

EDITORIAL

Feasibility Study:

Synchronous Interconnection of the Power Systems of IPS/UPS with UCTE



In 2004, UCTE launched the Feasibility Study on Synchronous Interconnection of the Power Systems of IPS/UPS¹ with UCTE and appointed Matthias Luther as the Project Manager responsible for the study. His first task was to organize the framework of the study and apply for the financial aid during the so-called pre-project phase. Meanwhile, important milestones have been reached.



Consortium established

The UCTE consortium was established on 24 November 2004. The legal framework for the co-operation is fixed in a Consortium Agreement signed by the parties concerned. Eleven UCTE-TSOs - see picture - will perform and master the feasibility study within the next three years. The project structure consists of five working groups. Three of these working groups are dealing with technical, one with operational and one with legal issues. The work is coordinated by the Project Management.

Prospects for financial aid from EU

The project itself addresses important issues in the context of the EU-Russia Energy dialogue. In April 2004, the Project Management submitted a funding application to the European Commission. At the end of 2004, it was announced that the TEN-E Financial Committee took a positive view on the support of the application for funding. Additionally, the application was approved by the EU Member States' Council.

Co-operation Agreement with IPS/UPS under negotiation

The document setting a basis of co-operation between IPS/UPS and UCTE, the Co-operation Agreement, is under negotiation. The framework of the project and further steps have been discussed and agreed at a meeting between UCTE President Martin Fuchs and Boris Ayuyev (CEO of System Operator of Unified Energy Systems of Russia and Chairman of COTC – Commission for Operation and Technological Coordination of the Joint Power Systems of CIS² and the Baltic States) at the end of 2004. Currently, the Project Management of UCTE and IPS/UPS take care of working out the contractual framework of co-operation. Signing of the Co-operation Agreement will finalize the pre-project phase and enable the consortium to start the Working Group activities.

¹ Comprises the Power Systems of the Baltic States (Latvia, Lithuania, and Estonia), Russia, Belarus, Ukraine, Moldova, Georgia, Azerbaijan, Kazakhstan, Uzbekistan, Tajikistan, Kyrgyzstan and Mongolia

² Commonwealth of Independent States

MEMBER NEWS

UCTE AGENDA

UCTE STEERING COMMITTEES

January 25, 2005 in Romania

*March 17, 2005
in Serbia/Montenegro*

May 11, 2005 in Italy

*June 23, 2005
in the Czech Republic*

ASSEMBLY

May 12, 2005 in Italy

ELIA



The Belgian electricity grid operator Elia and the French grid operator have started work to expand the interconnection capacity at the Belgian-French border to 3,700 megawatts from the current 2,250 MW.

The Belgian and French high voltage networks are connected at four locations: between Avelin and Avelgem, between Chooz and Jamiolle, between Moulaine and Aubange and between Lonny and Achène. The interconnection at the border between Belgium and France has a capacity of 2,250 MW during peak-hours in winter.

Elia and RTE have planned to strengthen the interconnection capacity between Avelin and Avelgem and between Chooz and Jamiolle. The visible part of the expansion work on the link between Avelin – Avelgem began last month in Belgium, by pulling the second high voltage cable with a helicopter in Avelgem over the river Schelde (Escaut). The commissioning of the new 380-kV line linking Avelin in France with Avelgem in Belgium, with a second transmission line, is scheduled for the end of 2005.

The work on the reinforcement of the connection between Chooz in France and Jamiolle in Belgium will begin next year and be completed at the end of 2006. From the beginning of 2007, the capacity of interconnection between Belgium and France will therefore increase from the current 2,250 MW to 3,700 MW at peak times in winter. In a further stage, the interconnection capacity will be further boosted to more than 4,000 MW when the interconnector at 380-kV between Moulaine in France and Aubange in Belgium becomes a reality.

RTE



Gestionnaire
du Réseau de Transport d'Électricité

RTE - Optical fibre network

On 17 December 2004, RTE inaugurated at Quimper, the optical fibre network in southern Brittany and, at the same time, launched RTE's national broadband offer.

To ensure the availability of the transmission network protection and control systems, RTE uses a security telecommunications network independent of public means of communication which may fail or be saturated in an emergency situation. This security telecommunications network is mainly based today on services and supports provided by the operators. In order to take full advantage of the performance and reliability of digital techniques, RTE has decided to transfer these security functions to optical supports. To this end, RTE is investing in an optical fibre network, deployed on its own transmission facilities. The project, named ROSE (Réseau Optique de Sécurité – Security Optical Network), calls for the installation, by 2008, of 9,000 kilometres of optical fibre cables, which will add to some 4,000 kilometres of optical fibre cables already in service on its grid. The project has now got under way in the presence of the French Minister of Industry, Patrick Devedjian, at Quimper, Brittany, which constitutes an electric peninsula, with the installation of 392 kilometres of optical fibres between Nantes and Brest. These new optical fibre cables, whose capacity RTE does not fully use for its own needs, is a real opportunity to offer Brittany an alternative and competitive solution for access to broadband. The southern part of Brittany is, in fact, part of the non “degrouper” areas of the region in which alternative operators have no access to the final customer. This makes it a truly “digital peninsula”.

Using the transmission network as a telecommunications infrastructure support meets the aim of the French public authorities to remedy the “digital divide”, by reducing the inequalities between the regions as regards access to broadband telecommunications services. A number of legislative measures have made it possible, notably for local authorities, to finance, and to a larger extent, use telecommunications networks for regional and competitive development purposes. To provide its “broadband” offer to local authorities, operators and industrial customers, RTE created a subsidiary, @teria, at the end of 2002. This company ensures the contractual management of making the fibres and high points available to its customers.

With a total of 15,000 kilometres of optical fibres deployed by 2008, the RTE optical network should be ranked among the top four broadband telecommunications networks in France, serving all towns with more than 7,000 inhabitants.



MEMBER NEWS

CEGEDEL



Formation of Cegedel Net S.A., transmission and distribution system operator of the Cegedel group

After the first European Directive, dated 1996, concerning the liberalization of the electricity market, a second Directive was adopted in June 2003 on the same subject.

Apart from the complete opening up of the electricity market by July 2007, at the latest, the aim of this Directive is to install electricity transmission and distribution system operators which are independent of electricity producers and suppliers. The main objective of this proceeding is to ensure non-discriminatory access to electricity networks to all market players with a view to promoting increased competition between the various potential suppliers.

Before these provisions are implemented into national legislation, Cegedel has already taken the initiative to make different changes to its organizational structure.

A new corporation, Cegedel Net S.A., which is a wholly-owned Cegedel subsidiary, was established on 8 November 2004. It will take up its activities on 1st January 2005. Georges BONIFAS who has been until now director of the engineering departments of CEGEDEL, has been nominated to the head of the new company.

The parent company Cegedel S.A. will continue to attend to supply activities and remain owner of the networks which will be operated by the new company. Planning and realization of networks as well as metering and accounting activities will thus be consigned to Cegedel Net S.A. About 90 persons will be transferred to the new company.

The group will continue to communicate under the legal name "Cegedel", as the new structure established by the foundation of Cegedel Net will allow the Cegedel group to preserve essential synergies in the interest of cost cutting while meeting the criteria of independence required by the European Directive.

TenneT



Go-ahead for Dutch-Norwegian cable

TenneT is delighted that DTe, the Dutch Office for Energy Regulation, has given the go-ahead for the construction of a high-voltage interconnection between Norway and the Netherlands to take care of the import and export of electricity between the two countries. As grid administrator, TenneT has identified huge social advantages of a transmission cable that would be open to market players across the border.

Says TenneT's Chief Executive Officer, Mel Kroon: "An interconnection between the Netherlands and Norway is in line with the European Union's policy of linking up markets and improving market liquidity. In Norway, hydropower accounts for 99% of electricity generation. This will be a contributing factor to the interconnection bringing about lower, more stable prices for the Dutch market. Moreover, the interconnection will boost the reliability of supply in both countries and enhance the market processes and liquidity in the Dutch market."

Cables covering a total length of 580 kilometres are to be laid along the seabed. The interconnection, whose transmission capacity will be at least 600MW, is to be plugged into the Dutch high-voltage grid via the Eemshaven location. The Scandinavian and Dutch power markets are to be linked via the respective electricity exchanges, APX and Nord Pool Spot. The interconnection owes its commercial feasibility to the projected revenue resulting from price differences between the two markets. Construction will take approximately three years to complete, so that the interconnection should be ready for commissioning by early 2008.

The decision which DTe has now made involves an investment of more than 300 million Euros for the cable itself, the preparations and the realisation of the connection. Now that DTe has given the green light, TenneT expects to be able shortly to finalise the contracts and start construction before the end of the year.

MEMBER NEWS



CEPS

A three-way auction of transmission capacities was successful

Conference papers concerning the course and results of the first coordinated three-way auction of available cross-border transmission capacities met with great interest at the international conference on "The New Infrastructure for Energy Trading in Central Europe" which took place in Prague from 9 to 10 December 2004. This auction was organized by CEPS, a.s. for operators of three adjacent transmission systems.

The first three-way coordinated auction took place on 24 November and was organized by CEPS, a.s., based on an agreement with three operators of adjacent transmission systems: PSE-O (Poland), VE-T (northeast Germany) and CEPS (Czech Republic). The main aim of this coordinated auction was to simplify the whole process for electricity traders. This method of allocation (reservation) of available transmission capacity is consistent with Regulation No. 1228/2003 of the Council of Europe and the European Commission, which requires allocation of cross-border transmission capacities to participants in a transparent and non-discriminatory manner and obliges transmission system operators to support the development of liberalized electricity markets in Europe. The cross-border interconnection among individual states today constitutes "bottlenecks" in transmission systems where the requirements of traders distinctly exceed the capacity of these interconnections and therefore create a technical obstacle to entirely open electricity trade throughout Europe. "Our aim is to invest with a view to eliminating bottlenecks so that the lines for cross-border transmission would be entirely open and auctions would not take place. Until this becomes a reality, we try to offer electricity traders easy and transparent methods of allocation of the limited transmission capacities", says Ludmila Petráňová, CEO and chairperson of the Board of CEPS, a.s. "The interest in electricity export from the Czech Republic increases as a logical consequence of higher and faster growing wholesale prices of electricity abroad", says Pavel Šolc, director of the trade section of CEPS.

According to an agreement with the regulatory authority, the profit of CEPS from auctions of cross-border transmission capacities will be used to decrease network tariffs and to enhance cross-border capacities. Thereby the CEPS auctions have a positive effect on domestic electricity prices. CEPS began to allocate cross-border transmission capacities by auctions in 2002. This year's first coordinated three-way auction simplified the whole process from the viewpoint of traders. The participants interested in available capacities negotiated their requirements with three operators of adjacent transmission systems at once within one auction and managed more profiles in one process at the same time. 39 traders took part in the auction, and they submitted a total of 77 bids for all profiles among the Czech Republic, Poland and northeast Germany. They paid a total of 66.22 million EUR for the allocated capacities. After the successful auction of this year, three-way coordinated auctions will follow for the allocation of monthly and daily capacities during the whole year 2005.

Further information on: http://www.ceps.cz/doc/zpravy/aktuality/RESULTS_yearly_auction_to%20be%20published.pdf

CENTREL



Changes of key positions in CENTREL for the 2005-2006 period

Due to the rotation principle and succession order of the key positions in CENTREL, the Council of CENTREL elected: Mr. Vladimír **REZNÍČEK** from CEPS, a.s. for the position of President of CENTREL

The appointment becomes effective on 1 January 2005 for a two-year period. Consequently, the CENTREL Secretariat is moved to CEPS, a.s. Head Office in Prague, led by Mr. Petr **VESELSKÝ** as Secretary General of CENTREL.

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