

Mr. Luís Atienza speech for Electricity Grid EII launch

(June 3, 2010 – Madrid, Spain)

Ladies and gentlemen,

First of all I would like to start by thanking the organisation for giving me the opportunity of representing the Grid Operators in this Conference, that for sure will be considered as a milestone on the way to a low carbon power system in the future.

On behalf of the Network Operators and all of the relevant actors within the European Electricity Grid Initiative (EEGI), I confirm our adherence to the Joint Declaration for the formal launching of these four European Industrial Initiatives (EIIs).

The Communication of November 2007 triggered months of hard work carried out by the industry, the European Commission and the Member States representatives, devoted to identifying and designing the Industrial Initiatives, and we do believe that today's conference is the foundation stone for the bridge between the twentieth and the twenty-first century's power systems.

Even I mentioned the work done till now, all of us must be aware, and for sure Network Operators are fully aware, about the effort to be made in the coming years for the validation of new technological solutions and the innovation in methodologies and processes needed to accelerate the development of the electricity networks of the future in Europe, a so-called Smart Grid, capable of meeting the significant challenges the European energy system is facing to achieve the Energy Policy targets in 2020 and the vision for 2050.

However, the effort in technological and system innovation will only be effective enough if it is followed by a resolute European-wide deployment strategy.

These two phases, validation of innovative solutions and general roll-out at European level, demand the immediate implementation of a sound, stable and effective set of financial mechanisms that ensure the immediate mobilisation of the necessary resources. The Year 2020 is just around the corner and, once the action plans are defined, there will be no time to waste.

In this sense, the urgent set up in force at national level of the Third Energy Package is especially notable for the EEGI initiative; recognising the relevance that research activities related to increasing efficiency, fostering market integration and security of supply should have for transmission and distribution system operators, and that the support of these activities is granted by appropriate incentives, over both the short and long term. Then I would like to request the National Energy Regulatory Authorities to speed up this process as much as possible.

Without any doubt the electricity grid is the key element to accommodate the massive deployment of renewable and decentralised energy sources in the electricity supply industry.

The grids put at society service all the advantages coming from new generation technologies and effective market mechanisms for a sustainable, secure and efficient energy system; and give the chance to the power sector to act as a clean development vector for other industries like road transportation.

Nevertheless, Network Operators know the power system is only one and all actors should push in the same direction, enabling a stronger and smarter European electricity grid able to accommodate the massive integration of renewable and decentralised energy resources. This demands close coordination among the different Industrial Initiatives and particularly with Wind, Solar energy. We can mention the very relevant impact the rapid development of large off-shore wind farms would have in the transmission level or, similarly, the effect of massive installation of PV panels, even 'active' buildings or neighbourhoods, in the distribution system.

EEGI should conduct the joint RD&D efforts from different actors, needed to overcome mainly Technology barriers including standards, interoperability, cyber security and data privacy: even though technical solutions often exist at component level, large scale system experiments are needed to validate "system solutions", but also it is going to play a fundamental role in removing:

- Regulatory barriers: the costs and resulting benefits of the RD&D activities are asymmetric and present incentives which are not sufficient for network operators to invest, neither in extra R&D, nor in large scale demonstration or in the deployment of the new technology.
- Public barriers: including customer engagement and demand response, public acceptance of infrastructure developments.
- RD&D organisation barriers: starting from setting up the collaboration mechanisms among TSOs (through ENTSO-E), DSOs (through the recently created Association for Smart Grids), both TSOs and DSOs (through the Cooperation Agreements between both Associations) and with the relevant stakeholders directly by the Associations and also through the Smart Grid Platform and the SET Plan governing bodies (like the EEGI Team) and minimising the fragmentation of efforts across borders and across the electric system value chain.

Before finishing I would like to point out that what we are launching today is in some way the new framework that will set the inflection point for accelerating the growing trend in the RD&D efforts carried out in the recent times, focussed for addressing society's demands for a sustainable power system, that have been materialised in the successful integration of large amounts of wind power in countries like Germany, Denmark and Spain or are still under development like the recently started TWENTIES Project, which counts on strong support from the Seventh Framework Programme and joins the efforts of 26 organisations (TSOs, Generation companies, Research Centers and Power equipment manufacturers) to demonstrate the impact of a set of new technologies for massive integration of wind generation at European level.

My last words are again to the Conference organisation, the EC and Member States representatives, please remember today is the starting point for a decade of work. I can

ensure the commitment of the industry, and particularly of the Network Operators, with the SET Plan and the EEGI objectives, but in any case I would like to request you:

- to keep the pressure on us during this time,
- to emphasise the relevance of work we are doing now for the following decades,
- to keep the Political commitment, and
- to ensure the necessary resources are available, even in difficult times like the present one.

The sustainability of the power system is also an opportunity for European economic development, and anything we are not doing today here is being done in another region.

Many thanks for your attention,