



PRESIDENT'S FOREWORD

From UCTE to ENTSO-E

In 2008, and following more than 5 decades of pioneering cooperation on the operational aspects of system operation, UCTE has again contributed substantially to develop the TSO products and initiatives to enhance cooperation for the largest synchronously operated electrical grid, the UCTE system.

This report provides to readers some insight on progress achieved in 2008 besides a review of UCTE history main achievements.

However, the European Commission launched in September 2007 proposals for a 3rd package of energy legislation. These proposals were in 2008 amended by the European Parliament and are likely to be adopted in 2009. This legislative initiative of the European Commission foots on one hand on the acknowledgement that the current multilayer, voluntary cooperation among TSOs has no doubt delivered a fundamental contribution to the development of the European Internal Market. It has also boosted the efficiency and reliability of the transmission networks to the level of reliability enjoyed by European citizens and industry at the eve of the 21 century.

Nevertheless, the increased complexity of electricity systems and of the challenges resulting from the large-scale integration of renewable energy sources for de-carbonizing European industry in the next decades has brought to evidence that the current modalities for TSO co-operation have also their limits. TSO skills and assets will need to be backed by a substantial effort in the field of research and development to see the European transmission system evolving in a sustainable way from the infrastructures and their

historically designed functionality towards the "smarter grids" of the future.

A special effort of harmonization through European member states is needed to speed-up the permits to establish new overhead lines and underground cables not only in each country but also to assure an increased cross-border capacity of transmission.

Converging in the analysis of the above said, the Presidents of all current TSO associations decided already in 2007 to actively anticipate the 3rd legislative package and to agree rapidly on how TSOs should organize themselves to formalize TSO-cooperation. This resulted in the founding of the new Pan-European body ENTSO-E (European Network of Transmission System Operators) on 19 December 2008, in which all UCTE TSOs are founding members.

The key areas of work tackled in a multilayer structure of the unified TSO community will be:

- Coordination of grid operations.
- Development of technical and market codes including a monitoring role over TSOs implementation.
- Investment planning at the European interest level.
- Generation adequacy and outlook reporting for the market.
- Primary focus and organization for wide ranging consultative processes with all industry stakeholders on issues of European significance.
- Developing effective working interfaces with the European Commission and the future Agency for Cooperation of Energy Regulators (ACER) EC and the ACER.
- Grid connection and access rules.
- Data exchange and settlement rules.
- Inter operability rules.
- Operational procedures in case of emergencies.
- Capacity allocation and congestion management rules .
- T ransparency rules.
- Balancing rules including reserve power rules.
- Rules regarding harmonized transmission tariff structures including locational signals and Inter-TSO Compensation rules.

UCTE will bring into the new TSO body its grown up experience related to essential aspects of system operation and system development;

I am firmly confident that this restructuring of the transmission sector in Europe will be beneficial for markets and customers and enhance the perception by the civil society of the pivotal role of the transmission sector for delivering to Europe a reliable and competitive electricity supply, giving to European citizens the sentiment of a really integrated European market.



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CEO of REN