

Winter Package Symposium
Securing Resource Adequacy

*Regionalisation—Experience from
the Pentalateral Energy Forum*

March 1, 2017

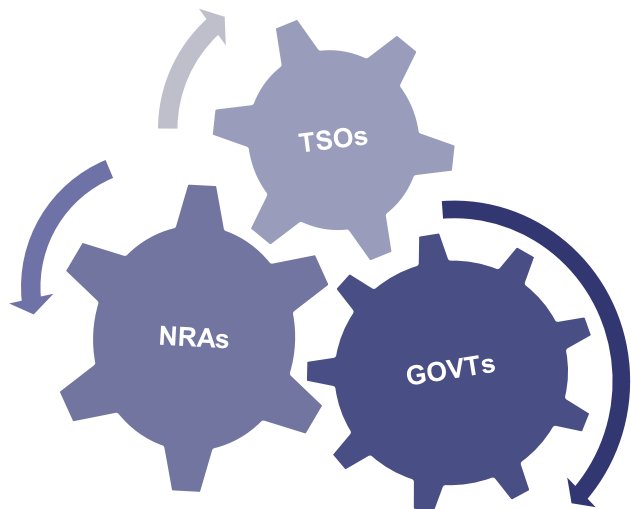
The Square – Kunstberg – Brussels

Jan Hensmans

FPS Economy-DG Energy Belgium

Belgian Coordinator of the Pentalateral Energy Forum

Pentalateral Energy Forum



= Intergovernmental initiative between
BE-NE-LUX-FR-DE-AT-CH...

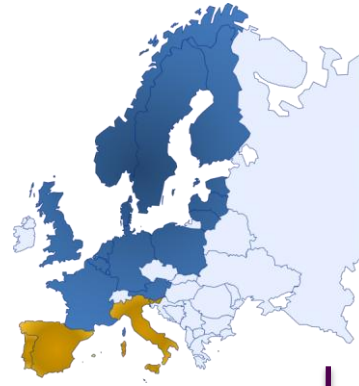
... whereby Ministers of Energy give
political backing to a process of
regional integration ...

... as an intermediate step towards EU
energy market ...

... close involvement of TSOs, NRAs,
PXs and market parties ...

... Benelux-secretariat to assure
continuity of the process.

... from Penta to EU market integration



1st Political Declaration (June 2013)

Two major workstreams:

1. Market integration

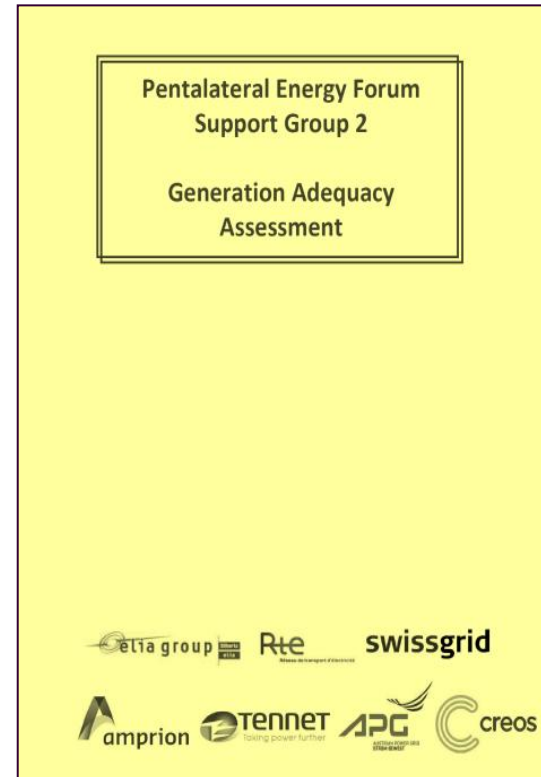
- Flow Based Market Coupling
- Cross Border Intraday Market Coupling

2. Security of supply

- Pentalateral adequacy study by TSOs
- Developing a common approach to SOS in the region

1st Penta GAA (1)

- Publication: March 2015
- Horizon: 2015/2016 and 2020/2021
- Close cooperation between regional TSOs
- Complementing national assessments
- Implementing a new, advanced methodology



1st Penta GAA (2): Lessons learnt

- Role of interconnections is already essential
- Confirmation of adequacy concerns found in national assessments (e.g. France + Belgium)
- Cooperation (data and knowledge exchange) between regional TSOs on adequacy can be very fruitful
- Current level of cooperation and integration needs to be further increased to solve adequacy concerns

2nd Penta Work programme (June 2015)

- **More consistency in adequacy assessments + New regional adequacy report in 2017**
- **Reflect on development of common reliability criteria**
- **Increased cooperation between TSOs**
- **Develop framework for CB participation in CRMs**
- **Framework to manage scarcity situations on a regional level**

Penta “wishlist” (June 2016)

1. The methodology needs to be further improved.
2. Take into account demand side response and flow based capacity calculation.
3. Better integrate information about decommissioning and mothballing of power plants, capacity markets or reserves in place or planned and the political choice of the national energy mix (e.g. phase-out of nuclear power or coal, carbon tax etc.) and reliability standards.

Issue a **new and improved GAA** for the years 2018/2019 and 2023/2024 with clear messages and suggestions by end 2017.

2nd Penta GAA: time horizons (1)

The 2nd release of the Penta GAA will be carried out for two time horizons: 2018/2019 and 2023/2024. The scenario setting for each time horizon is different.

- For the “short” term time horizon, there is less uncertainty in all areas affecting the input parameters of the study: demand, grid and market model. Nevertheless uncertainties on the supply can be quite important due to economical context. The goal of this study is to give the best possible assessment of the adequacy situation in the Penta Region in the upcoming years.

2nd Penta GAA: time horizons (2)

- The 2023/2024 study has much more uncertainties and consequently a much wider range of possible futures, including scenarios based on political targets.

2nd Penta GAA: workplan

Dec-16 Review and approval of data collection

Dec-16-Apr-17 Study execution steps

- Base Case model building 2018/2019 and 2023/2024
- FB model building
- DSR study
- Final definition of sensitivities / worse case scenario
- NTC RESULTS/FB RESULTS

End Apr-17 Draft results

Jun-17 Update of simulations in case of important new data

Sep-17 Draft report draft ready

Oct/Nov-17 Final report ready

Enhanced regional TSOs cooperation through the Regional Operation Centers (ROCs) (1)

- Enhancing regional cooperation is of utmost importance in order to achieve an efficient market functioning, while maintaining system security and reliability.
- CORESO was set up voluntarily by TSOs as a Regional Security Coordinator (RSC) in order to enhance regional cooperation between TSOs. (follow up of Penta MoU)
- RSCs (not only CORESO) have produced successful results over the last years, they will continue to learn and develop dynamically, building on past experiences and in an ambitious way. EU should support their development

Enhanced regional TSOs cooperation through the Regional Operation Centers (ROCs) (2)

- Only one ROC would become responsible for a region at least covering the 'CORE' region (as defined in the CCR decision of ACER).
- This is a too big region given the system complexity and governance issues, and could increase operational risks and potentially undermine the efficiency of the electricity system.
- It is important that the defined SORs remain manageable in order not to annul the progress made or to hamper new, forward-striving developments within our region.

Thank you for your attention !