



Union Française de l'Électricité

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UFE's opinion on ENTSO-E's proposal for a Methodology for calculating the Value of Lost Load, the Cost of New Entry and the Reliability Standard

UFE welcomes the opportunity to comment on ENTSO-E's methodology proposal which is of key importance when it comes to security of supply policy objectives.

From a general standpoint, UFE acknowledges ENTSO-E's efforts to propose a detailed methodology but underlines that the calculation of the CONE and the VoLL necessarily involves uncertainties (which should be properly taken into account, e.g. by providing ranges rather than single values) and even subjectivity, which is also why Member States are legitimate when expressing their will to keep a certain leeway. **UFE thus considers that the methodology should define generic principles that ensure a reasonable harmonization in the way the VoLL, the CONE and the reliability standard are defined, in order to comply with the Electricity Regulation requirements without being overly prescriptive nor giving the false appearance of scientific exactness.**

Concerning the calculation of the VoLL, UFE welcomes ENTSO-E's proposal to define - at least for domestic and tertiary sectors - the VoLL thanks to surveys using the consumers' "willingness to accept", defined as a compensation in exchange for the reduction of their security of supply, rather than on their "willingness to pay", which is an even more theoretical notion and potentially includes a cognitive bias (as actually the reference point for consumers is - quite logically - a situation where security of supply is ensured, not one where they would have to pay for it).

Furthermore, **UFE considers that the VoLL definition should be based on the averaged VoLL of all categories of consumers**, which broadly reflects the actual consumers likely to be curtailed. Defining the VoLL based on the category of consumers with the lowest VoLL would not be consistent with the physical reality, as in practice TSOs and DSOs are not able to identify the consumers with the lowest VoLL (and they are even less able to target them should an actual curtailment be necessary).

Regarding the CONE determination, UFE considers that all standard technologies which are not banned by European or national regulation should be included in the Reference Technologies. Conversely, this means that the technologies which are banned by



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national regulations or planning could indeed be excluded. Furthermore, the CONE should not only be calculated based on possible merchant investments, as the most appropriate technologies from an overall welfare point of view are not always the ones which would emerge from market signals (not mentioning the fact that there is actually no certainty that capacities would emerge from market signals, which is one of the reason why adequacy assessments are performed in the first place). Besides, UFE considers that network investments in interconnections should also be included in the Reference Technologies, as in some situations they may be the most efficient solution to tackle the adequacy issue (provided that the possibility of simultaneous scarcity situations in neighboring countries is properly taken into account).

Finally, concerning the Reliability Standard itself, **UFE supports the possible derogations from the formula defined in article 17**, as they can allow to better reflect the actual functioning of the system, notably the characteristics of existing plants.