PENTALATERAL ENERGY FORUM

A regional approach towards an integrated market and common adequacy assessment

DG COMP WG on Generation Adequacy, 22 Jan 2015
Pentalateral Energy Forum

= Intergovernmental initiative between BE-NE-LUX-FR-DE-AT-CH...

... whereby Ministers of Energy give political backing to a process of regional integration ...

... as an intermediate step towards EU energy market ...

... close involvement of TSOs, NRAs, PXs and market parties ...

... Benelux-secretariat to assure continuity of the process...
... Pentalateral market integration
Political Declaration (June 2013)

Two major workstreams:

1. Market integration
   - Flow Based Market Coupling
   - Cross Border Intraday Market Coupling

2. Security of supply
   - Pentalateral adequacy study by TSOs
   - Developing a common approach to security of supply in the region
Penta adequacy study

- Start: early 2014 - delivery December 2014
- Horizon: 2015/2016 and 2020/2021
- Close cooperation between regional TSOs
- CWE markets already deeply integrated
- Implementing a new, advanced methodology
Penta adequacy study: new elements

• Extensive cooperation between regional TSOs
• Probabilistic market modelling
• Using improved weather data
• Complementing national adequacy assessments
• Taking into account the role of interconnectors
• Regular feedback/discussion with governments, EC, regulators and market parties
Results and lessons learned

- Role of interconnections is already essential today
- Confirmation of adequacy concerns found in national assessments
- Cooperation/coordination (data and knowledge exchange) between regional TSOs on adequacy can be very fruitful
- Current level of cooperation and integration needs to be further increased to solve adequacy concerns
Challenges

• Further refinements in the modelling are needed
• How to involve demand side response?
• Develop a common understanding on adequacy indicators
• Penta adequacy study is not a template but can serve as guidance to other regions
• ...and will be a stepping stone to further work in ENTSO-E
• Penta adequacy study is a crucial first step towards a regional security of supply approach
Identified next steps in penta process

• Further improvement of the adequacy assessment methodology
• Enhanced coordination between TSOs in the region
• Analysis of the interaction between CRMs (capacity mechanisms), i.e. cross border participation
• Introduction of the flow based methodology (go live May 2015)
Next phase: issues to be considered

- ‘No regret options” for market improvements
  - Develop demand side
  - Intraday and balancing markets
  - Flexibility
- Refine future model of TSO cooperation in delivering security of supply
- Clarify the role of a common adequacy criterion or common indicators
- Political alignment within Energy Union process
Thank you
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