

XXXV European Electricity Regulatory Forum

CONCLUSIONS

1. The European Green Deal – what role for the market?

The Forum encourages the Commission to implement the actions as set out in the Offshore Renewable Energy, Energy System Integration and Hydrogen strategies as soon as possible, including the plans to review the Renewable Energy and the Energy Efficiency Directives to make them fit for the increased climate ambition.

The Forum highlights the essential role of the power sector, emphasises the role of energy networks and storage at regional and local level and stresses the importance of further energy system integration including amongst others heating, cooling and transport for cost-effective decarbonisation. The Forum calls on the Commission and Member states to remove barriers for energy system integration including by making energy markets more integrated and ensuring that non-energy price components (e.g. taxes and levies) contribute to decarbonisation across energy carriers including consideration of renewable and low carbon gases.

2. Resource Adequacy

The Forum highlights that a well-functioning market should be the first approach to ensure adequacy before introducing a capacity mechanism and for this purpose, the market reform plans have to be implemented in a timely manner by the Member States.

In case of a need for a capacity mechanism despite the market reforms, the Forum underlines the importance of the related methodologies of the new Electricity Regulation (adequacy assessment, value of lost load, cost of new entry, reliability standard, cross-border participation methodologies). The Forum recalls the importance of consistency between the national and European level and recommends the timely implementation of these methodologies before introducing capacity mechanisms. In this regard, Member States, ACER, NRAs and ENTSO-E should further ensure that there are adequate resources to carry out the implementation work.

3. Bidding zone review and cross-border capacity allocation

The Forum acknowledges the significant effort made by TSOs, NRAs and ACER to prepare the reports on the cross-border capacities available for trade and looks forward to their imminent publications. The Forum urges all parties to continue close cooperation to ensure transparency and to close the gaps in data availability and quality. The Forum takes note of the Commission's position regarding the treatment of third country flows for reporting purposes. The Forum takes note of the fact of the exchanges of electricity with 3rd countries are today's reality and TSOs need to consider them in day-to-day operations.

The Forum urges TSOs to continue the good cooperation with ACER on the Bidding Zone review and highlights the importance of transparency and stakeholder engagement. The Forum acknowledges the importance of a robust technical bidding zone review based on structural congestion, including quantification where possible and a fair weighting of all of the elements that need to be taken into

account during a review including market efficiency and consideration of the experience of those countries that have conducted bidding zone reviews.

4. Regional TSO cooperation – transitioning from Regional Security Centres (RSCs) to Regional Coordination Centres (RCC)

The Forum endorses TSOs' work to efficiently and effectively transform RSCs into RCCs as soon as possible and to expand their tasks in accordance with the legislation.

The Forum encourages TSOs to strive for harmonisation of processes and tools among RCCs across the regions. To this end, the Forum encourages TSOs to consider developing open source tools which can be used by all RCCs.

The Forum recalls that EU tools and entities established pursuant to EU legislation, such as RCCs, are subject to EU governance. RCC members need to comply with EU energy law and must be subject to enforcement of EU law. Nonetheless, the Forum takes note of the Commission's position on the need for proper interfaces and information exchange with 3rd country TSOs, which should be established via contractual framework to ensure operational security in the system. The Forum acknowledges that the secure operation of the European power system requires strong cooperation of both EU and non-EU TSOs.

5. Implementation of the Guideline on Capacity allocation and Congestion Management (CACM GL)

The recent amendments to the procedural provisions of market and system operation guidelines bring necessary clarity and efficiency to the approval process. The Forum calls upon the Commission to ensure a speedy adoption of the amendments.

The Forum acknowledges that there are significant achievements but also delayed implementation processes. It thus underlines that the priority should be given to the ongoing implementation process, avoiding any further delay. However, the Forum recognises that adaptations to the CACM GL are necessary, in order to align with changes brought by the Clean Energy for all Europeans package, and to overcome issues encountered in the implementation process. While main policy objectives would remain unchanged, amendments would aim at fostering the implementation, improving the CACM GL's clarity and efficiency.

The Florence Forum supports the planning proposed by EC and ACER for amending the CACM GL.

6. Update on implementation other network codes and guidelines, including planning for amendment

The Forum underlines that the network codes' and guidelines' implementation remains the priority in the next years and that further effort is needed to avoid unnecessary delays with methodologies and to foster convergent approaches between regions and Member States. Complexity and scale of change needs to be understood when setting clear deliverables and responsibilities, which need to be defined both for efficient implementation and possible enforcement. Notably as regards regional methodologies, transparency on the causes and extent of delays should be increased. In case of

serious implementation issues, all solutions should be explored with relevant parties mitigating the need for enforcement action which may be required.

The Forum recognises that limited adaptations to network codes and guidelines may be required as a result of the changes brought by the Clean Energy for all Europeans package, notably in the CACM and System Operation GLs, based on the experience gained so far and aiming at fostering their implementation but without changes to main policy objectives. Changes to the grid connection codes notably to address the specific situation of offshore generation and of energy storage may also be required, taking due account of contributions from ENTSO-E, ACER and the stakeholder committee.

7. Status update on interoperability requirements for data access and exchange of data and the Delegated Act on Cybersecurity

The Forum takes good note of the launching by the Commission of the preparatory phase for the development of the implementing acts on data interoperability, and of the wide stakeholder engagement ensured from the onset of this activity. The Forum invites the Commission to deliver an update on the progress with these implementing acts at its next meeting. Consistency with existing standards should be strived for to the extent possible.

The Forum highlights the importance of cybersecurity in the energy sector, welcomes the good work of the (informal) drafting team and looks forward to the next steps in preparing and then, in due time, adopting the Network Code.

8. Building collaboration between ENTSO-E and EU DSOs

The Forum underlines the importance of cooperation between DSOs and TSOs on both operation and planning of their networks and takes note of the cooperation already in place between ENTSO-E and DSOs and of the results already achieved. The Forum calls for the need to reinforce this cooperation in a more structured way at European Level, in line with the Electricity Regulation.

In this context, the Forum welcomes the upcoming establishment of the EU DSO entity and highlights now the need to finalise the remaining stages for establishing EU DSO entity. The Forum also invites ENTSO-E and the future EU DSO entity to report on the implementation of the Memorandum of Understanding for cooperation and the DSO Entity on the working methods and progress of the EU DSO entity at its next meeting.

9. Looking ahead: Market design for flexibility

The Forum acknowledges the need for an efficient use of flexibility at all grid levels. The Forum considers that preference should be given to market-based procedures for the procurement of flexibility, where suitable. The Forum agrees that regulatory gaps for the development of demand side flexibility exist and should be addressed in a timely manner. The Florence Forum stresses the need to ensure that any new rules are well integrated in the entire EU market system.