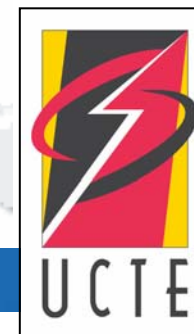




Report on application of the Electricity Directive: UCTE statement



Overview of UCTE inputs

Following Article 28 of 2003/54/EC UCTE comments:

- para 1(c)
 - capacity levels and balance between supply and demand
 - security of supply
- para 1(d)
 - cover of peak demand
- para 1(f)
 - relations with third countries, their market integration
- para 1(g)
 - need for harmonisation requirements
- para 3
 - interconnection infrastructure and security of supply situation



para 1(c) – capacity levels/balance between supply & demand

UCTE provides most comprehensive investigation on a yearly updated basis (www.UCTE.org):

- UCTE System Adequacy Retrospect 2004
and
 - UCTE System Adequacy Forecast 2005-2015
- **Security of supply is not at risk due to the adequacy of the system for the 3 coming years**
- **Generation deficits can not be covered by grids**



para 1(c) – security of supply

UCTE „Security package“ put into force step by step:

- 2004 – core Policies of the Operation Handbook (OH) has been approved
- 2005 – Multilateral Agreement making the OH legally binding was signed by 33 UCTE TSOs
- 2006 – Compliance Monitoring & Enforcement Process (CMEP) is well under way, final design is expected end of 2005

→ **UCTE works intensively on the finalization of its security package**



para 1(d) – cover of peak demand

UCTE System Adequacy Forecast 2005-2015:

- contains the **assessments** of covering the peak demand **country by country and for the entire UCTE system**
 - states that **remaining capacity** is decreasing from 2005 to 2010, but **still covering the peak load**
 - shows **increasing demand for investments in generation** from 2010 onwards
- **SoS = generation adequacy + grid adequacy**

UCTE system extension and integration:

- **reconnection** of 2nd UCTE zone enables standard market transactions of the Balkan region since 2005
- **greatest interconnection project** worldwide lead by UCTE aiming at synchronous interconnection of CIS countries has been launched in 2005
- UCTE study on **interconnection of Turkey** just before launching

→ **Reliable grid infrastructure must not be sacrificed for each kind of system extension**



para 1(g) – need for harmonisation requirements

UCTE calls upon more harmonization, particularly in the field of RES expansion

- to **synchronize** the expansion of RES with an adequate grid development
- a **harmonized approach for studies** of new technology for accommodation of new RES generation
- an **European promotion scheme** for RES accounting to conditions of the transmission infrastructure
- **compatible market arrangements** conditional for a permanently secure power supply in Europe
- harmonization of **grid planning and RES expansion**
- national rules and procedures **expediting the process of granting licenses** and authorization for urgently needed overhead lines



para 3 – interconnection infrastructure and security of supply (1)

Sticking to fixed rates of exchange capacity in relation to the generating capacity is not very useful:

- achieving a **certain import percentage** compared to installed capacity **is misleading**: easy to achieve for smaller countries, danger of stranded investments in large countries
- the **amount of interconnection capacity** supports security of supply but must be **well balanced with real load flow and country-internal grid requirements**
- the ratio also considers **mothballed reserves** not contributing to actual national generation

→ **Application of a more reasonable ratio sensible**



para 3 – interconnection infrastructure and security of supply (2)

Security of the system challenged:

- significantly increased electricity flows bring the grid to its limits
- congestion of interconnection spreads all over the system
- further developments of IEM should consider security constraints and dependencies
- length of authorisation procedures for new lines does not keep up with market developments

→ **STABLE REGULATORY FRAMEWORK WITH LONG TERM PERSPECTIVE AND A SECURITY PHILOSOPHY IS URGENTLY NEEDED**

