

OPINION No 01/2023
OF THE EUROPEAN UNION AGENCY
FOR THE COOPERATION OF ENERGY REGULATORS

of 31 January 2023

ON THE ENTSO-E WINTER OUTLOOK 2022-2023

THE EUROPEAN UNION AGENCY FOR THE COOPERATION OF ENERGY REGULATORS,

Having regard to Regulation (EU) 2019/942 of the European Parliament and of the Council of 5 June 2019 establishing a European Union Agency for the Cooperation of Energy Regulators¹, and, in particular, Article 4(3)(b) thereof,

Having regard to Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity² and, in particular, Articles 30(1)(m) and 32(2) thereof,

Having regard to Regulation (EU) 2019/941 of the European Parliament and of the Council of 5 June 2019 on risk-preparedness in the electricity sector³ and, in particular, Article 9(2) thereof,

Having regard to the favourable opinion of the Board of Regulators of 25 January 2023, delivered pursuant to Article 22(5)(a) of Regulation (EU) 2019/942,

Whereas:

1. INTRODUCTION

- (1) This Opinion concerns the seasonal adequacy outlook report for winter 2022-2023 (Winter Outlook 2022-2023), carried out by the European Network for Transmission System Operators for Electricity (ENTSO-E) and published on 1 December 2022 (the [Report](#)).

¹ OJ L 158, 14.6.2019, p. 22.

² OJ L 158, 14.6.2019, p. 54.

³ OJ L 158, 14.6.2019, p. 1.

- (2) ENTSO-E submitted the Report to ACER for its opinion. ACER considers it appropriate to issue this Opinion in light of increased security of supply risks following the Russian invasion of Ukraine which has further increased the importance of a robust adequacy assessment for this winter and for the seasons ahead.

2. LEGAL FRAMEWORK

- (3) Pursuant to Article 30(1)(m) and Article 32(2) of Regulation (EU) 2019/943, ENTSO-E shall carry out and adopt seasonal adequacy assessments, and submit them to ACER for an opinion. These seasonal adequacy assessments shall be carried out in line with the methodology for short-term and seasonal adequacy assessments (the STSAA methodology⁴) and include a winter and a summer adequacy assessment, as specified in Article 9(2) of Regulation (EU) 2019/941.
- (4) Article 4(3)(b) of Regulation (EU) 2019/942 states that ACER may provide opinions on ENTSO-E's seasonal adequacy assessments, taking into account the objectives of non-discrimination, effective competition and efficient and secure functioning of the internal market for electricity.

3. ASSESSMENT OF THE REPORT

- (5) As Russia's aggression against Ukraine has continued, fuel supply risks combined with drought over summer and low nuclear availability provided a particularly challenging backdrop for this year's winter outlook report.

3.1. Outlook preparation

- (6) ACER appreciates ENTSO-E's agile approach developing the outlook, including the creation and sharing of preliminary results with the Electricity Coordination Group ('ECG') since March 2022. In this fast evolving context, sharing of interim results will remain important for the ECG members in 2023 allowing them to anticipate the challenges ahead in a timely manner.
- (7) ACER also welcomes the regular working-level exchanges with ENTSO-E's drafting team, and trusts that this collaborative practice will continue in 2023.

3.2. Additional analyses

- (8) ACER welcomes ENTSO-E's efforts to reflect on the extraordinary circumstances by providing sensitivities (alternative scenarios to the most likely reference scenario) as well as analyses of critical gas volumes needed for electricity generation. These additional analyses provide useful insights for a broad range of stakeholders, in particular decision-makers. As the energy landscape is expected to evolve at fast pace,

⁴ See Annex I to [ACER Decision No. 08/2020](#) of 6 March 2020 on the methodology for short-term and seasonal adequacy assessments.

ENTSO-E should be ready to adapt these additional assessments to the changing circumstances, so they remain policy-relevant.

3.3. Methodology

- (9) ACER notes the delay in the implementation of certain components of the STSAA methodology highlighted in ACER's previous opinion ([Opinion 07/2021](#)). ACER understands from ENTSO-E that this is partly due to the new challenges to short-term security of supply following the invasion of Ukraine, and that ENTSO-E is finalising the implementation of the STSAA methodology in line with ACER's recommendations. In particular, ACER highlights two key outstanding elements:
- i. Implementation of flow-based modelling.
 - ii. Sensitivity analysis considering an exhaustive list of all non-market based measures beyond strategic (or similar) reserves.

3.4. Cross-border capacities

- (10) ACER agrees with ENTSO-E that the interconnected European electricity system is a key resource for adequacy. Maximising cross-border exchange capacity for the coming winter months is essential to fully exploit this potential.
- (11) ACER recognises that some Member States may be more exposed to adequacy risks than others, and that some TSOs may have to constrain cross-border capacity available for day-ahead and intraday trading to varying degrees to maintain operational security. This may amount to a legitimate mitigation measure aiming at the safe operation of the system under Article 23 of Commission Regulation (EU) 2015/1222.⁵
- (12) However, the adequacy assessment in the reference scenario (the most likely base scenario) as well as in the additional sensitivity scenarios considered 'no net exports' for a Member State throughout the winter period. In ACER's view, a permanent net zero export assumption stretches this type of mitigation action to its limits. In the context of an adequacy assessment, 'no net exports' means that the TSO - providing this input - expects extreme and prolonged operational security problems requiring it to fully constrain export capacity for each and every of the 2,904 hours of the winter period.
- (13) ACER considers that such extreme assumption in the reference scenario is neither efficient nor realistic. It ignores the fact that the need to deploy mitigation measures - such as capacity constraints - is not likely to be constant throughout an extended period of time. It is also not consistent with the STSAA methodology, according to which

⁵ OJ L 197, 25.7.2015, p. 24.

maximum exchange capacity constraints should take into account variability in time e.g.: working day and not working day, day and night, etc.⁶

- (14) The reference scenario should reflect the most likely future state of the European power system, providing the grounds to plan and prepare an optimised and coordinated response. On the other hand, extreme ‘what if’ sensitivity scenarios aim to anticipate unlikely yet still possible outcomes. The net zero export assumption seems to correspond to a ‘what if’ scenario, rather than to a reference scenario.
- (15) The assumptions for the reference and the sensitivity scenarios should be clearly separated. Only a clear delineation can provide more transparency to the outlook and clarity to its results and as such, effectively help the TSOs and other relevant stakeholders to take informed decisions to ensure security of supply.

4. CONCLUSION

- (16) Section 4 sets out ACER’s assessment of the Report taking into account the extraordinary circumstances, the STSAA methodology and the recommendations from our previous opinions. In summary:
 - i. ACER welcomes ENTSO-E’s efforts to expand the scope of analysis and take a more agile approach in response to the uncertainties posed by Russia’s invasion of Ukraine;
 - ii. ACER agrees with ENTSO-E that efficient market integration and pooling of resources are key for adequacy support this winter. In general, resource-sharing in the spirit of EU energy solidarity is a key element supporting the resilience of the European power system;
 - iii. There should be a clearer distinction between assumptions for the reference and the sensitivity scenarios. In particular, extreme situations that do not correspond to the most likely expected outcome for a given season belong to ‘what if’ sensitivity scenarios, rather than to the reference scenario. Such a clear delineation would enhance transparency of the assessment and clarity of the results, contributing to efficient decision-making,

HAS ADOPTED THIS OPINION:

1. ACER considers that the Report is broadly consistent with the objectives listed in Article 4(3)(b) of Regulation (EU) 2019/942.
2. Future seasonal assessments should appropriately take into account ACER’s comments and recommendations provided in this Opinion.

⁶ [STSAA](#) Annex I, point 36.

This Opinion is addressed to ENTSO-E.

Done at Ljubljana, on 31 January 2023.

- SIGNED -

For the Agency
The Director
C. ZINGLERSEN