

1st Electricity Connection Ad hoc Expert Group Meeting

4 November 2009 from 10:30 to 17:00 hours

Diamant Conference and Business Centre
Bd. A Reyerslaan 80
1030, Brussels

FINAL MINUTES

Participants			
Asta	Sihvonon-Punkka	EMV (FI)	Chair
Rafael	Bellido	Expert	
Bente	Danielsen	DERA (DK)	
Bernd	Klöckl	Expert	
Christina	Sepulveda	NVE (NO)	
Claire	Maxim	Expert	
Cristian	Lanfranconi	AEEG (IT)	
Frans	Van Hulle	Expert	
François-Annet	de Ferrières	CRE (FR)	
Katharina	Bauer	E-Control (AT)	
Margareta	Bergstrom	EI (SE)	
Maria Teresa	Ibañez	CNE (ES)	
Mark	Norton	Expert	
Matthias	Boxberger	Expert	
Olaf	Islei	Ofgem (UK)	
Ralph	Pfeiffer	Expert	
Ritva	Hirvonen	EMV (FI)	
Sabrina	Mlynek	BnetzA (DE)	
Sven	Prochaska	BnetzA (DE)	
Tahir	Kapetanovic	E-Control (AT)	
Thomas Karl	Schuster	Expert	
Natalie	McCoy	CEER Secretariat	

1. Opening

The meeting opened at 10h32 Asta Sihvonon-Punkka (EMV, Finland) in the Chair.

1.1. Approval of the agenda

The Agenda was approved in the form shown in these minutes.

2. Introduction to the process for preparing pilot framework guidelines

The Chair welcomed the experts and thanked them for their willingness to contribute to this preliminary work to test the new procedures from the 3rd Package. The Chair provided a brief introduction of the background and context of the work of the expert group, including the new legislative framework and the pilot exercise.

By way of background, CEER was established in 2000 as a voluntary organisation for cooperation between European energy regulators, followed in 2003 by the establishment of ERGEG by the European Commission to provide official advice on energy regulation issues. Now, ACER will be established as part of the 3rd Package legislation. It will be a community body with legal personality and its purpose will be to assist the regulatory authorities in exercising at Community level the regulatory tasks and to coordinate their actions. ACER will be fully operational as from 3 March 2011.

Other new institutions are also being established - the European Network of Transmission System Operators for Electricity (ENTSO-E) and for gas (ENTSO-G). The 3rd Package includes 2 new tools - framework guidelines (non-binding) and network codes. The former precedes and scopes the latter. The process can be summarised as follows: the Commission provides a priority list for the areas to be dealt with and requests that ACER draft framework guidelines (within 6 months), which is provided to the Commission and ENTSO-E. The Commission then requests that ENTSO-E prepares a network code, in line with the framework guideline, within 12 months. This code is reviewed by ACER - which also publicly consults on the code and then submits it to the Commission once satisfied with its content. The codes can then be submitted to Comitology in order to make them legally binding. The entire process takes approximately 2 years (not including the additional time for the comitology procedure).

During the interim period until ACER is fully operational, ERGEG is undertaking preparatory work in order to make as much progress as possible. The inputs to framework guidelines should help to lessen the time lag and allow the newly operational ACER to move swiftly on the framework guidelines.

In order to test the new procedures, ERGEG has agreed with the Commission to conduct a pilot exercise - the chosen area for a pilot framework guideline being electricity grid connection. For its part, ENTSO-E has decided to do a pilot network code on wind connection. In the gas sector, the pilot framework guideline will address capacity allocation. In order to ensure consistency and coordination between the two sectors, a Monitoring Group has been established by the Commission, consisting of the Commission, ERGEG, ENTSO-E and ENTSO-G. The Chair will be reporting on the expert group's work to this Group.

The role of the ad hoc expert group forms part of the impact assessment procedures agreed within ERGEG. The goal is to provide expert support to ERGEG on the development of the input to the framework guidelines. It is envisaged to hold 3 meetings. Regarding confidentiality, the Chair proposed to follow the so-called 'Chatham House' rules (as mentioned in Article 12 of the Terms of Reference), to allow for open and frank discussion. The expert group members agree not disseminate meeting documents unless agreed between the members. Documents will be considered 'confidential' by default but can be made public following the agreement or permission of the responsible persons. The members noted that their full names and affiliations have been made public.

On behalf of ERGEG, Mr. Kapetanovic outlined the overall framework guideline process, from the impact assessment phase to the formal 6 month drafting period. ERGEG's impact assessment process is based on the European Commission's impact assessment guidelines. The 'ad personam' nature of the expert group members' contribution was reiterated. Full discussion with all stakeholders is foreseen through both public workshops and full public consultation. The provisional planning aims to take realistic account of timing constraints, including holiday breaks.

The step by step process will be carefully noted in order to report to ACER on how it has worked 'in practice'. The timing for the pilot is somewhat affected by ERGEG's internal decision-making procedures, which continue to exist in the absence of ACER.

3. Presentations by experts

The members of the expert group provided overviews of various grid connection rules and practices in EU countries as well as their reactions to a number of initial questions proposed by ERGEG in the meeting agenda regarding problem identification and objectives for the framework guideline.

In the UK, licensed generators must apply the 'Connection and Use of System Code (CUSC), which is a multilateral agreement between the system operator and the transmission system users. On application, the generator will receive rights to the capacity requested, but at a date set by the system operator, which may be much later than that required by the generator. For instance, currently, generators applying for transmission rights can expect to have them awarded in 2013 at the earliest. Also in Spain a new connection to the grid takes 3 to 6 years. As a general rule, transmission works must be completed before a generator can connect. Under "Interim Connect and Manage" wider transmission works don't have to be completed before a generator may connect - which could lead to a rise in congestion and congestion charges being passed through in bills. Planning legislation can be problematic, as it is not linked/coordinated with energy legislation. In principle, UK generators have near firm physical rights which remain in place until the generator chooses to give them up (no UIOLI policy). The underlying issue in the UK is that the transmission system was designed for centrally planned thermal and nuclear generation and now requires extensive alteration and extension.

The point was raised whether there should be a financial commitment of the grid user to secure the access. So the TSOs don't have to fear stranded costs in case they build a line for some specific new connection and then the grid user doesn't realise his project.

During discussions, the members raised a point on the focus of the framework guideline - technical or commercial, including conditions for connection and fees to be paid. The group proposed to begin with the technical issues, bearing in mind that they may have commercial impacts (excluding tariffs).

It was pointed out that there could be different evolutions the connection of new power plants in in each Member State and that national guidelines are not harmonised. Given upcoming changes to systems, including increases in distributed generation, more clarity is needed. In this sense, the criteria could be considered in the guidelines, which could include the technical framework for power plants and loads (distinguishing between mandatory requirements and services to be provided to TSOs), a definition of time processes and determination of who pays. One important question regards how to allow for technological advances and keeping the market open while ensuring security of the system.

Regarding the scope of the framework guidelines, further clarification is needed, in view of the discussions during the meeting. For example, the question of covering technical vs. commercial (or both) rules. Also, the 'depth' of the rules, which would need to be applicable/implementable across the EU - if the guidelines are too deep there is a risk that they are not relevant for all countries or that they cannot properly take into consideration regional specifics. Another question relates to the time horizon for the guidelines (as the nature of generation is evolving quickly and the guidelines should not prescribe or restrict future developments). In addition, if there is a close link between connection and access, the latter should be also addressed, perhaps also within the guideline. In terms of definitions, the IEC (International Electricity Committee) or CENELEC has a number of established definitions which could be used (in order to avoid any confusion or conflicts).

Regarding the technical and commercial aspects, they could be distinguished in the guideline. The goal is not to establish all new rules, but to pool together and consolidate existing ones to create a comprehensive framework. Regarding the depth of the guidelines, the more general principles (“What needs to be solved?”) will be presented (providing the 'boundary' conditions for the codes) while the detailed aspects (“How is it solved?”) will be addressed in the network code and any further country-specific issues within the individual national codes.

The guidelines cannot be drafted entirely in isolation of the other network areas, given the links between them. For example, the organisation of ancillary services is affected by connection rules, while information exchange on capacity, etc. also plays a role in connection procedures.

Furthermore, it should be remembered that TSOs are responsible for security and reliability. From a system engineering perspective, both the TSOs and their users (generators, DSOs and end-users) need to be considered, as their activities can all contribute to preserving system security (by offering ancillary services, or shedding load or by limiting emissions, for example). In particular, cooperation of TSOs with DSOs and dispersed generation units should increase, including entitlements of TSOs to advise them on preserving system security, as more and more generation may be connected at that level. The framework guideline could also mention the issue of asynchronous generation in future, which could develop but would be unlikely to replace synchronous generation and transmission systems.

System function is somehow always linked to some certain technology. Maybe almost all technologies can offer needed functions but some are much more expensive than others. That can make some technologies uneconomical to provide some of these functions. This should be taken into account but on the other hand if ERGEG decides to differentiate between technologies there needs to be a good justification for doing so.

4. General discussion on questions addressed and way forward

The discussions above reflected a number of common themes which could be addressed within the framework guideline. The points raised, such as the questions on addressing commercial vs. technical and access issues, transparency, DSO-TSO cooperation, etc., will be further considered within ERGEG ahead of the next meeting.

Regarding the next steps, ERGEG will circulate a draft impact assessment for discussion, with the outcomes of its reflections on problem definition and objectives. During the next meeting (in January 2010), the members may discuss also policy options. A third meeting will take place in March, as well as a public workshop for all stakeholders.

5. Any other business

6. Next meetings

13 January 2010 – CEER premises, 10h30

The meeting adjourned at 16h00.