

European Commission proposal for a Regulation on Risk-Preparedness in the electricity sector

EURELECTRIC proposals for amendments

June 2017

EURELECTRIC is the voice of the electricity industry in Europe.

We speak for more than 3,500 companies in power generation, distribution, and supply.

We Stand For:

Carbon-neutral electricity by 2050

We have committed to making Europe's electricity cleaner. To deliver, we need to make use of **all low-carbon technologies**: more renewables, but also clean coal and gas, and nuclear. Efficient electric technologies in **transport and buildings**, combined with the development of smart grids and a major push in **energy efficiency** play a key role in reducing fossil fuel consumption and making our electricity more sustainable.

Competitive electricity for our customers

We support well-functioning, distortion-free **energy and carbon markets** as the best way to produce electricity and reduce emissions cost-efficiently. Integrated EU-wide electricity and gas markets are also crucial to offer our customers the **full benefits of liberalisation**: they ensure the best use of generation resources, improve **security of supply**, allow full EU-wide competition, and increase **customer choice**.

Continent-wide electricity through a coherent European approach

Europe's energy and climate challenges can only be solved by **European – or even global – policies**, not incoherent national measures. Such policies should complement, not contradict each other: coherent and integrated approaches reduce costs. This will encourage **effective investment** to ensure a sustainable and reliable electricity supply for Europe's businesses and consumers.

EURELECTRIC. Electricity for Europe.

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Amendment Proposals

Text proposed by Commission

Amendment proposal by EURELECTRIC

Amendment 1

Recital (5)

(5) The System operation guidelines and the Network code on emergency and restoration constitute a detailed rulebook governing how transmission system operators and other relevant actors should act and cooperate to ensure system security. These technical rules should ensure that most electricity incidents are dealt with effectively at operational level. This Regulation focuses on electricity crisis situations that may have a larger scale and impact. It sets out what Member States should do to prevent such situations and what measures they can take should system operational rules alone no longer suffice. Even in crisis situations, however, system operation rules should continue to be fully respected.

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Justification

Similarities exist between the System Operation guidelines and this Regulation, for instance:

- This Regulation deals with the establishment of ‘crisis scenarios plans’ both at regional and at national levels. The Network Code on Emergency and Restoration deals with ‘[national] System defence plans’ with consultation between countries.*
- The content of the ‘risk-preparedness plan’ outlined in this Regulation includes some detailed procedures to be followed during an electricity crisis. Similar procedures are already included in the ‘restoration plan’ of the Emergency and Restoration code.*

Amendment 2

Article 3 – paragraph 1

1. As soon as possible and by [OPOCE to insert exact date: three months after entry into force of this Regulation] at the latest, each Member State shall designate a national governmental or regulatory authority as its competent authority in charge of carrying out tasks set out in this Regulation. Competent Authorities shall cooperate with each other for the purposes of this Regulation.

1. As soon as possible and by [OPOCE to insert exact date: **six** months after entry into force of this Regulation] at the latest, each Member State shall designate a national governmental or regulatory authority as its competent authority in charge of carrying out tasks set out in this Regulation, **taking into account the responsibilities of transmission system operators and distribution system operators for reliable power system operation.** Competent Authorities shall cooperate with each other for the purposes of this Regulation.

Justification

The three month time period proposed by the Commission for the designation of a competent authority is too short, especially if a new entity is to be created.

Operators, such as TSOs and DSOs are ultimately liable for safe and reliable operation of the system at national level. Competent authorities established as part of this Regulation should involve them adequately in the process.

Amendment 3

Article 5 – paragraph 1

1. By [OPOCE to insert exact date: two months after entry into force of this Regulation], ENTSO-E shall submit to the Agency a proposal for a methodology for identifying the most relevant electricity crisis scenarios in a regional context.

1. By [OPOCE to insert exact date: two months after entry into force of this Regulation], ENTSO-E shall submit to the Agency a proposal for a methodology for identifying the most relevant electricity crisis scenarios in a regional context. **The methodology shall describe specific procedure for scenarios involving sensitive information and shall take into account the plans established under the Network Code on Emergency and Restoration.**

Justification

Confidentiality requirements of some scenarios should be taken into account, both regarding their identification and dedicated plan, such as for instance, the one related to malicious attack (see Article 10(7)) and other scenarios involving safety rules. Sensitive information can refer to nuclear and hydraulic safety rules, IT security systems etc.

See the Justification for Amendment proposal 1 for Recital (5) regarding the need of consistency between this Regulation and Network Code on Emergency and Restoration.

Amendment 4

Article 5 – paragraph 4

4. Before submitting the proposed methodology, ENTSO-E shall conduct a consultation exercise involving at least the industry and consumer organisations, distribution system operators, national regulatory authorities and other national authorities. ENTSO-E shall duly take into account the results of the consultation.

4. Before submitting the proposed methodology, ENTSO-E shall conduct a consultation exercise involving the **generators, suppliers and other market participants (such as balancing responsible providers, storage providers etc.)**, consumer organisations, distribution system operators, national regulatory authorities and other national authorities. ENTSO-E shall duly take into account the results of the consultation.

Justification

The TSOs, DSOs and power generators have an essential role to play in maintaining secure electricity supply and network operability, and seamless cooperation between them is necessary.

There should therefore be a specific requirement on TSOs to consult directly the generators, the suppliers and other market participants (such as balancing responsible providers, storage providers etc.) and not simply “the industry”. In fact, they would provide valuable contributions regarding the development of the methodology for identifying electricity crisis scenarios.

Amendment 5

Article 6 – paragraph 1

1. By [OPOCE to insert exact date: ten months after entry into force of this Regulation] and on the basis of the methodology adopted pursuant to Article 5, ENTSO-E shall identify the most relevant electricity crisis scenarios for each region. It may delegate tasks relating to the identification of regional crisis scenarios to the regional operational centres.

1. By [OPOCE to insert exact date: ten months after entry into force of this Regulation] and on the basis of the methodology adopted pursuant to Article 5, ENTSO-E shall identify the most relevant electricity crisis scenarios for each region. ***Scenarios involving sensitive information shall be defined according to the specific procedure described in the methodology.*** It may delegate tasks relating to the identification of regional crisis scenarios to the regional operational centres.

Justification

Confidentiality requirements required of some scenarios should be taken into account, both regarding their identification and dedicated plan. This amendment is for consistency purposes.

Amendment 6

Article 6 – paragraph 3

3. ENTSO-E shall update the scenarios every three years, unless circumstances warrant more frequent updates

3. ENTSO-E shall update the scenarios every **five** years, unless circumstances warrant more frequent updates

Justification

To be in line with Emergency and Restoration Network Code.

Amendment 7

Article 7 – paragraph 1

1. By [OPOCE to insert exact date: ten months after entry into force of this Regulation], Member States shall identify the most relevant electricity crisis scenarios at the national level.

1. By [OPOCE to insert exact date: ten months after entry into force of this Regulation], Member States shall identify the most relevant electricity crisis scenarios at the national level, ***with at least the direct involvement of national distribution, transmission system operators, and generators. Scenarios involving sensitive information shall be defined according to the specific procedure described in the methodology developed by ENTSO-E. The identification of crisis scenarios at national level shall be consistent with System defence plan established in application of Network code on Emergency and Restoration.***

Justification

The national electricity markets are enabled by production facilities, transmission system operators (TSOs) and distribution system operators (DSOs). In this context, EURELECTRIC proposes that national distribution, and generators are all involved in supporting Member States in the process of identifying the most relevant electricity scenarios. The experience in term of risk of crisis is mainly among these stakeholders.

Confidentiality requirements required of some scenarios should be taken into account, both regarding their identification and dedicated plan. This amendment is for consistency purposes.

See the Justification for amendment proposal 1 for Recital (5) regarding the need of consistency between this Regulation and Network Code on Emergency and Restoration.

Amendment 8

Article 7 – paragraph 2

2. The crisis scenarios shall be identified on the basis of at least the risks referred to in Article 5(2) and shall be consistent with the regional scenarios identified pursuant to Article 6. Member States shall update the scenarios every three years, unless circumstances warrant more frequent updates.

2. The crisis scenarios shall be identified on the basis of at least the risks referred to in Article 5(2) and shall be consistent with the regional scenarios identified pursuant to Article 6. Member States shall update the scenarios every **four** years, unless circumstances warrant more frequent updates.

Justification

A scenario needs to be updated only if the environment under which it has been established changes. In the natural gas security legislation, the obligation for regular update of risk assessments was changed from two to four years. EURELECTRIC therefore proposes to also increase the obligation for ENTSO-E to update regional crisis scenario from three to four years. If the need arises for more frequent updates then it would be possible as the paragraph later clarifies.

Amendment 9

Article 8 – paragraph 2

2. Before submitting the proposed methodology, ENTSO-E shall conduct a consultation involving at least the industry and consumer, distribution system operators, national regulatory authorities and other national authorities. ENTSO-E shall duly take into account the results of the consultation.

2. Before submitting the proposed methodology, ENTSO-E shall conduct a consultation involving the **generators, suppliers and other market participants (such as balancing responsible providers, storage providers etc.)**, consumer, distribution system operators, national regulatory authorities and other national authorities. ENTSO-E shall duly take into account the results of the consultation.

Justification

TSOs, DSOs and power generators have an essential role to play in maintaining secure electricity supply and network operability, and seamless cooperation between them is necessary. There should therefore be a specific requirement on TSOs to consult directly the generators, the suppliers and other market participants (such as balancing responsible providers, storage providers etc.) and not simply “the industry”. In fact, they would provide valuable contributions regarding the development short term adequacy assessments.

Amendment 10

Article 10 – paragraph 1

1. On the basis of the regional and national electricity crisis scenarios identified pursuant to Articles 6 and 7, the competent authority of each Member State shall establish a risk-preparedness plan, after consulting the electricity and gas undertakings, the relevant organisations representing the interests of household and industrial electricity customers and the national regulatory authority (where it is not the competent authority).

1. On the basis of the regional and national electricity crisis scenarios identified pursuant to Articles 6 and 7, the competent authority of each Member State shall establish a risk-preparedness plan, after consulting the electricity and gas undertakings, the relevant organisations representing the interests of households and industrial electricity customers and the national regulatory authority (where it is not the competent authority). ***Risk preparedness plans should carefully handle the sensitive information of regional and national crisis scenarios. The risk preparedness plan shall take into account the plans established in application of Network Code on Emergency and Restoration.***

Justification

A cautious approach should be adopted regarding sensitive information from national and regional scenarios.

See the Justification for amendment proposal 1 for Recital (5) regarding the need of consistency between this Regulation and Network Code on Emergency and Restoration.

Amendment 11

Article 14 – paragraph 2

2. Where necessary and possible Member States shall offer each other assistance to prevent or mitigate an electricity crisis. Such assistance shall be subject to compensation.

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The Methodology for the calculation of such compensation can be found in Annex.

Justification

To avoid subsequent complication or misinterpretation, the rules regarding this Regulation should be as detailed as possible. Therefore, the exact method for calculating the mentioned compensation should be provided in the Regulation, in an Annex.

Amendment 12

Article 16 – paragraph 2

2. The report shall include at least:

- (a) a description of the event that triggered the crisis;
- (b) a description of preventive, preparatory and mitigating measures taken and an assessment of their proportionality and effectiveness;
- (c) an assessment of the cross-border impact of the measures taken;
- (d) an account of the assistance provided to or received from neighbouring Member States and non-EU countries;
- (e) the economic impact of the electricity crisis and the impact of the measures taken on the electricity sector, in particular the volumes of energy non-served and the level of manual demand disconnection (including a comparison between the level of voluntary and forced demand disconnection);
- (f) any possible improvements or proposed improvements to the risk-preparedness plan.

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- (a) a description of the event that triggered the crisis;
- (b) a description of preventive, preparatory and mitigating measures taken and an assessment of their proportionality and effectiveness;
- (c) an assessment of the cross-border impact of the measures taken;
- (d) an account of the assistance **prepared**, provided to or received from neighbouring Member States and non-EU countries;
- (e) the economic impact of the electricity crisis, **the economic impact on power generators** and the impact of the measures taken on the electricity sector, in particular the volumes of energy non-served and the level of manual demand disconnection (including a comparison between the level of voluntary and forced demand disconnection);
- (f) any possible improvements or proposed improvements to the risk-preparedness plan.

Justification

The documentation of the assistance provided or received by neighbouring countries should be extended to include also include assistance 'prepared' without effective activation.

Subparagraph 16(2)(e) focuses primarily on the consumer impact of an electricity crisis. However, the economic impact on power generators also needs to be fully assessed. This does not only refer to the price of energy but also the impacts related to the unforeseen start-up of generation units, dis-optimisation of production or maintenance programs.

Amendment 13

Article 18

Member States and the Energy Community Contracting Parties are invited to closely cooperate in the process of the identification of electricity crisis scenarios and the establishment of risk-preparedness plans so that no measures are taken that endanger the security of supply of Member States, Contracting Parties or the Union. In this respect, Energy Community Contracting Parties may participate in the Electricity Coordination Group upon invitation by the Commission with regard to all matters by which they are concerned

Member States and the Energy Community Contracting Parties are invited to closely cooperate in the process of the identification of electricity crisis scenarios and the establishment of risk-preparedness plans so that no measures are taken that endanger the security of supply of Member States, Contracting Parties or the Union. In this respect, Energy Community Contracting Parties may participate in the Electricity Coordination Group upon invitation by the Commission with regard to all matters by which they are concerned; ***the same should apply to well interconnected non-EU countries within synchronous areas of the Union.***

Justification

The development of a larger, more integrated European electricity market, as harmonised rules, will ensure that existing and new electricity connections to very well interconnected third countries will contribute to a higher degree of security of supply in the Internal Energy Market. The Regulation should therefore foresee the possibility for well interconnected third countries to maintain the current status of integration in order to ensure the highest degree of risk-preparedness possible in Europe.

EURELECTRIC pursues in all its activities the application of the following sustainable development values:

Economic Development

▶ Growth, added-value, efficiency

Environmental Leadership

▶ Commitment, innovation, pro-activeness

Social Responsibility

▶ Transparency, ethics, accountability



Union of the Electricity Industry - EURELECTRIC aisbl
Boulevard de l'Impératrice, 66 - bte 2
B - 1000 Brussels • Belgium
Tel: + 32 2 515 10 00 • Fax: + 32 2 515 10 10
VAT: BE 0462 679 112 • www.eurelectric.org
EU Transparency Register number: [4271427696-87](https://ec.europa.eu/transparency/regexpert/?s=participations&id=4271427696-87)