workshop, ENTSO-E announced there will be founded a new working group which shall be in charge to make a study on the optimum design of the European grid in the year 2050.

For this reason it should be added in the objectives (§ 2+6.1) and the top-down approach carried out by ENTSO-E that new projects need to be in line with this optimum.

ANSWERS TO ERGEG'S QUESTIONS

Q 1: PROCESS PLANNING:

No comment.

Q 2: PLAN CONTENTS:

§ 6.2 / "Issues to be addressed by scenarios":

"Price of electricity" is not sufficient; scenarios should address both:

- the electrical energy price and
- the transmission costs

Because:

- a project increasing transmission tariff may decrease energy price thanks to more competition;
- the sum is the cost the consumers pay, to be optimized.

§ 6.4 / Market Model:

The software modeling the market should not be limited to a “perfect market” but should integrate the actor’s comportment, observed during the previous years. (e.g.: What is the ratio price/cost of the offers? Do generators invest?).

§ 6.5.2 / Economic criteria:

Concerning the risks and costs of shortage, it is important to consider the real cost of an industrial plant shortage and not the compensation paid by TSOs.

For both, too high “all in” electricity prices and industrial plant shut-downs caused by too poor power supply reliability, the economical impacts of long-term activity delocalization should be considered.

Q 3: GENERATION ADEQUACY:

Demand Response:

Cefic recommends, being careful with regard to an “enhancing demand response”.

An industrial site will try to produce 100 % of its capacity, to minimize its costs.

During periods of production overcapacity, industrial plant modulation is possible and may be based on electricity price. But the largest part of the industrial consumption is inelastic.

Domestic consumers already modulate (counters night / day).

Lack of Generation Capacity:

The “European Generation Adequacy Outlook” should give explicit alarms when the power plants foreseen by the previous plan are not build and when the construction decision becomes critical with regard to construction delay and deadline to avoid lack of generation capacities.

Q 4: RESILIENCE:

Each project should be studied with regard to its economic criteria and publish the expected impacts in the concerned Member States on both:

- the electrical energy price and
- the transmission costs (tariff).

Q 5, 6, 7:

No comment.