

# Response ID ANON-78DT-5GUG-Y

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

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## Introduction

### 1 What is your name?

**Name:**

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### 3 What is your organisation?

**Organisation:**

Danish Energy

## Consultation questions

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

#### Opinion on the MAF2018 :

Danish Energy welcomes the addition of a low-carbon sensitivity analysis in MAF2018. The low-carbon sensitivity is based on an additional 23.35GW reduction in thermal capacity across Europe in 2025. We find this scenario to be a very likely and in line with both political ambitions and the current market conditions for thermal generation in Europe. Consequently, we interpret the low-carbon sensitivity results as the main outcomes and most probable adequacy estimates for Europe in 2025.

We note that several countries, including Denmark, faces adequacy challenges in 2025 in the low-carbon sensitivity analysis. These outcomes clearly show that further refinement of the current energy-only market is needed to ensure that clear and correct price signals reach market participants.

### 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:

Despite improvements over the years, the MAF methodology still suffers from significant shortfalls that undermines the credibility of the modeling results. Primarily, we would like to see a shift from exogenous assumptions on generation capacity to an endogenous treatment of generation capacity based on modeled market prices. In the current methodology, TSO assumptions on available generation capacity is a main determinant for the generation adequacy results. If a full-fledged marked model is unrealistic, TSOs should at a minimum conduct a market test to see if the thermal generation capacity in 2025 is 'in the money' or not based on the expected market price (spikes).

Secondly, the MAF modeling should be improved to reflect the significant reductions in interconnector capacity made available to the market on some borders. The current methodology uses NTC capacities as the only input to the modeling, despite the fact that significantly less capacity is allocated on some borders. For instance, the interconnections between Denmark and Sweden are reduced below NTC capacity more often than they are not. An improved MAF methodology could include a sensitivity analysis where interconnectors availability is equivalent to the mandatory minimum in the coming Clean Energy Package – most likely a 75 % & target. Without a sensitivity analysis, there is no information on whether reduced transmission capacities will increase the LOLE estimates with 5, 50 or 500 %.

Finally, we applaud the inclusion of a flow-based scenario. We do, however, miss reporting and overall transparency on the inputs and outcomes of this scenario. In none of the documents and appendixes have we been able to find any documentation on interconnector capacities in the flow-based scenario nor any EENS/LOLE reporting on the outcomes of this analysis. We urge TSOs to include this in the final MAF2018.

### 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:**

No comments.

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

#### Other suggestions:

Despite the MAF2018 consultation proximity to Christmas, the Executive Report should not include a wish-list from TSOs and so we suggest to remove the statement requesting European utilities "[...] to announce the (de-)commissioning as well as mothballing plans for 3–5 years ahead. This would result in a clearer picture of the future system conditions and power system evolutions." Privatized generation assets competing in a liberalized market should not be subject to long-term decommissioning announcement and approval rules.