

ACER



Agency for the Cooperation
of Energy Regulators

FG/NC on ELECTRICITY GRID CONNECTION

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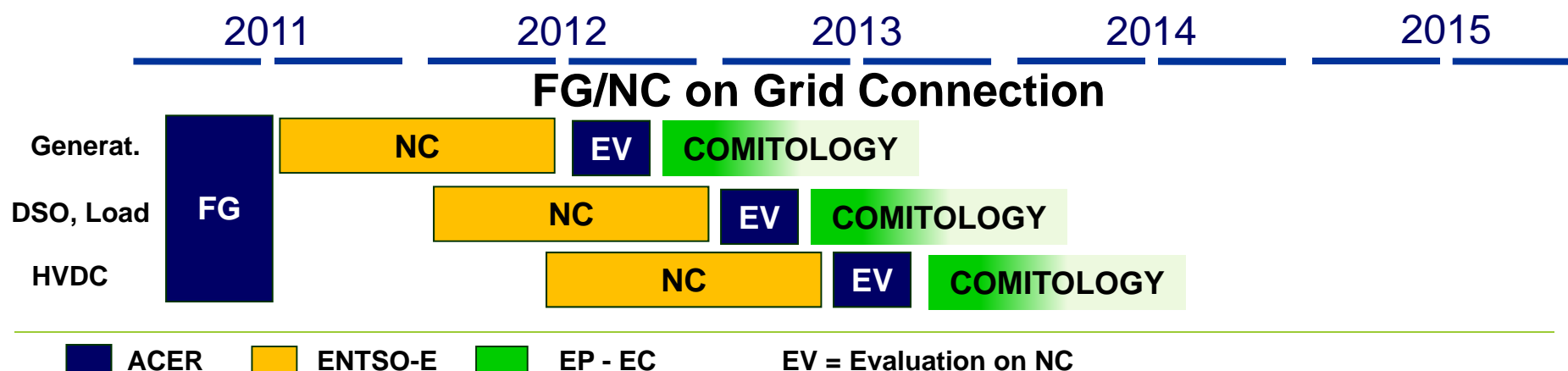
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Outline

- Background and timing
- FG EGC key points
- ACER's expectations

Background and timing

- FG published on ACER's website on 20 July 2011
- Three network codes expected under the FG on Electricity Grid Connection
 - RfG NC
 - DCC
 - HVDC connection



FG's key points (1)

- Same high level principles for all NC under the FG on EGC
- NC standards/requirements per type of *significant grid users*
 - Determination based on a *significance test*: predefined set of parameters which measure the degree of grid user`s impact on cross-border system performance via influence on control area`s security of supply, including provision of ancillary services;
 - *Significance test* to be conducted by TSOs, with NRAs review;
 - NC to specify criteria, methodology and regular re-assessment;
 - Possibility for NRAs to approve, in exceptional case, derogations for new *significant grid users*, upon TSOs cost-benefit analysis.

FG's key points (2)

- Retroactive application of NC requirements to pre-existing significant grid users
 - Scope of application decided by NRAs upon TSOs proposals;
 - TSOs proposals to be based on cost-benefit analysis;
 - Absence of application in case costs of compliance higher than socio-economic benefits;
 - Cost-benefit analysis' format, methodology/principles and regular re-assessment to be prescribed in the NC;
 - FGs do not prevent pre-existing significant grid users to apply for a derogation.

FG's key points (3)

- Significant deviation from current standards and requirements
 - ENTSO-E to perform a cost-benefit analysis to justify the deviation and demonstrate the additional benefits of providing higher requirements.
- Market relations
 - Nothing in the network code(s) shall prevent commercial arrangements being used for the provision of ancillary services.

FG's key points (4)

- Cost related issues
 - The network code(s) shall always require the system operators to optimise between the highest overall efficiency and lowest total cost for all involved stakeholders.
 - NRAs shall ensure, that, whatever the cost-sharing scheme is, the cost split follows the principles of non-discrimination, maximum transparency and assignment to the real originator of the costs.

FG's key points (5)

- DSOs:
 - **Dual role:** grid users and system operators.
 - **Responsibility:** for ensuring that distribution-connected significant grid users meet the requirements set out in the NC(s).
 - The NC(s) shall specify a requirement on DSOs to **execute the instructions** regarding distribution-connected significant grid users given by the TSO. The TSO and the DSO **shall agree** how these instructions are delivered in practice.

FG's key points (6)

- Demand specific:
 - Where additional requirements beyond those defined in the minimum standards and requirements are mandated for a particular class, technology, size or location of significant grid user, the network code(s) shall set out and justify these additional requirements.
 - **Specific significant grid users:** The network code(s) shall set out necessary minimum standards and requirements to be followed when connecting a consumption unit to the grid, to enable demand response and/or participation of consumption units in other grid services, on a contractually-agreed basis.

FG's key points (7)

- ACER reasoned opinion:

The network code(s) will be evaluated by ACER, taking into account their degree of compliance with the FG and the fulfilment of the following objectives:

- maintaining security of supply,
- supporting the completion and functioning of the internal market in electricity and cross-border trade, including delivering benefits to the customers,
- facilitating the EU's targets for penetration of renewable generation.

ACER's expectations

- Significant deviations from current standards and requirements need to be well justified by means of a cost-benefit analysis
- Good practices to be applied in subsequent NC undertakings
 - Early stakeholders involvement;
 - Credibility of justification documents achieved through consultations.

Thank you for your attention!



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