

**Comments of CEZ, a. s.  
Generation adequacy treatment  
in electricity  
(C09-ESS-05-03)  
Call for evidence**

<b>CEZ persons responsible</b>	
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## I. Introduction

CEZ, a. s. (hereinafter referred to as “CEZ”) welcomes the opportunity given by the CEER to all interested parties to comment the text containing generation adequacy treatment in electricity (C09-ESS-05-03).

In this paper CEZ has expressed several comments to the problem.

## II. Specific comments of CEZ

### **General remark:**

Definition of generation adequacy as introduced in the document depends to a great extent on the country area principle (because the sources and networks have been built so). Liberalised electricity market and cross- border interconnections enhance the possibilities to meet demand, but also the requirements on the system stability become higher. Selected trading instruments (hedges, futures, derivatives, virtual plant...) can (in specific situations) increase the possibilities of covering demand so that not so high generation capacity is necessary at the moment.

In addition to the aspects treated in the report it is to be mentioned several issues that can be counter-productive to the requirements on generation adequacy (generalised from the actual situation in our country):

- conflict of public and private interests (both in general and in particular – e.g. in opening new coal mining capacities, free areas for transmission and distribution networks ...); solution is always time consuming and leads to delays and higher investment costs
- ambitious political objectives of separate (political) stakeholders (e.g. the greens in nuclear generation refusal or exaggerated renewables support)
- implementation of smart grids will need enormous costs and the money can lack in financing generation capacities
- reality of setting political plans (higher portion of the renewables result in higher requirements on securing stability of the system)