

*International Energy Agency  
Climate Technology Initiative*

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**THE IMPACT OF ELECTRICITY NETWORK ORGANISATION,  
REGULATION AND PRICING ON RENEWABLES AND DISTRIBUTED GENERATION**

Pre-Symposium Organizational Meeting  
IEA Headquarters,  
9, Rue de la Federation, Paris 75015

DESIRED ORGANISATIONAL MEETING RESULTS

- Develop the scope for the spring Symposium, including keynotes and major topic areas
  - Identify specific country issues that should be included
- Develop country energy policy inventories to guide symposium speakers and researchers
- Symposium dates (conflicts with other planned events), possible venues, organising committee

**Agenda: Paris, Thursday, November 29**

- 13:00 Registration – Lunches is available
- 13:30 IEA Welcome – H. Neef
- 13:35 Meeting Introduction, program overview, objectives; country introductions – S. Awerbuch
- 14:00 Introductory Presentation:  
Cooperation in Baltic Energy Systems: Expanding the Role of Renewables  
*L. Guldbrand*
- 14:15 Issue Presentations and Discussions
- Network Governance, Regulation and Pricing: Implications for DG/RE  
*S. Awerbuch*
  - Integrating DG/RE into *Informed* T&D Networks: The Business (Value?) Proposition  
*A. Vesey*
- Discussion: Symposium scope, major themes and keynote issues that emerge from the above presentations
- 15:30 Coffee Break
- 16:00 Discussion (Continued) – Symposium Issues/Implications – Keynotes, major themes
- 16:30 Country Energy Policy Inventories
- Estonia: *V. Vares*
  - Latvia: *I. Purina*, Energy Policy in Latvia
  - Lithuania: *J. Kazlauskas*, New Electricity Law/Lithuania Energy Policies
  - Poland: to be determined
- 17:45 Closing remarks
- 18:00 Adjourn
- 19:30 Dinner (Non-sponsored)  
*Le Suffren*, 84 Ave Suffren (Corner Ave. La Motte Picquet) 75015 Paris. Tel: 01 45 66 97 86

## Friday, November 30

09:00 Issue Presentations and discussion

- Regulatory issues in the integration of DG/RE in the electric power system:  
The Spanish experience  
*I. Perez-Arriaga*
- Network Organization & Regulation to Implement EU Priority Access and RE Agendas  
*S. Awerbuch*
- DG Network Policies: An overview  
*P. Fraser*
- Carbon Trading under JI: Are there Network Implications?  
*J. Pershing*

10:30 Coffee Break

11:00 Country Energy Policy Inventories

- Germany - *W. Langen*
- Finland

11:30 Symposium Planning

- Review Proposed Symposium Objectives
- Issues – dates, location, venue, keynotes, sessions titles-topics-leadership
- Target Audience, objectives vis-à-vis target audience
- Networking – organizing committee
- Corporate Sponsorship

12:30 Lunch

1330: Symposium Planning: Synthesis, symposium focus, outputs, issues; country policy inventories

1530: Adjourn

## **Suggested Guidelines for Country/Power Pool Inventories of Current Network Policies and their Implications for DG/RE**

We invite country and industry representatives to assess the current status of transmission policy in the Baltic Sea Region and its implications for renewables energy (RE) and distributed generation (DG). This information will help shape the Symposium agenda. Country representatives are asked to bring copies of their policy inventories for distribution or email to [Jane.Willock@iea.org](mailto:Jane.Willock@iea.org)

1. Current State of Governance and Regulatory Policy regarding transmission owners and Transmission System Operators (TSO):
  - a. Is ownership and operation separate (i.e. separate owner from operator, or does TSO own the transmission assets.)
  - b. Regulatory Regime: Traditional Cost of Service (ratebase) regulation, Incentive Regulation, Price Caps, hybrid? -- details
  - c. TSO and transmission asset owners: state owned? for-profit?, not for-profit? mixture; publicly held (shares traded on stock market)? privately held?
  - d. Ancillary Service Provision – e.g. load following, load-balancing, reserves – is this provided by TSO or through contract? – types of agreements; procurement
  - e. Transmission Interconnection to other systems – transfer capabilities relative to system size; how currently used— reliability enhancement? Bulk power exchange?
2. Current Pricing/Tariff Structures
  - a. Access and Energy Charges – postage stamp, MW-mile, etc.
  - b. Connection procedures/charges for Suppliers (and loads?)
  - c. Pancaking issues
3. Generation Market -- Market Power among Suppliers
  - a. Number of electricity suppliers
  - b. Location relative to loads
  - c. Market power concerns
4. Plan for Implementing the EU Renewable Energy *Open Access* Requirements
  - a. Connection procedures/charges
  - b. Feed-in tariffs, etc.
  - c. Net-metering policies if any;
  - d. Other
5. Congestion Management / Congestion pricing
  - a. Present forms of congestion management, if any (congestion pricing, time-of-use, day/night rates)
  - b. incentives to locate suppliers closer to loads
  - c. exemptions from transmission tariffs
  - d. Plans for future congestion pricing policies
6. Existence of secondary markets for transmission rights
7. Distribution systems issues – technology, monitoring

## Other Relevant Issues

The playing field for renewables/DG is affected by a number of public policies, which vary from country to country. For example: government policies might favor renewables or CHP while market liberalization may limit access to transmission and distribution networks (DG/renewables can be potential competitors). In addition, transmission and distribution ownership, organization, and pricing matter. Some of the relevant issues for this organizational meeting include:

- i. Transmission and distribution providers play a key role in providing network access for new generation. However, they have little incentive to open third-party access to smaller renewables/DG resources. On the contrary, integrated utilities may resist such access by smaller plants to mitigate the loss of market share. The lack of regulatory incentives to connect new capacity can be a barrier.
- ii. The current transmission network operation using centralised generation control (AGC) favours large central resources. A DG/RE based network would likely suggest a more decentralised architecture with limited central control.
- iii. DG/RE and liberalised markets for balancing and other ancillary services: under centralized AGC, intermittent generators and others generally have to cover their intermittency (e.g. through forecasting, load management, energy storage). What are the possibilities under an information-rich (i.e. "informed") network of the future?
- iv. Pricing of network services is also important. The absence of congestion pricing means that generation plants including DG/renewables get no incentive to locate near loads. Real-time prices and scheduling help flexible but intermittent renewables
- v. Experience in California and elsewhere suggests that market-power concentration may be an obstacle to more open markets, which are in everyone's interest. In the long run, DG/Renewables may help broaden competition thereby helping reduce prices.
- vi. The role of increased CHP/renewables on network stability and reliability– dealing with CHP intermittency and the possible inflexibility.

- Integrating DG/RE in Baltic Energy Systems: Prospects and Issues