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Svensk Energi (Swedish Energy Association) response to the public consultation on ERGEG's Draft Advice on the Community-wide Ten-year Electricity Network Development Plan

Svensk Energi, the electricity industry association in Sweden, welcomes the opportunity to comment on the "Draft Advice on the Community-wide Ten-year Electricity Network Development Plan".

General comments

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. Svensk Energi 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.

Svensk Energi 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, Svensk Energi believes that the plan will form the basis of a common European coordination. However, this also means that the plan in itself 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. Otherwise, the lack of financing mechanisms for future grid investments might be an important barrier to sound infrastructure investments.

Svensk Energi 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



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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).

The major share of the TSO:s in the EU have the status as "ownership unbundled TSO:s", which imply that they are not legally required to develop a national TYNDP under the national regulators supervision. According to Svensk Energi, a transmission investment development of European interest will need to involve investment decisions that are not always beneficial in the national perspective, hence and in the absence of a European wide solution on common financing, regulators will have to be ready to enforce such decisions. Indirectly, each TSO as an input to the community wide TYNDP of ENTSO-E, will have to develop 10-year scenarios for their respective grid. Therefore, Svensk Energi urge ERGEG to work for an implementation of formal requirement for the unbundled TSOs to develop TYNDPs under the supervision of the respective national regulator. Again this would make certain that individual plans and reinforcements of the individual plans are aligned with the EU-wide need for network development.

The roles and responsibilities of ACER and ENTSO-E, according to the third package, give a relatively strong position for the TSOs. Hence it is important that ACER and the national regulatory offices as far as possible build competences and resources enabling regulators to develop the right set of process and criteria to evaluate ENTSO-E's proposals.

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

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?

Svensk Energi 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.

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?

Svensk Energi finds that the regulators in the guidelines should define a minimum level of what the plan has to include. During the process the need for more information will probably be uncovered, and the guidelines should not hinder the TSOs from 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. Svensk Energi 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. Hence, Svensk Energi 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.

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

It is crucial that stakeholders are closely involved in the process when making the outlook (see also question 1).

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?

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.

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

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

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?

Svensk Energi 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. Svensk Energi 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).

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?

Svensk Energi 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 the case if there have been delays in the implementation; a follow-up procedure should be defined. Specific guidelines for the implementation are needed.

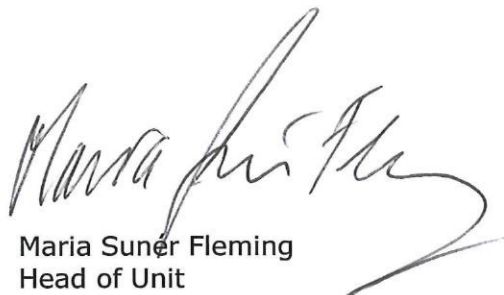
Another issue to address, in the building of new transmission lines, is licensing procedures. The licensing procedures has to be monitored as they might prove a major bottleneck. It would be beneficial to agree on easier and harmonised procedures with respect to approval, in order to be able to build the lines in practice. That is, make barriers as small as possible for a successful implementation of the developed TYNDP. Svensk Energi 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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