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Document title: ACER letter to ENTSO-E on SO&AF

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Agency for the Cooperation  
of Energy Regulators

*The Director*

Ljubljana, 18 July 2013  
ACER-AP-ss-2013-620

Mr. Konstantin Staschus  
Secretary General  
ENTSO-E  
Avenue de Cortenbergh, 100  
1000 Brussels

[REDACTED]

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***Subject: Agency position on ENTSO-E Scenario Outlook and Adequacy Forecast 2013-2030, on generation adequacy assessments and on scenarios for the ENTSO-E Ten-Year Network Development Plan***

Dear Mr. Staschus,

I am writing to you with regard to the ENTSO-E Scenario Outlook and Adequacy Forecast 2013-2030 (“SOAF 2013”), to provide the Agency’s view on generation adequacy assessments and scenarios for the Ten-Year Network Development Plan (TYNDP).

The Agency notes that the SOAF 2013 was not adopted specifically as part of a TYNDP, but rather constitutes an intermediate step towards the TYNDP 2014. Indeed, although some particular aspects are currently missing, the SOAF 2013 contains some features and information relevant for scenario development which forms a fundamental pillar of the TYNDP analysis preliminary to running other TYNDP simulations (market and network studies).

We understand that the scenario developments will still be submitted formally to the Agency for opinion in the coming months, in the context of the TYNDP to be submitted in 2014. To facilitate the preparation of this and future TYNDPs, the Agency considers it important and particularly appropriate at this time to bring to your attention its views on the fulfillment of the following objectives, stated in ENTSO-E SOAF 2013<sup>1</sup>:

- (a) assessing the generation adequacy of the countries served by ENTSO-E’s Transmission System Operators (TSO) members for the period 2013-2030;
- (b) providing a description of the Scenarios which are used as background assumptions for carrying out market and network studies within the TYNDP framework.

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<sup>1</sup> SOAF 2013, p.12

## 1. On Generation Adequacy Assessment

With regard to the objective under (a) above, the SOAF 2013 contains:

- quantitative data on three Scenarios ('A', 'B', 'EU-2020') covering the period until 2020;
- detailed adequacy analysis carried out over the aforementioned three Scenarios for the period up to 2020<sup>2</sup>.

On the issue of the horizon of the adequacy analysis, the Agency notes that Regulation (EC) No 714/2009 asks for a 15-year horizon for the generation adequacy outlook (Article 8(4)). In addition, in the ENTSO-E Scenario Outlook and Adequacy Forecast 2012 report<sup>3</sup>, adequacy results for up to year 2025 were presented for one scenario ('B'). A longer-term horizon (exceeding ten years) has also been consistently used by UCTE<sup>4</sup> in the recent past<sup>5</sup> in order to improve the content of the former system adequacy forecast reports.

ENTSO-E should ensure that the generation adequacy outlook in the TYNDP 2014 fully complies with the aforementioned provision of Regulation (EC) No 714/2009.

### 1.1. Simplified adequacy assessment

In the Agency's view, a simplified adequacy assessment, in line with current ENTSO-E practice, should identify generation needs, by investigating the difference between the Remaining Capacity (RC) and the Adequacy Reference Margin (ARM) and focusing on the possible negative values. For the purpose of this simplified assessment, the Agency suggests that scenario 'A' is used, with decommissioning assumptions as recommended by ENTSO-E to its TSO members<sup>6</sup>. ENTSO-E could consider expanding the simplified assessment by defining additional load assumptions (e.g. high and low load<sup>7</sup>).

The Agency expects that effective competition and efficient as well as secure functioning of the internal market in electricity would be fostered if due consideration is given to the above remarks in future adequacy assessment reports. Although with different levels of certainty in the short-term (up to 5 years) and in the long-term (5 to 15 years), important quantitative information on the need for new Reliable Available Capacity (RAC) will thus be available to policy-makers and other stakeholders.

### 1.2. More complex adequacy assessments

After having identified the generation needs in scenario 'A', ENTSO-E should proceed with developing other scenarios, forecasting the reasonably probable evolution of generation,

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<sup>2</sup> SOAF 2013, p.12

<sup>3</sup> SOAF 2012, p.81 (<https://www.entsoe.eu/about-entso-e/working-committees/system-development/system-adequacy-and-market-modeling/soaf-2012-2030/>)

<sup>4</sup> Union for Co-ordination of Transmission of Electricity

<sup>5</sup> <https://www.entsoe.eu/publications/former-associations/ucte/system-adequacy/>, p.5, SAF 2007-2020.

<sup>6</sup> SOAF 2013, p.7

<sup>7</sup> Synergies with other load assumptions, e.g. scenarios stemming from visions could be exploited

considering all available technologies, as already is the practice by ENTSO-E and its TSO members.

The development of scenarios, including on generation evolution, allows for more complex assessments, like Generation Adequacy Assessment Based on Probabilistic Studies<sup>8</sup> and Downward Adequacy analysis, as already in the ENTSO-E Summer and Winter Outlooks. Further, ENTSO-E should take into account the outcome of the activity of the sub-group established within the Electricity Coordination Group in April 2013<sup>9</sup>, especially regarding the need for system flexibility and the likely availability of flexible resources.

## 2. On Scenarios for the ten-year network development plan

With regard to the objective under (b) above, the SOAF 2013 contains:

- two scenarios ('B' and 'EU 2020') which are important when it comes to further specifying grid development in the TYNDP<sup>10</sup>;
- two 'bottom-up'-constructed visions for 2030 (Visions 1 and 3), aiming to form a "bridge" between the European energy targets for 2020 and 2050, and which have been finalised after an extensive consultation process on the TYNDP 2014 scenario methodology;
- two more visions (Visions 2 and 4), developed by a 'top-down' approach, which are foreseen to be presented in detail in the TYNDP 2014 package<sup>11</sup>. These Visions have been presented to Stakeholders at a workshop by ENTSO-E on 2 July 2013<sup>12</sup>, and their results are foreseen to be included in the TYNDP 2014 package<sup>13</sup>.

The Agency commends the effort by ENTSO-E to systematically prepare and present longer-term outlooks compared to TYNDP 2012. However, the Agency notes that the above mentioned objective (b) of providing a description of the Scenarios to be used as background assumptions for carrying out market and network studies within the TYNDP framework, is only partially achieved, as not all the scenarios to be used for the TYNDP 2014 are presented in the SOAF 2013. In particular, Visions 2 and 4 are only marginally addressed in SOAF 2013, compared to Visions 1 and 3.

Further, the methodology followed in order to fully characterise each Vision, although discussed in workshops (April 2012 and November 2012) is not comprehensively presented in the SOAF 2013 (or some other document) and the global parameters of the Visions, as well as their values in each Vision, are not described. To avoid any discrimination among stakeholders who participated in the workshops and those who did not, the Agency considers it advisable to include in the TYNDP 2014 package a comprehensive description of the

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<sup>8</sup> SOAF 2013, p. 129

<sup>9</sup> The sub-group is expected to report on how to better coordinate the generation adequacy assessment in the internal market for electricity;

[http://ec.europa.eu/energy/gas\\_electricity/doc/20121115\\_iem\\_electricity\\_coordination\\_group\\_en.pdf](http://ec.europa.eu/energy/gas_electricity/doc/20121115_iem_electricity_coordination_group_en.pdf)

<sup>10</sup> SOAF 2013, p.111 and p.112

<sup>11</sup> SOAF 2013, p.113

<sup>12</sup> <https://www.entsoe.eu/news-events/events/3rd-entso-e-2030-visions-workshop-2-july-2013-brussels/>

<sup>13</sup> SOAF 2013, p.12

methodology followed to develop the Visions and scenarios (as well as a description of all values of their parameters) for the TYNDP-2014.

The Agency also notes that ENTSO-E intends to hold a formal public consultation for this important milestone of the TYNDP development process, as announced at the “third ENTSO-E vision workshop” on 2 July 2013.

Finally, the Agency believes that, considering the importance of scenario development for the TYNDP, the process of the scenario development should be improved. Such improvements would allow to efficiently implement the relevant requirements of Regulation (EC) No 714/2009 and to better fulfil the criteria of non-discrimination, effective competition and efficient and secure functioning of the internal electricity market. In the Agency’s view, an improved process should include the following stages:

- (a) Obtaining feedback from stakeholders about the TYNDP of the previous time period;
- (b) Development of scenarios for the next TYNDP, including input from stakeholders;
- (c) Formal public consultation on a draft comprehensive document with the above mentioned scenarios;
- (d) Update of scenarios (assumptions and parameters) based on the above mentioned consultation and submission to the Agency for Opinion;
- (e) Opinion by the Agency on the draft scenario development;
- (f) Use of the above mentioned scenarios, updated as appropriate on the basis of the Agency’s Opinion, for the TYNDP market and network studies;
- (g) Formal public consultation on a draft TYNDP, including generation adequacy assessment results and, if applicable, scenario updates;
- (h) Update of the draft TYNDP based on the above mentioned consultation and submission to the Agency for Opinion;
- (i) Opinion by the Agency on the draft TYNDP.

Yours sincerely,

  
Alberto Pototschnig



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