

European regime for interconnection

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Dr. Dörte Fouquet is specialized in EU law and international legal relations, with focus on competition, infrastructure, energy and environment. She is legal advisor to companies, finance institutions, associations, governmental agencies in Germany and other EU Member States, EU institutions and on international level.

- ▶ Studies of Law at the Universities of Marburg and Hamburg
- ▶ 1982 Research assistant, University of Hamburg
- ▶ 1988 Ministry for the Environment and Energy, Hamburg
- ▶ 1991 Liaison office of Hamburg and Schleswig-Holstein to the European Commission in Brussels
- ▶ 1993 Partner at law firm Kuhbier, Brussels
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Why use interconnectors?

European Union is aiming for a well-connected internal energy market

- ▶ Electricity systems to be more reliable and there is a lower risk of black-outs
- ▶ Saving money by reducing the need to build new power stations
- ▶ Consumers to have more choice putting downward pressure on household bills
- ▶ Electricity grids to better manage increasing levels of renewables, particularly variable renewables like wind and solar.

Interconnectors are thus key to create the cross-border infrastructure

Example: Germany-France

- ▶ Germany and France have very different electricity supply systems
 - France with a focus on nuclear power, Germany with a diverse mix, and coal still the biggest contributor
 - French market is dominated by EDF, in Germany, a number of utilities still share large parts of the market
 - In France infrastructure is owned centrally, in Germany shared between four grid operators
- ▶ Still, the high interconnection capacity resulted in convergence of the electricity prices
 - About 3.000 MW capacity in each way

Legislative framework for interconnectors

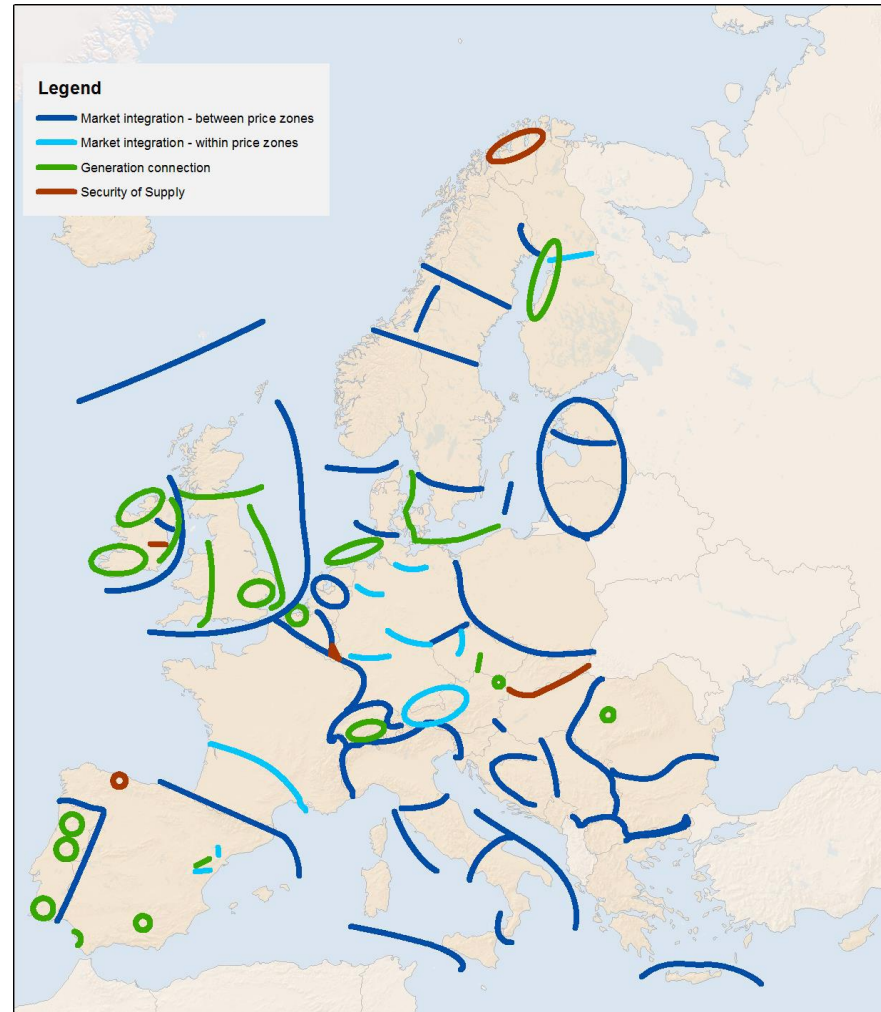
- ▶ No „direct“ European legislation on interconnectors
 - No explicit requirements regarding ownership or operation
- ▶ Interconnectors seen as „grid“
 - i.e. general rules on grid ownership and operation apply
- ▶ In practice:
 - Interconnectors developed, owned and operated by transmission system operators
 - Costs can be passed on to consumers via grid use tariffs
 - Including congestions costs
 - » E.g. in France and Germany, congestion costs are shared equally between the two countries

Legislative framework for interconnectors



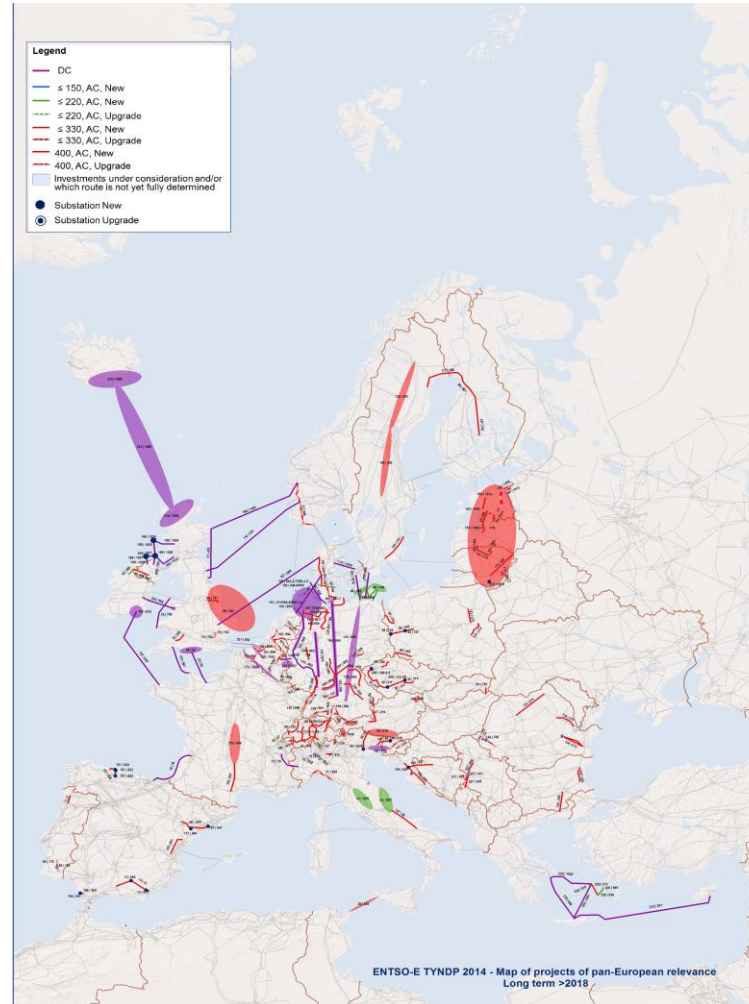
- ▶ Tools for the development of interconnectors
 - Interconnection „target“ for electricity
 - 10% interconnection target by 2020
 - At least 10% of the electricity produced needs to be transported across borders
 - 15% by 2030?
 - Projects of Common interest (PCI)
 - Accelerated procedures, improved conditions and access to finance for interconnection projects on the PCI list
 - Ten Year Network Development Plan
 - Entso-E tasked with developing a long-term plan for optimal network development EU wide
 - Based on TYNDP, investment decisions in interconnectors can be taken

New interconnection capacity to be built

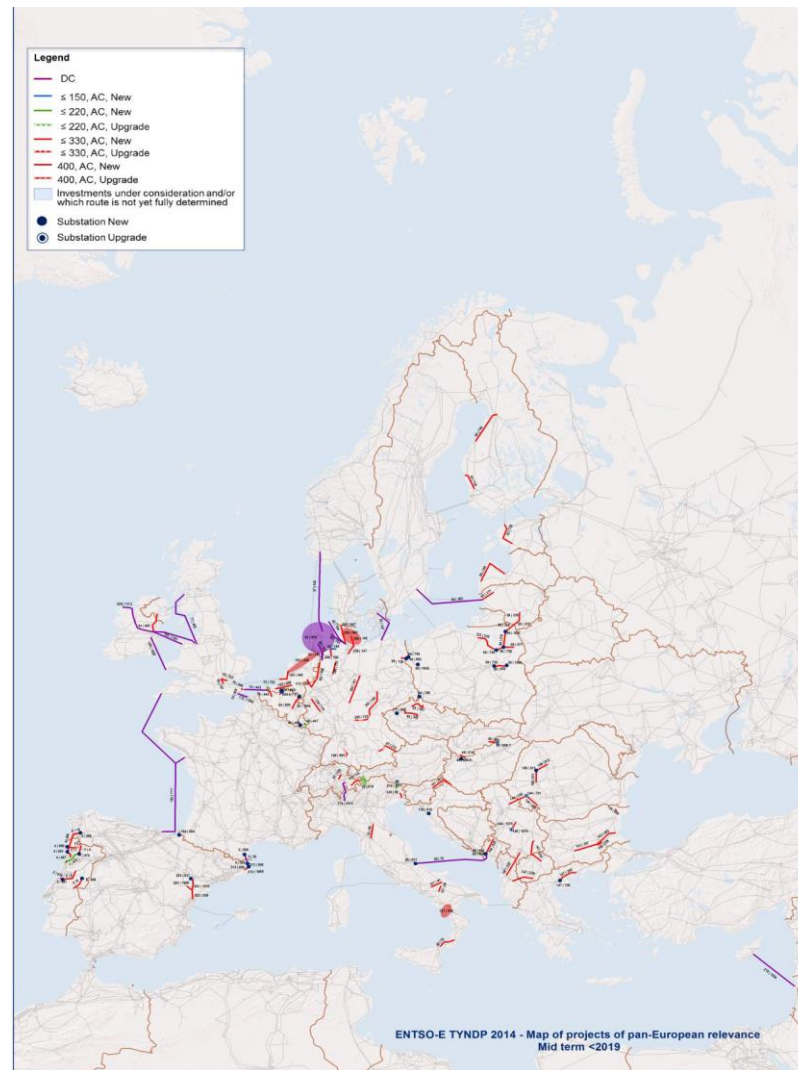


Map of main bottlenecks in the Entso-E perimeter

New interconnection capacity to be built



New interconnection capacity to be built



Take-away points

- ▶ In EU, interconnector ownership and operation is left to the market participants
 - In practice: transmission grid operators
- ▶ Some tools facilitate building new interconnectors
 - E.g. PCI or the coordinated TYNDP
 - Though normally, costs are passed on to consumers
- ▶ A well-connected market, will eventually benefit consumers
 - According to some studies, EU consumers could save between 12-40 billion EUR annually

Thank you very much
for your attention.

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Backup.