

Network Code “Requirements for Grid Connection Applicable to All Generators”

Jörg KERLEN/Eric DEKINDEREN

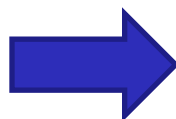
WG Thermal (EURELECTRIC)

ENTSO-E 3rd User Group meeting,
June, 28th 2012

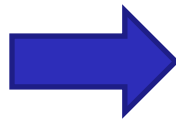
Some issues are ruled much better now,
e.g. CBA rules, but...

ACER's FG

“The **format** and **methodology** or **principles** of the **cost-benefit analysis** shall be prescribed by the network code(s)”



“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**”



ENTSO-E's NC

The format, methodology and principles of the “quantitative” and “qualitative” CBAs as well as the “filtering process” are now described in the draft NC RfG, though very rudimentary. Nevertheless, it's better than nothing.

When performing a CBA, TSOs now have to evaluate alternative actions, too, apart from additional requirements for generators.



... major concerns are still valid

- **Stakeholder's involvement deemed unsuccessful**

- Despite several meeting with ENTSO-E – both bilateral and in the user group –, **a lot of issues remain unsettled** (though a few have been solved)
 - **Technical**: e.g. frequency and voltage ranges; reactive power; etc.
 - **Strategic**: e.g. retroactive application of the NC; definition of significant grid users; etc.

- **Concrete example #1:**

- EURELECTRIC and VGB – supported by manufacturers – kept questioning the rationale of some requirements (e.g. fault-ride through; or reactive power) and have never received any concrete reasoning for a requirement, e.g. FRT or frequency range, nor a concrete feedback from ENTSO-E on the proposed changes. **Why?**



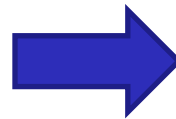
Development of the NC RfG

- **Concrete example #2:**

- Various stakeholders, including EURELECTRIC, have been constantly requesting that **ENTSO-E gave sufficient justification of deviating requirements**, in compliance with ACER's FG
- This has **never** happened. Now that the NC is adopted and is sent to ACER, ENTSO-E has put the issue on the agenda of the user group...
 - “How does NC RfG relate to present practices in Europe”

ACER's FG

“Where the minimum standards and requirements introduced by the network co-de(s) deviate significantly from the current standards and requirements, **there should be a cost-benefit analysis performed by ENTSO-E**”



ENTSO-E's NC

Is there any rigorous analysis to support deviation from current standards and requirements?

There is no sign of a CBA in the NC RfG



Concerns on the Development of the NC RfG

- **Concrete example #3:**

- Meetings with ENTSO-E have been characterised by **lack of information and of response; lack of mutual understanding and contradictory cooperation** with stakeholders; **delays** in receiving the relevant information, e.g. preparatory documents or agendas; etc.
 - E.g.: documentation for the 2nd meeting of the user group of May, 2nd was sent on Friday 27 April, 4 pm (May, 1st is bank holiday in several countries!) => trade associations need far more time to run internal consultations...
- During the consultation's public workshop we suggested ENTSO-E to adopt a straightforward approach: **share, explain, discuss, seek feedback and negotiate**



Justification of requirements very general

- **ENTSO-E has repeatedly justified compliance of the NC with Directive 2009/72 and Regulation 714/2009 ('cross-border network issues') merely suggesting that**
 - PGs have to have adequate mechanisms to respond to network disturbances and help preventing network failures
 - Market would be unlikely to deliver the RfG technical requirements necessary for the secure operation of the future power system
- => Hence, all requirements are automatically justified as being decisive in terms of 'cross-border system performance' and the NC is deemed compliant with the relevant EU legislation and the Framework Guidelines of ACER – without concrete justification for a specific requirement

Concerns:

Roles and responsibilities are not in balance

- **NC sets out far-reaching requirements for generators, whereas:**
 - ⇒ No visibility on how the power systems will be operated going forward
=> coordination with System Operation NCs?
 - ⇒ No guarantees on system operating ranges => more stress put on power plants?
 - ⇒ All new generating units must be able to provide balancing services => how about the 3rd Package principles, i.e. market based balancing mechanisms and TSO procuring reserve capacity?
- **Costs are shifted to the generator side, without guarantees on the return/benefit for the whole user's community**



Concerns: Predictability/Firmness for Power Generation Facility Owners not given

- **Several requirements important for cross-border trade are left open for – discretionary – decision at national level**
 - E.g. frequency restoration control
 - Public consultation compulsory for all issues to ruled via Art. 4(3) on national level
- **Applicability for existing grid users open for re-assessment every three years**
 - No visibility on the investment return
- **Opportunity for ACER to intervene in decisions of NRA**
 - E.g. derogation can be revoked without reasoning

=> This will increase costs for PGF owners, restrict investments and may give need for future changes of the NC for RfG