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**OPINION OF THE AGENCY FOR THE COOPERATION OF ENERGY
REGULATORS No 15/2014**

of 24 July 2014

**ON THE ENTSO-E SUMMER OUTLOOK REPORT 2014
AND WINTER REVIEW 2013/2014**

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 17 July 2014, delivered pursuant to Article 15(1) of Regulation (EC) No 713/2009,

WHEREAS:

- (1) On 21 May 2014, 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 its annual summer generation adequacy outlook report for 2014 to the Agency for the Cooperation of Energy Regulators (“the Agency”) for its opinion. The report is entitled “Summer Outlook Report 2014 and Winter Review 2013/2014”³, (SOR&WR 2014).
- (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). Furthermore, the winter review for 2013/2014 forms an integral part of the

¹ OJ L 211, 14.8.2009, p. 1.

² OJ L 211, 14.8.2009, p. 15.

³ ENTSO-E Summer Outlook Report 2014 and Winter Review 2013/2014, May 2014

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

document containing ENTSO-E's summer outlook for 2014 and is strictly linked to it. In light of the above, it is appropriate therefore to consider in this Opinion not only the Summer Outlook Report (SOR) 2014, but also the Winter Review (WR) 2013/2014.

- (3) In its Opinion on the ENTSO-E Summer Outlook Report 2013 and Winter Review 2012/13 (SOR&WR 2013)⁴ the Agency outlined several actions of ENTSO-E which it deemed appropriate for future ENTSO-E's outlooks and reviews. The actions consequently taken by ENTSO-E are also considered in the present Opinion,

HAS ADOPTED THIS OPINION:

1. General comments on the short-term adequacy outlook and review reports

1.1 ENTSO-E consultation on adequacy methodology

ENTSO-E has planned to launch a consultation⁵ during the summer period of 2014, in order further to develop its existing European adequacy methodology. ENTSO-E has recognised the following five main points as being of high priority for the stakeholders in view of the new adequacy methodology⁶:

- Requirements for flexibility
- Harmonisation of the adequacy methodology
- Data transparency
- Cross-border exchanges, and
- Use of a probabilistic approach for adequacy assessment

The Agency welcomes the initiative by ENTSO-E to improve on the methodology used for assessment of adequacy. However, the Agency believes that the consultation should also focus on the type and the structure of the information provided in the seasonal outlook and review reports and that ENTSO-E should take into utmost account the needs and potential use of the seasonal reports, as expressed by interested stakeholders.

1.2 Probabilistic vs. deterministic approach for adequacy assessment

The seasonal outlook reports (summer/winter outlooks) utilise a probabilistic approach in order to take into account the in-feed from intermittent renewable energy sources (RES) on a consistent basis at the EU level⁷. The Agency believes that an extension of the probabilistic approach also to cover parameters like demand, availability of generation from conventional

⁴ Agency for the Cooperation of Energy Regulators, "Opinion on the ENTSO-E Summer Outlook Report 2013 and Winter Review 2012-2013", Opinion No. 22/2013, 29 November 2013,

http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Pages/default.aspx

⁵ <https://www.entsoe.eu/news-events/events/Pages/Events/Adequacy-Methodology-Workshop.aspx>

⁶ <https://www.entsoe.eu/news-events/events/Pages/Events/Second-Stakeholder-Workshop-Adequacy-Methodology.aspx?EventWorkshopId=150>

⁷ A pan-European database of load factors for wind (on-shore, off-shore) and photovoltaic generation is being used by ENTSO-E in the seasonal outlook reports since 2013.

units and availability of interconnection capacity will further improve the quality of the results with respect to adequacy assessment in these seasonal outlook reports.

1.3 Regional assessment of adequacy

Since the Winter Outlook Report 2011-2012⁸, ENTSO-E added an extensive regional assessment to the per-country analysis of adequacy. The Agency believes that such an assessment lies in the kernel of the seasonal outlook reports, as it evaluates (upward and downward) adequacy issues taking into account the advantages of coordinated operation of the interconnected European power systems and using harmonised approaches (e.g. assumptions on RES in-feed).

2. Summer Outlook Report 2014

2.1 Objectives and main Results of the Summer Outlook Report

The purpose of the SOR 2014⁹ is to present TSOs' views on any matters concerning security of supply for the coming summer period. In addition, it also seeks to identify risks and countermeasures proposed by the TSOs and the possibility for neighbouring countries to contribute to the generation/demand balance in case of needs.

Further, the SOR 2014 presents the outlook of the national and regional power balances between forecast generation and load on a weekly basis for the period June 1 (week 23) to September 17, 2014 (week 38).

ENTSO-E indicates¹⁰ that the SOR 2014 is based on the information provided by ENTSO-E members during February and March 2014 on a qualitative and quantitative basis in response to the SOR questionnaire¹¹.

According to the SOR 2014, Europe has sufficient generation for both normal and severe demand conditions¹². Various countries may require imports to cover the expected demand. While in normal conditions cross-border capacity is sufficient to accommodate those imports, under severe conditions Poland's needs for energy might exceed available import capacities for 14 (out of 16) weeks. Curtailment of RES output during periods of low demand seems to be necessary for Ireland during one week, while, according to the regional assessment, excess of generation may lead to the need to export during every week of the period for Latvia and FYR of Macedonia during daytime (Sunday 11.00 am) and Northern Ireland during nighttime (Sunday 5.00 am).

⁸ https://www.entsoe.eu/fileadmin/user_upload/library/publications/entsoe/outlookreports/20111124_Winter_Outlook_2011-2012_Summer_Review_2011.pdf.

⁹ Section 1 of ENTSO-E "Summer Outlook Report 2014 and Winter Review 2013/2014" (<https://www.entsoe.eu/publications/system-development-reports/outlook-reports/>).

¹⁰ ENTSO-E SOR&WR 2014, p. 5.

¹¹ Appendix 1 (p.107) of the ENTSO-E SOR&WR 2014.

¹² ENTSO-E SO&WR 2014, p. 4.

2.2 Glossary of key terms

The Agency notes an amended glossary in the SOR 2014 compared to that in the SOR 2013. The Agency acknowledges ENTSO-E's efforts on this aspect, following the Agency's comments in its Opinion on the SOR 2012¹³ and in its Opinion on the SOR 2013. Yet, the Agency sees still room for improvement, for example by incorporating, in the next version of the glossary, a description of terms such as, '*downward regulation margin*'¹⁴, '*synchronous profile*'¹⁵, as well as describing the relationship and ensuring consistency between the terms '*System services reserve under normal conditions*'¹⁶, '*Downward Regulation Reserve*'¹⁷, '*System Service Reserve (downwards)*'¹⁸ and '*System Service Reserve (upwards)*'¹⁹.

2.3 Treatment of maintenance and overhauls

The Agency welcomes a clarification provided in Fig. 1²⁰ in relation to the upward adequacy methodology, which now explicitly displays capacity in '*maintenance and overhauls*' as '*unavailable capacity*'.

2.4 Presentation of previous year's information for comparison purposes

The Agency believes that the seasonal outlook reports can be enriched by including information regarding the evolution of the main results and values of important parameters compared to those of the previous year (or the previous 2 years). A relevant example is the information provided in the SOR 2014 concerning spare capacity and downward regulation margin²¹.

2.5 Gas supply issues

The Agency welcomes that the SOR 2014 explicitly discusses gas supply issues²². As such it is a valuable contribution to the collaboration of ENTSO-E with the European Network of Transmission System Operators for Gas, which was already highlighted in the ENTSO-E's Annual Report for 2013²³. The Agency believes that the issue of whether the results of a more comprehensive analysis of the impact of gas supply stresses are to be presented in the outlook reports deserves further examination by ENTSO-E, taking into account the views of stakeholders.

¹³ Agency for the Cooperation of Energy Regulators, "Opinion on the ENTSO-E Summer Outlook Report 2012 and Winter Review 2012-2013", Opinion No. 07/2012, 11 October 2012,

http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Pages/default.aspx

¹⁴ ENTSO-E SOR&WR 2014, p. 13.

¹⁵ ENTSO-E SOR&WR 2014, p. 21.

¹⁶ ENTSO-E SOR&WR 2014, p. 11.

¹⁷ ENTSO-E SOR&WR 2014, p. 10.

¹⁸ ENTSO-E SOR&WR 2014, figure 2 p. 9.

¹⁹ ENTSO-E SOR&WR 2014, figure 1 p. 7.

²⁰ ENTSO-E SOR&WR 2014, p. 7.

²¹ ENTSO-E SOR&WR 2014, p. 13: for spare capacity, information from previous year (SOR 2013) is provided for comparison purposes, while for downward regulation margin only current (2014) values are presented.

²² ENTSO-E SOR&WR 2014, p. 16 and 53 for the case of Hungary.

²³ https://www.entsoe.eu/Documents/Publications/ENTSO-E%20general%20publications/140415_ENTSO-E_Annual_Report_2013_Final.pdf, p.28

2.6 Extension of the downward analysis to other periods of the year

Already in its Opinion on the SOR 2012, the Agency suggested that ENTSO-E assesses the value of extending the downward analysis to other periods during spring or autumn, which are currently not investigated by the seasonal outlooks. In the Agency's view, the planned consultation of stakeholders (see Section 1.1 of this Opinion) is the best opportunity to prepare such assessment.

2.7 Downward adequacy

The Agency believes that the presentation of the downward adequacy concept may be improved if, in the next Outlook reports, the graphic of Figure 2²⁴ (which summarises the downward adequacy methodology) is complemented with a graph showing the formation of the downward regulation margin. Furthermore, the export requirements diagram presented in each national analysis could be improved by displaying two figures for simultaneous export capacity and two values for 'excess of generation' (for the cases of 05.00 am and 11.00 am).

2.8 Transparency and publication of data

In its Opinions on the SOR 2012 and SOR 2013, the Agency regarded the availability of national datasheets as important for the SORs. Such datasheets should provide explicit figures on, *inter alia*:

- (a) Expected load increase due to severe conditions; and
- (b) Expected generation constraints due to severe conditions.

The Agency welcomes the publication of information concerning estimates for load demand and generation available under normal and severe conditions, on a per-country basis, in Appendix 4 of the SO&WR 2014. Furthermore, the Agency believes that the publication in electronic form of this information, as well as of the information described in PART E of the Outlook questionnaire²⁵ could be of interest for a variety of stakeholders.

3. Winter Review 2013/2014

3.1 Objectives and main results of the review report

The objective of the WR 2013/2014 is to report on the winter season as regards weather conditions and other factors and their consequences on the power system (temperatures, hydro and wind conditions), availability of generating units, market conditions, use/availability of interconnections and imported energy, and to compare what happened in reality with the forecasts and risks identified in the Winter Outlook Report 2013/2014²⁶.

²⁴ ENTSO-E SOR&WR 2014, p. 9

²⁵ ENTSO-E SOR&WR 2014, p. 114.

²⁶ ENTSO-E SOR&WR 2014, p. 3 and 117.

According to the SOR&WR 2014²⁷, during the winter 2013/2014 temperatures across the whole of Europe were above average and, as a result, the power demand was below or around the seasonal average in all countries. Thus, except for faults caused by winter storms, no critical situation related to system adequacy occurred in Europe during the last winter.

3.2 Content of the review report and availability of retrospect information

As already stated in the Agency's Opinion on the SOR&WR 2013, the Agency suggests that ENTSO-E collects and publishes quantitative information as an element of the winter review. Priority should be given to the actual weekly peak load levels and the actual average temperatures and their deviation in relation to the forecasts. Further information, concerning events which occurred during the period under review (causes, effects and countermeasures) and curtailments of generation from renewable energy sources should be considered for publication in the Yearly Statistics & Adequacy Retrospect reports.

Furthermore, the Agency notes that only few countries (namely France, Greece, Great Britain, Ireland, Poland, Slovakia and Spain) reported on actual peak load with respect to forecasted peak load, as required in the Winter Review Questionnaire²⁸. The Agency calls on ENTSO-E and its TSO members to ensure the completeness and the quality of the responses to the Review Questionnaires.

4. Timing of publication

The Agency positively acknowledges the publication of the SOR&WR 2014 in advance of the period under analysis.

Done at Ljubljana on 24 July 2014.

For the Agency:


Alberto Pototschnig
Director

²⁷ ENTSO-E SOR&WR 2014, p. 13.

²⁸ ENTSO-E SOR&WR 2014, p. 118.



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