

NOTE

Reaction to the public consultation organised by ACER on the draft methodologies for calculating the value of lost load (VOLL), the cost of new entry for generation, or demand response (CONE) and the reliability standard (RS)

INTRODUCTION

1. We welcome the opportunity to respond to ACER's consultation on the Proposal for calculating the value of lost load (VOLL), the cost of new entry for generation, or demand response (CONE) and the reliability standard (RS) on behalf of Belgium's DG Energy of the FPS Economy. The views expressed in this response are not confidential.
2. The DG Energy of the FPS Economy believes that the proposed methodology by ENTSO-E fulfils its purpose in reflecting the principles set out in Article 23 of Regulation (EU) 2019/943 (referred to as the Electricity Regulation).
3. In the present note, the DG Energy of the FPS Economy, which is responsible for the Security of Supply in Belgium, gives its views on the draft methodologies for calculating the value of lost load (VOLL), the cost of new entry for generation, or demand response (CONE) and the reliability standard (RS) submitted by ENTSO-E to ACER.

GENERAL COMMENTS

4. The DG Energy of the FPS Economy supports the idea that the calculation of the final VOLL value must reflect the reality of the load-shedding plans currently implemented in each Member State (MS). These load-shedding plans are under the responsibility of each MS and ensure the safety of the electrical system by meeting both technical and economic constraints. Consequently, it remains important for the Member States to have the possibility to incorporate national specificities, so as to ensure the security of supply of the Member State in all relevant scenario's. As Member State, we underline that the load-shedding plans are to be considered as a last-resort intervention, when all other options to guarantee the security of supply of the country are exhausted. The activation of these plans should remain very exceptional and cannot be considered as part of the normal functioning of the electricity system. Therefore as Member state, we stress the importance for the final methodology to be as close as possible to the submitted proposal and advice against any amended that will propose the activation of manual load shedding plans targeting only specific costumer sectors, as a structural measure to cope with adequacy crisis.
5. We fully support the idea that a clear distinction should be made between a reliability standard derived from estimates of VOLL and CONE, say the "target LOLE", and the reliability standards set by Member States based on the methodology. The DG Energy of the FPS Economy wants to draw attention to the fact that each model and each methodological implementation is based on assumptions and that results provided by these are all "assumption driven" and hence should always be understood as such. A model & methodology implementation alone can never drive the political decision and it always have to be complemented by additional studies/qualitative assessment/policy statement/etc. The reliability standard finally is a political choice by each Member State.
6. While the DG Energy of the FPS Economy definitely agrees on the fact that MS should keep a certain leeway, we want to draw attention to the fact that a certain level of coordination/harmonization at regional/European level is still necessary, especially regarding the RS. A reasonable harmonization, facilitated by cooperation between Member States upon the definition of their respective reliability standards, will ensure the well-functioning of the highly interconnected European electricity market and will comply with the Electricity Regulation requirements.