

## 17<sup>th</sup> ENTSO-E Advisory Council Meeting

Date: 9 December 2022

Time: 10h00 – 12h45 CEST

Place: Online, MS Teams

### List of participants

#### Advisory Council Members

1	DICKSON, Giles (Chair)	RES Associations – WindEurope
2	BATTAGLINI, Antonella (Vice-Chair)	RGI
3	ALBA RIOS, Juan Jose	EURELECTRIC
4	CHEVILLARD, Naomi	RES Associations – SolarPower Europe
5	LE PAGE, Jérôme	EFET
6	HOLM, Inger Kristin	IFIEC
7	LOFFREDO, Jaume	BEUC
8	WEISS, Arnold	Europex
9	KREUSEL, Jochen	T&D Europe
10	VILLA, Michael	SmartEn
11	VERMAAT, Peter	DSO Associations – EU DSO Entity
12	PETROULA, Theodora	CAN Europe

#### ENTSO-E

1.	LAFFAYE, Hervé	ENTSO-E President
2.	VANZETTA, Joachim	Chair of the Board of ENTSO-E
3.	CORTINAS, Damian	Member of the Board
4.	KAENDLER, Gerald	Chair, System Development Committee
5.	LENCZNAR, Valérie-Anne	Adviser to the ENTSO-E President
6.	TWOHIG, Sonya	ENTSO-E Secretary General
7.	HAESEN, Edwin	ENTSO-E Head of System Development Section
8.	VERSTRAETEN, Christelle	ENTSO-E Head of Communications, Policy and Stakeholder Management
9.	FORESTI, Marco	ENTSO-E Manager, Future Markets

10.	DULIERE, Laure	ENTSO-E Policy & Advocacy Senior Specialist
-----	----------------	---

## iAC Minutes

### 1. Welcome and introduction, approval of agenda of 17th iAC meeting

- After a short tour de table of introduction, the agenda of the meeting was approved.

### 2. ENTSO-E Winter Outlook

- In his introduction statement, the Chair of the ENTSO-E System Development Committee welcomed the good cooperation among TSOs for producing the report as well as the productive communication with stakeholders that facilitated a true holistic view.
- ENTSO-E presented the key conclusions from the Winter outlook report 2022-2023. The adequacy risk is more pronounced this year compared to other winters. The reason for the higher risk is to be found in two additional layers: gas supply scarcity (especially for Poland and Germany) and lack of nuclear energy supply in Sweden, Finland and France.
- An initial assessment was made in October and the final report published on 1 December. A review will be made later in the winter if the situation requires it. This winter is not of a concern with sufficient gas storage capacity. The next winter might be more problematic depending on the gas storage availability.
- iAC Members pointed out that national governments' cooperation is crucial to get through the winter and expressed their strong concern on risks of cuts in cross border capacity. iAC Members advised ENTSO-E to stress the importance of cooperation with the European Commission (EC) and national governments.
- iAC Members also raised the acute need for energy savings and insisted on the importance of the peak demand reduction measures. They asked if the peak demand reductions measures are already reflected in the Winter Outlook report and if the impact of Member States emergency measures on the winter prediction will be monitored by ENTSO-E. Regarding consumers, Members also raised questions on how ENTSO-E will coordinate and enable consumers to shift demand at peak times. Demand side flexibility is part of the solution and Members recommended to apply best practices developed by the EC Smart Grids Task Force.
- ENTSO-E clarified that the association's focus is on the pan-European interconnected network and not on political borders. National governments oversee adequacy. ENTSO-E role is to warn governments about the risk and make recommendation for technical cooperation but deciding on actions are in the realm of governments and policy makers. However, TSOs are prepared to face an energy crisis and will do their utmost to prevent disruptions. ENTSO-E is committed to cooperation, as highlighted in a

[statement](#) published after the ENTSO-E Assembly meeting. ENTSO-E is also active in developing cooperation outside the EU and welcomed Ukrainian and Turkish TSOs as observer members in 2022.

- ENTSO-E highlighted the increasing role of flexibility as also stated in the [Vision Paper](#). Demand side response recommendations by ENTSO-E include lessons learned from the Winter outlook. ENTSO-E is following closely the status of Member States emergency measures.
- iAC members welcomed ENTSO-E work to encourage technical cooperation between Member States and expressed support initiatives with non-EU countries. iAC advised ENTSO-E to reinforce this cooperation.
- On emergency measures, iAC welcomed the actions of ENTSO-E to disseminate best practices and expressed interest for the measures' status monitoring conducted with TSOs.

### 3. Market Design

- ENTSO-E presented its recommendations for an electricity market design supporting a carbon neutral energy system as part of the Vision paper and shared ENTSO-E reflections on the European Commission (EC) non paper policy options.
- In ENTSO-E opinion, the EC non paper goes into the right direction and will strengthen long term signal pricing. Contracts for Differences (CFDs) solutions and facilitation to Power Purchases Agreements (PPAs) are welcome. In general, the new market mechanisms should facilitate well-designed Capacity Remuneration Mechanisms (CRMs). There is a scope to remove barriers to competition behind the meter to better value flexibility.
- iAC Members welcomed the engagement of ENTSO-E in the discussions on market design as well as the clear recommendations. In iAC members' opinion, one should be careful not to confuse market re-design and emergency interventions and measures. The latter should not become permanent, and members expressed concern that national governments should be given too much flexibility in the measures' application. This distinction between market re-design and emergency interventions was also supported by ENTSO-E.
- iAC members and ENTSO-E did however express support for making temporary measures on peak demand reduction permanent to support the emerging role of flexibility solutions. Local flexibility could play a role in balancing the system and creating value for flexibility would be essential in the future market design.
- For the iAC, long term contracts should imply both renewable deployment and long-term flexibility. CRMs should be used to reward flexibility and renewables generation where necessary. iAC members are also carefully watching the ongoing debate on CFDs and called for a clear definition for them. However,

iAC members expressed mixed views on the potential of CfD and identified considerable implications in relation to investments in RES.

- Finally, the exchange also touched upon the role electricity networks system operators in the future market design where ENTSO-E considers its role to continue to facilitate the system development while any new responsibilities should be linked to keeping the system going.
- ENTSO-E thanked iAC members for the observations. ENTSO-E reiterated its vision for a future market that is at the same time more centralised and more decentralised - in a “system of systems” environment with local and European aspects. As part of the discussion regarding the local level, ENTSO-E clarified that “balancing” is a specific term dedicated to system stability issues and is usually not taking place at local level. However, solutions should be found at local level to compensate load and demand balancing by energy communities.
- iAC members concluded the item by welcoming the comprehensive and detailed work done by ENTSO-E on market design. iAC members encouraged ENTSO-E to continue working with policymakers and to ask them to oppose making emergency measure permanent, except for measures on demand response.

## 4. ERAA + TYNDP 2022

- ENTSO-E presented the work on the European Resource Adequacy Assessment (ERAA) and the Ten-Year Network Development Plan (TYNDP) which were welcomed by iAC members.
- The TYNDP 2022 cycle is almost completed. ENTSO-E provided the information necessary to the European Commission to draw the Projects of Common Interest (PCI) list.
- The TYNDP 2024 cycle will include for the first time the offshore network development plans (ONDP). The release of the ONDPs is planned on 24 October 2024, unfortunately too late to be included in the TYNDP scenarios. ENTSO-E will ensure the offshore plans are considered by first gathering information in National Energy and Climate Plans and then update TYNDP 2024. ENTSO-E welcomed the good cooperation with EU DSO Entity for starting the work on TYNDP 2024.
- During the exchanges, participants expressed interest in learning more about the TYNDP scenarios incl. the impact of economic growth, the incorporation of climate targets and the impact of national energy and climate plans (NECPS).
- On ERAA, iAC members concluded the topic by welcoming the new ERAA report, with significant evolution since the previous assessment. Members encouraged ENTSO-E to factor the climate change risk and physical resilience in their work.

## 5. Update on iAC ToR Review

- ENTSO-E Secretary General thanked all members for their engagement and support to ENTSO-E over the years explaining there the iAC will be replaced by an External Advisory Group in 2023. iAC Members will be informed directly with separate letter to be issued.
- The Secretary General reminded that the AC was formed in 2015. The current Council's mandate closes at end of 2022.
- The ENTSO-E President thanked iAC members for the active and stimulating discussion during meetings. The timing of the ToR review is also adequate in the light of the new leadership in ENTSO-E, to be elected next year. The Chair of the Board also thanked the iAC for their contribution to ENTSO-E mission in providing a comprehensive view of the issues.
- iAC Members thanked ENTSO-E for the strong spirit of openness, but also voiced their preference to have been involved in the review and expressed their interest in receiving the revised ToR document once approved by the ENTSO-E Assembly. ENTSO-E clarified that during the review of the ToR, there was a discussion with the iAC Chair and Vice Chair in order to seek their views on the proposed changes.
- The iAC Chair thanked all participants and closed the call