

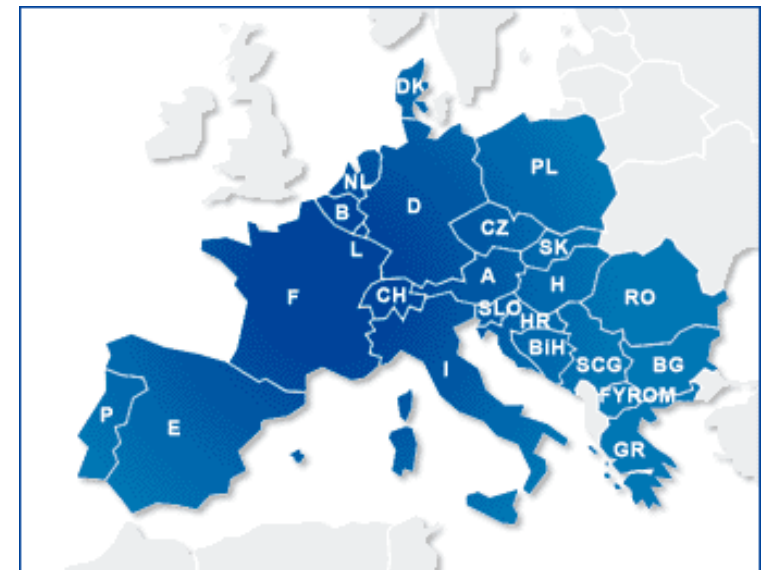
UCTE, Security of Supply and Infrastructure Investment

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1. UCTE in brief

- UCTE network covers 34 companies in 16 EU and 7 non-EU countries.
- UCTE network works for some 450 million people with a total yearly consumption of 2,500 TWh.
- UCTE network represents about 60 % of EU-25 consumption.



2. UCTE – on the cutting edge

- 1951 – foundation with 8 members (1957 Treaties of Rome).
 - 1995 – membership of CENTREL countries (2004 EU membership).
 - 2001/02 – membership of Bulgaria/Romania (2007 as target for EU membership).
- Security of supply is UCTE's mission since its foundation.
- Past: so called UCTE recommendations as operational rules.
- From 2005: UCTE members comply with an extended set of reliability and security standards (Operation Handbook) which becomes legally binding among TSOs via a Multilateral Agreement.



3. The two pillars of security of supply

generation adequacy

Location, fuel choices
and characteristics
of generation are not
under control of TSOs!

network adequacy

long-term

availability of
interconnections,
infrastructure
investments

short-term

operational
security

Stable regulatory framework!

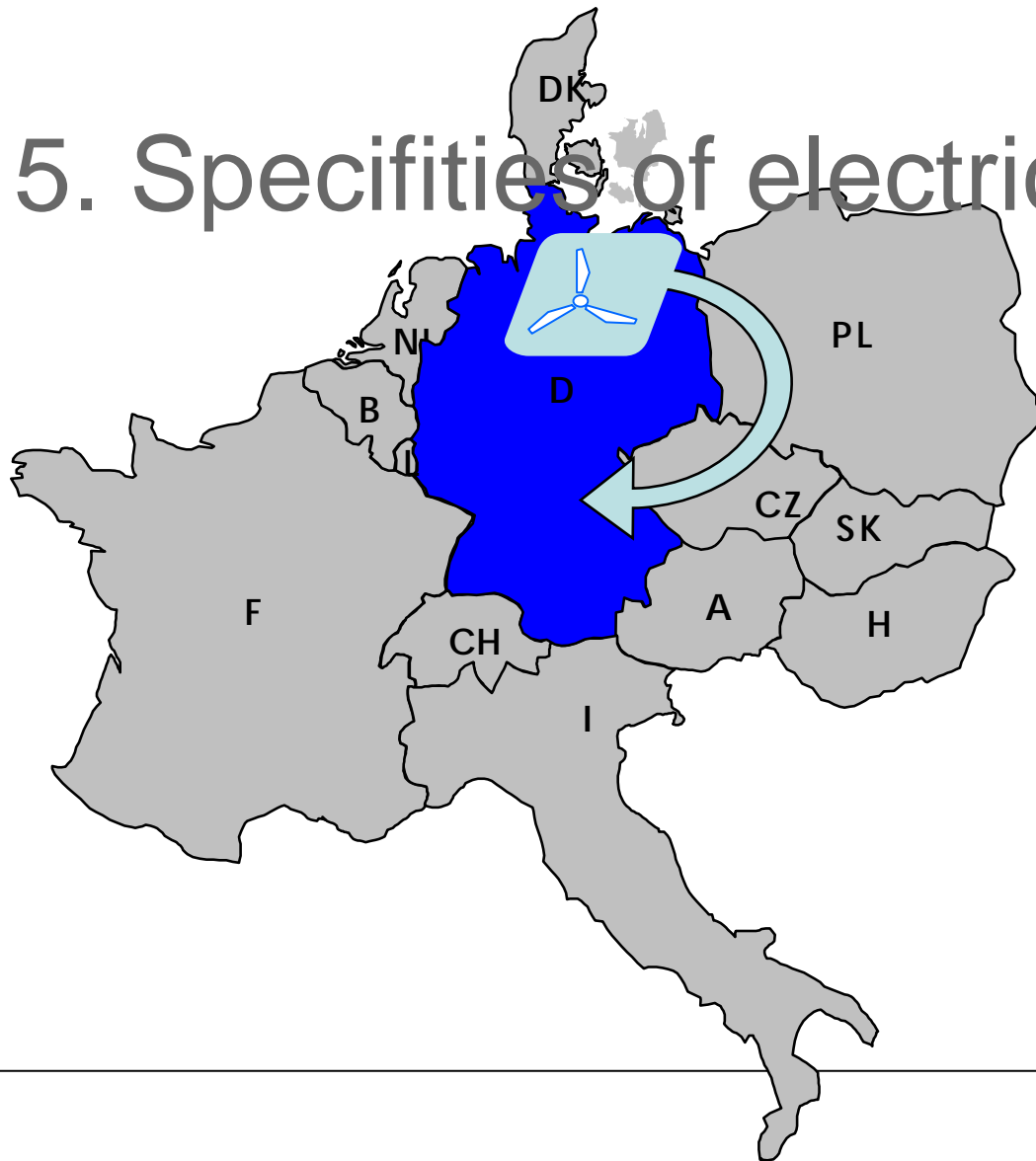


4. UCTE's basic approach to SoS

- UCTE fully supports the goal of a high(er) security of supply.
- On the one hand long and short-term network adequacy is the core business of TSOs and does not need additional legislation.
- On the other hand the (unfavourable) distribution of power generating units can not be controlled by TSOs.
- Costs for transporting fuels are lower than for transporting electricity – prices for electricity transport are zero (except: e. g. auction fees).
- More and more bulk capacities of RES in certain areas are challenging the transmission grid.



5. Specificities of electricity flows



- Power flows follow physical laws and are therefore not completely controllable.
- Strong wind power injection can lead to unintended loopflows through neighbouring countries.
- Trading capacities and security margins are reduced.
- Co-ordinated planning by synchronously interconnected TSOs is necessary.

6. UCTE's position on SoS Directive (I)

➤ Recommendations on short-term SoS

- Operational security should eventually become **binding to grid users** and must have priority over long-distance trading and RES expansion.
- Each synchronous area must have the **responsibility of setting rules** for the secure operation of its grid and **monitoring their compliance**.
- Any measures to safeguard SoS and infrastructure investments must provide cost reflective price signals in a **stable regulatory framework** (also valid for long-term SoS).



6. UCTE's position on SoS Directive (II)

➤ Recommendations on long-term SoS

- **Tasks should be clearly separated** between
 1. TSOs defining investments and
 2. regulators incorporating investment costs into tariffs.
- **Co-operation among TSOs** for infrastructure development – as UCTE already does it – increases effectiveness to infrastructure planning.
- **Integrated reporting** or forecasting of generation and consumption patterns by TSOs **contradicts the unbundling principle** and TSOs can therefore not be made reliable for data quality.



Due to these remarks, UCTE thinks that the present Council draft leads to a much better Directive proposal than the original ones and hopes that EP will take UCTE comments into account.

