Press release

Bonn, 2 August 2019

Bundesnetzagentur approves standard terms and conditions for capacity reserve

Vice President Peter Franke: "Capacity reserve will safeguard electricity market in unforeseen extreme situations"

The Bundesnetzagentur has approved transmission system operators' standard terms and conditions for the future capacity reserve on the electricity market.

"The capacity reserve is to be kept for highly unusual circumstances. It will safeguard the electricity market in the event that there is not enough generating capacity available," said Bundesnetzagentur Vice President Peter Franke. "The standard terms and conditions that we have approved create clarity about the provisions under which reserve plants can be contracted."

Standard terms and conditions for reserve plants

The standard terms and conditions form the basis on which transmission system operators will contract reserve plants in the capacity reserve and have been designed for maximum transparency. Potential participants in the tendering procedure will be aware of the conditions under which the reserve plants will have to be operated and what legal consequences will occur if a plant were to fail.

The standard terms and conditions will underlie the contractual relationship between transmission system operator and plant operator. They include rules about the availability and use of the capacity reserve plant, remuneration, contractual penalties and legal consequences.

The standard terms and conditions have to be approved by the Bundesnetzagentur.

Background on the capacity reserve

The capacity reserve is a means of safeguarding the electricity market if there is not sufficient generating capacity available. It is a measure of last resort to combat extraordinary, unforeseeable, extreme situations.

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The plants to be held in the capacity reserve will be determined by transmission system operators every two years using a tendering procedure. The reserve is based on 2 GW of capacity. The tender procedure for the first delivery period (1 October 2020 to 30 September 2022) will start on 1 September 2019 and end on 1 December 2019.

Further information on the capacity reserve is available at www.bundesnetzagentur.de/kapres.

The Bundesnetzagentur is an authority under the responsibility of the Federal Ministry for Economic Affairs and Energy. Its core tasks include supervising the energy, telecommunications, postal and railway markets.

As part of its mandate, the Bundesnetzagentur ensures that as many undertakings as possible can use the infrastructure in these sectors so that consumers benefit from competition and favourable prices.

The authority employs over 2,900 people at its headquarters in Bonn and Mainz and its 46 regional offices.