



Promoting choice and value
for all gas and electricity customers

How could the “Regional Initiatives” respond to the EU RES package?

14th May 2009

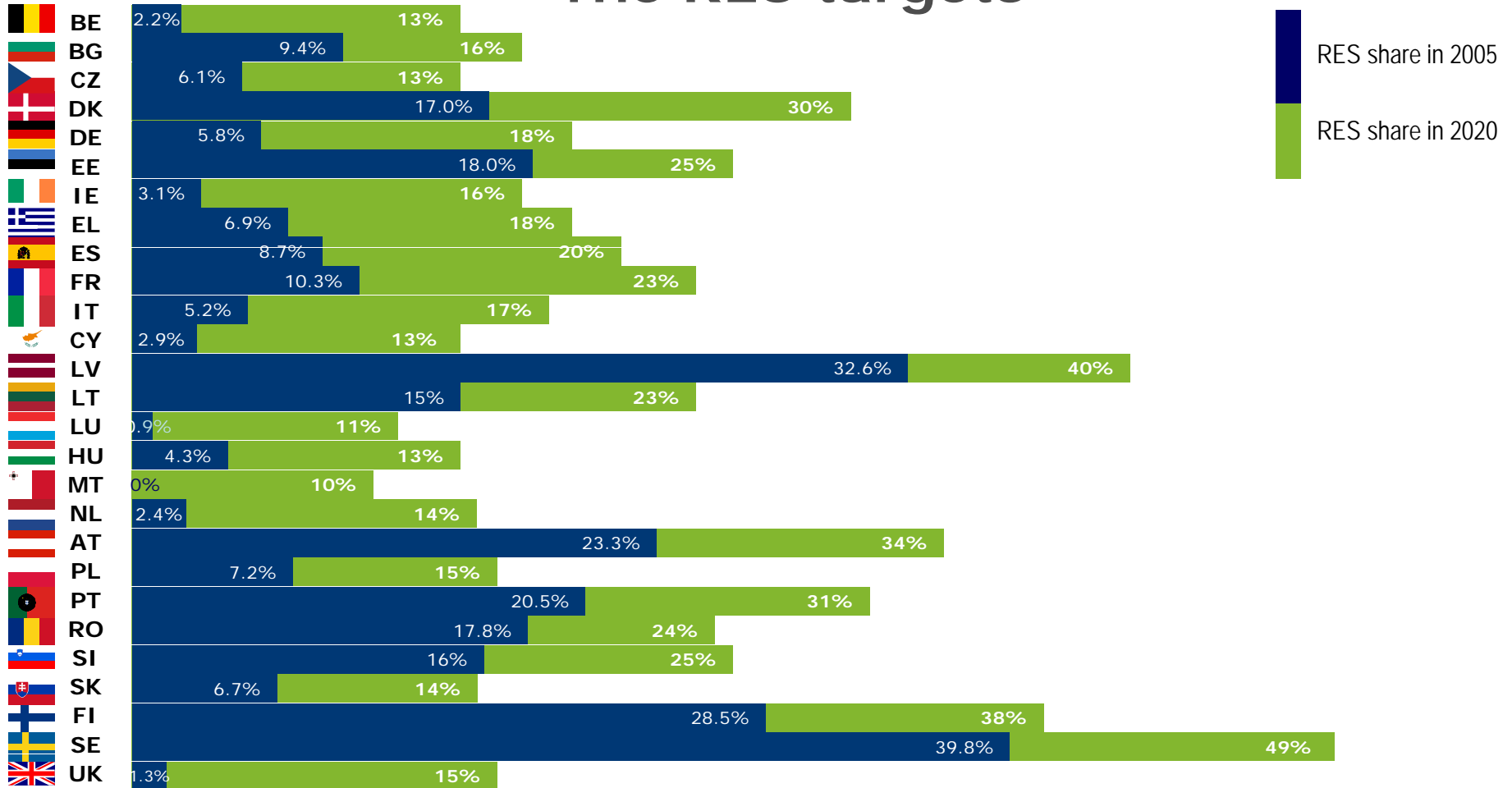
Martin Crouch, Director, European
Strategy and Environment

FSR annual conference, Florence

Agenda

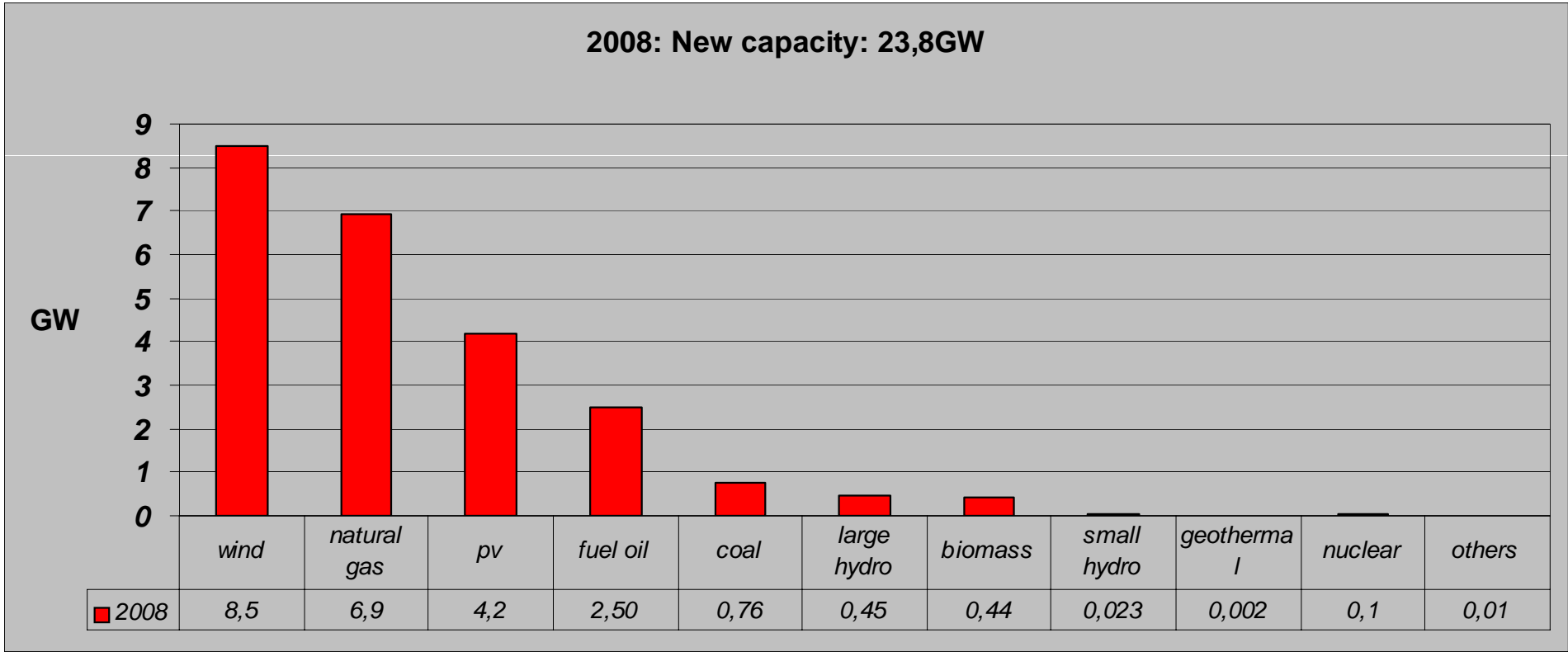
- The RES package
- The regional initiatives
- Possible linkages

The RES targets



Source: European Commission

Growth in wind generation has already started



Source: Platts, EWEA, EPIA

Challenges to overcome...



1 Getting access to the grid to transport the electricity



4 Sourcing finance from investors and debt providers



2 Getting land use consents for both the generation and grid



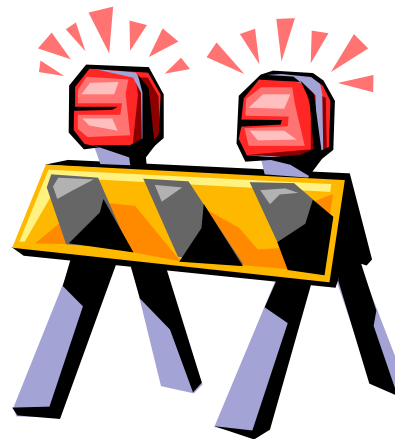
5 Cost-effective support mechanisms



3 Supply chain ramping up to deliver both turbines and connections

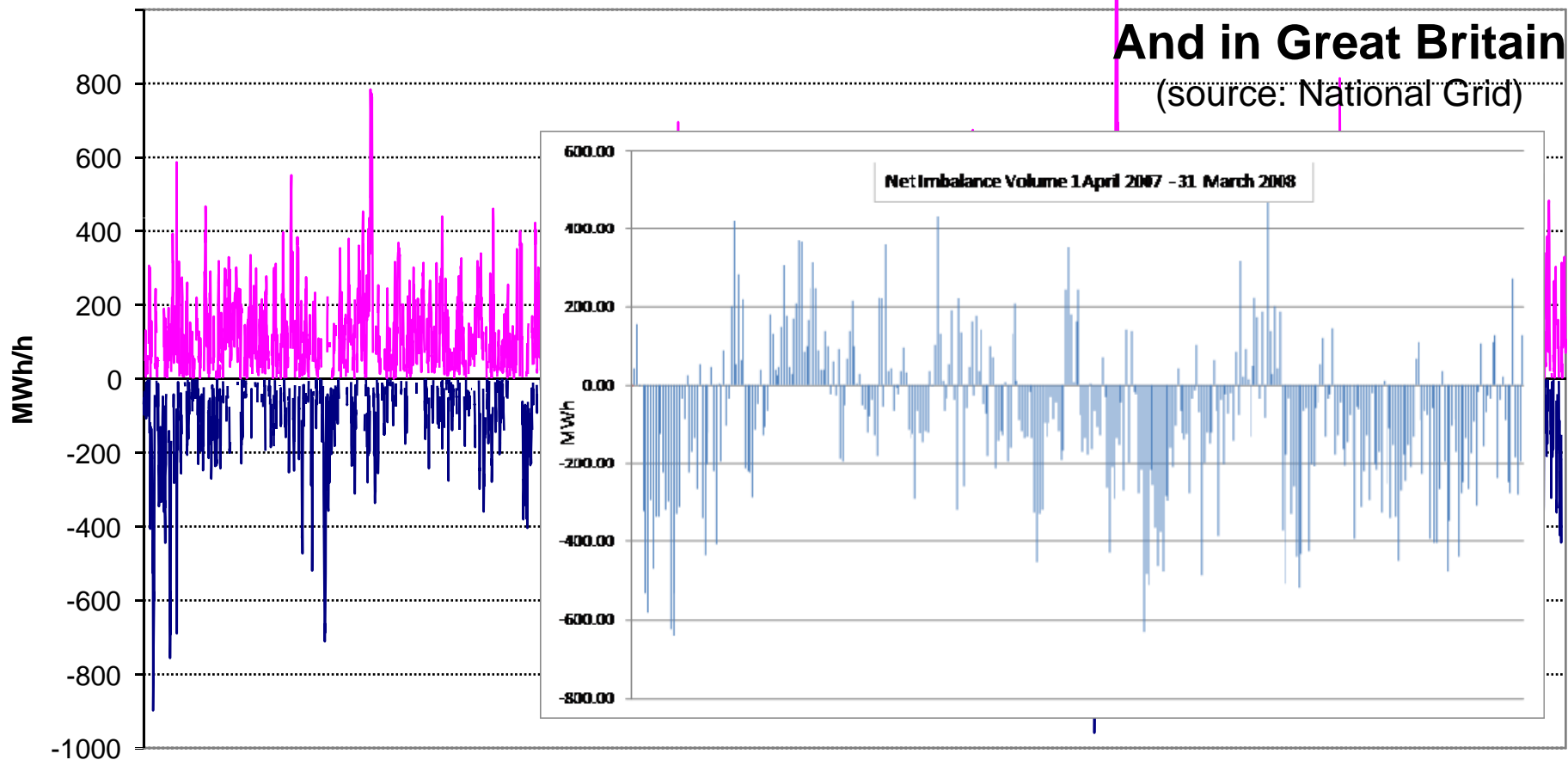


6 Integration of intermittent generation into the market, maintaining short-term and long-term security



Need for regulation power in Western Denmark 1. April 2007 - 31. March 2008

And in Great Britain
(source: National Grid)



Source: energinet.dk

Agenda

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The Electricity Regional Initiatives

Baltic



Northern



Central-West



Central-East



Central-South



South-West



France-UK-Ireland



Initial areas of focus across the regions

Region	Congestion Mgt.	Transparency	Balancing
Baltic			
Northern			
Central-South			
Central-East			
South-West			
Central-West			
FUI			

Green = work in progress
Red = not tackled currently

Source: ERGEG 2008 Regional Initiatives conference

What are we aiming for?

- So-called “Target models” for Congestion management:
 - Capacity calculation: (coordinated and transparent) flow based approach where loop flows are important
 - Long and medium term capacity allocations: regional auction platform with market oriented harmonised auction rules, IT interface and products
 - Day ahead: implicit auctions (market coupling or splitting)
 - Intraday: emerging consensus towards implicit allocations and continuous trading in some regions

Source: ERGEG 2nd coherence and convergence report

- Regional initiatives have been successful, in bringing stakeholders together and achieving real change

Agenda

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How can the Regional Initiatives help with RES roadblocks? (1-5)

- Common grid access arrangements
 - Some countries reviewing (e.g. GB transmission access review)
 - RES access not yet considered by ERGEG (wind review 2009)
- Faster consents for building new lines and generators
- Supply chain
- Credit crunch
- Cost-effective support mechanisms
 - Largely political
 - Regulatory role limited – but potential to inform (CEER status review on support mechanisms) and advise (consents)

How can the Regional Initiatives help with RES roadblocks? (6)

- Market arrangements
 - RIs are encouraging harmonisation of market rules
 - Wind power is more predictable closer to real time
 - Regional initiatives focused on Day-Ahead
 - ERGEG draft GGP on balancing preclude capacity reservation
- Are we looking ahead? Or sleep-walking?
 - Efficient solutions day-ahead may become inefficient by real time if significant intermittency (or competition)
 - Re-think gate closure or intra-day?
 - RIs could help with increasing interconnection

“North Sea supergrid”



source: The European Commission

- Forward-looking
 - Useful to think through potential implications
e.g. issues from varying support schemes and access
- Ultimately a new region?



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