

EC Public Consultation paper of the priority list for the development of network codes for 2012 and beyond

Response from the “Grids Working Group” (*Arbeitskreis Netze*) of the German Wind Energy Association (BWE)

1. Are the priorities proposed for 2012 the correct ones?

In general, the BWE agrees with the priority areas for network code development for 2012 as set out by the European Commission, ACER and ENTSO-E in their preliminary 3-year work plan. The already established work on capacity allocation and congestion management, network connection, system operation and balancing, addresses crucial aspects for the elaboration of network codes in accordance with Art. 6 and Art. 8 (6) of Regulation (EC) No. 714/2009. As a member of the umbrella association EWEA (European Wind Energy Association), the BWE accompanies this process.

While recognizing the importance of the general priority areas identified for 2012, the BWE has a few comments on the time schedule and scope regarding the development of specific network codes (NCs).

1.1 Time Schedule of Network Codes

The BWE believes that two of the network codes, namely “NC on load-frequency control and reserves” and “NC on requirements and operational procedures in emergency”, need to be developed much earlier than envisaged by the 3-year work plan draft. The reasons why we consider it of utmost importance to have an earlier start of the ENTSO-E code drafting period on these two NCs are explained underneath:

- “NC on load-frequency control and reserves”

The BWE considers it essential that the elaboration process for this NC is speeded up and that the ENTSO-E code drafting period commences this year.

In some areas of Europe, in particular in Ireland, the UK, Cyprus, as well as the Canary and Greek Islands, this subject is highly urgent already today. In principle, there exist two options: either each of these regions establishes their own rules (*option 1*), or, alternatively, European rules have to be put in place at the earliest possible date (*option 2*).

If regional network codes are accepted on this subject matter (*option 1*), then these rules will certainly differ according to the historical background, physical requirements, legal framework etc. of the respective regions or Member States. Once established, these rules will remain different for a long period of time. For the (wind) industry it would not be acceptable if for this technically challenging subject regional rules were set up now, and in a few years subsequently repealed and possibly overruled by completely different rules in course of the European harmonization process. This would lead to a high degree of uncertainty on the regulatory framework for at least the next ten years.

Alternatively (*option 2*), common European rules can be elaborated straight away so that they come into force without unnecessary delay so as to avoid regulatory uncertainty. Due to the time

pressure in the above mentioned regions, the ENTSO-E code drafting period should already commence in 2011.

- “NC on requirements and operational procedures in emergency”

As for this NC, the definition of “emergency” is unclear. Depending on its precise definition, the BWE comes to two different conclusions: in case “emergency” refers to black start capability only, the proposed time schedule is reasonable. However, if “emergency” also comprises frequency disturbances and resulting power-frequency control, or even short circuits, then this Network Code has to be established much earlier.

1.2 Scope of Network Codes

With respect to the scope of the individual NCs, there remain a few ambiguities where further distinction is desirable. In particular, this applies to the “NC on generation connection” in conjunction with the “NC on DSO and industrial load connection”, and to the “NC on HVDC connection”:

- “NC on generation connection” and “NC on DSO and industrial load connection”

“Generation connection” and “DSO and industrial load connection” cannot always be distinguished that clearly. A DSO with a lot of decentralized generation can behave under certain conditions like a generator towards the TSO. Also, industrial loads with embedded generation (renewable or conventional) may “convert” into a generator for the TSO. Due to the characteristics of intermittent generation and loads, such “conversions” from load to generator and vice versa may occur at any time, or even continuously back and forth. Therefore, it is not recommendable to distinguish between generation and DSO/industrial load as proposed for the NC structure by the 3-year work plan. All technical requirements should be designed in a way that the “conversion” from generation unit to load is allowed and feasible without giving prior notice. This implies that there would be no further need for technical step changes (which might harm the stability of the grid), contractual gaps or contradictions, which would be very likely to emerge if the entire applicable code changed.

- “NC on HVDC connection”

This is a comment of more general nature: the BWE believes that there should not be a separate Network Code for HVDC connections. Technically, an HVDC connector is nothing different but a power park module (PPM) or load, depending in which direction the HVDC is operating. Consequently, the same technical rules should apply. If HVDC connections are addressed by a separate NC, due to this ambiguity the question arises whether offshore wind farms connected via HVDC are covered by the provisions for PPMs, or by the provisions for HVDC connections.

2. What should be the longer-term priorities for 2013 and beyond? Please also specify in your response the expectations you have for the scope of these priorities.

In addition to the priorities proposed by the 3-year work plan, the BWE likes to point out the importance of ancillary services. So far, there exists no coherent and precise definition at the European level as to which network services and linked deliveries are comprised by this term. While spe-

cific ancillary services may be (partially) addressed by the NC on balancing and other planned NCs on system operation, the BWE considers it essential to take due account of the inherent market value associated with their procurement. Ancillary services cover a wide range of services at the transmission and distribution level in order to support the secure operation of the system. With a rising penetration of renewable electricity generation, such as wind, it becomes increasingly important to optimally utilize the specificities of the different generation technologies in ancillary service procurement. Renewable generation technologies are able to deliver ancillary services, albeit in a different way than conventional thermal generation units.

In particular, the procurement of ancillary services should not be simply included in Network Codes *per se* in terms of mandatory compliance. Rather, sufficient scope should be given to develop arrangements through which remuneration schemes for generators at the regional level (such as the ancillary service bonus in Germany) and/or market based approaches can be developed that adequately reflect the economic value of the delivery of these services.

3. Should a Framework Guideline be mirrored by only one Network Code, or could it be divided into several sub-issues?

Both of these options, as they are currently applied by ENTSO-E and ENTSG, sound reasonable. Irrespective of whether a Framework Guideline (FG) is mirrored by one or several NCs, the BWE considers it of greatest importance that the FG sets out clear and objective principles for the development of NCs so as to contribute to non-discrimination, effective competition and the efficient functioning of the market, as stipulated by Art. 6 (2) of Regulation (EC) No. 714/2009.

Concerning the number of Network Codes reflecting a Framework Guideline, the BWE considers a practical approach to be the preferable option. This entails the achievement of the highest possible degree of coherency and clarity with regard to the definitions and specifications laid down by the various Network Codes. If the subject of one Framework Guideline is too complex to be addressed by one single Network Code, it should be at the discretion of ENTSO-E (with due consultation of the stakeholders involved) to opt for the adoption of several Network Codes to mirror one FG.

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