

Summary

First Survey on Security of Supply in the CEER Member Countries

Background

A first survey of the regulatory aspects of security of supply has been conducted in the CEER member countries. The areas covered include:

- Institutional arrangements & organisational issues
- Long term security of supply
- Operational security of the power system

A summary of the survey is submitted in this report. Presently, the survey is being updated with information from Germany and Switzerland, taking into account that these countries have no independent regulators, what would impact the comparability of information.

This survey will be extended into a detailed analysis resulting eventually in a proposal of necessary actions to be submitted by the CEER to the Florence Forum in 2003.

Institutional Arrangements & Organisational Issues

Responsibility for Security of Supply and Generation Adequacy

In virtually all countries covered by the survey, the regulator acts as an advisory body to the ministry in security of supply issues and defines market rules. The operational level and implementation differ between the countries, because of the differences in the level of market opening and the responsibilities assigned to the national regulators. It is felt that a common platform to act from the regulatory viewpoint on the security of supply issues in the Internal Electricity Market should be defined.

Specific Security of Supply Issues covered by the Regulators

The regulatory responsibilities concerning security of supply vary between Member States and include: definition of conditions for incentives to promote generation and network infrastructure development, approval of projects, issuing of concessions, CBT issues and quality of supply issues that have important impact on security of supply. It is recognised that appropriate information on the development of European generation and network capacities should be co-ordinated between the regulators.

Emergency Regulation, Acts & Laws on Security of Supply

With only one exception, emergency regulation of security of supply is defined and put in place in the countries covered by the survey.

Public Responsibility in Terms of Security of Supply

Although some countries have detailed rules on public responsibility, others leave the problem of generation adequacy for the market to resolve. Presently there is no common security of supply definition in terms of public obligations, although some countries have detailed rules on public obligations. It is recognised from the results of this part of the survey, that discussing the public responsibility and obligations at the EU level would be useful.

Long Term Security of Supply

New Generation Capacity

Significant amounts of new generation capacities, especially thermal/CCGP and renewables, are presently planned and being built in the CEER member countries. Nevertheless, the intensity is not the same in all the countries since it depends on the (over) capacity before market opening.

It is appreciated that a thorough investigation into adequate generation capacity in the EU is very important for security of supply. Bearing this in mind, CEER will propose a common monitoring project and discussion group on power balance in the Internal Electricity Market to the UCTE. Any future monitoring will be based on a clear set of criteria and justified in terms of assessing the development of the internal Electricity Market and its effective functioning.

Incentives for Building New Generation & TSO Obligations

The results of this part of the survey indicate clearly the general opinion that market mechanisms should be applied. The incentives could be in the form of location signals as well as incorporated in the network tariffs.

Operational Security of the Power System

Transparency of Information – TSO Obligations

The most important information requested is transmission line capacity both, on internal grid and on international interconnections. This information should be available on the TSO website, for various timeframes. Detailed transparency requirements applicable also for security of supply have been produced within the CEER Task Force on Congestion Management.

International Interconnections & Congestion Management

Congestion on European interconnections exists and is expected to increase in the future. On all congested interconnections, market based congestion management mechanisms should be used.

Importance the External Issues on Security of Supply

External issues have been prioritised in terms of their impact on security of supply, in descending order of importance:

- 1) International interconnections & Congestion Management
- 2) CBT
- 3) Infrastructure planning
- 4) Demand side management

October 10, 2002