

6 December 2011 Düsseldorf





Meeting objectives

- Communicating planning of the NC RfG planning
- Agreement on basic elements of NC RfG
 - Approach of Significant Users
 - Choice of level of detail of requirements
 - Retro-active application of requirements
 - Deviations from existing standards
- Agreement on specific technical requirements, relevant for wind industry
 - FRT
 - Reactive power capabilities
 - Simulation models
- Next steps





Pilot process

Redrafting based on ACER's final framework guidelines

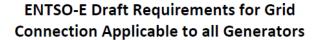
Working draft publication

Continued stakeholder interaction

Public consultation

Working draft available at

http://www.entsoe.eu



27 October 2011

Votice

This draft represents the conclusion of the preparatory work undertaken by ENTSO-E in the context of the "network code for requirements for grid connection applicable to all generators". The contents of this draft, organised in a manner similar to the anticipated structure of the final network code, reflect the status of the work done by TSO experts as of 18 October 2011, in line with the ACER Framework Guidelines on Electricity Grid Connection published on 20 July 2011 It is based not only on the input of an extensive informal dialogue with stakeholders as well as public workshops that took place during the pilot period between Summer of 2009 and 3 March 2011, the date on which Regulation (EC) 714/2009 entered into force, as well as ongoing formal discussions after the EC mandate letter was received by ENTSO-E on 29 July 2011.

The current early publication of this draft intends to enable the stakeholders to already start assessing in full transparency the results of the informal and formal preparatory work, following the policy option choices according to ACER's framework guidelines.

The formal consultation is expected to be organised in the first quarter of 2012, during which period stakeholders will have the option to provide comments via the web-based ENTSO-E consultation tool. After due consideration of these comments in an open and transparent manner in compliance with Article 10 of Regulation (EC) 714/2009, ENTSO-E will adopt its "network code for requirements for grid connection applicable to all generators" and submit it to ACER.

Disclaimer

This draft does not represent a firm, binding and definitive ENTSO-E position on the contents, the structure, or the prerogatives of the "network code for requirements for grid connection applicable to all generators" and on which a formal public consultation will be organised by ENTSO-E according to Regulation (EC) 714/2009.

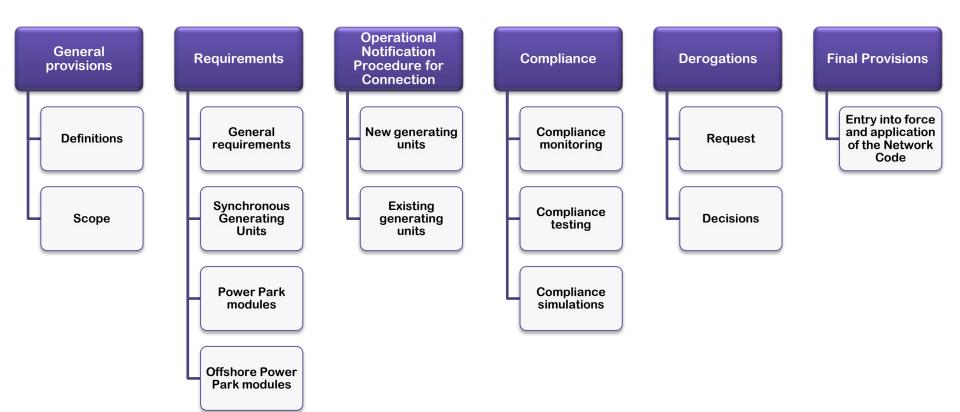
ENTSO-E AISBL . Avenue Cortenbergh 100 . 1000 Brussels . Belglum . Tel +32 2 741 09 50 . Fax +32 2 741 09 51

info@entsoe.eu * www.entsoe.





Network Code structure





Network Code requirements



Prescriptive requirements

- The Network Code lays down requirements and specific parameters
- E.g. frequency disconnection

Framework requirements

- The Network Code gives a coherent approach to formulate requirements
- Avoids divergence of requirements throughout Europe
- Specific setting of parameters based on a given legal framework, e.g. NRA approval, consultation, in mutual agreement, other Network Codes, ...
- E.g. reactive power provision

Principle requirements

- High level requirement on functionality
- Specific implementation prescribed by other agreements, national legislation, Network Codes, ...
- E.g. information exchange





What is a Significant Grid User?

ACER Framework Guideline on Electricity Grid Connection

- "The network code(s) developed according to these Framework Guidelines shall define appropriate minimum standards and requirements applicable to all significant grid users."
- "The minimum standards and requirements shall be defined for each type of significant grid user and shall take into account the voltage level at the grid user's connection point. The network code(s) shall specify the criteria and methodology for the definition of significant grid users. These shall be based on a predefined set of parameters which measure the degree of their impact on cross-border system performance via influence on control area's security of supply, including provision of ancillary services ("significance test")..."



Significant users



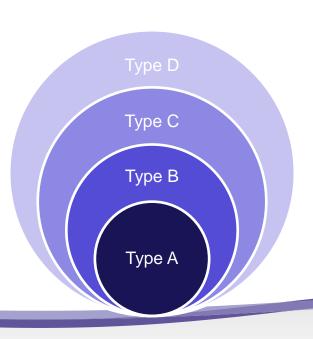
- Generator capabilities are formulated from a system performance perspective, independent from technology
- Need to be able to cope with evolutions in generation mix
- Significance is regarded per requirement

Europe wide balancing services

Refined and controllable dynamic response

Automated response, operator control, information

Common failure mode for all plants (frequency)





Significant users



Network Code gives max. thresholds at synchronous system level

- Criteria based on voltage level (> 110kV → Type D) and MW capacity (table)
- Decision at <u>national</u> level by National Regulatory Authority

| Synchronous Area | maximum capacity threshold from which on a Generating Unit is of Type B | maximum capacity threshold from which on a Generating Unit is of Type C |
|--------------------|---|---|
| Continental Europe | 0.1 MW | 10 MW |
| Nordic | 1.5 MW | 10 MW |
| Great Britain | 1 MW | 10 MW |
| Ireland | 0.1 MW | 5 MW |
| Baltic | 0.1 MW | 5 MW |





What is the appropriate level of detail for Network Code requirements?

ACER Framework Guideline on Electricity Grid Connection

"Furthermore, the network code(s) shall define the requirements on significant grid users in relation to the relevant system parameters contributing to secure system operation, including:

- Frequency and voltage parameters;
- Requirements for reactive power;
- Load-frequency control related issues;
- Short-circuit current;
- Requirements for protection devices and settings;
- Fault-ride-through capability; and
- Provision of ancillary services.

..

The network code(s) shall set out how the TSO defines the technical requirements related to frequency and active power control and to voltage and reactive power management."



Level of detail



Harmonization

- Favored by manufacturers: larger market for same product
- Favored by project developers: less resources to engineering
- Concern by project developers: excuse for increased prices
- Note: Harmonization is no objective in itself (3rd Energy Package)

Viewpoint of system security

- Different needs in each synchronous zone
- Different need of details in all requirements

Conclusion

- Level of detail differs per requirement
- General principles as well parameter settings exist in the Network Code





ACER Framework Guideline on Electricity Grid Connection

"The applicability of the standards and requirements to pre-existing significant grid users shall be decided on a national basis by the NRA, based on a proposal from the relevant TSO, after a public consultation. The TSO proposal shall be made on the basis of a sound and transparent quantitative cost-benefit analysis that shall demonstrate the socio-economic benefit, in particular of retroactive application of the minimum standards and requirements ... The format and methodology or principles of the cost-benefit analysis shall be prescribed by the network code(s)."





Considered as an Existing Generation Unit if

- Legally binding contract for main part of the generator is provided
- Within 6 months after entry into force of the code
- Can be audited by the Relevant Network Operator

Decision on retro-active fitting

- On a national basis
- Cost Benefit Analysis (two-stage 'traffic light') process initiated by TSO
- Final decision to approve retro-active fitting (based on TSO proposal) by the National Regulatory Authority

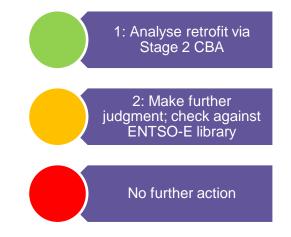




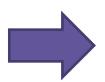
A full quantitive CBA is a resource intensive process

○ A <u>filtering</u> (CBA stage 1) is performed based on engineering review





| Benefit in reduced demand loss / balancing costs | |
|--|--|
| No/low impact | |
| Significant impact | |



| COST | BENEFIT | ACTION | |
|------|---------|--------|--|
| | | 1 | |
| | | 2 | |
| | | 2 | |
| | | 3 | |





| Examples | Cost | Benefit | Action |
|--|------|------------------|-------------------|
| Reactive capability for large old generators different to new code, but not dramatically less Q range than code. | | | No further action |
| Generator narrow frequency range. Plant ok for full range, but require frequency trip settings change. | | | Quantitative CBA |
| Solar PV: Trip at modest system frequency deviation. Implement frequency range change and LFSM (at 50.2-50.5Hz). | | Cont. Eur. | Quantitative CBA |
| | | Other area | Further review |
| Limited frequency range of domestic CHP, volume modest | | | Further review |
| Early wind farms with inadequate reactive capability and reactive control facilities, as well as inadequate FRT capability | | Great Britain | No further action |
| | | Spain | Further review |





Green light: reasonable prospect of justifying retro-active fitting ⇒ quantitative CBA (stage 2)



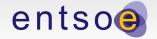
- Net Present Value / Return On Investment / Rate of Return / Time to Break Even.
- Discount rate at TSO's discretion

Cost components

- Costs for implementing the requirement
- Any attributable loss of opportunity
- Change in maintenance costs

Societal Benefits

- Improvement of security of supply (black out probability)
- Improvement to the internal market in electricity and cross-border trade (reactive power provision, freq. response, reserves, ...)





If CBA justifies retro-active application for a user or a class of users

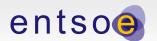
Recommend ation by TSO

Public consultation

Recommend ation & consultation results to NRA

NRA decision Both TSO & NRA decisions published

Three-year period to amend clauses in Grid User connection agreements





If retro-activity for a requirement is not enforced

→ Existing Generating Unit remains bound by technical requirements pursuant to national legislation or by contractual agreements.

If national legislation is repealed

→ Existing Generating Unit (in case of no retrofitting) remains bound by technical requirements pursuant to national legislation such as it was the day before it ceased to be in force.

National legislation

→ may remain in force, in case it refers to requirements not covered by the Network Code

Former derogations to national legislation

→ are not valid as derogation for the European Network Code, but provide evidently useful information





Does the Network Code deviate significantly from existing standards?



Deviations from existing requirements

The European Network Code will evidently show deviations from existing grid codes

| Deviation | Impact |
|--------------------------------------|--|
| Number of requirements | Modest for most countries |
| Strictness and range of requirements | Modest for most countries |
| Units affected by the requirements | Harmonization of requirements to smaller units (also distribution level) |
| Compliance procedures and tests | Intensity increases |



Deviations from existing requirements

ENTSO-E network code is drafted, based on best practices and existing grid codes throughout Europe

Earlier versions of the network code have been challenged in a public consultation (pilot process) and various bilateral discussions

All comments have been thoroughly assessed and if needed integrated in the code

ENTSO-E states that the Network Code does not impose significant variations from existing standards and grid codes

Stakeholders are invited to comment on this if needed in the public consultation (Q1/2012)





Next steps



NC RfG process



- ACER published its final FWGL with delay on July 20th 2011
- EC sent an invitation letter to ENTSO-E on July 29th 2011 requesting a code in line with the FWGL
 - exempting the connection of DSOs and industrial loads → new invitation expected beginning 2012;
 - to be submitted to ACER by end of March 2012 → on the reason that due to the pilot process experience, less than 12 months are required
- Submission postponed to end of June 2012
 - To allow sufficient time for adaptation fo the code
 - To allow stakeholder involvement before entering in public consultation.

Next steps

- Public consultation (two months) starts end of January 2012
- ENTSO-E review of all comments, response and adaptation fo the code if needed in Q2/2012
- Submission to ACER in June 2012

