Proposal for a regulation on risk-preparedness in the electricity sector and repealing Directive 2005/89/EC

EURELECTRIC voting recommendations

November 2017

EURELECTRIC is the voice of the electricity industry in Europe.

We speak for more than 3,500 companies in power generation, distribution, and supply.

We Stand For:

***Carbon-neutral electricity** by 2050*

We have committed to making Europe's electricity cleaner. To deliver, we need to make use of **all low-carbon technologies**: more renewables, but also clean coal and gas, and nuclear. Efficient electric technologies in **transport and buildings**, combined with the development of smart grids and a major push in **energy efficiency** play a key role in reducing fossil fuel consumption and making our electricity more sustainable.

***Competitive** electricity for our customers*

We support well-functioning, distortion-free **energy and carbon markets as** the best way to produce electricity and reduce emissions cost-efficiently. Integrated EU-wide electricity and gas markets are also crucial to offer our customers the **full benefits of liberalisation**: they ensure the best use of generation resources, improve **security of supply**, allow full EU-wide competition, and increase **customer choice**.

***Continent-wide** electricity through a coherent European approach*

Europe's energy and climate challenges can only be solved by **European – or even global – policies,** not incoherent national measures. Such policies should complement, not contradict each other: coherent and integrated approaches reduce costs. This will encourage **effective investment to** ensure a sustainable and reliable electricity supply for Europe's businesses and consumers.

EURELECTRIC. Electricity for Europe.

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Introduction

EURELECTRIC supports the establishment of a common framework of rules on how Member States should prepare themselves and cooperate with each other to identify, manage and prevent risks related to security of electricity supply. EURELECTRIC shares the approach adopted by the European Commission according to which measures for crisis management should only be used after all market-based instruments have been exhausted.

This document contains a list of voting recommendations on a selection of key amendments. The following issues are particularly crucial:

Stakeholders' consultation and role of generators

EURELECTRIC believes that TSOs, DSOs and power generators have an essential role to play in maintaining a secure electricity supply and network operability, and reaffirms that seamless cooperation between them is necessary. There should therefore be specific requirements on ENTSO-E to consult directly with generators, as well as with suppliers and other market participants (Article 5.4, 7.1 and 8.2) and not simply "the industry". In fact, they would provide valuable contributions regarding the development of the methodology for the identification of electricity crisis scenarios.

Confidentiality of information

Confidentiality requirements for some scenarios should be taken into account, such as for instance, the one related to malicious attack (Article 10) and other scenarios involving safety rules. Sensitive information can refer to nuclear and hydraulic safety rules, IT security systems, etc. For consistency purposes, the said requirements could also be included in Article 6.1 and 7.1.

Compensation for providing solidarity in case of crisis

The documentation on the assistance provided or received by neighbouring countries should be extended to include also the assistance "prepared" without effective activation. Article 16.2(e) focuses primarily on the consumer's impact of an electricity crisis. However, the economic impact of a crisis on power generators also needs to be fully assessed. This does not only refer to the price of energy but also the impact related to the unforeseen start-up of generation units, dis-optimisation of production or maintenance programs.

Compatibility and consistency with Network Codes

Last but not least, similarities exist between the System Operation Guidelines and this Regulation. This Regulation deals with "crisis scenarios plans", while the Network Code on Emergency and Restoration deals with "national system defence plans". This Regulation includes some detailed procedure to be followed in case of electricity crisis ("risk-preparedness plan"); similar procedures are included in the "restoration plan" of the aforementioned code. There is a need for consistency especially when establishing timelines in the Regulation.

For a more in-depth overview of EURELECTRIC's position on the European Commission's legislative proposal on risk-preparedness, you can find a dedicated paper on EURELECTRIC's website. EURELECTRIC also prepared amendments to the European Commission's proposal.

Amendment	Article	EURELECTRIC recommendation	Justification
Stakeholders' consultation and role of generators			
100	Art. 5.1	Support	EURELECTRIC considers that a two-month period for holding a consultation exercise, analysis of the results, developing and submitting the proposed methodology, is insufficient and would prefer this period to be longer. Amendment 100 proposes a period of 1 year which we support.
99, 103		Reject	
136	Art. 7.1	Support	National electricity crisis scenarios should be consistent with the regional scenarios. The proposal of the Commission states that regional scenarios should be completed within 10 months after the entry into force of the regulation. This time inconsistency does not allow time for the regional scenario to be used as input date for a national one. Moreover, some national scenarios should reflect the national implementation of regional scenarios. Amendment 136 proposes 10 months after adoption of the methodology which we support.
138, 139		Reject	
108, 165	Art. 5.4, Art. 10.1	Support	TSOs, DSOs and power generators have an essential role to play in maintaining secure electricity supply and network operability, and seamless cooperation between them is necessary. They would provide valuable contributions to develop the methodology or a risk-preparedness plan.
107, 110, 111		Reject	
132	Art. 7.1	Support	The experience in terms of risk of crisis is mainly among these stakeholders: TSOs, DSOs and generators. Consistency should be ensured with Emergency and Restoration Network Code.
131, 133, 134, 135, 136, 137, 138, 139		Reject	

Compatibility with Network Code			
34, 35	Recital 5	Support	Detailed rules on emergency arrangements have recently been agreed in the Emergency & Restoration Network Code and EURELECTRIC proposes to establish a review mechanism to ensure that the two texts are consistent and that there are appropriate cross-references to the Code.
129	Art 6.3	Reject	In order to be in line with Emergency and Restoration Network Code, the update should take place every 5 years.
151	Art. 8.2	Support	TSOs, DSOs and power generators have an essential role to play in maintaining secure electricity supply and network operability, and seamless cooperation between them is necessary. They would provide valuable contributions to develop the methodology.
150, 152		Reject	
Confidentiality of information			
101	Art. 5.1	Support	Article 5 should take into account confidentiality requirements required of some scenarios, both regarding their identification and dedicated plan (such as the ones on malicious attacks).
120	Art. 6.1	Support	The same concerns regarding confidentiality to the ones explained above for Article 5.
161	Art. 10.1	Support	A cautious approach should be adopted regarding sensitive information from national and regional scenarios.
176	Art. 10.7	Reject	A cautious approach should be adopted regarding sensitive information from national and regional scenarios.
Compensation for providing solidarity in case of crisis			
181	Art. 11.1.g	Support	The documentation of the assistance provided or received by neighbouring countries should be extended to include also assistant prepared without effective activation (unforeseen start-up of generation units, dis-optimisation of production or maintenance programs).

201, 202	Art. 14.2	Support	To avoid subsequent complication or misinterpretation, the rules regarding this Regulation should be as detailed as possible. Therefore, the exact method for calculating the mentioned compensation should be provided in the Regulation. Possibly in an Annex.
207	Art. 15.2	Support	Relevant market parties should be informed. TSOs, DSOs and power generators have an essential role to play in maintaining secure electricity supply and network operability, and seamless cooperation between them is necessary.
211	Art 15.3, Art. 16.2.e	Support	Coherence with other texts regulating the internal market is welcome.
213, 214, 216	Art. 16.2.d & e	Support	The documentation of the assistance provided or received by neighbouring countries should be extended to include also assistant prepared without effective activation (unforeseen start-up of generation units, dis-optimisation of production or maintenance programs).
214	Art. 16.2.e	Support	Same justification as above.
Priority to prevention measures and market-based solutions			
36, 39	Recital 6	Support	Prevention should be the focus of the regulation. The mitigation of the consequences of a crisis should be considered as a last resort solution, while procedures for crisis management should be settled as much as possible in an ex-ante manner. Priority should be given to market-based solutions.
38	Recital 6	Reject	Undue curtailment of cross-border flows should be avoided.
66	Recital 25	Reject	Priority should be given to market-based solutions.
69	Recital 27	Reject	Priority should be given to market-based solutions.
80, 215	Art.2.2(e), Art. 16.2.e	Support	Undue curtailment of cross-border flows should be avoided. Priority should be given to market-based solutions.
208, 217	Art. 15.2, Art. 16.2. e a)	Support	Non-market measures should be avoided as much as possible.

Governance, ROCs and other elements			
41	Recital 10	Support	System operators, such as TSOs and DSOs are ultimately liable for safe and reliable operation of the system at national level. Competent authorities established as part of this Regulation should involve them in the process.
42, 83	Recital 10, Art. 3.1	Reject	Same justification as above.
47, 48, 55, 61, 64, 117, 127	Recital 13, Recital 13, 16, 19, 23 Art. 6.3	Support	A stepwise regional approach to system operation to optimise regional welfare is key to complete the internal energy market. The Commission's proposal on ROC is overall a good framework to implement such approach. One of the most important tasks for a regional and cooperative decision-making is coordination of security analysis/ adequacy assessments. For more information on this issue, see EURELECTRIC's voting recommendations for the electricity regulation.
54, 81	Recital 15, Art. 2.2.f	Reject	We believe that ROCs' tasks should be built upon the tasks performed by existing Regional Security Coordination Initiatives. Yet, a gradual allocation of the responsibility to regional entities is needed.
58, 60, 65, 140	Recital 17a (new), 18, 24 Art. 7a (new)	Support	Pre-defined mechanisms to provide more precise guidelines to prevent/handle crises as well as principles for compensation schemes are welcome.
71	Recital 29	Support	EURELECTRIC supports the development of a larger, more integrated European electricity market, as harmonised rules will ensure that existing and new electricity connections to very well interconnected third countries will contribute to a higher degree of security of supply in the Internal Energy Market.
84	Art. 3.1	Support	EURELECTRIC supports a period longer than 3 months for Member States to designate the competent authority.
89, 90, 91, 92, 93, 94	Art. 4.1	Reject	Member States to assess all risks related to Security of Supply regularly (in cooperation with ENTSO-E and ROCs).
118, 121, 124	Art. 6.1	Reject	

222, 223, 224	Art. 18	Support	The Regulation must allow well interconnected third countries to maintain the current status of integration in order to ensure the highest degree of risk-preparedness possible in Europe.

EURELECTRIC pursues in all its activities the application of the following sustainable development values:

Economic Development

- Growth, added-value, efficiency

Environmental Leadership

- Commitment, innovation, pro-activeness

Social Responsibility

- Transparency, ethics, accountability

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