

Energy Norway response to the ENTSO – E Consultation on the Pilot Ten-Year Network Development Plan.

ENTSO-Es pilot Ten-Year Network Development Plan (TYNDP) is a good first start for the necessary future planning of a common European transmission system, which can be developed into an important tool to coordinate different European grid projects and necessary investments. Energy Norway thanks ENTSO – E for the opportunity to comment on the Pilot TYNDP, and hopefully bring forward comments that can improve the document in the future.

Energy Norway is a trade organisation for about 260 generators, suppliers, distributors and contractors in Norway. Energy Norway's members each year produce nearly 130 TWh, which is some 99 per cent of all power production in Norway. Our members have approximately 2.5 million grid customers, which is about 91 per cent of Norway's grid customers. The members of Energy Norway have some 15 000 employees, and had a gross turnover to end-users in 2009 of 75-80 billion Norwegian kroner.

In the coming years, substantial investments in the electricity grid are required to achieve European goals such as security of supply, the integration of renewables and market integration. Both cross-border connections and the internal grid need to be strengthened and extended, making European coordination necessary. In addition, development of common rules and criteria for network planning, licensing and financing of projects are important issues to resolve in order to reach these goals. The TYNDP can become the document where all these issues are addressed and coordinated. In the following pages we comment where the current TYNDP in our view can be improved to meet its full potential.

A European top-down perspective needs to be added

The experience from former common Nordic planning in Nordel shows that the planning has had, to a large extent, a national perspective. Transmission needs are given by physical laws and not by national borders or control areas. It would therefore be beneficial for the system as a whole to analyze transmission investment needs based on the underlying power system (existing grid, future plans/forecasts for production and load) in a European perspective regardless of national borders and existing control areas. In this respect the European 2020 targets and their obligations regarding RES are of imperative importance. Hence, the TYNDP should have the main focus on transmission investment needs in order to fulfill the 2020 targets and comprise detailed tables on the assumed demand and generation development in all relevant areas. In this respect the TYNDP should build on national obligations regarding RES in 2020 and on national plans on the actual allocation of new production compared to evolving load and future generation mix. The fulfillment of national RES obligations may lead to a surplus of energy some regions. The consequences of such a surplus situation should be discussed and analyzed in the TYNDP.

As the current TYNDP in its first stage seems based on a bottom up approach only summarizing national plans, it is important that future TYNDPs add a European perspective and focus on those projects that are necessary to fulfill the European energy policy targets 2020 and beyond.

The TYNDP should clearly state which of the proposed interconnectors are based on a common bilateral understanding between the involved countries and which projects are purely published because they figure in national plans. The latter should be explained regarding the reasons why there is not a common interest for developing these projects at the current stage.

Increased urgency

EU energy policy targets for 2020 and beyond will be a major driving force for future transmission development needs. In order to achieve the 2020 targets it is imperative that network development is speeded up. The TYNDP has its core focus on the coming 5 – 15 years divided into mid-term (until 2014) and long-term issues. The background for such time intervals is unclear. In a transmission development time perspective, investments necessary to achieve goals in 2020 should already be on the drawing table and cover a time frame of at least 10 years. Hence, the initial period of focus should be on the coming 10 years with a widened planning period of 5 to 10 years covering perspectives up to 2030.

Transparency

Transparency in the underlying national planning processes and fundamental drivers for future investment needs is important for stakeholder involvement. The underlying national development plans should be available for all stakeholders and all fundamental drivers on national, regional and European level should be shown in the TYNDP.

Coordination between internal and interconnector investments

Several existing cross border interconnections are restricted by internal bottle necks, stability issues or operational security reasons. It is important to highlight such restrictions in the TYNDP and suggest concrete actions (operational, market design, investments) in order to remove these and increase utilization of existing and future interconnections.

Neutrality towards non-TSO investment

Building the grid to meet the 2020 targets requires considerable investments and an expedite development. Investments by other actors than TSOs could be an important contribution to this important task. Hence, if there is commercial interest in developing interconnectors it should be encouraged. Especially in the northern parts of Continental Europe, the North Sea and the Baltic Sea region, intermittent wind production will increase the demand for system- and balancing services, as analyzed in the current TYNDP. Hydro based producers see increasing market opportunities for such services and are willing to invest in both pump storage stations and interconnectors. One example is the NorGer project, which has already applied for a license to build and to operate in Norway. It is important, that the TYNDP facilitates commercial interconnection initiatives, if they meet the European criteria of increasing security of supply, market integration and an increased share of renewables. The current TYNDP unfortunately fails to address the NorGer project, and only mentions the TSO-TSO Norlink project (nr 142 in the list), which at the present date has not started the licensing process.

From planning to implementation

The TYNDP is a first step in order to show future investment needs. However, in order to launch from planning to actual investments there are several other issues that needed to be addressed:

- Licensing processes are time consuming and cumbersome. Different processes and decision criteria between different countries can significantly increase the obstacles in interconnector investments.
- Government agencies, regulators and license bodies may be understaffed and lack the necessary resources and competence to process and coordinate applications efficiently in and between involved countries.
- Political awareness, will and action to accommodate and facilitate the processes leading to necessary increases in transmission capacity may be lacking, especially if national interest are at stake.

In order to reveal such obstacles and put pressure on further development the Commission could appoint a coordinator with the mission to follow-up the above mentioned issues in relation to the projects given priority in the TYNDP. The findings from this follow-up should be revealed in then TYNDP on given priority projects. It is especially important to show the relation between interdependent projects thorough Europe.