

### to the ENTSO-E „Call for stakeholder input“ for Network Code HVDC

22 May 2013

VIK, representing energy intensive consumers of various industrial sectors in Germany, welcomes the opportunity given by ENTSO-E to comment on the planned HVDC network code. HVDC connections may play an important role in the future grid infrastructure. VIK wants to underline the following three aspects that should be taken into account developing regulations for HVDC connections:

- For European industrial consumers it is essential that Europe creates a level playing field where consumers can purchase electricity at competitive non-discriminatory prices. Competitive commodity prices can only be achieved by competition in a well organized, transparent, and liquid market. Therefore, the ultimate aim should be a well-integrated European electricity market. Any grid expansion, especially cross-border, should therefore aim at expanding grid capacity to an extent that is needed to create such an integrated market where cross-border trade is not restricted by grid bottlenecks. It is important to build the necessary grid capacities, but not to overinvest in economically inefficient lines. This holds true for HVDC-connections as well as for AC-systems.
- Besides identifying the necessary grid expansion and connection projects it is essential to choose the most economic alternative for constructing them. Any new investment in grid infrastructure is associated with costs that are ultimately paid by the consumers. To keep these costs at a reasonable level it is important to rely on the most economic solutions. In some circumstances this may be HVDC-technology, but in other cases, more cost-efficient solutions may be appropriate. In connection with the HVDC network code, it has to be made sure that the requirements laid down for HVDC-connections are limited to such requirements that are absolutely necessary for the secure functioning of the grid. Any provisions that exceed the necessary minimum requirements should be avoided, since otherwise they would increase the costs without having an additional positive impact on the grid infrastructure.
- Costs associated with HVDC connections should be attributed in an appropriate manner. For example, HVDC-costs caused by connecting offshore wind farms should be included in the national cost recovery mechanism that is used for recovering the costs of RES-E support, instead of being included in the general grid tariffs.