

2nd meeting of the Commission expert group on electricity interconnection targets

Brussels, 9 November 2016

Summary minutes

1. Welcome and recapitulation of the results from the first meeting

The meeting was opened and chaired by Ms Catharina Sikow-Magny, Head of unit for networks and regional initiatives in the Commission's Directorate-General for Energy.

The Chair presented the agenda of the meeting which was then adopted by the Group. Further, organisational issues were discussed including the adoption of the standard rules of procedure. The Chair also asked the experts in a personal capacity to submit the declaration of interest forms in order to carry out the assessment of circumstances that could give rise to a conflict of interest.

In the next step, the Chair recalled the conclusions of the 1st meeting underlining that the target should be "simple but intelligent" in order to communicate easily with both the political representatives and the general public. It was noted that the Group's report should be based on a clearly defined methodology which takes into consideration the specific characteristics of the energy market.

2. Sessions on the structure of the Group's report and content of the individual sections

Mr Tomasz Jerzyniak, policy officer in the unit for networks and regional initiatives in the Commission's Directorate-General for Energy, presented the revised structure of the Expert Group report. The structure included comments submitted by many of the members ahead of the meeting.

The presentation was followed by a discussion, which focused on the structure of the report and the need of an interconnection target:

- As regards the introductory part of the report - the preamble – it should recall clearly the tasks of the Group as well as acknowledge the existing European vision for energy, climate and environment. Further, it should underline the need for a holistic view of the European energy system and recognise the role of innovation and technological progress, thus take into account the dynamics of the energy systems. The preamble should also recall the importance of a well-functioning European market and the clear and stable regulatory framework that underpins it.
- The Chair underlined the key importance of the market ("software"); however the Group should look at interconnection needs ("hardware") in the longer term (2030) with the assumption of a well-functioning market.

- While the group considered that the first chapter of the report should deal with the rationale and benefits of electricity exchanges and interconnectors, the second chapter should elaborate on the prerequisites and challenges when designing, implementing and operating cross-border electricity infrastructure. Market-relevant aspects such as issues related to the cross-border capacity allocation and bottlenecks in the internal infrastructure should be explained in this chapter. ACER was asked by the Chair to provide a short explanation of these issues from the regulatory perspective.
- The third chapter should focus on the trends and dynamics of the energy systems and explain the need for a holistic approach to electricity interconnectors.
- In the following step, the Chair asked the members for their views on the purpose of a target. The Group answered with a number of ideas such as:
 - For the target to be useful, the problem it addresses should be well identified and explained,
 - The target must be flexible, which means that it must take into consideration regional differences ,
 - To guide policy, the target should take into account economic and market conditions. It should be measureable and give signals of progress or inaction to politicians, industry and the general public.

The Group agreed that the methodology quantifying the needs for further interconnectors and identifying target capacities at different European boundaries developed by ENTSO-E is a good starting point for discussion. Therefore, the ENTSO-E was asked to present the methodology in the next meeting including all underlying assumptions and conditions.

3. Conclusion and final remarks

The key conclusion of the second meeting can be summarised as follows:

- The Group agreed on the overall structure of the report and the individual issues to be elaborated in each section;
- In general, the target can be a useful tool to guide policy and as a signal to transmission system operators, industry and the general public on where further investments are needed;
- The Group considered a binding target not necessary;
- The third meeting should focus on the ENTSO-E methodology to identify needs for further interconnection capacities including the development of background scenarios and cost benefit analysis;
- The background documents for the third meeting will be sent well in advance to allow the Group for the adequate preparation. It should include the preparatory reading as well as the summary of ACER assessment of the effective interconnection utilisation.

Next meeting will take place on 19 December 2016 in Brussels.

List of participants

Commission: Catharina Sikow-Magny (Chair), Tomasz Jerzyniak (Policy officer), Matti Supponen (Policy Officer), Jan Sabaka (Trainee);

Expert Group members present at the meeting:

Christophe Gence-Creux (ACER), Jan Kostevc (ACER),

Sebastien Lepy (ENTSO-E), Robert Schroeder (ENTSO-E),

Celine Heidrecheid (ENTSOG),

Paulina Beato Blanco,

Yannick Phulpin (Eurelectric),

Nikolaos Vasilakos (EREF),

Zafar Samadov (FOSG),

Daivis Virbickas (Litgrid),

Michal Smyk (PKEE),

Andrew Hiorns (National Grid),

Antonella Bataglini (RGI),

Mr Tor Eigil Hodne (Statnett),

Jochen Kreusel (T&D Europe),

Cécile George,

Alejo Vidal-Quadras.