

EUROPEAN COMMISSION PUBLIC CONSULTATION ON RISK PREPAREDNESS IN THE AREA OF SECURITY OF ELECTRICITY SUPPLY

Answer Paper
By the ROMANIAN ENERGY CENTER

October 2015, Bucharest



This document has been prepared by the members of the professional association Romanian Energy Center (REC), through the main state owned organisations: *COMPLEXUL ENERGETIC OLTENIA*, *CONPET S.A.*, *ELECTRICA S.A.*, *ROMGAZ*, *TRANSELECTRICA*, *TRANSGAZ*, together with private companies active in the electricity, coal, oil and gas sectors in Romania: *ADREM INVEST*, *CEZ Group Romania*, *E.ON Romania*, *ECRO*, *ENERGOBIT*, *EXIMPROD*, *Institutul de Studii și Proiectări Energetice (ISPE)*, *NOVA INDUSTRIAL*, *NRGSG Tehnik*, *RETRASIB*, *TRACTEBEL ENGINEERING*, *ȚUCA ZBÂRCEA & ASOCIAȚII*.

Romanian Energy Center is organising the Annual Event

Romania ENERGY DAY 2016

on Wednesday 25 May 2016 in Bruxelles (tbc).

The Romanian Energy Center is a professional organization for Romanian energy companies. It is managed and financed by its member companies, mainly the electricity, coal, oil and gas companies at the present, and works to secure for them the freest and most favourable conditions for competition and progress in order to ensure development, growth and well-being in Romania.



EXECUTIVE SUMMARY

Romanian Energy Center (CRE) welcomes the opportunity to respond to the European Commission's public consultation on risk preparedness in the area of security of supply. Members of CRE are fully aware that European electricity markets are experiencing important changes as a result of the European Union's climate and energy policy agenda. The forthcoming review of the Electricity Security Directive will represent a good circumstance to examine whether improvements are necessary to ensure a higher-level of security of supply in the future.

To ensure an increased level of security of supply, more consideration should be addressed the need for infrastructure investments in the energy sector. In this respect energy, flexibility and capacity are of high relevance and have direct impact on the way that power plants, demand response and storage are adequately remunerated.

Long-term adequacy of both electricity and gas transmission and distribution systems is only ensured if system variations are limited and system back-up is functional and available when needed.

REC and its members are in favour of addressing security of supply (SoS) at national level, but more importantly in the regional and the European context, as a natural consequence of the European energy market integration and cross-border trade evolution. In this respect, we believe that adequacy assessment going beyond initiatives of Member States will bring added value. In addition, the approach to risk preparedness plans in the area of SoS should be better integrated at national, regional and European level. However, the physical characteristics of each national network should be further acknowledged.

REC sees the increased need for data exchange and enhanced cooperation between TSOs and DSOs is essential. In the current framework of more integration of smart meters, smart grids, electricity highways, local generation and consumption, both DSOs and TSOs will play a key role in general and in terms of increasing system flexibility in particular. Both should play an active role in the identification of key indicators as well as in the evaluation of risks and identification & design of possible future solutions.

CONSULTATION PAPER

On risk preparedness in the area of security of electricity supply

1. Whilst Directive 89/2005 imposes a general obligation on Member States to ensure a high level of security of supply, the Directive does not specify what measures Member States should take to prevent risks. Would there be an added value in requiring Member States to draw up a plan identifying relevant risks and preventive measures to respond to such risks (risk preparedness plans)?

CRE welcomes the review of the Electricity Security Directive. The European power system has undergone significant change since the Directive was agreed. The analysis whether any improvements are necessary is justified. However, it should be underlined that the European power system continues to provide customers with very high levels of security of supply. In this framework it will be useful to draw up national plans identifying relevant risks but it should be ensured/established some general criteria, rules/ guidelines or maybe a common procedure. Risk preparedness plans should be delivered by DSOs and TSO in each country, in cooperation with government from each country and their National Regulatory Authority (NRA).

We fully support the idea that every country should have responsibilities to elaborate preparedness plans. It is very important that such plans are based on the specific characteristics of the local power system as well as the interconnections with neighbouring systems. One key element is the focus on how interconnectors are operated in emergency situations.

In CRE's views, in each Member State, risk preparedness plans should consider with priority system adequacy assessments. Moreover, we welcome that the definitions of the Risk Preparedness Plans itself would be further clarified.

2. If yes, what should be the minimum requirements such risk preparedness plans should comply with? For instance, should they:

- a. explain the various types of risks?
- b. identify the demand side measures Member States plan to take (e.g., use of interruptible contracts, voluntary load shedding, increased efficiency, energy savings)?
- c. identify the supply side measures Member States plan to take (e.g., increased production flexibility, increased import flexibility)?
- d. assess the expected impact of existing and future interconnections?
- e. identify roles and responsibilities?
- f. identify how Member States co-operate or intend to co-operate amongst each other to identify, assess and mitigate risks?
- g. other elements?

In general terms, most countries already have such kind of plans. They are mostly designed by the TSOs. In our views, ENTSO-E in close cooperation with EURELECTRIC and other interested European energy associations should jointly contribute to the harmonisation of these plans.

2a. Yes. In CRE's views all risk preparedness plans should address the different types of security of supply risks, beginning with system adequacy. Many of these are best addressed at the pan-European level within ENTSO-

E's adequacy reports. National reports are expected to complement at local level, e.g. regarding voltage stability concerns and local supply disruption risks, perhaps involving DSOs' expertise.

2b. Yes. Concerning demand side measures, mid-long term risk preparedness plans should illustrate the available volumes and basic mobilisation conditions. Interruptible contracts, load shedding, and market-based DSM/ DSR capabilities should be distinguished. These are key assumptions for national TSOs prepared as input for the ENTSO-E adequacy reports.

2c. Yes. Regarding supply side measures, risk preparedness plans should describe the available volumes, balancing capabilities, system services reserve margins, etc. These are key assumptions for national TSOs prepared as input for the ENTSO-E adequacy reports.

2d. The impact of future interconnections is very relevant and should be considered with priority. We welcome the use of a model for foreign countries in this respect.

2e. Yes. According to CRE's members, the adequacy planning should encompass Member States, National Regulatory Authorities and TSOs.

2f. Yes. We consider that coordination at regional level in Europe has an important role in risk identification, assessment and mitigation.

2g. Other: We consider important that neighbouring Member States (or from the same synchronous area) should communicate policy decisions with potential impact on security of supply on synchronous area level. In addition, cybersecurity is an important issue and should be carefully addressed.

3. Do you think that it would be useful to establish a common template for risk preparedness plans?

Yes. A template for risk preparedness plans drawn upon actual "good practices" and "lessons learned" would be very useful. It could be part of the adequacy reports structure of ENTSO-E adequacy report.

We fully support the idea and encourage full cooperation in this process of all involved stakeholders, including TSOs, DSOs, generators and suppliers, demand side service providers and last but not least customers.

4. Given that electricity markets are increasingly interlinked, should risk preparedness plans be prepared at the national, regional or EU level?

In CRE's views, the risk preparedness plans should be prepared at national level. Risk preparedness plans are highly dependent on local power system understanding and the characteristics of the existing distribution and transmission systems. However, in order to fully ensure electricity markets conditions and interlinks, regional coordination should be considered as well.

5. Do you see a role for the Commission in assessing these plans? Would you see an added value of having the plans peer reviewed, at a regional or EU level? What role do you see in this context for the Electricity Coordination Group?

The European Commission could bring added value in the process of assessing these plans at EU/regional level. CRE is in favour of ECG having a role in harmonising definitions, common approaches and in elaborating the risk preparedness plans. In addition, ECG could have a key role in the relationship and coordination within the interaction areas between NRAs, TSOs, DSOs and other stakeholders of the Member States involved in defining the risk preparedness plans.

6. What level of transparency should be given to the plans? Who should be informed of what?

CRE's members consider that an appropriate level of confidentiality have to be kept in relationship with the public society, taking into account the sensitivity and the importance of the plan. In our opinion, the existing robust communication between TSOs and NRAs should be maintained and further reinforced.

7. How often should risk preparedness plans be made / be updated? What are the relevant time frames to be covered?

In our opinion the risk preparedness plans should cover 5 years ahead with annual update. Long term projections of more than 10 years, similarly to the system adequacy forecasts by ENTSO-E, could be useful.

8. Given the challenges that DSOs are facing (e.g. integration of renewables, more decentralized systems), should DSOs take an active participation in the assessment of the risks and preparation of the risk preparedness plans? If yes, do you see the need for separate assessments and separate risk plans at the DSO levels? Or do you believe it is more appropriate to ensure an active participation of DSOs in risk assessments and risk preparedness plans covering the entire electricity system?

It is more appropriate to ensure an active participation of DSOs in risk assessments and risk preparedness plans covering the entire electricity system.

DSOs will play a more prominent role regarding the system flexibility, in a framework of development of smart meters, smart grids, smart homes, self-consumption and storage. Moreover, DSOs should play an active role in identifying key indicators, in assessing the risks and providing possible solutions, as part of the electricity system stability plan.

However, there should only be one single risk preparedness plan per TSO. This should include the input of all DSOs within that TSO's control area. Regional coordination and within ENTSO-E structures regarding adequacy forecasts is preferable.

9. Ensuring cybersecurity is an increasingly important aspect of security of supply. What measures should Member States take to protect themselves against possible cyber-attacks or other cyber-related threats? Do you see the need for specific EU rules on cyber security, targeted to the energy field? Given the cross-border nature of cyber security risks, what scope is there for enhancing co-operation (for instance through the exchange of best practices)?

Cybersecurity is of high importance for all stakeholders with regards to improving protection of critical infrastructure in Europe. There is a clear need for EU rules on Cybersecurity addressed to the energy field. CRE's members see cybersecurity as an issue with a strong cross-border component, where European coordination is welcomed.

10. Currently, it appears that in some Member States, detailed emergency plans exist, whereas in others, there are only very summary emergency plans. Should there be an obligation for all Member States to plan for crisis situations, e.g., by including relevant rules and measures in the overall risk preparedness plans?

Emergency plans should be made following the same criteria and rules. The common understanding related to concepts and definitions have to be ensured through the coordination of ECG. We recognise there is a need for an obligation to plan for crisis situations and coordinate these plans with connected systems.

11. If yes, what should be the minimum requirements to be included? For instance, should Member States be required to:

- a. Identify actions and measures to be taken in emergency situations (market and non- market-based)?**
- b. Set out the conditions for suspension of market activities?**
- c. Identify categories of 'protected customers' which, in case of a crisis, should not be subject to a disconnection measure (or only be disconnected by way of a last resort)?**
- d. Establish rules for cost compensation?**
- e. Indicate how they intend to co-operate with other Member States?**
- f. Reflect any other issues in their plans?**

a. There is no need for such measures. However, common definitions for different levels of risks and preparedness at MS level may help common understanding.

b. No. This is an issue addressed by the Network Codes.

c. No. This is an issue addressed by the Network Codes.

d. No. This is an issue addressed by the Network Codes.

e. Yes. RES integration and share increase the key role of cooperation between Member States for issuing risk preparedness plans together with NRAs and TSOs.

f. CRE's members appreciate the need to improve data quality and accuracy of the adequacy assessments. In this respect, considering periodic reporting on decommissioning generation plans (e.g. >100 MW) and 'system-relevant' generator, at least one year ahead could be useful.

12. In relation to risk preparedness, how do you see the roles and responsibilities of:

- **national governments**
- **national regulators**
- **TSO's**
- **DSO's**
- **European bodies such as ENTSO-E, ACER, and the Electricity Coordination Group?**
- **European Commission**
- **other stakeholders, such as consumers?**

CRE fully supports the increasing TSOs - DSOs cooperation and data exchange. We see the role of conceiving the preparedness plan belonging to both TSOs and DSOs and encourage such cooperation for the benefit of the final consumer.

We see National Regulators with the role of endorsing these plans and National governments approving the national plan.

European bodies such as ENTSO-E, ACER, and the Electricity Coordination Group should approve the EU plans, while the EC has the coordination role through ECG at the regional level.

13. Given the fact that many actors are concerned by security of supply issues, would you see an added value in the designation by each Member State of a ‘Competent Authority’, responsible for coordinating security of electricity supply issues at national level?

NRA and TSO are responsible for Security of Supply and Members States should designate them as responsible for coordinating security of supply actions at the national level, with clear roles and responsibilities regarding cooperation at regional level, as well.

14. If it is decided to strengthen regional co-operation on a more structural basis between various players (e.g., when drawing up risk preparedness plans), how should regions best be defined?

Regions should be defined based on market conditions and existing infrastructure. Regional structures are already addressed in ENTSO-E’s current adequacy forecasts, which provides a concrete basis for ensuring a common power system-wide view when reporting on the risk preparedness plan by TSOs.

However, some degree of regional coordination could be beneficial for all stakeholders. Defining regions for security of supply and preparedness plans should not diverge from regions defined for increased cooperation on system operation, transmission grid planning and development and market integration.

* * * * *

Centrul Român al Energiei

Str. Sofia Nr. 6, Etaj 1 • Sector 1 • București • România
Tel +4 021 795 3020 • Fax +4 021 3035 630 • www.crenerg.org, crenerg-events.eu

Romanian Energy Center

Rue Montoyer 23 • B-1000 • Bruxelles • Belgium
office@crenerg.org



The Romanian Energy Center is a professional organization for Romanian energy companies. It is managed and financed by its member companies, mainly the electricity, coal, oil and gas companies at the present, and works to secure for them the freest and most favourable conditions for competition and progress in order to ensure development, growth and well-being in Romania.

