

UCTE LIFE

EDITORIAL

UCTE Workshop with EU Institutions and Electricity Organizations on June 4, 2003

Brussels - In the light of the approval by the EP of the new Directive and Cross Border Regulation Package, UCTE stakeholders contribute substantial inputs to the core issues Reliability Standards and System Development

Mr. Schmitt von Sydow for the European Commission (EC) underlined that both EU and UCTE are facing decisive phases: it is of utmost importance that the European Parliament (EP) approved the new Directive and Cross Border Regulation Package – a major milestone for further development of the IEM.

UCTE is about to shape major decisions concerning the “set of common binding rules for both TSO and grid users”. Following a presentation of the structure and contents of the future **Operation Handbook**, the enforceability of reliability standards was addressed: in spite of some 20 civil laws to be taken into consideration, adequate solutions are needed concerning liability, damages and arbitration aspect that would need to be backed by regulators, which was confirmed by the **Council of European Energy Regulators (CEER)**. Thus, EC acknowledged these UCTE guidelines as a building block for efficient market design.

EC having mentioned the obligation of Member States to monitor the security of supply, opinions converged on the need to find a methodology of monitoring through TSO and their associations. The role and achievements of UCTE concerning the **system adequacy reports** (forecast and retrospective) were recognized and the underlying UCTE statistical databases considered as extremely valuable instruments. UCTE stated for example in its last forecast that some regions in Southern Europe were to come into delicate situation if counter-measures were not taken.

To keep track of current and ongoing developments, forecasts will be extended to 10 years. CEER and EC suggested to be informed on the results of the UCTE System Adequacy Report in order to integrate them into their own analysis towards actions on regulatory ground in individual countries.

So far, UCTE technical rules dealing with the security of the system are focusing on the security of the individual control areas. One step forward was taken via the **Day Ahead Congestion Forecast Tool (DACF)** that incorporates national analyses into a broader, regional approach.

UCTE reported about the state of play concerning the **development of transmission infrastructures within the UCTE system**. The discussion focused on the necessity of improved procedures for obtaining permits to build new infrastructures based on a minimum regulatory framework, TEN guidelines and the implementation of key projects and a stable regulation providing adequate incentives for grid investments.

UCTE reported finally the state of play concerning the **system development** of the UCTE area. Based on the request of synchronous interconnection of **IPS/UPS** (CIS and Baltic countries) addressed by RAO UES, and backed by the recently released preliminary load-flow study, the decision of UCTE to launch a broad feasibility study was welcomed by all participants. In the broader perspective of the **Euro-Mediterranean Ring**, participants commented on the feasibility study on the synchronous interconnection of the **Turkish grid**, mastered by UCTE, to be launched in 2004 as well as UCTE recent decisions on the strengthening of the **Spain-Morocco** synchronous interconnection as well as feasibility of extension of the synchronous area by interconnecting **Tunisia and Libya**.



MEMBER NEWS

UCTE AGENDA

UCTE STEERING COMMITTEES

September 25, 2003 in Portugal
November 27, 2003 in Greece
January 22, 2004 in FYROM
March 25, 2004 in Germany
May 12, 2004 in Hungary

UCTE GENERAL ASSEMBLY

May 13, 2004 in Hungary

SEMINAR OF WORKING GROUPS

September 12, 2004 in Switzerland



RTE



RTE - French Transmission System Operator

More than two years after its creation, in July 2000, by a bill passed on February 10, 2000, on the modernisation and development of the electricity public service, RTE, the sole operator in France of the public high and extra-high voltage power transmission system, presented its results in March 2003 and these confirm the company's sound financial position.

One word can sum up RTE activities in 2002 and that is "quality" : the quality of the customer service, the quality which is the focus of the mission of RTE as a public service.

All RTE operational units and all relevant central management offices have been certified ISO 9001 V2000. In parallel, RTE obtained ISO 14001 environmental certification for the entire corporation.

In addition to certification, RTE obtained satisfactory results for the second year in a row despite mild weather conditions.

RTE announces a net income after taxes for 2002 that is in line with its forecasts: €112 million (versus €50 million in 2001) for €3,657 million in sales revenue. €16 million were spent on investments for the development and replacement of the company's transmission and interconnection networks. RTE also continued the reduction of its debt by €9 million.

The year 2002 was characterised by a substantial involvement of RTE in investments and new service offers which have contributed to the opening up of the French electricity market. More than 720 km of power lines were erected or replaced while 12 electrical substations were connected to the RTE network in 2002. RTE developed and reinforced cross-border infrastructures, increasing commercial capacity by approximately 1,000 MW for exchanges with the German/Belgium zone and by 300 MW for Spain. RTE cut the cost of congestion with Italy and co-operated with the Belgian transmission system operator, ELIA, to set up a mechanism for joint allocation of exchange capacities at the border.

More information concerning RTE results can be found at: www.rte-france.com

MAVIR Rt



MAVIR Rt.: New Hungarian Member of UCTE

Since 1 January 2001, MAVIR, the Hungarian Power System Operator Company has been functioning as an independent shareholding company, whereas the national transmission grid is kept by MVM Rt. Pursuant to the share sales contract of 27 December 2002, the ownership of MAVIR Rt. has changed from MVM Rt. to the Hungarian State. Ownership rights are with the Minister for Economy and Transport. Consequently, MAVIR Rt., the system operator company fulfilling all the tasks of a TSO, became independent of the market participants. While MAVIR Rt. received a licence for system operation on 1 January 2003, MVM Rt. as owner of the national transmission grid, received a licence for transmission, and furthermore a licence for public utility wholesale. Since its establishment, MAVIR Rt. has represented the Hungarian power system in most of the operative UCTE bodies according to the authorisation of the Hungarian UCTE member company, MVM Rt. The new licences of MVM Rt. and MAVIR Rt. have created a new situation in the field of co-operation with UCTE, CENTREL and SUDEL. The UCTE General Assembly approved the transfer of UCTE membership from MVM Rt. to MAVIR Rt. as of 8 May 2003; the CENTREL Council approved the transfer of CENTREL membership as of 21 January 2003; the SUDEL Enlarged Executive Committee approved the transfer of SUDEL membership as of 12 June 2003.

Market opening in Hungary

1 January 2003 marks the first step of electricity market liberalisation making the customers with a consumption of above 6.5 GWh/year eligible to purchase electricity on the competitive market, according to the provisions of the new Electricity Act. This means, that from 1 January 2003 the Hungarian market is open for about 200 major customers (that is about 30% of the total consumption). Half of the power demand of an eligible customer may be covered by direct imports. The next step of market opening depends on the experiences and the EU accession. The new Electricity Act is in line with the European regulations and ensures free access to the transmission grid. The transmission grid access tariff is regulated by the authority. The public utility supply with regulated pricing still exists, where MVM Rt. – as the public utility wholesaler – and the regional supply companies have supply obligations.

MEMBER NEWS

CEPS



CEPS a.s., Changed Majority Shareholders

The majority stake of CEPS, a.s., the transmission system operator in the Czech Republic, changed hands on April 1st, 2003. CEZ, a.s., the dominant producer and biggest exporter of electric energy in the country, and the only shareholder of the company to date, transferred 51% of CEPS, a.s., shares into the ownership of the state company Osinek, a.s., and another 15% stake into the ownership of the Ministry of Labour and Social Affairs of the Czech Republic. The Ministry of Industry and Trade of the C.R., was appointed administrator of the shareholders rights. The value of the transaction was approximated to CZK 15 billion (EUR 478.6 million), the exact figure will be specified according to the updated evaluation of the company. This step was planned as part of the restructuring of the electricity sector in the Czech Republic, and its implementation is in accordance with the Government's resolutions no. 250, 477 and 628 of last year. This measure also corresponds with the stipulations set by the anti-monopoly Office for the Protection of Competition (UOHS). According to these stipulations, CEZ, a.s., has to sell the remaining 34% stake as well. The representatives of the new shareholders have been members of the supervisory board of the CEPS, a.s. since last year. The main activities of CEPS are the provision of transmission and system services.

Available transfer capacity on interconnections with Germany, Slovakia and Austria is allocated for cross-border electricity trading in monthly and yearly auctions held jointly by the TSOs of both neighbouring transmission systems involved. Auctions of transfer capacity on interconnections with Poland are organised solely by CEPS; negotiations are currently under way on the joint auctions. Joint daily auctions of transfer capacity to be held electronically, i.e. via the CEPS internet portal are under preparation. The company procured ancillary services via one-year or one-month contracts between CEPS and ancillary services suppliers (currently more than 10). In addition, a certain volume of ancillary services have been purchased in the Company's day-ahead market. The day-ahead market for ancillary services, organised via CEPS's Internet portal, thus became the major market place in the Czech power sector in terms of turnover.

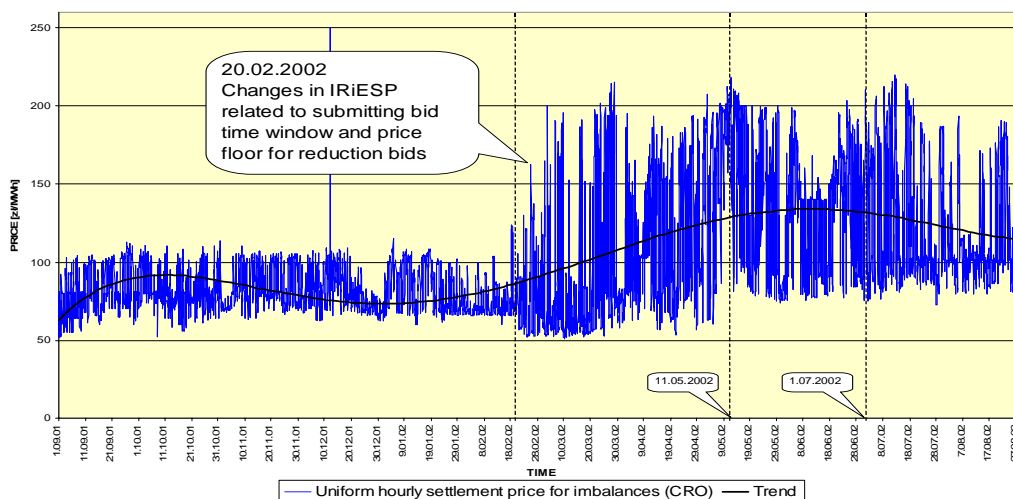
PSE SA



Experiences from Balancing Market Operation

The balancing market in Poland has been in operation since September 1st 2001. Its operation can be divided into three different phases, depending on the average price and its volatility. In the first period (September 1st through February 20th) the settlement of price was relatively low: 70-75 PLN/MWh, and fluctuations were in the narrow range of 50-110 PLN/MWh. In order to provide economic incentives for market participants to better balance their contract position by concluding contracts and transactions concerning other market segments (bilateral, power exchange), the price floor for reduction bids was lowered to 50 PLN/MWh for all producers. Also the time for submitting schedules was extended.

This resulted in a significant increase in the average price to 140 PLN/MWh and broadened the price fluctuation range to 50-220 PLN/MWh. The third period started on July 1st 2002, after the introduction of two different prices for sale and purchase on the balancing market. This change resulted in the reduction of the electricity volume traded in the balancing market and quite good balancing of consumers' positions. The next proposed changes of balancing market rules, to be introduced on July 2003, concern further improvements in settlement rules of unbalances.



MEMBER NEWS

TENNET

Tennet 

TenneT moves on

TenneT, the TSO for The Netherlands, has announced two moves to strengthen its position: the acquisition of a regional HV-network and a joint venture in the telecommunication business.

Although TenneT is the network manager and system operator of the Dutch HV network, HV networks at the 110 and 150 kV levels are still operated by a few regional distribution companies. One of them, TZH (Transportnet Zuid-Holland), operating a regional transport network in the west of the country, agreed to become part of the TenneT- organisation. The shareholders of the company, the cities Rotterdam, Dordrecht, The Hague, Leiden and Delft and the province of South Holland still have to give their final consent, but there are good prospects in this respect.

TenneT's CEO, Mel Kroon, welcomed the agreement as an important first step to the gradual unification of the Dutch transport system: he expressed interest in the acquisition of other regional transport networks, eventually.

Another of TenneT's businesses concerns the rent out of dark fiber: spare capacity in the telecommunication network that is mounted in the HV-network for operational purposes. A drawback of this optic fiber capacity is that it usually does not enter the city, where demand for telecom-services is concentrated. In order to overcome this drawback, TenneT entered into a joint venture with Dutch Railways. The railway system also uses optic fiber for its operations and, unlike HV-lines, these rails have the favourable characteristic of running right into the heart of the cities. The joint venture is intended to join these complementary capacities into an attractive option for companies using intensive data exchange. One interesting feature is the possibility of exclusive use of fibres by companies that need special guarantees for the confidentiality of their data, like banks, hospitals or the tax collection office



EPS



OPGW technology in EPS

The reconnection of the electric power system of Serbia (EPS) to Western Europe must be followed by telecommunication linkage, because timely and safe information flow is one of the imperatives of the present time. To implement this concept in, EPS will install about 400 km of optic cables of the newest generation till the end of this year, and according to the plan, about 2500 km till the end of 2006. EUR 32 millions will be invested in the installation of this magistral telecommunication network will require investments of approximately 32 million Euro which will be made available by the European Bank for Reconstruction and Development and through credits of the European Investment Bank.

In addition to a considerable increase in the stability of operation of the electric power system resulting from the reconnection to the UCTE grid, the new telecommunication network will lead to a much more reliable transfer of business data, and contribute to EPS savings of several millions. As an example, last year EPS paid 3 million Euro to the Serbian National Telecompany, because EPS had to use their telecommunication network. But, using its own network, EPS will reduce these expenses by 50%. Currently, EPS disposes of a network of about 100 km of composite ground wire with optical fibre (OPGW) so far. Expectations are that 325 km of optic cables will be installed for the connection to the Croatian and Hungarian power systems till the end of this year, which is of great importance for EPS. It is important to emphasize that EPS intends to offer newly installed telecommunication capacities to other interested partners, e.g. huge banking systems, insurance companies, TV stations or Internet providers, who will be able to lease and use them under precisely defined contracted obligations.



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