Regulatory Aspects in the Context of a Global Grid

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A guideline encompassing the main regulatory aspects arising from the development of interconnectors leading to a global grid via a “regulatory timeline” based on project milestones.

Focus on a scenario-based approach (one interconnector at a time), rather than assessing the full picture at once.

Objective & Approach

Planning
- acceptance
- prioritization
- financing
- licensing

Integration
- regional mindset
- stability
- reinforcement
- trading

Operation
- harmonization
- cooperation
- transparency
Planning Phase

Involved stakeholders: national governments/ministries/agencies, financial inst., utilities, SDs, NRAs, contractors, public society, etc.

- Reach stakeholder agreement
- Harmonize support schemes across regions
- Promotion and subsequent prioritization as PCIs
- Secure financing (as merchant investment)
- Secure construction licensing (intl./domestic, land/maritime, etc.)
Integration Phase

Involved stakeholders: utilities, SOs, NRAs, (potential) market agents, etc.

- Establish **regional regulatory/operational institutions**
  - long-term & non-discriminatory regulatory periods (mitigate uncertainty)
  - integration defending regional interests, yet compatible with national arrangements

- Encourage cross-border **commercial transactions**

- Regional **network reinforcement**

- Development of common **trading platforms**
  - (i) bilateral trading (e.g., PPAs), (ii) establishing wholesale and (iii) other markets (e.g., intra-day, balancing, ancillary services)
Involved stakeholders: SOs, NRAs, market agents, etc.

- Harmonize operation guidelines, network codes & regulation
  - cost allocation (cap-and-floor hybrid, sharing within regions)
  - network access
  - congestion management & capacity allocation
  - imbalance settlement
  - grid planning, data exchange, emergency procedures, etc.
  - market features: opening & closing times, bid format, bid-matching algorithm...

- Foster inter-actor coordination to improve security & reliability
Concluding Remarks

- **Balance to be sought** between opposing interests (regional vs. national)

- Regulatory **uncertainty mitigation** on all dimensions

- The "**single system paradigm**" as benchmark for regional integration

- **Open question(s):**
  - on a global grid scale, how to deal with the transit jurisdiction problem?