

OPINION No 07/2019
OF THE AGENCY FOR THE COOPERATION OF
ENERGY REGULATORS

of 30 January 2019

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

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, Article 6(3)(b) 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 23 January 2019, delivered pursuant to Article 15(1) of Regulation (EC) No 713/2009,

Whereas:

1. INTRODUCTION

- (1) Article 9(2) in conjunction with Article 8(3)(f) of Regulation (EC) No 714/2009 requires the European Network of Transmission System Operators for Electricity ('ENTSO-E') to submit annual summer and winter generation adequacy outlooks to the Agency for an opinion.
- (2) On 28 November 2018, ENTSO-E published its annual winter generation adequacy outlook report for 2018/2019 together with the review of the main events which occurred during summer 2018 and submitted it to the Agency for an opinion. The

¹ OJ L211, 14.8.2009, p. 1.

² OJ L 211, 14.8.2009, p. 15.

report is entitled “Winter Outlook Report 2018/2019 and Summer Review 2018” (the ‘WOR 2018/2019’ and the ‘SR 2018’)³.

2. SUMMARY OF THE WOR 2018/2019 AND THE SR 2018

- (3) The WOR 2018/2019 covers the winter period from 28 November 2018 to 31 March 2019. It is based on data provided by the TSOs through a questionnaire and historical weather data from the Pan-European Climate Database (PECD) and presents TSOs’ views both on risks to security of supply and on the planned counter measures. The objective of the WOR 2018/2019 is twofold: firstly, for TSOs to share their adequacy assessments and to become aware of other countries’ assessments, 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 WOR 2018/2019 assessment show that there is no adequacy risk under normal conditions, while a cold-spell might cause issues in Belgium, France, Italy and/or Slovenia.
- (4) The SR 2018 covers the period from 30 May to 30 September 2018, providing an overview of the major events of the past summer season in terms of security of supply. Summer 2018 has experienced higher-than-average temperatures, leading to localised supply disruptions in the Czech Republic, Croatia and Greece.

3. ASSESSMENT OF THE WOR 2018/2019 AND THE SR 2018

3.1. Legal framework

- (5) According to Articles 8(3)(f) and 9(2) of Regulation (EC) No 714/2009, ENTSO-E shall adopt annual summer and winter generation adequacy outlooks and submit them to the Agency for its opinion
- (6) According to Article 6(3)(b) of Regulation (EC) No 713/2009, in its opinion the Agency has to take into account the objectives of non-discrimination, effective competition and the efficient and secure functioning of the internal markets in electricity.

³ ENTSO-E, “Winter Outlook Report 2018/19 and Summer Review 2018”, November 2018. [https://docstore.entsoe.eu/Documents/SDC%20documents/Winter%20Outlook%202018-2019_Report\(final\).pdf](https://docstore.entsoe.eu/Documents/SDC%20documents/Winter%20Outlook%202018-2019_Report(final).pdf)

3.2. General remark

- (7) Articles 8(3) and 9(2) of Regulation (EC) No 714/2009 do not explicitly refer to summer and winter reviews to be adopted by ENTSO-E and to be submitted to the Agency for an opinion. However, such reviews are of utmost relevance for the preparation of future outlooks and, equally, constitute a long-standing practice of ENTSO-E.
- (8) Therefore, the Agency deems it appropriate to consider in this Opinion not only the WOR 2018/2019, but also the SR 2018.

3.3. Assessment of specific issues of the WOR 2018/2019 and the SR 2018

- (9) For the upward adequacy part of the WOR 2018/2019, probability of a critical situation is assessed for only one specific hour of each week of the studied period. This might misleadingly indicate that the determined probability is valid for the entire winter period, while in fact it only indicates the probability of such an event if severe weather conditions were to happen during the analysed hour of each week of the studied period. Even though the analysed timeframe presents the foreseen critical periods, it still covers only 0.6 % of the entire winter period.
- (10) For the downward adequacy part of the WOR 2018/2019, no probabilistic assessment is provided.
- (11) The WOR 2018/2019 and the SR 2018 mention the potential usage of strategic reserves, but do not provide their assumed volume, location and type.
- (12) Severe weather conditions increase the frequency of transmission outages and may affect generation availability. The issue of outage dependency on severe weather is not investigated in the WOR 2018/2019.
- (13) Although hydropower is in several European countries of paramount importance, especially for its flexibility, the WOR 2018/2019 just adopts “*a deterministic approach considering power availability at one synchronous peak time in week*” with no immediate relationship between the energy-wise assessment of hydro-reservoir levels (Section 5 of the WOR 2018/2019) and the results of the adequacy assessment.
- (14) Although the WOR 2018/2019 states that “*a disruption to gas supply routes during a cold spell would not endanger electricity supply adequacy in Europe*”, the results do not show individual countries’ dependency on gas and how this would be substituted in case of a disruption.
- (15) The SR 2018 does not provide quantifications of the (absolute and relative) amounts of curtailed renewable energy sources during the monitored period.

- (16) Although the SR 2018 mentions voltage issues, which occurred in southern Germany, the reports per country regarding voltage and frequency stability are missing⁴. The Agency already flagged in its previous opinions the relevance of including such reports to provide a broader overview of past reliability-related events.
- (17) The WOR 2018/2019 does not include any assessment of how an adequacy crisis would affect the cost of electricity generation.

4. CONCLUSION

- (18) The Agency did not identify such elements in the WOR 2018/2019 and the SR 2018 that would suggest that the WOR 2018/2019 and the SR 2018 have negative effects on non-discrimination, effective competition and the efficient and secure functioning of the market. However, the Agency found that the informative value of future seasonal outlooks and reviews could be further enhanced as follows:
- (a) The probabilistic approach needs to be further improved, taking into account recital (9), for the upward adequacy assessment and it needs to be considered for the downward adequacy assessment.
 - (b) The seasonal outlooks should provide the volume of strategic reserve and its location and type.
 - (c) The impact of severe 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.
 - (d) The energy-wise state of hydro-reservoir levels should be incorporated in the future adequacy assessments.
 - (e) The seasonal outlooks should analyse how gas disruptions and hydro-reservoir levels could affect the overall adequacy results, highlighting countries which are more gas- or hydro-dependant for their electricity production. After the Risk-Preparedness Regulation enters into force and is implemented, the impact of gas shortages on electricity could be addressed in the Risk Preparedness framework rather than in the seasonal outlooks, although seasonal adequacy-related results should be presented in one document to facilitate the understanding of the subject.

⁴ According to Appendix 4 to the WOR 2018/2019 and SR 2018 (p. 146), the Seasonal review questionnaire template asked TSOs about “*voltage issues (only if relevant): please list voltage regulation issues you had (e.g. too low voltage at peak or too high at off-peak times)*”.

- (f) The seasonal reviews should include overviews of actual curtailments of renewable-based generation in the previous season⁵ and of voltage and frequency stability.
- (g) ENTSO-E should clarify in which framework (seasonal outlooks or other activities) they address the impact of scarce (upward) adequacy on the cost of electricity generation,

HAS ADOPTED THIS OPINION:

1. Without prejudice to the enhancements of future reports indicated in recital (18) above, the Agency considers that the WOR 2018/2019 and SR 2018 is sufficiently in line with the requirements of Article 6(3)(b) of Regulation (EC) No 713/2009.
2. This Opinion is addressed to the European Network of Transmission System Operators for Electricity.

Done at Ljubljana on 30 January 2019.


For the Agency
Director ad interim
Alberto POTOTSCHNIG

⁵ If needed for timing and data collection purposes, the reviews presented in the Winter Outlooks could refer e.g. to the first semester of the year.