CEER Position Paper

On the UCTE Operational Handbook

(Electricity Working Group, System Operation Task Force)

1 Electricity Market and Rules on Operational Security

At the IX and X Florence Forum1, the Forum requested that a set of common security and reliability rules for operation and coordination between TSO's be developed to adequately meet the needs of the Internal Electricity Market.

Increased cross border trading activities, congestion management, unbundling and other issues require technical adaptation of the existing "old" UCTE rules, which demonstrated their limitations during the recent disturbances. Furthermore, binding legal and organisational aspects of the competitive market environment need to be taken account of in the "new" rules. Moreover, the security and reliability rules between different synchronous areas forming part of the IEM must be compatible to the extent which is required for the market to develop and function appropriately.

UCTE has acted upon the request of the Forum and started the work on the Operation Handbook (OH) with the objective of adapting the "old" rules accordingly and producing well structured comprehensive policies, rules and standards suitable for the open electricity market.

CEER regards the OH as one of the key cornerstones for the successful development of the single electricity market and security of supply, and welcomes the work initiated and carried out to date by UCTE. CEER will actively, in coordination with the European Commission, approach UCTE in order to discuss all matters of interest. CEER stresses that when discussing the emerging OH, great attention must be paid to the clear definition of the responsibilities, the legally binding nature and the assessment of the effective implementation of the rules.

2 The Need to Adapt and Refine the Current Rules

The UCTE rules were developed initially to provide a common framework for the operation of interconnected electricity power systems in continental Europe. Such a framework is required to keep the system operating securely. With the opening of national electricity markets, the operation of interconnected power systems has undergone many changes e.g. different patterns of power flows on interconnections, increased cross-border trading and congestions,

[1] The detailed statements from the Chapter 5. of the Conclusions of the IX Forum and from the Chapter 3. of the Conclusions of the X Forum are contained in the Annex.

etc. These changes are the key driving factors behind the need for modifying the existing rules.

The drafts of the OH Policies presently published by UCTE consist of a gathering together of the existing rules and clarifying their meaning, contents and organisation. Some key concepts like “Load-frequency control” and “Scheduling and accounting” were tackled in an exhaustive manner. These concepts are designed at a high level and apply for each UCTE member.

Nevertheless, among the policies presently proposed, the one on operational security, which aims at harmonising the implementation of security criteria and rules among the UCTE members, still requires further elaboration. This issue cannot be tackled in the same way as “Load-frequency control” or “Scheduling and accounting” because current TSOs practices differ. Moreover the operational security is also closely linked to and dependent on the regulatory framework of each country. For example the way the “N-1 security criterion” is implemented differs between the UCTE members by the type of grid elements considered and the number of contingencies taken into account. It is therefore necessary that the “new” UCTE rules include a detailed definition of the processes to be implemented for operational security.

The differences, such as the one mentioned above, although possibly originating from the different situations in different grids, have considerable impact not only on grid security, but also on the single electricity market and interconnection in particular. A unified approach to this issue will require a harmonization of related national regulatory frameworks (e.g. grid codes). The CEER intends therefore, in cooperation with the EC, to support UCTE in their efforts of reaching a more co-ordinated and unified approach towards the OH definitions.

Furthermore, the TSOs presently have insufficient formal agreements on information exchange during planning, operation and in emergency situations. The CEER believes therefore that the information exchange must also be addressed in the OH.

It is necessary to discuss these and related issues both from the viewpoint of security of grid operation and supply, and from the viewpoint of electricity markets. The CEER stresses that this task needs to be fulfilled involving UCTE, CEER, EC, but also other parties and players involved in the electricity market, who all bear their part of the responsibility for security of supply in the new competitive environment.

3 Applicability of the Operation Handbook

Beyond the technical issues that need to be carefully examined, discussed and transparently presented, another key issue of the OH is ensuring that the “new” rules are binding on all parties concerned. CEER therefore considers that it is important to ensure that the new standards are enforceable throughout the interconnected grids in accordance with the national regulatory frameworks, in order to avoid the risk of the UCTE’s OH process not achieving its goal.

CEER stresses that besides the harmonization of standards, the OH also needs to consider the exact terms and conditions for the application for and granting of any exception from the rules. These conditions must also be considered in the planned ”Multi-Lateral Agreement”, otherwise it may not be enforceable, or may only address a part or section of the OH. In particular the rules regarding TSO responsibilities and liabilities need to be defined in detail.

CEER believes that an independent assessment of the UCTE rules implementation is necessary for the proper development of the IEM. Furthermore, the independent role of regulators in controlling grid access conditions (including interconnection access) provides a unique opportunity to address both, the issues around the process of development, setting-

up and implementation of the “new” UCTE rules in the OH, and monitoring and supervision of the application thereof, ensuring that the rules are binding and an independent assessment is carried out.

CEER intends to work in close cooperation with the European Commission and with UCTE in a common effort to address the aforementioned issues and to create a sound, coordinated set of security and reliability rules for the IEM.

ANNEX

CONCLUSIONS ON SECURITY AND RELIABILITY STANDARDS FROM THE IX AND X FLORENCE FORUM

Chapter 5. of the Conclusions of the IX Florence Forum, 17-18 October 2002:
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5. Security and reliability standards

The Forum stressed that a comprehensive set of common security and reliability standards, to be observed by TSOs and network users, is necessary in order to ensure the efficient and secure functioning of the interconnected system and appropriate quality of electricity supply. UCTE presented proposals on how to further develop common security and reliability standards, which were welcomed by the Forum. UCTE was invited to continue this work and continue to develop progressively more binding rules. This work would now be brought forward through regular meetings to be held at technical level between UCTE, CEER, NORDEL, other relevant regional TSO organisations and the Commission. Where appropriate, all relevant parties including system users, will be invited to participate in these meetings. UCTE will present the further progress achieved during the next meeting of the Forum

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Chapter 3. of the Conclusions of the X Florence Forum, 08-09 July 2003:
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3. Reliability standards

The Forum stressed that a comprehensive set of binding common security and reliability standards, to be observed by TSOs and network users, is necessary in order to ensure the efficient and secure functioning of the interconnected system and appropriate quality of electricity supply. UCTE presented the work on the operational handbook addressing these issues, which was established with the involvement of all relevant players and which will now be put on public consultation. Drafts on three guidelines are already available, four more guidelines are drafted before the end of this year.

The Forum congratulated UCTE on this work and invited it to continue and report on further progress achieved during the next meeting of the Forum. The Forum stressed the need to ensure the compatibility of security and reliability rules with the rules in the Regulation and notably the guidelines on congestion management, and more generally the need to facilitate cross-border trade to the benefit of consumers. The Commission recalled in this respect that the Regulation provides for the possibility to include in the guidelines on congestion management common rules on minimum safety and operational standards for the use and operation of the network.

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