



EUROPEAN COMMISSION

DIRECTORATE-GENERAL ENERGY AND TRANSPORT

DIRECTORATE B – Trans-European Networks Energy & Transport

TEN Project Management

Kick-off meeting of the Feasibility Study: “Synchronous Interconnection of the Power Systems of IPS/UPS with UCTE”

EC Keynote speech of Mr. Schmitt von Sydow

Brussels, 20 April 2005

Ladies and gentlemen,

It is a real pleasure for me today to address this keynote speech to you on the occasion of the kick-off meeting of the **3-year feasibility study on synchronisation of IPS/UPS and UCTE power systems.**

First at all, it should be remarked that the establishment of a single common European electricity market is one of the priorities of the energy sector development strategies of the EU. Such a market is an important component of the **EU-Russia Energy Dialogue.**

The integration of electricity markets should bring substantial benefits in terms of the development of a free competition, improvement of **security of electricity supply** and the creation of new opportunities for business cooperation in the electricity sectors of both CIS and EU countries. This process is taking on broader pan-European relevance through the recent EU enlargement.

In order for integrated markets to function in an acceptable and efficient manner, a level playing field must be ensured. This requires that all parts of such a wider market are organised on the basis of equivalent basic rules with respect to the degree of market opening and other important market rules, such as regulation of network access and unbundling. Furthermore, environmental and safety standards for electricity production must be comparable. In the context of environmental standards those resulting from the Kyoto protocol need to be taken into account. The structural reforms leading to the creation of the internal European electricity market and the ongoing reform process regarding market opening in Russia are encouraging developments in this respect.

Efficient market integration would also require **setting up the technological infrastructure** necessary for joint operation of the electricity systems of Russia and the EU countries. It is believed that the synchronised interconnection of the EU electricity systems with the United Power System of Russia and CIS countries can be one important contributor to ensure an efficient operation of the European competitive electricity market.

For this purpose, a picture of the current status of the markets in the EU and Russia is needed, notably on the extent to which current and planned EU and Russian market and environmental rules are equivalent. In any way, such interconnection can only take place on the basis of high safety and security rules that guarantee the continuous reliability of both systems.

Within that framework, the successful conduction of a comprehensive feasibility study on the synchronous interconnection of the UCTE and IPS/UPS power systems is a necessary pillar for future considerations or decisions. In this regard, it is very pleasant to learn that yesterday the **Co-operation Agreement between the UCTE Consortium and the IPS/UPS Group of Companies** was finally signed after big interactive efforts from both sides during the last months.

In fact, the **UCTE Consortium** involved in the study is composed of 11 entities coming from 9 European Countries (7 MSs + 2 Candidate States BG and RO). It shows the wide interest of different European electricity stakeholders on the subject itself. The European Commission is supporting this study and is very keen, through the **TEN-E programme**, to contribute financially to the outcome of the study.

In that way, the basis for an efficient co-operation has been established opening a new perspective for a more profound co-operation in the electricity sector within the framework of the EU-Russia Energy Dialogue.

In this regard, I would like to finish wishing you a fruitful co-operation for the best success of this study.