

**OPINION OF THE AGENCY FOR THE COOPERATION OF ENERGY
REGULATORS No 03/2017**

of 8 February 2017

**ON THE ENTSO-E WINTER OUTLOOK REPORT 2016/2017
AND SUMMER REVIEW 2016**

THE AGENCY FOR THE COOPERATION OF ENERGY REGULATORS,

HAVING REGARD to Regulation (EC) No 713/2009 of the European Parliament and of the Council of 13 July 2009 establishing an Agency for the Cooperation of Energy Regulators¹, and, in particular, Articles 6(3)(b) and 17(3) thereof,

HAVING REGARD to Regulation (EC) No 714/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the network for cross-border exchanges in electricity and repealing Regulation (EC) No 1228/2003², and, in particular, Article 9(2) thereof,

HAVING REGARD to the favourable opinion of the Board of Regulators of 25 January 2017, delivered pursuant to Article 15(1) of Regulation (EC) No 713/2009,

WHEREAS:

- (1) On 12 December 2016, the European Network of Transmission System Operators for Electricity (“ENTSO-E”), pursuant to Articles 8(3)(f) and 9(2) of Regulation (EC) No 714/2009, submitted to the Agency for the Cooperation of Energy Regulators (“the Agency”), its annual winter generation adequacy outlook report for 2016/2017 together with the review of the main events which occurred during summer 2016. The report is entitled “Winter Outlook Report 2016/2017 and Summer Review 2016” (the “WOR 2016/2017 & SR 2016”)³.
- (2) Pursuant to Article 6(3)(b) of Regulation (EC) No 713/2009, the Agency shall provide an opinion to ENTSO-E in accordance with the first subparagraph of Article 9(2) of Regulation (EC) No 714/2009 on relevant documents referred to in Article 8(3) of Regulation (EC) No 714/2009. Point (f) of Article 8(3) of Regulation (EC) No 714/2009 refers to annual summer and winter generation adequacy outlooks to be adopted by ENTSO-E. It does not explicitly refer to the summer and winter reviews. However, such reviews are of utmost relevance for the preparation of future outlooks and, equally, constitute a long-standing practice of the associations of transmission system operators (“TSOs”). In light

¹ OJ L 211, 14.8.2009, p. 1.

² OJ L 211, 14.8.2009, p. 15.

³ ENTSO-E, “Winter Outlook Report 2016/17 and Summer Review 2016”, December 2016.

<https://www.entsoe.eu/publications/system-development-reports/outlook-reports/Pages/default.aspx>

of the above, it is appropriate to consider in this Opinion not only the Winter Outlook Report 2016/2017 (the “WOR 2016/17”), but also the Summer Review 2016 (the “SR 2016”),

HAS ADOPTED THIS OPINION:

1. Winter Outlook Report 2016/2017

The WOR 2016/17 reports on the winter period from 30 November 2016 to 2 April 2017, addressing power balances and presenting TSOs’ views on matters concerning security of supply. The WOR 2016/17 is based on data provided by the TSOs through a questionnaire and historical weather data from the Pan-European Climate Database (PECD). As stated by ENTSO-E⁴, the objective is twofold: firstly, for TSOs to share their adequacy status and become aware of other countries statuses, which enable 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 Agency welcomes the improvements in the WOR 2016/17 and, in particular:

- the use of the PECD 2.0 and related computation of wind and photovoltaic load factors and temperature sensitivities of consumption.
- the consistency of fuel type through the use of ENTSO-E Transparency Platform.

The WOR 2016/17 concludes that Europe has sufficient generation to meet demand at any time during both normal and severe weather conditions of winter 2016/17. France stands out as the most vulnerable country, due to the relatively low availability of its nuclear power plants, although the potential threat is mitigated through different measures, including load reduction and load shedding. As Great Britain (GB) may depend on imports from France, the situation described above could also impact the GB’s adequacy. However, the impact on GB’s adequacy remains unclear from the WOR 2016/17, as some remedial actions were not accounted for in the regional assessments⁵.

The Agency positively notes the probabilistic assessment of potential adequacy issues, but reiterates its request to ENTSO-E further to improve it. In particular, it is still not evident how ENTSO-E takes into account:

- the probability of interconnector outages or other internal outages, leading to reduced cross-border capacity,
- the probability of forced power plant outages, leading to reduced available generating capacity,

⁴ WOR 2016/17 and SR 2016, p.5

⁵ GB’s capacity of Open Cycle Gas Turbines and pump-storage power plants was not taken into account in the WOR 2016/17 assessment.

and how these aspects are combined with the probabilistic assessment of weather conditions to obtain the estimated probability of actual occurrence of an inadequate situation.

Regarding downward adequacy, several countries may require exports due to high generation of renewables, but only Germany is foreseen to have a minimum need, up to 1 GWh, of renewables curtailment, although the probability of this is relatively low, as stated by ENTSO-E. During night-time, Ireland has been identified to have a potential lack of export capacity, and may need to curtail their wind production. A seemingly lower probability of such an event stands for Poland, although a probabilistic assessment result was not provided in the WOR 2016/17 for either of the two.

The Agency reiterates its request to ENTSO-E to start assessing also voltage-related issues and the effect of the decreasing trend of flexible generation capacity on it. Individual countries are already experiencing and reporting such issues (e.g. Sweden) and the Swiss TSO explicitly mentioned the fact that the current methodology lacks insight into the operational problems linked to scarcity of flexible generation and their specificities.

The Agency also reiterates its recommendation to perform a market simulation to understand how both upward and downward adequacy crises affect electricity prices and market behaviour.

2. Summer Review 2016

The SR 2016 covers the period from 1 June to 2 October 2016. Several isolated issues in transmission networks were reported by individual countries, but none of them seemed to have impacted adequacy. The comparison of the forecast for the summer 2016 period and the actual developments is apparently missing from the SR 2016, although it is mentioned in the preamble of the respective SR 2016 chapter⁶.

The Agency thus reiterates its recommendation to include a comparison of the Outlook forecasts with the Reviews for the same season, focusing on potential forecast errors and analysing the reasons for them. This exercise could help improve the forecasts and the overall quality of the seasonal adequacy outlooks.

Done at Ljubljana on 8 February 2017.

For the Agency:


Alberto Pototschnig
Director

⁶ WOR 2016/17 and SR 2016, p.24