

Subject: FEBEG comments on Consultation on methodologies for assessing electricity resource adequacy (ERAA-VOLL-CONE-RS)
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FEBEG represents electricity producers, traders and suppliers of electricity and gas, as well as laboratories in the electricity and gas sector in Belgium.

FEBEG has 33 full members who together employ about 7,522 people and achieve a turnover of about EUR 17.4 billion.

Given the strategic importance of energy supply for the country, FEBEG hereby wishes to provide its views on some aspects of *ACER's consultation regarding methodologies for assessing electricity resource adequacy* considering the particular Belgian context

General Remark

FEBEG thanks ACER for the organization of a consultation on ERAA / VoLL / CoNE / RS Proposals. In this regard, FEBEG supports the Eurelectric response to this consultation and refers to its contribution for the questions raised by ACER.

FEBEG supports the position that pan-European adequacy assessments should be complemented with regional and national analysis on certain parameters, allowing to consider scenarios/sensitivities or risk factors specific to a country and/or a region. Generally speaking, it is a real challenge to summarize the complexity of the power system within a single scenario. Using probabilistic approach to assess the adequacy between production and demand in the power system by means of a whole series of possible situations, depending for example on weather circumstances or the shutdown of production installations on the national territory or in neighboring countries is therefore the best possible approach.

The situation of Belgium is specific as it is particularly interconnected with neighbouring countries. Considering that it is very difficult to predict to which extent the neighbouring countries energy policies (eg. the market reforms in these countries as well as their options to contribute to the decarbonisation targets) could hamper Belgian's electricity import capacities and since any adequacy issue will have an important consequence for the economy, the system operator and the authorities can be expected to treat security of supply with the utmost attention and to take the utmost precaution in this respect. In such a context, FEBEG is convinced that national authorities should be able to devise specific scenarios/sensitivities (including parameters outside Belgium with impact on the situation in Belgium) and opt for a reference scenario based on the most appropriate sensibility to assess the adequacy situation at national level and take the necessary measure to ensure it.

The exclusion of the balancing capacities from the central reference scenario

According to the System Operation Guidelines, the transmission operator –purchases balancing reserves in order to be able to guarantee the balance of the grid and to manage congestion at all time. These balancing reserves can evidently not be used as available capacity to cover consumption peaks. The purpose of these reserves is to make up for unforeseen imbalances at any time – i.e. including during shortages – for example as a result of outages or variations in wind generation. Additionally, the adequacy studies have a time granularity of 1 hour while the balancing reserves have a time granularity of 15 minutes. The exclusion of these balancing capacities from the adequacy assessment at European, regional or national is therefore fully justified and is conformed to the requirements of the System Operation Guidelines.

The exclusion of the Strategic Reserves from the central reference scenario

In order to adequately perform the adequacy assessment, only the plants in the market should be considered. The Strategic Reserves should be excluded of the base case of the adequacy assessments.

The selection of relevant and representative set of climate years

FEBEG is in the opinion that adequacy assessments should consider a relevant and wide range of historical climate years. The question on how to integrate the possible consequences of the global warming on security of supply should be supported by various scientific studies and expert advice. Overall climate changes should be considered over long periods, including extreme events and not based on a chosen set of years in the most recent years.

Finally, FEBEG is convinced that the selection of representative climate years and the consideration of the impact of the climate change should be consistent and aligned among European countries. The set of chosen climate years should in any case made public to market participants and publicly consulted upon.

The determination of the CoNE and VoLL

While the FEBEG understands that the determination of the LOLE criteria can be steered by a formula established at European level (having $LoLE\text{-target} = CoNE / VoLL$), it should be stressed that Member States should have the freedom to set their own desired level of security of supply. According to article 25 of Regulation (EU) 2019/943, the reliability standard shall be set by the Member State and be calculated using at least the value of lost load and the cost of new entry over a given timeframe. The ENTSOE suggestion to introduce a confidence interval may not affect the full execution of Article 25 and limit a Member State's autonomy to determine a specific reliability standard.

FEBEG considers Security of Supply as an important national competence and therefore considers that the adequacy criteria must be determined by the Member State as the cost for society cannot be merely summarized as Loss of load duration x VoLL as the direct economic impact will be much higher than what could be expected from a theoretical approach as illustrated hereafter.

Regarding the CoNE, Member States should establish a list of reference technologies able to enter the market based on market signals (non-policy assets, standard technology and potential new entry) and considering their ability to contribute to the security of supply in the country in periods of stress. In

other words, these candidate technologies should be able to provide enough firm capacity during stress events that could last for several days. This is especially important in the context of the energy transition.

Member States could apply different values for the various technical and non-technical parameters allowing to compute the CoNE, based on the local or national conditions. However, it is crucial, for coherency purposes, to link the values of these parameters with the definition of eligible costs chosen by the Member State for the set up of CAPEX thresholds in capacity markets' design as this definition may differ from one member state to another.

Regarding the VoLL, its calculation will also be based on numerous assumptions and scenarios, for which the methodology should be aligned at European level. However, the choice for a single value should remain a political one, within the competence of the Member States, considering the impact on various types of consumers and the economical and societal consequences in case of system failure and security of supply issue in the country.

Given the importance of both VoLL and CoNE, market participants should remain involved in the definition process and allowed to react on the final national propositions through a public consultation.