

3rd Meeting of the Expert Group on the EU-wide flexibility needs assessment

Tuesday 8 July 2025 | 09:30 - 12:30

Online, MS Teams

DRAF MINUTES FOR REVIEW BY EXPERTS (V1)

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1. OPENING

The third meeting of the Expert Group ('the Group') on the EU-wide flexibility needs assessment in a virtual format was opened.

ACER introduced the meeting's objective, agenda and ground rules for the meetings. The agenda was approved by the Group.

2. OVERVIEW OF THE TOPIC

A short presentation by ACER followed, introducing main topic covered in the meeting, namely, the Economic Viability Assessment (EVA). ACER explained the purpose of the EVA, and that a revenue-based approach will be used. ACER also explained the algorithms used to compute capacity expansion. The floor was then opened for clarification questions from the experts.

Several experts posed technical questions on the functioning of the EVA, in particular with regards to the algorithm that computes the capacity update for the capacity expansion. Questions were also made regarding the economic parameters used in the capacity expansion process, as well as the technologies subject to entry and exit from the system. Experts also asked if exogenous revenues to the market models will also be considered (e.g. capacity mechanisms). ACER explained that existing contracts through support schemes should be reflected in the assessment, and that one possibility is to consider them through exogeneous revenue streams.

Questions on the use of balancing reserves in the market models and the profitability of technologies were also discussed. In particular, experts commented on the risk considerations from the investor's perspective. Experts mentioned that uncertainty with regards to several aspects should be considered, e.g., fuel costs, demand growth.

The discussion then moved onto the questions prepared by ACER.

3. SPECIFIC QUESTIONS

The Group was then asked to provide feedback on various aspects of ACER's proposed modelling approach for the modelling of EVA.

Validation of approach

Firstly, ACER asked the Group to comment on the overall modelling approach and underlying assumptions. Several experts took the floor.

Experts provided comments on how the model can better reflect the actual dynamics of energy markets and system expansion. Some experts highlighted once more the need for scenarios on different aspect that may be uncertain.

One expert also recommended to compare the results from the model with real-world data, in order to validate the tool developed. This could also provide guidance on the need for more or less scenarios to fully capture market dynamics.

Experts also debated the convergence of model, providing technical suggestions on how to compute iterations more efficiently. One expert suggested that a cost-minimisation model could be used to benchmark the performance of the revenue-based approach on small test cases.

Improving computational time

Finally, experts were asked which simplification ACER should explore to reduce computational complexity while maintaining sufficient accuracy for the flexibility needs assessment.

Several experts provided technical suggestions on how the capacity expansion model algorithm can be improved. Some experts suggested improvements to the way capacity is expanded in every iteration. Others suggested a “warm start” of the model, as a means to potentially reduce the number of iterations necessary to reach convergence. Experts also suggested to have a step-wise approach to complexity (e.g., number of scenarios considered), starting by solving less complex problems at first and assessing the need or value of additional complexity for the model.

Price cap update

Experts were asked about the price cap update being proposed in the model, to replicate the actual price cap updates that do take place in the European wholesale energy markets. Experts validated the approach proposed.

4. CLOSING SESSION

The ACER team provided experts with information on the next steps and the topic of the next meeting of the Group. Specifically, ACER will:

- share the meeting minutes for experts’ review;
 - share an online form for experts to provide any additional feedback on the questions asked;
 - collect questions that were not answered during the meeting and provide written responses.
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