

ENTSO-E Baltic Sea Regional Stakeholder Workshop

10 April 2013, 10:00 - 15:00 h;
Crowne Plaza, Copenhagen Towers
Ørestads Boulevard 114 – 118, Copenhagen

Minutes of Workshop

Workshop material is uploaded to folder: <https://www.entsoe.eu/news-events/events/entso-e-baltic-sea-regional-stakeholder-workshop/>

1 Program, attendance list and contact information

PROGRAM is given in APPENDIX1 and the list of participants with contacts is given in APPENDIX2.

2 Welcome and introduction

Mart Landsberg, Elering opened the workshop

Main messages:

The purpose of the meeting is to have Stakeholders early involvement into the TYNDP 2014 process. Next month the analysis will start and the objective is to have an input for next stage also from stakeholders.

Main milestones of TYNDP procedure were introduced.

3 Information about TYNDP 2014 process and challenges in the grid towards 2030

Grete Westerberg, Statnett presentation of TYNDP 2014 overall procedure and objectives and briefly introduced the main challenges toward 2030.

Presentation link: <https://www.entsoe.eu/news-events/events/entso-e-baltic-sea-regional-stakeholder-workshop/> Need for common development plan comes from European 3rd energy package issued 2009. To have European network development plan.

- TYNDP = vision of the future grid, updated every 2nd year, is a non-binding plan.
- 2014 version has more advantages compared to the previous TYNDP releases. Has more European/Regional approach rather than collection of national input.
- Exploratory phase – Assessment phase – Monitoring updates of previous plan
- Additionally there is Pan-European market studies used for the future development analysis.
- Guidelines and methodology improvements have been developed on European level.

Magnus Danielsson, Svenska Kraftnät, gave a presentation of the status and developments of the projects in TYNDP 2012 in the Baltic Sea region. Presentation: <https://www.entsoe.eu/news-events/events/entso-e-baltic-sea-regional-stakeholder-workshop/> Many of the projects have been delayed:

- Changes in prioritization
- Uncertainties with permission procedures

Most of Mid-Term projects have investment decisions done and are considered in-time.

The commissioning times of the Long-Term projects have been specified and the period is better focused.

Discussion

Question from the audience (later "Q"): Tennet is not a member in this group, do you see that as a problem.

Answer (later "A"): not seen a problem, there is information exchange both between the regional groups and between German TSO's. 50 Hertz is a member in Baltic Sea group.

Q: Energinet.dk in the plan mentioned that AC-reinforcements btw Denmark and Germany might be late?

A: the time schedule is dependent in the investments in the German side. The timeschedule is now late 2017 or 2018.

Q on 3rd AC FI line: is it taken into account that building that line the power can flow from north Sweden through Finland and lessen the stress in Swedish grid.

A: yes, the whole effect is taken into account, market integration benefits, integration of new generation both renewables and larger units and system security in Finland.

Q: Nor Ned 2?

A: Is not in Statnett's plans for next 10 years. An official press release was issued earlier.

4 Stakeholders' presentations

4.1 Future challenges and main drivers for the electricity sector – Producer's view

Jaanus Arukaevu, Eesti Energia presented a producers view about Baltic Energy Market and the NordPool Development Presentation on entso-e webpage: <https://www.entsoe.eu/news-events/events/entso-e-baltic-sea-regional-stakeholder-workshop/>

Main messages from the presentation:

- EE is a largest producer in the Baltic States and also has business activities outside the region.
- Background of the energy market situation.
- Russian connections are removed in new market design and it will influence the physical investments and flows. Estonian producers lose 1000 MW of market capacity.
- Huge influence of market design/agreements on paper to the physical investments.
- Suggestion to ENTISO-E is to follow/take into account the impact of the market models / model design. Suggestion to use FTR-s
- BEMIP plan – not fulfilled what was planned on 2010. Things are behind the schedule planned for 2013.
- European legislation is not handling properly 3rd countries market exchanges. Baltics have huge capacities between Russia and it is not utilized at their potential.

4.2 Future challenges and main drivers for the electricity sector – Association's view

Marcel Steinbach, German Energy Association – BDEW (The German Association of Energy and Water Industries) presented association's views and the presentation can be downloaded under link:

Presentation on entso-e webpage: <https://www.entsoe.eu/news-events/events/entso-e-baltic-sea-regional-stakeholder-workshop/>

Main messages from the presentation were:

- In older times lines have been built for SoS and for making money. Today the objectives are more complicated.
- Heavy impact on Import and Export from Wind and Solar production
- German is heavily interconnected power system with multiple neighboring systems.
- Observations show that flows tend to be seasonal and affected by RES generation.
- Market integration is unavoidable
- Integrated markets are essential for transition to carbon neutral economy
- Energy markets will anticipate and facilitate transition
- Large price zones are more efficient than small zones.
- Huge difference in installed capacity and produced energy.
- Huge difference between wholesale prices and end-consumer price.
- Need to change market design and capacity mechanisms. Sustainable energy market shall be a goal. Phase out of the support schemes for renewables shall be necessary, to decrease distortions.

Discussion

Q: Capacity mechanism + grid development. is the grid capacity taken into account when discussing about the capacity market.

A: A better option from German perspective is to build internal capacity to integrate the offshore wind capacity from northern sea into southern Germany.

4.3 Future challenges and main drivers for the electricity sector – Authority's view

Elina Hautakangas, Electricity Market Authority, Finland presented regulators view:

Presentation on entso-e webpage: <https://www.entsoe.eu/news-events/events/entso-e-baltic-sea-regional-stakeholder-workshop/>

Messages from presentation:

- PCI - regulation for strategic projects to agree on Project of Common Interest.
- TCI – compensation mechanisms for inter-area flows
- Need to change market design and capacity mechanisms. Sustainable energy market shall be a goal.
- Geographical scope and different regional groups -> risk that the assessments might still differ in different regions.
- One of the ideas of PCI is to speed up the development/construction process for important projects.
- Conditions for EU funding.

- Cost allocation is a complicated approach and hard to decide the final solution.
- PCI – investments. Projects with already investment decision will be not compensated.
- Insufficient investments to the grid and the lack of funding.
- PCI regulation cannot force anyone to participate in the process
- Slow investments due to lack of incentive (congestion income etc.)

5 Regional view on Scenarios and methodology

Christoffer Rasch, Energinet.dk presented the regional view on scenarios.

Presentation on entso-e webpage: <https://www.entsoe.eu/news-events/events/entso-e-baltic-sea-regional-stakeholder-workshop/>

Discussion

View on scenarios

Q: NREAP's for basis? For Denmark the NREAP goal is even larger now

A: yes for 2020 timeframe

Q: how can you decide how to build the grid because there will be different needs.

A: to test the robustness, and to consider projects that are good in several scenarios

6 TYNDP 2014 Methodology in Assessment Phase

Knut Hornnes, Statnett presented the methodology for market modeling

Presentation on entso-e webpage: <https://www.entsoe.eu/news-events/events/entso-e-baltic-sea-regional-stakeholder-workshop/>

Discussion

Q: Market modeling in Germany/Poland how the internal congestions are taken into account?

A: grid model takes into account all the grid congestions. We are aware of the problem related to internal grid issues, and the experts running the models are aware. This is an iterative process with market model results been checked grid models.

Q: This has to be taken into account. You can already see cuts in the transmission capacity due to the internal restrictions and there will be even more offshore capacity in the future

A: the starting point is the TYNDP 2012 and you can already see a lot of reinforcements in the internal grid.

Q: 93 euros/ton, very high, where does it come from?

A: IEA scenario for 450

Comment: price of PV, was more than 50% higher than now. Take this into account

Q: alternatives to grid investments? Consumption or production adaptation

A: covered by different visions

Q: De-centralized generation, what is the role, for example PV

A: built in the visions. We are looking into grid investment needs caused by all of different future scenarios.

Q: Good being so transparent with the methodology. A lot of issues to be covered. the aim to is to develop a grid that enables the market participants to use the market.

Flow-based? Price coupling?

A: Socio-economic benefit and costs will be monetized, the other indicators are more difficult to monetize. The indicators themselves are not weighted. Regarding flow-based. there is an algorithm to take the market solution from the market model and put that into the grid model, which on our view is even better way. For Nordic part there also is an other tool that has integrated grid modeled.

Q: will all the projects be assessed? some projects are more vague?

A: yes

Q: Baltic States Synchronous operation with CE? not in the scenario, but there is a study going on being ready this year

A: Baltic synchronisation is one of the developments that is being studied in parallel with TYNDP. Not directly in TYNDP 2014 scenario, but there is a study going on being ready this year, results will be used in TYNDP.

7 Summary from Stakeholders feedback

Discussion

Q from RGSB:

- What should be emphasized in our studies?
- Market design, impact to the future trade patterns?
- RES integration having effect on import/export, also difference between capacities and produced energy
- 3rd countries, the development of the Russian Market
- Market integration, stakeholder views?
- CO2 price 93 euros per ton? Is that applicable?

7.1 Summary of feedback

It was announced that further ideas, comments and feedback regarding TYNDP 2014 framework is welcomed by e-mail or during next workshops.

Market design

- Huge influence of market design/agreements on paper to the physical flows and needed investments.
- Suggestion to ENTSO-E is to take into account the impact of the market models and model design.
- Need to change market design and capacity mechanisms. Sustainable energy market should be a goal.

3rd countries

- If there are too many interconnections to neighboring systems with different market design and taxes, local producers do not have equal trading possibilities.
- European legislation is not handling properly electricity market interaction with 3rd countries. Baltics have huge capacities between Russia and it is not utilized at their potential with current setup of electricity markets in Baltic Sea Region (NPS) and Russia.

RES integration

- Heavy impact on import and export between different regions in Europe caused by wind and solar generation
- Huge difference in installed capacity and produced energy
- CO2 price too high – demand figures not in line with electricity price, derived from high CO2 price
- Ramping issues – shall be taken as an issue, but currently not studied in detail in TYNDP

Market integration

- Market integration is unavoidable
- One of the idea of PCI is to speed up the development/construction process for important projects.
- Cost allocation is a complicated approach and hard to decide the final solution.

Public acceptance

- ENTSO-E should include analysis of consequences caused by delays in commissioning planned interconnection capacities. What are consequences to the market, societal costs and SoS

7.2 Schedule and next workshops

Next Stakeholders' events on Regional and European level:

Baltic Sea regional workshops

- Nov - Dec 2013 - Regional Investment Plan and TYNDP

ENTSO-E workshops

- July 2013 – Workshop on the 2030 Visions - final visions outcome
- March 2014 - TYNDP 2014 Package

ENTSO-E public consultations



Reliable Sustainable Connected

- 1-2 months after the new EIP enters into force in 2013 - Cost benefit analysis methodology - web consultation + stakeholder workshop
- March-April 2014 TYNDP 2014 package - web consultation

APPENDIX 1 – PROGRAM

10.00	<i>Registration</i>	
	Welcome and Introduction	Mart Landsberg, Elering <i>Convenor RG Baltic Sea</i>
	Information about TYNDP 2014 process Status for projects from TYNDP 2012 Challenges in the grid towards 2030	Grete Westerberg, Statnett & Magnus Danielson, Svenska Kraftnätt <i>Members of RG Baltic Sea</i>
	Eesti Energia Future challenges and main drivers for the electricity sector – Producer's view	Jaanus Arukaevu
	German Energy Association - BDEW Future challenges and main drivers for the electricity sector – Association's view	Marcel Steinbach
	Electricity Market Authority, Finland Future challenges and main drivers for the electricity sector – Authority's view	Elina Hautakangas
	<i>Questions & Discussion</i>	<i>All</i>
12:00	<i>Lunch</i>	
13:00	Regional view on Scenarios and other topics	Oleg Tsernobrovkin, Elering & Christoffer Rasch, Energinet.dk <i>Convenor subgroup System Adequacy and Market Modeling & Member of RG Baltic Sea</i>
	Methodology Market modeling	Knut Hornnes, Statnett <i>Convenor subgroup System Adequacy and Market Modeling</i>
	<i>Questions & Discussion</i>	<i>All</i>
14:15	<i>Coffee Break</i>	
14:30	<i>Conclusions and Close-up</i>	Mart Landsberg, Elering <i>Convenor RG Baltic Sea</i>
15:00	<i>End of Workshop</i>	

APPENDIX2 – LIST OF PARTICIPANTS

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