

DAILY NEWS to Members: 07/02/2007 by Gunnar Lorenz

**UCTE SYSTEM ADEQUACY FORECAST SHOWS CONFIRMED INVESTMENT
DECISIONS SUFFICIENT FOR COMING YEARS**

The Union for the Coordination of Transmission of Electricity (UCTE), the body coordinating operation and development of the electricity transmission system in mainland Europe, recently unveiled its *System Adequacy Forecast 2007-2020**. At UCTE level, confirmed investment decisions seem sufficient to achieve a reasonable level of system adequacy from now until 2010. Without further investments in due time, adequacy will be at risk by 2014-2015. Furthermore, 50 GW of new generation capacities would be necessary to reach UCTE adequacy criteria in 2020. The UCTE report complements the EURPROG report[^], which provides a more general industry view with an extended time frame.

The adequacy analysis is based on a comparison between *Remaining Capacity* (RC) and the *Adequacy Reference Margin* (ARM) for each country and for the overall UCTE system. The analysis is carried out on the basis of two scenarios for the evolution of generation capacity. Scenario A ("Conservative") incorporates only new generation projects classified as "firm", whereas Scenario B ("Best Estimate") also takes into account future power plants whose commissioning is reckoned to be "reasonably probable" according to the latest information available to the Transmission System Operators (TSOs).

In the *Best Estimate* Scenario, global adequacy would be ensured for the forecast period, provided expected investments will be realised. For winter 2020 the report sees the remaining capacity at around 10 GW, and for the summer at about 17 GW above the ARM. In Scenario A however, generation adequacy will be achieved from 2007-2010, with remaining capacity exceeding 15 GW. The authors conclude that although this level is lower than projected in last year's report, it remains sufficient to cope with any unexpected events affecting the system.

Generation adequacy decreases from 2010-2015 in Scenario A, the remaining capacity reaching ARM level by 2014, which is quite consistent with the previous *System Adequacy Forecast* report, where this horizon was 2013. This first assessment carried out on the 2015-2020 period shows a rapid decrease of available generation capacity, so that the amount of further investments to be decided by 2020 reaches 50 GW. The overall amount of generation to be commissioned by 2020, including already decided investments and decommissioning compensation, would thus reach 175-200 GW (55 GW of which is capacity replacement).

Transmission capacities do not seem to obstruct power balance achievement. The main limitation, though there are no consequences on system security, consists in insufficient transmission capacities for exporting available remaining capacities, especially in the north-eastern part of UCTE. It is possible that due to market activities transmission bottlenecks appear, preventing the use of more economical electricity abroad. The constantly increasing share of wind power in the generation mix could aggravate these situations.