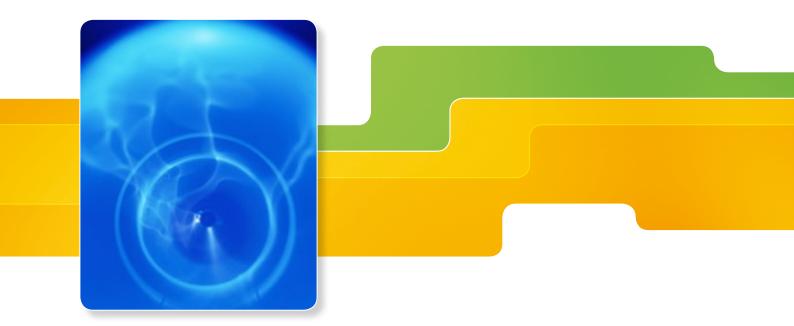
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# A NEW APPROACH TO NEW CHALLENGES

### A new orientation

#### Assembly - the highest decision making body of the Association - competent for all matters relating to the functioning of the Association Steering Committee - the executive directing body of the Association - competent for the development and the issuing of technical rules and recommendations Bureau Secretariat - Association's Affairs/Events - competent for the internal co-ordination between Assembly, Steering Committee - Support to bodies/WG projects - IT Tools and Secretariat - competent for the external representation - Publications of the Association Projects Competence Service Centers Centers - IPS/UPS - Communication - Turkey - Data - Operations & Security - Legal Affairs - Albania - Coordination Planning - EWIS - System Strategy - Tunesia-Libya - CME - Ukraine-Moldova

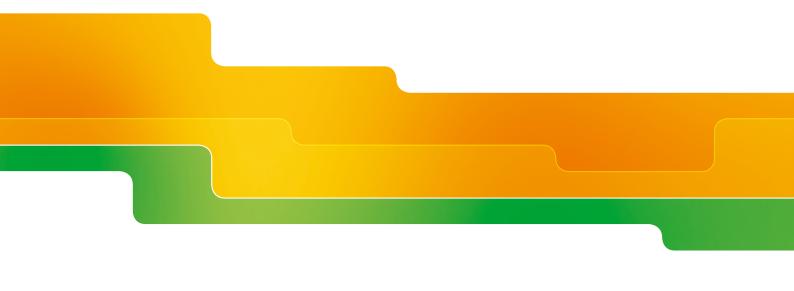


Recent European events on networks are triggers to look for common services to be provided in order to significantly increase the security of the UCTE power systems and to ease the functioning of the electricity market. E. g. the related UCTE coordination is expected to be urgently improved and better structured by European stakeholders like EC/ERGEG and CEER. That underlined TSOs have to make proposals in terms of improvements for both operation and planning coordination throughout a wide system.

The year 2006 was a crucial one in the history of UCTE, since major new orientations were given to the Association to meet the challenges of the coming years. UCTE has decided to implement a new working structure on 22 June 2006 calling for a stronger interaction between the UCTE bodies and groups. Besides, new members of the Extended Bureau and new Project Managers were on 22 September 2006.

The new structure (see figure on the left) shall help to meet the challenges of the coming years.

A new support function to Working Groups and Projects has been set up in the UCTE Secretariat with the hiring of two data experts to further ensure a consistent data handling and raise synergies in data management across the TSO community while sharing common knowledge.



### New core competences

#### Compliance Monitoring and Enforcement

The main purpose of the UCTE is to promote the reliable and efficient operation of the interconnected power systems in Europe through the establishment of commonly agreed standards for system operation. Besides the definition and regular review of these standards, this implies a procedure to monitor the compliance of the standards in order to ensure that the TSO community keeps credible in its commitment to reliable operation of the interconnected system.

WG CME aims at establishing the process and procedures for monitoring the compliance of TSOs with the Operation Handbook and increasing the credibility of the TSO community through promoting the concept of self-regulation. This process should fulfill the needs of TSOs and meet the expectations of the stakeholders. It provides a forum in which TSOs can discuss and advise the WG on the existing problems with reaching compliance with OH rules and propose instruments and methods for the compliance assessment. In addition, WG CME will recommend improvements of the OH by the use of the compliance monitoring feedback information.

#### Coordinated Planning

The need for reinforced coordination at international level also includes planning activities. At the beginning of 2006, WG System Development tackled the first steps regarding the investigation of benefits and implications of a coordinated planning activity and the necessary evolution of network planning principles. A list of \*harmonized\* guidelines was drawn up and UCTE decided to go one significant step further while creating a new dedicated WG which has been in charge of coordinated planning since September 2006.

The new WG builds up a common vision of UCTE priorities for development of transmission infrastructures and creates a framework to exchange TSOs' information on their individual development plans and to initiate joint planning studies. The WG Coordinated Planning looks into planning principles and processes and makes proposals for improvement for internal and external use. A common data basis for medium and long-term network studies shall be shared by TSOs. In addition. TSOs and the market players get a global view of present and future levels of system adequacy including both generation adequacy and transmission adequacy based on an appropriate methodology. This improved product becomes a basis for sound EC initiatives towards an integration of the IEM and for investment decision-making.

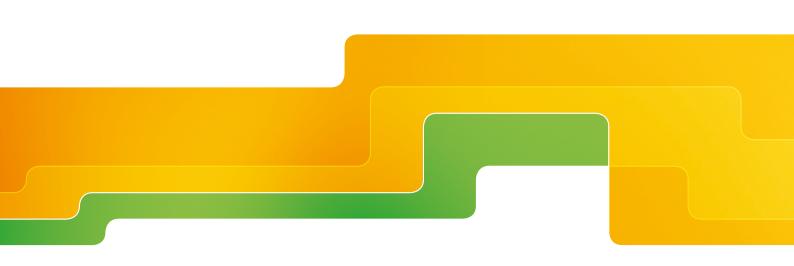


### Towards an Integrated System Strategy

Furthermore, UCTE has contributed to building one of the largest synchronously interconnected power systems in the world, supplying half a billion customers in a safe and reliable way. However, in the recent past power outages have been experienced around the world and, in the UCTE system as well which had important consequences. This confirms that the main focus of the work of UCTE is, must be and will remain the security and the reliability of the interconnected system. In particular, the set up of a European coordination centre, European reliability standards and a formal Group of TSOs are likely to be discussed within EC to improve the reliability of the interconnected system. These issues become more complex under liberalized market conditions. UCTE is focusing on the assessment of the technical feasibility and the related legal/ regulatory boundary conditions of interconnections.

In order to help UCTE define its future strategy, the newly created System Strategy WG identifies all topics (organizational, technical) having an impact on UCTE TSOs, proposes a priority list and for each topic a clear UCTE strategy, and finally puts forward a global strategic vision to be shared by the other electricity stakeholders.

One of those topics is an improved coordination at the European level which can be sought to improve the reliability of the power system, with an increasingly significant awareness by TSOs of common risks for the interconnected operation, the development of wider exchanges of power system information on operation and balancing reserves. The increased coordination shall help to comply as far as possible with operational rules and grid codes, and to be transparent in case of provisory faulty situations, with a credible self-assessment of non-compliance.



# New services: Communication

Through active communication and public affairs activities, WG Communication strengthens the image of the UCTE as Reference Centre for reliability and technical consultancy towards European institutions and market parties. It has to establish and live a new UCTE Communication Policy fostering the UCTE vision. Efficient internal communication methods enable UCTE members to work together in an effective and sustainable way. WG Communication sets up effective and efficient communication and information processes between UCTE member companies and the Association, conveys UCTE positions on energy policy issues to the relevant European Institutions in a professional and convincing way, actively manages issues by monitoring regulatory statements and media on UCTE topics, directs the knowledge to appropriate UCTE bodies and prepares position papers and statements.

# Towards a global data management in UCTE

On the one hand, the WG Data inherited tasks from the former WG Statistics around the collection, control, processing and publication of statistics. In addition, its mission has been enlarged to become the gatekeeper of the data gathering and processing competence within UCTE. It shall define a data policy covering also areas that are under the responsibility of other WGs and closely interact with WGs and Project WGs to allow an effective and efficient cooperation in the field of data management.



## Managing the change

Besides the decision on the new working structure dated 22 June 2006 with an increased importance of interactions between the UCTE bodies and groups, new members of the Extended Bureau and new Project Managers have been appointed. In addition, external solicitations increased significantly in 2006 (external extension requests, projects such as CMEP, EWIS, CIP...) and lead to an extension of the scope of UCTE activities. This brings UCTE at limits and calls for a change.

In order to accompany professionally all those important developments, the UCTE Bureau launched the Change project CUTE (acronym for Conduct UCTE Towards Excellence and synonym of »smart«) to channel the implementation of changes, clarify interfaces, core processes and develop recommendations to increase the performance of the Association in a consistent way.

It accompanies the changes in working structure and the designation of the new leading team. The project run by Olivier Feix and involving Convenors, Project Managers and the Bureau shall

- analyse the present missions, the expected deliverables and used working methods of the different bodies of the association,
- work out a common vision, consistent missions and approaches of all bodies of the Association,
- develop practical solutions for handling efficient and effective interaction between WGs, Projects, Secretariat and SC.
- propose clearer interfaces, working processes, methods and tools to be used by WGs, Project Groups, Secretariat and SC.

At the end of 2006, CUTE has worked out and communicated a new mission to the members, aiming at positioning UCTE as the Association \*recognized by European institutions and market parties as the Reference Centre for the reliability of the synchronously interconnected system and for technical consultancy for UHV (Ultra High Voltage) system performance and development in order to make the electricity market happen.«

A clear split of responsibilities is defined, the systematic support given by the Secretariat to Working Groups is defined, and a Bureau Program 2007 focusing on 5 key issues is approved. All Working Groups and Projects developed Mission Plans that are all consistent with each other and provide a precise description of objectives, tasks, interfaces, processes and responsibilities.

UCTE is recognized by European institutions and market parties as the Reference Centre for the reliability of the synchronously interconnected system and for technical consultancy for UHV (Ultra High Voltage) system performance and development in order to make the electricity market happen.