

**OPINION No 17/2019**  
**OF THE EUROPEAN UNION AGENCY FOR THE COOPERATION OF**  
**ENERGY REGULATORS**

**of 25 July 2019**

**ON THE ENTSO-E SUMMER OUTLOOK REPORT 2019**  
**AND WINTER REVIEW 2018/2019**

THE EUROPEAN UNION AGENCY FOR THE COOPERATION OF ENERGY REGULATORS,

Having regard to Regulation (EU) 2019/942 of the European Parliament and of the Council of 5 June 2019 establishing a European Union Agency for the Cooperation of Energy Regulators<sup>1</sup>, and, in particular, Article 4(3)(b) thereof,

Having regard to Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity<sup>2</sup>, and, in particular Article 32(2) thereof,

Having regard to the favourable opinion of the Board of Regulators of 17 July 2019, delivered pursuant to Article 22(5)(a) of Regulation (EU) 2019/942,

Whereas:

**1. INTRODUCTION**

- (1) Article 32(2) in conjunction with Article 30(1)(m) of Regulation (EU) 2019/943 requires the European Network of Transmission System Operators for Electricity ('ENTSO-E') to submit seasonal adequacy assessments to ACER for an opinion.
- (2) On 27 May 2019, ENTSO-E published its summer adequacy assessment report for 2019, together with the review of the main events, which occurred in winter 2018/2019, and submitted it to ACER for an opinion. The report is entitled "Summer

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<sup>1</sup> OJ L 158, 14.6.2019, p. 22.

<sup>2</sup> OJ L 158, 14.6.2019, p. 54.

Outlook Report 2019 and Winter Review 2018/2019” (the ‘SOR 2019’ and the ‘WR 2018/2019’)<sup>3</sup>.

## **2. SUMMARY OF THE SOR 2019 AND WR 2018/2019**

- (3) The SOR 2019 presents the TSOs’ views on security of electricity supply and on the counter measures they plan during the time period from 27 May 2019 to 30 September 2019. The report is based on the data provided by the TSOs and on historical meteorological data from the Pan-European Climate Database (PECD). The objective of the SOR 2019 is twofold: firstly, to share TSOs’ expectations regarding adequacy, making them aware of other countries’ status and allowing a better planning of remedial actions; and, secondly, to inform stakeholders so that they can adapt their actions according to potential threats and reduce the risks incurred by them. The results of the SOR 2019 adequacy assessment show that there is no risk of inadequacy in summer 2019. However, generation excess and the need for curtailments may appear during periods of low demand combined with high solar and wind generation in Belgium, Germany, Ireland, Italy and Northern Ireland.
- (4) The WR 2018/2019 provides an overview of the major events in terms of security of supply during the past winter season covering the time period from 28 November 2018 to 31 March 2019. Although the weather was generally favourable in terms of adequacy, with temperatures mostly above average, several storms caused localised supply disruptions in Bulgaria and Sweden. In Sweden and Belgium, an increased risk of inadequacy also appeared due to limited availability of nuclear power plants.

## **3. ASSESSMENT OF THE SOR 2019 AND OF THE WR 2018/2019**

### **3.1. Legal framework**

- (5) According to Articles 30(1)(m) and 32(2) of Regulation (EU) 2019/943, ENTSO-E shall adopt seasonal adequacy assessments and submit them to ACER for its opinion.
- (6) According to Article 4(3)(b) of Regulation (EU) 2019/942, in its opinion ACER has to take into account the objectives of non-discrimination, effective competition and the efficient and secure functioning of the internal markets in electricity.

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<sup>3</sup> ENTSO-E, “Summer Outlook Report 2019 and Winter Review 2018/2019”, May 2019. [https://docstore.entsoe.eu/Documents/SDC%20documents/seasonal/Summer%20Outlook%202019\\_Report\(for%20publication\).pdf](https://docstore.entsoe.eu/Documents/SDC%20documents/seasonal/Summer%20Outlook%202019_Report(for%20publication).pdf)

### **3.2. General remark**

- (7) Articles 30(1) and 32(2) of Regulation (EU) 2019/943 do not explicitly refer to summer and winter reviews to be adopted by ENTSO-E and to be submitted to ACER for an opinion. However, such reviews are of utmost relevance for the preparation of future seasonal adequacy assessments and, equally, constitute a long-standing practice of ENTSO-E. Therefore, ACER deems it appropriate to consider in this Opinion not only the SOR 2019, but also the WR 2018/2019.

### **3.3. Specific issues**

- (8) In the upward regulation part of the SOR 2019 adequacy assessment, the analysis is performed for only one specific hour of each week of the observed period. Further on, only two possible conditions are usually considered for each of these hours, i.e. normal and severe. In the SOR 2019, as none of the countries was identified to be at risk of inadequacy, ENTSO-E decided to carry out a more detailed analysis of Italy, which encountered in the past the most prominent adequacy issue. However, even in this case only one specific hour was investigated and it is not clear how many calculations were run and which uncertainties were considered.
- (9) The SOR 2019 does not provide actual probabilistic sensitivity analysis results, but only indications on import requirements for specific situations of wind and PV generation in relation to the daily temperature. To achieve a full probabilistic assessment, other variables with an impact on adequacy (e.g. outage statistics) should be taken into account. Altogether, the described simplifications do not enable a proper assessment of the risk level and may result in an overlooked or overestimated adequacy issue.
- (10) There is no information on the volume, location or type of strategic reserves neither in the SOR 2019, nor in the WR 2018/2019.
- (11) Severe weather conditions influence the frequency of transmission outages and generation availabilities, but these dependencies are not investigated in the SOR 2019.
- (12) Despite the utmost importance of hydroelectric generation in numerous European countries, adequacy analysis in the SOR 2019 only considers its power availabilities through a deterministic approach. There is no direct relation between the performed analysis and the energy-wise assessment of hydro reservoir levels in section 5 of the SOR 2019.
- (13) Although listing major events, the WR 2018/2019 does not report the amounts of the energy not served due to adequacy issues and of the curtailed energy from renewable sources during the observed period.

- (14) The WR 2018/2019 does not provide any reports regarding voltage and frequency stability.
- (15) The SOR 2019 does not provide the assessment of how an adequacy crisis would affect the cost of electricity generation.
- (16) One of the important objectives of the seasonal review is to compare the actual situation to the forecast provided in the previous seasonal outlook report. Although this objective is mentioned on p. 5 of the submitted document, the WR 2018/2019 does not provide such a comparison.

#### **4. CONCLUSION**

- (17) ACER did not identify elements in the SOR 2019 and in the WR 2018/2019 that would suggest that they have negative effects on non-discrimination, effective competition and the efficient and secure functioning of the electricity markets. However, ACER notes that the issues listed in the previous section have mostly already been identified in its previous opinions on the seasonal outlooks, while the proposed enhancements have not yet been implemented. ACER thus urges ENTSO-E to enhance the informative value of future seasonal outlooks and reviews as follows:
  - (a) A full probabilistic approach should be performed on the pan-European level for the upward regulation assessment. It should cover the entire period observed and consider at least uncertainties related to variable demand, variable generation from renewable energy sources, probabilities of unplanned transmission capacity or generation outages and severe weather conditions (both involving very hot or cold temperatures and the probability of violent local storms). The results of the analysis should be presented numerically and graphically.
  - (b) A probabilistic approach should also be considered for the downward regulation assessment and in general to estimate the amount of generation in excess.
  - (c) The seasonal adequacy assessment reports should provide information on the volume, location and type of strategic reserves.
  - (d) The impact of weather conditions on generation and transmission outage statistics and on the availability of cross-border capacities should be investigated and incorporated into future adequacy assessments.
  - (e) Future adequacy assessment analysis should consider the energy-wise impact of hydro reservoir levels and the corresponding methodology should be presented in the report.

- (f) The seasonal reviews should provide the amounts of the energy not served due to adequacy issues and of the energy curtailed during the respective periods<sup>4</sup>. Overviews of voltage and frequency stability should also be provided in the seasonal reviews.
- (g) Future seasonal adequacy assessment reports and reviews should provide a comparison between the seasonal review and seasonal outlook covering the same time period.
- (h) ENTSO-E should clarify in which framework (seasonal adequacy assessments or other activities) they address the impact of scarce (upward) adequacy on the cost of electricity generation.
- (i) ENTSO-E should consider expanding the seasonal adequacy assessments to cover all the months of the year, including April, May, October and November which are currently not in scope,

HAS ADOPTED THIS OPINION:

1. Without prejudice to the enhancements of future reports proposed in recital (17) above, ACER considers that the SOR 2019 and WR 2018/2019 are to a sufficient extent in line with the requirements of Article 4(3)(b) of Regulation (EU) 2019/942.
2. This Opinion is addressed to the European Network of Transmission System Operators for Electricity.

Done at Ljubljana on 25 July 2019.

**- SIGNED -**

*For the Agency*  
*Director ad interim*  
Alberto POTOTSCHNIG

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<sup>4</sup> If needed for timing and data collection purposes, the reviews presented could refer e.g. to the first semester of the year. In any case in the following reviews all data related to the previous year shall be provided.