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

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Introduction

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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 :

We welcome the public consultation on the Mid-term Adequacy Forecast 2018 and the possibility to comment it.

As a general observation, we recognize that the MAF publication is now a well-established analysis that improves at every new release. We continue to appreciate the continuous effort of ENTSO-E and the cooperation with national TSOs in order to refine and enhance the report, in terms of quality and quantity of input data, methodologies and models, outputs and considerations.

We appreciate the introduction of the "low-carbon sensitivity analysis". The current debates at European and National level on the energy transition show that scenarios with forced closures of highly CO2 emitting power plants should be taken into account and results properly analyzed and anticipated. Furthermore, scenarios with different levels of accelerated reduction of installed capacity (coal, but also nuclear) should be simulated. In this regard, the contents and policies objectives presented by Member States in the National Implementation Plans, to be issued by the end of the year as required by the Governance Regulation, will have to be taken as a basis for the next edition of the MAF (In the last question of the consultation, we provide some specific comments for countries in which we are present).

Concerning the numerical results provided with the adequacy indicators (EENS and LOLE), we notice, at least for the base case scenarios in 2020 and 2025, a general improvement of the generation adequacy levels. As explained in the Appendix 2 of the report, where country views on the MAF2018 are described, this could be due also to the expected introduction of capacity markets in Member States, the ones approved by the Commission beginning of 2018. In our view, it would be interesting to have a reasoned comparison of the results with respect to the previous year and a "what-if" analysis showing which would be the results in the absence of these capacity markets.

As a last observation, we agree with ENTSO-E that to realize the full potential of the MAF, MAF needs to be complemented by regional and national analyses. Nevertheless, we would appreciate Entsoe to restore, from last year report, some more straightforward sentences, like "the MAF cannot be the sole source for regulatory and/or legislation decisions" and "Hence, the MAF is not meant to replace national assessments; rather, together with regional assessments it should complement national analyses and challenge them in order to enhance the overall quality of adequacy analyses and the corresponding decisions". We want to reaffirm that, in our opinion, the MAF should not be meant to replace national assessments; rather it should complement and challenge them, providing a methodology to be followed by national TSOs.

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:

We think that the simultaneous scarcity events analysis performed in § 2.3 should be extended to all regions. Indeed, in an interconnected system like the European one, these situations can happen and their impacts considered not only in adequacy assessments but also, for example, in capacity market rules concerning the participation of foreign capacity, in particular in cases where double commitments for the same delivery period would be allowed.

The hydro constraints relaxation section (§2.5) should be better explained. The current description lacks of transparency and, considering the impacts shown in figure 20, it would be necessary to better detail and comment.

Regarding the assessment of flexibility as it is proposed in the report (§2.5), as already highlighted in our answer to the MAF 2017 consultation, we would like to have additional details on how it is considered in relation to adequacy. The study correctly highlights the increased need of flexibility in the electricity sector in the next years, due to the further penetration of intermittent renewables in the energy mix. Nevertheless, it is difficult to assess if an eventual lack of flexibility is considered in the simulations and if results in terms of LOLE and ENS are affected by it. Either major details should be disclosed or a clear statement on the fact that the assessment is only done in a qualitative way should be done.

Concerning the analysis of monthballing and permanent closure of power plants, as in the previous editions, the MAF does not take into consideration any economic evaluation on the, endangering its results on security of supply. We reiterate our comment that a simplified analysis, considering the viability in each bidding zone of macro categories of power plants (e.g. OCGT, CCGT, coal, oil, wind, PV, etc...), should be performed. Those analyses should be complemented by national ones in order to better understand possible security of supply issues.

In addition, demand scenarios should take in adequate consideration the effect of the required electrification of consumption in order to achieve European decarbonization goals.

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:

We agree with the representation of results as currently done in the report and we do not think a common reliability target should be defined. Reliability targets should be set at Member State level and they should depend on national specificities.

As highlighted by a study of the European Commission of 2016, "Identification of Appropriate Generation and System Adequacy Standards for the Internal Electricity Market", adequacy standards should be set at Member State level. These values should be based on the evaluation of the VOLL for the different categories of consumers and the costs for additional power generation/network investments necessary to increase the reliability of the system (minimization of the total cost).

In this regard, the recent (October 2018) study published by ACER on the "Value of Lost Load in the electricity supply" goes in the right direction and the proposed methodology could be further developed and be used to calculate adequate estimates of the VoLL for each Member State.

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

Other suggestions:

We would like to address in this section some comments we have on specific Countries in which we are present.

Spain

It is necessary that the MAF improves the sensitivity analysis. Entsoe should include an analysis that shows what would be the impact of political decisions under discussion regarding decommissioning of nuclear or coal. Many countries are having these debates.

In the case of Spain, currently there are roughly 10.000 MW of coal capacity and 7.000 MW of nuclear capacity.

Regarding coal capacity:

- The current version of the MAF shows 5.230 MW of coal capacity in 2020 and 4.660 MW in 2025. But the truth is that the 30th of June 2020 is the deadline to undertake the necessary investments to comply with the Industrial Emissions Directive (IED), and only 3.975 MW of coal capacity (Puentes, Litoral, Los Barrios, Aboño 2 y Soto 3) have announced that will undertake the investments. So MAF should show 3.975 MW of coal capacity in 2020, as well as in 2025.

Regarding nuclear capacity:

- There is a lot of debate about the future of nuclear, and possible decommissioning dates (40, 50 and 60 years of lifetime).
- The Electoral Program of the current government included closure of Nuclear Power plants when reaching 40 years of life span.

The current version of the MAF shows 7.117 MW of nuclear capacity by 2025, what implicitly means that nuclear lifetime is 50 years, but if finally lifetime is limited to 40 years, only 3.040 MW (Asco 2, Vandellos 2 y Trillo) of nuclear capacity will remain in operation by the end of 2025. A conservative analysis on the lifetime of assets may be worth to be considered in the MAF.

As far as RES are concerned, it has been considered an increase of 15 GW of RES from 2020 to 2025 mainly focused in solar PV (11,5 GW) with a very low level of new wind farms (1,7 GW). Most of recent analysis of energy transition in Spain agree on the need to incorporate 40-45 GW of new RES capacity in 2030, that means:

- In 2025 it should be considered an increase of 20-23 GW of new RES (instead of 15 GW).
- There should be a balance between solar PV and wind capacity. It seems not realistic to consider only an annual development of 340 MW of wind capacity additions.

Regarding the "Others non renewable" category, it is being considered 7,57 GW as the level of installed capacity in 2020 but it should be adjusted to 7 GW to take into account the capacity which has reached the end of the lifespan in 2020. Likewise 1,6 GW of CHP will have reached the 25 years in 2025 so, active capacity should remain at 5,4 GW (instead of 8 GW).

Italy

- The low carbon sensitivity analysis should include the case of complete phase-out of coal by 2025, as currently debated in Italy and as foreseen as hypothesis in the Italian National Energy Strategy issued in 2017.
- Concerning the grid development assumed by ENTSO-E and the NTC values reported, some values seem too optimistic both on interconnectors than between Italian zones inside the country. In the first case, it could be due to different assumptions on merchant lines. In the second case, some values are not in line with Grid Plan issued by Terna. In particular:

■ Section Sud – Centro Sud: at 2025, ENTSO-E report additional 900MW with respect to today. We would suggest to align data with terna estimates (+400MW, 380 kV line Deliceto Bisaccia);

■ Section Centro Nord – Nord: at 2025, ENTSO-E report additional 600 MW with respect to today. We think that the value should be changed to 400MW (380 kV line Colunga – Calenzano);

- Offshore wind is highly improbable in Italy.
- The assumptions and the sources on the number of Heat Pumps installed (no HP foreseen in Italy neither in 2025 nor in 2030) should be clarified, in particular with respect to other countries, taking into account that the electrification of the heating sector is one of the levers for the decarbonisation of the heating sector.

Romania

- Nuclear - Two new units are forecasted to be installed in Romania. However, this is expected to happen in 2030/2031 (if everything goes as planned), including

by the Romanian Government. In the tables provided in the MAF report, the 2 units are already included in 2025.

- Solar - In the 2025 projection, it seems that the generation capacity is around 1500 MW, which is not very different than what we is installed today. This is not possible and it should be higher, also considering the recently adopted “prosumer” legislation and the Government incentives for PVs for customers.