

Electricity balancing market would cut costs - Bulgaria wind lobby

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A properly functioning balancing market should prevent renewable electricity production from creating additional balancing costs for the Bulgarian grid, according to the country's wind power association.

Bulgarian grid operator ESO is proposing a fee of lev (Lv) 30.00 (€15.28)/MWh for all renewable electricity, which should compensate for grid costs that renewable generators are creating, Bulgarian Wind Energy Association (BGWEA) board member Kenneth Lefkowitz told ICIS on Friday.

At the end of last week, Bulgarian grid operator ESO said it was considering switching off nuclear units to balance the system with escalating prioritised renewable electricity production cited as one of the factors.

Wind and solar power plants saw production capacity restricted by 40% throughout most of April and May to maintain system balance.

"The [Lv30.00/MWh] fee is over and above the cost for balancing. They [ESO] claim that they will pay Lv100m/year because of renewables [creating imbalances] but they haven't made their calculations transparent yet," Lefkowitz said.

He explained that ESO was keen on maintaining reserve power and wanted to have 0.5MW reserve capacity for each 1MW of renewable capacity.

ESO did not respond to ICIS' request for comment.

Costs

Last September, Bulgarian energy regulator DKER imposed retroactive fees for renewable electricity installations for access to the transmission and distribution grids. The fee was introduced to offset dispatching expenses accumulated by the TSO and the distribution network operators.

But in March, Bulgaria's supreme administrative court revoked this fee for some renewable energy producers.

The litigation process is still ongoing, and so renewables producers are still paying the grid access fee, but ESO is suggesting that this should be replaced by the new Lv30.00/MWh fee, according to Lefkowitz.

"I think there is a misconception in regards to balancing renewables as we need a balancing market which should cover these costs. In regards to the costs for the TSO outside of balancing these should be covered by end-user bills," he added.

However, he pointed out that if this fails, the new fee should be imposed on all producers, not only on the renewables sector. Lefkowitz said to prepare for up to four months of discussions with ESO until anything is decided.

Balancing market

Bulgaria was expected to adopt all necessary EU rules for the start of the country's electricity balancing market by 15 April.

However, traders have reported that the rules are still being discussed and the balancing market in Bulgaria is operating with a mixture of new and old rules.

Renewables producers are still not part of the balancing market.

ESO is proposing that the distribution companies and state-owned utility NEK balance renewables within their balancing groups, according to Lefkowitz.

But the renewable producers cannot choose which balancing group they will be in, hence stakeholders are insisting on a separate specialised renewables balancing group.

One Bulgarian trader said that the balancing group question had been "misunderstood".

"One [ESO] is talking about one thing, while the others [renewables producers] think it's about something else. ESO is talking about technical balancing," he said.

As an example, the trader pointed out that in case wind suddenly stops and wind producers cannot generate power, state-owned utility NEK will be the one delivering energy on the balancing market, thus renewable producers cannot balance themselves on their own.

Renegotiations

Meanwhile, new energy minister Dragomir Stoynev is trying to organise the renegotiation of long-term purchase contracts between the state and renewables producers, as well as conventional private producers, in a bid to prevent end-user tariffs from spiking.

In an interview published by the energy ministry on Monday, he said that NEK was buying solar energy with priority at an average price of Lv699.00/MWh while Kozloduy nuclear power plant was producing at Lv44.00/MWh.

"We need to renegotiate all long-term purchase contracts. Either everyone will compromise, or the system will collapse," he said, adding that he also supported the proposed scrapping of the export tariff which he said was the main reason Bulgarian producers were uncompetitive.

The Bulgarian Photovoltaic Association said on Monday it is insisting on an urgent meeting with the minister to discuss renewable production capacity cuts which the TSO is still imposing to balance the system.

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