

Risk Preparedness

Electricity Coordination Group meeting 18 January 2018

Background: impact assessment accompanying the proposed Risk Preparedness Regulation

Currently, Member States behave differently when it comes to preventing, preparing for and managing crisis situations. The assessment of the national legal frameworks and current practices across Europe has shown that:

- 1
Procedures and measures

 - Member States and TSOs take different sets of measures to prevent and manage crisis situations, and that such measures are triggered at different moments in time
 - National roles and responsibilities differ
 - Crisis plans, rules and practices remain solely national in focus, disregarding what happens across borders

- 2
Electricity crisis scenarios

 - There is no common definition of a crisis situation
 - There is no common approach to identifying and assessing risks

- 3
Communication process

 - There is not a systematic information-sharing and transparency during electricity crisis situations among the Stakeholders (TSO, MSs, NRAs, RSC, ENTSO-E, EC)

CEP – Risk Preparedness Regulation proposals

The proposed Regulation sets out:

- 1 • What Member States should do to prevent, prepare for and manage electricity crisis situations
- 2 • How they should cooperate effectively across borders in a spirit of transparency and solidarity, providing a framework for fair compensation for assistance
- 3 • Common methodology for identifying electricity crisis scenarios at a regional level (Art. 5) and for short-term adequacy assessments* (Art. 8)
- 4 • It also provides a framework for a more systematic monitoring of security of supply issues via the Electricity Coordination Group (ECG)
- 5 • It contributes to the revised Third Package by ensuring that, even in crisis situations, priority is given to market-based measures and markets can work as long as possible**

! (*) Namely seasonal outlooks (six months ahead) and week-ahead to **intraday** adequacy assessments

(**) REV2: non-market measures, may be taken only as a last resort, when all possibilities provided by the market have been exhausted

Electricity Risk Preparedness draft Regulation

ENTSO-E to propose methodology for identifying relevant crisis scenarios in a regional context, on the basis of the following risks:

- Rare and extreme natural hazards;
- Accidental hazards going beyond the N-1 security criterion;
- Consequential hazards including fuel shortages;
- Malicious attacks

ENTSO-E to propose methodology for assessing short- term adequacy (seasonal as well as week ahead) which shall cover:

- Uncertainty of inputs such as probability of transmission or generation unplanned outage, severe weather conditions and variability of demand;
- Probability of crisis situation;
- Probability of simultaneous crisis situation.

Regional assessment

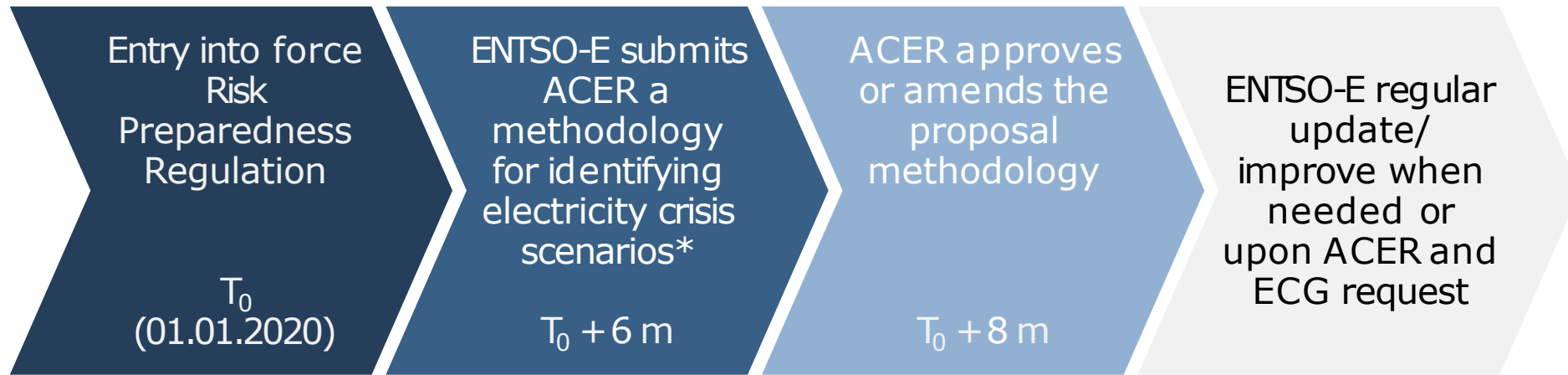
Identification of electricity crisis (Art 5, RPP)

- Start with existing experiences (→ qualitative survey on Risk Preparedness in July 2017)
- Build consistent national/ regional/ Pan-European methodologies
- Ensure sufficient confidentiality for critical information

Short term adequacy assessment (Art 8, RPP)

- Probabilistic approach
- More severe scenarios (multiple outages, P95 weather conditions, gas supply and infrastructure disruption...)
- Consistency between seasonal and week ahead assessments

Principle timeline towards methodology for identifying electricity crisis

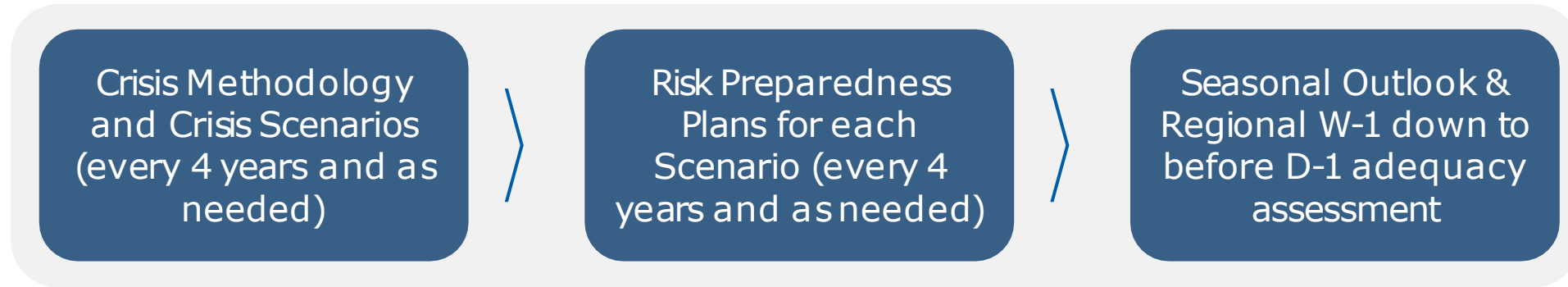


What?

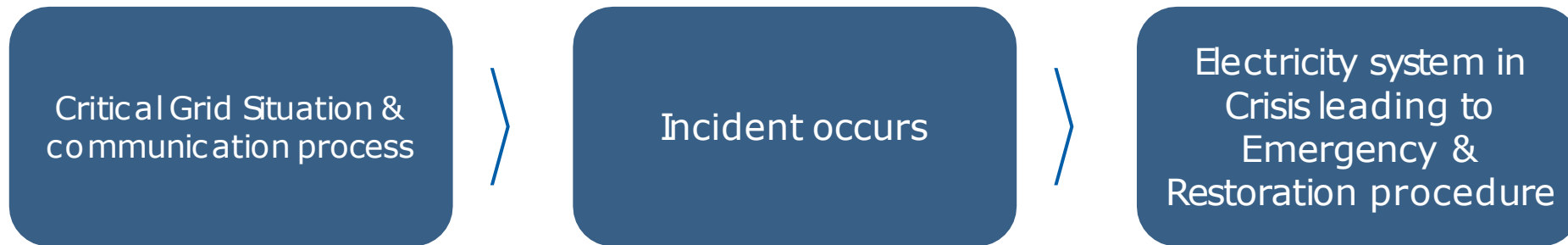
Methodology for identifying the most relevant electricity crisis scenarios in relation to system [adequacy](#), [system security](#) and [fuel security](#) in a [regional context](#)

(*) Before submitting the proposed methodology, ENTSO-E shall conduct a consultation involving at least the industry and consumer organisations, producers or their trade bodies, TSOs and DSOs, competent authorities, NRAs and other national authorities

Risk Preparedness (4 years rolling horizon down to Intraday)



Critical grid situation leading to electricity crisis



A Critical Grid Situation is a potential emergency state, c.f. SO GL article 18(3), identified in the operational planning phase. During a Critical Grid Situation the available regular countermeasures are exhausted and therefore TSO(s) are required to take regionally coordinated extraordinary countermeasures.

RPR definitions (Art. 2 – Council's version 20.12.2017)

| | |
|--------------------------------|--|
| Security of electricity supply | The ability of an electricity system to guarantee the supply of electricity to customers with a clearly defined level of performance as defined by Member States |
| Electricity crisis | A situation of significant electricity shortage or impossibility to supply electricity to customers, either existent or imminent, as defined by the Member States and described in the risk preparedness plans |
| Simultaneous crisis | An electricity crisis affecting more than one Member State at the same time |
| Crisis coordinator | A person, group of persons, a team composed of the relevant national electricity crisis managers or institution tasked with acting as a contact point and coordinating the information flow during an electricity crisis |
| Non-market measure | Any supply or demand-side measure deviating from market rules or commercial agreements, with a view to mitigate an electricity crisis |
| Region | A group of Member States whose transmission system operators are sharing the same Regional Security Coordinator, for the function of regional operational security as created pursuant to Article 77 of the SO GL |

Risk Preparedness Regulation - Provisional Timelines (*)

n ENTSO-E task

**ACER Opinion on
Methodology - regional
electricity crisis
scenarios identification**

**3 Regional electricity crisis
identification and
submission to ECG**

**4 Publication of Risk
Preparedness Plans**

**1 Methodology to identify
regional electricity crisis
scenarios**

**2 Short term adequacy
methodology proposal**

**National electricity
crisis identification**

**Assumed RPP
regulation EIF**

**ACER opinion on
Methodology - Short
term adequacy**

**0 ENTSO-E task force
proposal on RPR**

Q1 '19

Q2 '19

Q3 '19

Q4 '19

Q1 '20

Q2 '20

Q3 '20

Q4 '20

(*) Based on Council's version from 20 December 2017