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Submitted to **Mid-term Adequacy Forecast 2018**

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Introduction

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3 What is your organisation?

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Consultation questions

4 What is your opinion on the MAF2018 outcomes and, especially, on the low-carbon sensitivity analysis?

Opinion on the MAF2018 :

EDF would like to thank ENTSO-E for the huge work carried out to produce the MAF and appreciates the efforts made each year to improve the document. Indeed, it provides a global picture of mid-term adequacy forecast. It is an informative exercise though cannot meet all the expectations. EDF therefore considers that it would be useful to examine a scenario where a wider number of generation facilities go out of the market and then consider sensitivity analyses integrating remaining margins, capacity mechanisms, etc. Such results (with both minimally and adequately dimensioned generation fleets) could bring some valuable information, notably on some cross-border aspects.

Concerning the low-carbon sensitivity, EDF proposed last year to build a more consistent vision on mothballing and economic decommissioning, by considering the number of running hours of each technology in the reference scenario and applying a predefined ratio of exit capacity for each technology to determine how much capacity is likely to be exiting the market (e.g. 100% of CCG is likely to exit if the installed capacity of this technology runs less than 500 hours per year in average, 50% is likely to decommission if it runs less than 1000 hours in average, 10% if runs less than 3000h, 0% if it runs more than 4000 hours in average). For 2018's MAF, EDF understands that decommissioning was based on the expertise of TSOs and regrets that the volume of reduced capacity is not based on transparent criteria. EDF also regrets the policy-oriented rationale developed by ENTSO-E to justify decommissioning, i.e. energy transition is the driver for closure decisions. From EDF's perspective, mothballing and decommissioning of existing assets are essentially economic decisions. The ETS price as a decarbonation driver has a major role on those decisions, but today the main driver remains economics.

EDF welcomes the transparency concerning the management of hydro stocks and the management of stocks in general. This is useful to better understand the modelling of markets, and how operational decisions are modelled with respect to the management of resources with limited stocks. EDF notes that additional historical data for hydro was integrated and encourages ENTSO-E to continue, as it will help improve modelling.

5 From your perspective, which would be the most relevant and useful additional methodological improvements or insights for the future MAFs? Please explain in line with the specific needs of your field of activity.

Additional Improvements:

Loss of Load Expectation index (LOLE) does only consider resources "in the DA market" (no strategic reserve or network reserve for example). Therefore, this index does not represent the number of hours where energy is not supplied to consumers (i.e. loss of load) but the number of hours with market stress (i.e. no sufficient resource "in the market" to serve demand). To complete the assessment, it would be interesting to publish an indicator which highlights the number of hours of LOLE after TSOs used all tools at their disposal (strategic reserve, network reserves...). It would also be of interest that ENTSO-E reports on the remaining margin in each area that has no LOLE (before and after relying on emergency measures).

For the MAF 2018, ENTSO-E made a "low-carbon" sensitivity analysis. Even if the MAF's goal is not to assess the economic value of each plant, the next MAF could replace this "policy-oriented" scenario, by another sensitivity analysis where plants would be virtually decommissioned depending on the number of running hours in the reference scenario.

EDF appreciates the effort to further improve the applied methodologies, nevertheless, those improvements must be accompanied by an effort in transparency regarding the used data the insights of the methodology itself. In particular, EDF would appreciate that capacities placed "out of the market" through administrative mechanisms are detailed in the scenarios (even if not taken into account in the reference scenario). Also, the application of a "Flow-Based" (or of any advanced NTC) capacity calculation methodology requires a larger data set that was not reflected in the data published by ENTSO-E.

In EDF's view, before applying a complex "Flow-Based" approach, ENTSO-E should first clarify the way NTCs are defined in the base case scenario, and propose a realistic NTC capacity calculation approach in line with the principles set by the CACM guidelines. Only then could a Flow-Based approach be defined and applied for the whole Europe. By the way, EDF contests the introduction of politically-oriented measures such as "minRAM" or "minimum Cross-Zonal capacity" at specific borders in the MAF, as those measures reflect by no means the capability of the infrastructure to secure the supply of each area, in particular

when their application induces significant needs of redispatching and countertrading.

6 Would you find it beneficial to define a common reliability target – or range - (e.g. LOLE 3 or 5 or h/y) to be used in MAF as a reference? Which reliability target should be used in MAF as a reference?

Reliability Standard:

The definition of reliability target is a prerogative of the Member States. ENTSO-E is not legitimate to set a single reliability target in Europe. Moreover, LOLE does not represent a probability of shortages but a probability of market stress.

EDF acknowledges that the MAF should monitor a limited set of metrics, but does not understand why a common reliability standard would be needed to perform the exercise.

7 Please tell us below if you have additional suggestions or comment?

Other suggestions: