

## **Energy Norway response to the ERGEG Consultation on the draft advice to the Community-wide Ten-year Electricity Network Development plan.**

Energy Norway welcomes the ERGEG consultation on the draft advice on the Community-wide Ten-Year Electricity Network Development plan.

Energy Norway is a trade organisation for about 260 generators, suppliers, distributors and contractors in Norway. Energy Norway's members each year produce nearly 130 TWh, which is some 99 per cent of all power production in Norway. Our members have approximately 2.5 million grid customers, which is about 91 per cent of Norway's grid customers. The members of Energy Norway have some 15 000 employees, and had a gross turnover to end-users in 2009 of 75-80 billion Norwegian kroner.

The twin challenges of integrating the European electricity markets and of increasing the share of renewables require substantial investments in the electricity grid in the coming years. Both cross-border connections and the internal grid need to be strengthened and extended, making European coordination necessary. The Ten-Year Network Development plan (TYNDP) is an important tool to coordinate the different European grid projects and prioritize the necessary investments. Therefore the TYNDP should not only combine national investment plans, but also add an ambitious European outlook to the investment plans. ERGEG can play an important role in verifying that the plan builds on state-of-the art data, that the relevant stakeholders were involved, that the European perspective is kept and in monitoring the implementation of the TYNDP.

### **Detailed comments and answers to the questions of the public consultation**

In the following pages detailed comments are given to the questions outlined by ERGEG in the consultation document.

**1. The document presents the regulators' view on the planning process to achieve a non-binding Community-wide network development plan. Does this view contribute to the objectives set in the Section 2 and especially transparency of planning? What should be added / deleted within the planning process in this respect?**

We agree with ERGEG, that in a bottom up approach stakeholder involvement at all stages - both national, regional and European - is essential in formulating a relevant TYNDP, as stakeholders have necessary information and a commercial interest in improving the grid. Transparency of the national TSO planning and European processes and insight into the fundamental planning data is a precondition to ensure stakeholder involvement.

To better understand future needs in the network the plans should include descriptions of how the transmission grids are currently used, revealing transmission network utilization and the occurrence and magnitude of bottlenecks. The criteria for selecting projects for publication should be stated and a shortlist of the selected investment projects considered both as a gross- and in the end a net-list with the remaining projects.

As lack of proper cross-border financing solutions is potentially a large obstacle to future transmission investments of European interest, it is important to describe how the projects will be financed and add this as a criterion under section 2 in the draft.

**2. The document describes the contents of the Community-wide network development plan. Does it reflect the topics needed for the plan? What should be added / deleted within the contents of the plan?**

All benefits and costs that are included in the investment calculation should be transparently described. The economic criteria listed under section 6.5.2 should also include how the different benefits are allocated.

To ensure transparency, ERGEG, should explicitly require ENTSO-E in an annex or similar, to include and publish the national considerations/analysis made by individual TSOs as input to the 10 year development plans.

The integration of new renewable generation is a specific issue that needs to be addressed in the scenarios and that would benefit from a European perspective. To allow the flexibility of the RES directive to be used, the scenarios could discuss how power from regions with a surplus of CO<sub>2</sub> neutral generation, such as probably the Nordic region, could reach regions with more difficulties meeting the RES targets, such as continental Europe.

Furthermore, the community wide TYNDP should include sensitivity analysis that reveals how the proposed investments are affected by different assumptions.

**3. The document addresses European generation adequacy outlook. What should be added / deleted in this respect when ERGEG gives its advice?**

Good generation adequacy outlooks and consumption outlooks are a prerequisite for good planning. However, it is important that the regulation strikes a balance between what the regulated part of the electricity market needs and what the liberalized part can disclose without hurting its own business. In most cases scenario planning are kept confidential by Generators for competitive reasons. Therefore, stakeholders should accommodate the data collection process by providing information on already decided and licensed projects as these are already publicly available but may be costly for the TSO to collect.

When evaluating generation adequacy a zero alternative should be included to address the uncertainty if decided and planned generation projects are not carried out. The future generation adequacy should be evaluated based on the underlying grid (internal constraints/bottlenecks within control areas) and with regard to constraints on existing interconnections.

ERGEG has an important role regarding generation adequacy. Hence, ERGEG should define society's acceptable level of generation adequacy during peak load situations as a guide for the TSOs when fulfilling the task to ensure this desired level of generation adequacy. The TSOs should in their generation outlook present possible measures needed to secure the level of generation adequacy decided by ERGEG.

The plan should explicitly list the technical and policy means that will be used to meet extreme situations and the future need for balancing power within an area as these issues will be more critical in the future.

**4. The document describes the topics (existing and decided infrastructure, identification of future bottlenecks in the network, identified investment projects, technical and economic description of the investment projects) for the assessment of resilience of the system. Is this description appropriate? Should it be changed and if so, how?**

| Section 6.6.1 should be extended to also include transmission utilization and congestion within every TSO control area. The frequency of internal congestions should be shown

statistically on a monthly basis as well as the procedure used to alleviate the specific congestion, i.e. market splitting (price differences between price zones), counter trade, reductions of interconnection capacity or re dispatch.

**5. The document sets out criteria for regulatory opinion. Are these criteria clear and unambiguous? If not, how they should be amended?**

The list proposed by ERGEG in the consultation document, covering the development of the TYNDP, its contents and the evaluation is exhaustive.

**6. Compatibility between the national, regional and Community-wide ten-year network development plans shall be ensured. How can this compatibility be measured and evaluated? How may inconsistencies be identified?**

The inclusion of a European perspective is the main point of the TYNDP development plan. Therefore it is important that it is not only a sum of several national and regional plans but that it also adds a European view for example by using the criterion of European social welfare improvement or by looking specifically at projects connecting several regions such as the North Sea supergrid.

However, unfortunately the directive allows national implementation of the 3rd directive without requiring ownership unbundled TSOs to make a national TYNDP. National plans are an important prerequisite for planning future grid development both in a national, regional and European perspective, regardless of how the TSOs are organized.

This could be in conflict with ERGEGs intentions as stated on page 18 in the consultation document:” *During the consultation, market participants should express especially their needs for transmission capacity on the national and cross-border level. This information will be included in drafting the national, regional and Community-wide ten-year network development plans*”.

We therefore strongly recommend ERGEG and the national regulators to strengthen the directive and regulation by requiring the TSO’s to work out regular national plans also in member states with ownership unbundled TSOs.

The national plans should be on a detailed level reflecting the characteristics of the transmission. Transmission capacity between every connected area should be presented in

order to assess the current need for transmission reinforcements as well as the future development. Furthermore, the plans should comprise a reference to the current situation i.e. load, generation and generation mix within defined geographical areas.

**7. The Agency monitors the implementation of the Community-wide ten-year network development plan. Are there any specific issues to be taken into account in monitoring besides those described in the document?**

ERGEG/ACER has an important role in monitoring the implementation of the TYNDP. Constant transparency regarding congestion is one way to monitor the plan's implementation. Long and short run congestions are closely interconnected and of great importance for both market functionality and the market participants. The methods for handling such congestions are also important as they can hide or disclose the reasons, origin and consequences of the congestions. It is therefore important that the regulators ensure transparency regarding congestions and that they are managed efficiently where they physically appear, exposing the locations within the current network where future reinforcements are needed.

To assist implementation of the TYNDP, investment projects that have been identified as a European priority could benefit from common European authorization procedures to guarantee a speedy execution.