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European Union Agency for the Cooperation of Energy Regulators

Security of EU electricity supply 2023

Online webinar, 11 October 2023

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Agenda

AGENDA		
09:45 - 10:00	**Webinar open for log-in**	Starts promptly at 10:00
10:00 - 10:05	**Introductory remarks** Rafael MURUAIS GARCIA, ACER	
10:05 - 10:20	**Security of electricity supply: key findings of the report** Vasilis PAPANDREOU, ACER	
10:20 - 10:40	**Panel discussion moderated by:** Christophe GENCE-CREUX, ACER **Panelists:** Catharina SIKOW-MAGNY, DG-ENER, European Commission Christian ZINGLERSEN, ACER Tim SCHITTEKATTE, Florence School of Regulation	
10:40 - 10:55	**Q & A**	
10:55 - 11:00	**Closing remarks** Christophe GENCE-CREUX, ACER	

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Housekeeping rules

Questions shall be posed using the Slido tool within Microsoft Teams

Use direct link: https://app.sli.do/event/9fdnGgbj23rdYLe1rtzHDt

Keep your microphone muted unless the chair gives you the floor

Questions from other participants can be 'liked' to increase their visibility

Slides from this webinar will be uploaded to ACER website

Substance-related questions will be addressed during the relevant Q&A session; although they can be posed at any point

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Introductory remarks

Rafael MURUAIS GARCIA

A three-fold role for the SOS monitoring task

Inform on developments on SoS

Monitor implementation

Assist policy making

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SOS Monitoring report 2023 Key messages

Vasilis PAPANDREOU

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Key findings from the energy crisis

- **The common European framework and integrated market were essential to shelter Member States against the risks of the energy crisis**
  - **sector interconnectivity** key in overcoming uncertain gas supplies and increased outages
  - **multi-level coordination** essential for secure supply of electricity
- Any emergency necessarily calls for trade-offs and compromises; yet some approaches outperform others.
  - Some measures come with **adverse effects** (e.g. affordability measures hinder demand reduction)
  - **no-regret measures**, (e.g. energy efficiency, RES) should be prioritised

Recommendations:

- Accelerate and strengthen the integration of the European electricity market.
- Further reinforce inter-institutional and cross-border cooperation in security of supply.
- Prepare well-balanced and coordinated emergency measures sufficiently in advance, prioritising measures that contribute to the decarbonisation objectives.

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Implementation of the adequacy framework varies; some Member States are lagging behind

- Ten Member States have calculated the reliability standard according to the framework – yet in a non-uniform manner.
- Ireland and Poland (already with capacity mechanisms) have not set a reliability standard yet.
- Level of implementation of the common European methodology (ERAA) in national assessments varies across Member States.

Recommendations:

- Ireland and Poland should appropriately set the reliability standard as soon as possible.
- Member States relying on national adequacy assessments for their capacity mechanisms should ensure that such assessments are based on the ERAA methodology.

Table 10: Adequacy metrics per Member State – status as of June 2023

Country	Single VOLL (EUR/MWh)	Fixed CONE		Reliability standard (hours/year)
		Technology	(EUR/MW)	
Belgium[a]	12,832	Demand response	30,000	3.00
Cyprus[b]	N/A	N/A	N/A	3.00
Czech Republic	4,016	OCGTc	57,958	15.00
Estonia[d]	7,300	OCGT	63,000	9.00
Finland[e]	8,000	Renewal & Prolongation	17,000	2.10
France	33,000	Demand response	60,000	2.00
Germany	12,240	OCGT/Demand response[f]	57,067 23,377/2,072	2.77
Greece	6,838	Demand response	18,735	3.00
Ireland (SEM)[g]	N/A	OCGT	115,990	8.00
Italy	20,000	OCGT	53,000	3.00
Latvia	N/A	N/A	N/A	Not in place[h]
Lithuania	N/A	N/A	N/A	Not in place
Luxembourg	12,240	OCGT/Demand response[i]	33,905	2.77
Netherlands	68,887	N/A	N/A	4.00
Poland	17,700	N/A	N/A	Not in place
Portugal[i]	N/A	N/A	N/A	5.00
Slovenia	10,700	Demand response	21,753	N/A
Sweden	8,132	Demand response	7,537	0.99

Not as per methodology

Sources: ACER based on information from NRAs and for Estonia the relevant study to establish a reliability standard.

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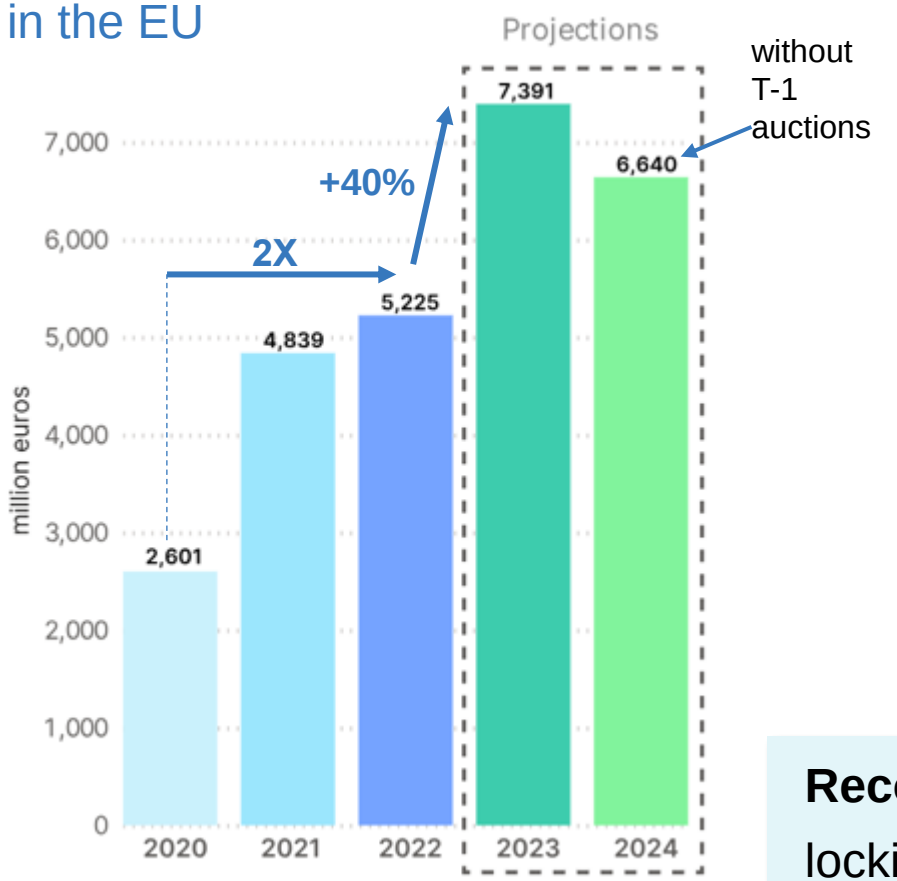
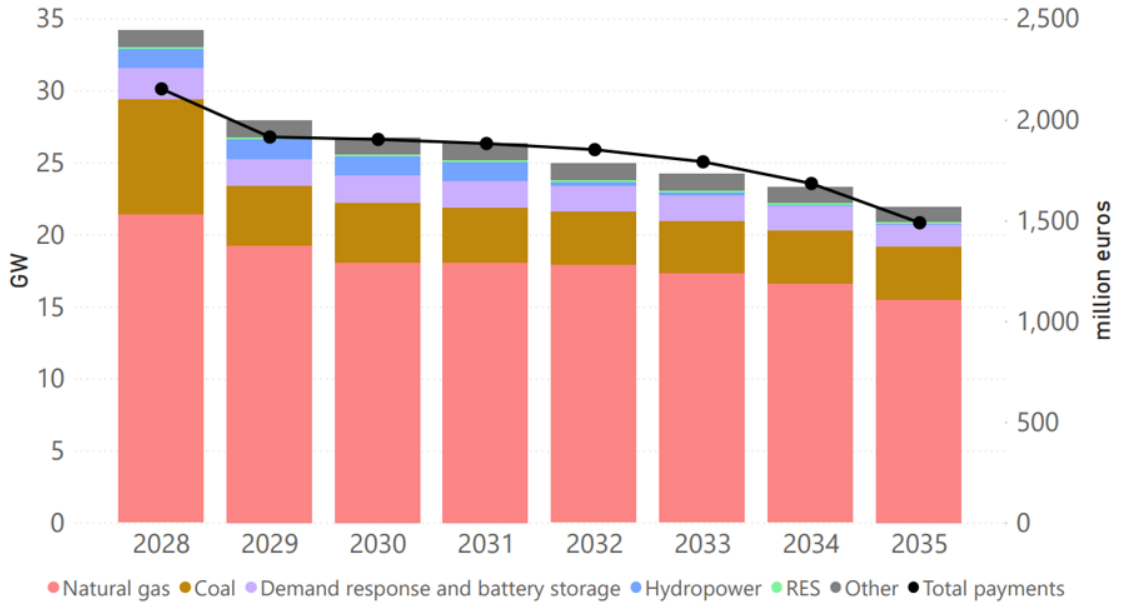
The costs of capacity mechanisms keep rising largely supporting fossil fuel power plants

Total cost of capacity mechanisms in the EU



Source: ACER based on information from NRAs

Long term commitments of capacity mechanisms



Source: ACER based on information from NRAs

Recommendation: Member States should analyse the risk of locking-in dependence on high-carbon technologies, potentially hindering the transition to a low-carbon economy.

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Design of capacity mechanisms matters

- **Cross border** resources still largely unable to participate in national capacity mechanisms; where implemented, scope to improve rules to enable competition on equal footing.
- Existing **penalty regimes** in capacity mechanisms often do not provide adequate incentives to guarantee delivery of the contracted service.

Recommendations:

National authorities should

- implement direct cross border participation as soon as possible, ensuring domestic and other EU providers compete on an equal footing.
- monitor closely cross border participation and identify any necessary adjustments.
- ensure that the penalties applied incentivise providers to commission the contracted capacity in a timely manner and be available when needed.

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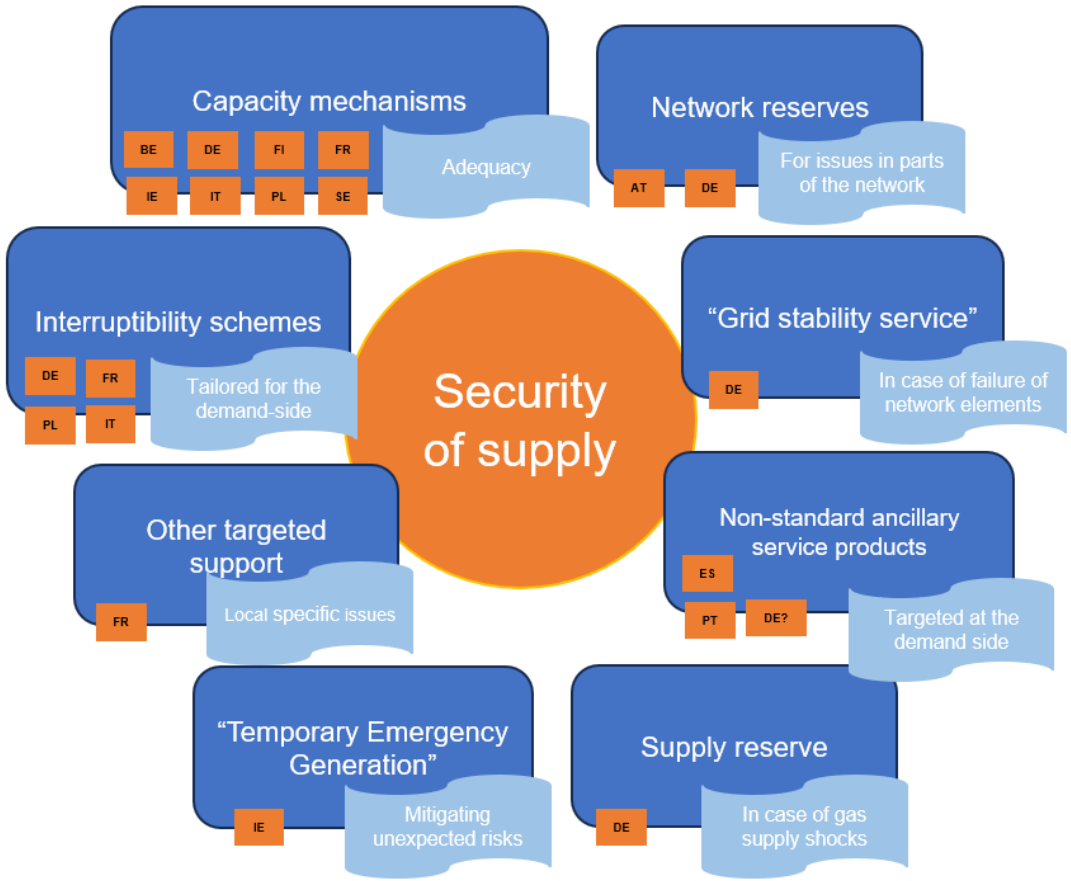
Streamlining the framework for introducing security of supply measures is necessary

- To tackle security of supply risks, Member States are increasingly implementing a variety of measures often outside the adequacy framework
- Uncoordinated measures, risks fragmenting the internal electricity market.

Recommendations:

- Streamline the process for approving capacity mechanisms and assess adequacy.
- Need to examine the adequacy and risk preparedness frameworks holistically and explore synergies between them.
- Measures targeting adequacy should not be set outside the adequacy framework; any other available measure, should be considered when assessing adequacy risks.

Examples of measures in place to cope with various security of supply risks (non-exhaustive)



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Panel discussion

Moderator:	Christophe GENCE-CREUX, ACER
Panellists:	Catharina SIKOW-MAGNY, DG-ENER, European Commission
	Christian ZINGLERSEN, ACER
	Tim SCHITTEKATTE, Florence School or Regulation

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Q&A session

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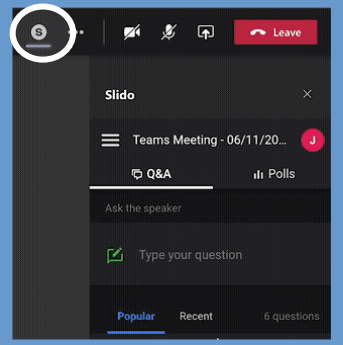

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Closing remarks

Christophe GENCE-CREUX, ACER

Thank you!

in case of follow-up questions on the report, please reach out to us on adequacy@acer.europa.eu

The contents of this document do not necessarily reflect the position or opinion of the Agency

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