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# UFE's call for increased coordination of security of supply of power across Europe

**UFE calls European Member States to reconsider the consequences of decommissioning national power plants on the resilience of the European power system as a whole and calls for greater coordination of assessment of adequacy across Europe.**

The pressing need for Europe to reduce fossil fuel imports from Russia since the war in Ukraine raises a sharp challenge for European power security of supply, especially in 2024 and 2025. **In this context, several European countries are considering extending the lifetime of powerplants which were planned for early phase out (mainly coal and nuclear).**

Member State policies which have envisaged the decommissioning of around 80 GW of dispatchable power plants in Western Europe by 2035[1] therefore need to be revised. **This revision needs to be carried out soon and in a coordinated way between European member states.**

**Coordination on security of supply of power at European level is essential at all horizons :** in the short-term during this increased period of tension on supply across Europe on other commodities, and in the medium term in order to take into account the increased demand in electricity. In the European Union, the share of electricity in final energy demand is indeed foreseen to grow from 23% to 31% by 2030[2] with a rise in electricity generation from 2,750 TWh in 2020 to about 3,150 TWh in 2030[3].

**In such a context it is essential to provide an updated European outlook on power adequacy. UFE recommends that renewed power adequacy assessments are carried out in the short, medium and long terms, taking into account the interdependency of European power systems, in order to avoid a risk of system inadequacy in many markets without intervention.**

[1] https://www.strategie.gouv.fr/sites/strategie.gouv.fr/files/atoms/files/fs-2021-na-99-approvisionnement-electricite-janvier.pdf , data covering 7 Western and Southern European countries, figures date back to 2019
[2] European Commission Impact Assessment accompanying the communication on the 2030 Climate Target Plan (September 2020), p52.
[3] International Energy Agency, World Energy Outlook 2021, p320

**Ensuring a robust ERAA 2022 assessment in line with the new context**

To this effect, **UFE welcomes the launch of the ERAA 2022 exercise (European Resource Adequacy Assessment) by ENTSO-E on March 9th and its call for evidence on preliminary input data[4].** This European assessment aims at carrying out the second ERAA exercise by the end of 2022.

UFE recalls its position paper[5] highlighting different aspects to improve regarding the forecoming ERAA assessment :

- ensuring that the Economic Viability Assessment (EVA) is properly elaborated in the methodology, implemented in the ERAA modelling framework and used in the scenarios and sensitivities. EVA should transition from a single-year to a multi-year assessment with trajectory needs to be provided, as it is taken into account for investment decisions ;
- reestimating investment risk linked to uncertainties, volatility and more generally complexity of asset management (operations, decommissioning, mothballing, investments) ;
- including higher carbon price levels than those previously used (40€/tCO2 in the main case and 60€/tCO2 in an alternative scenario) given currently EUA prices ;
- **defining sufficient alignment and comparability with national TSOs input data and assumptions, and ensuring their effectiveness.**

ACER's decision to not approve the ERAA 2021 in February 2022 [6] also provided several recommendations concerning the scenarios, methodology and the assumptions of the assessment as well as the need for ERAA to reflect EU's Fit for 55 proposals (and in particular the untapped load flexibility potentials) **and the need for extensive stakeholder engagement.**

**Need for reinforced cooperation regarding security of supply of power across Europe**

**UFE believes that there is a reinforced need to cooperate on resource adequacy concerns across Europe** and the ability of the system to balance power injections and power withdrawals in the renewed context, **and to establish updated adequacy assessments from 2022 to 2035, with a particular focus on 2024 and 2025**.

**More widely, regular adjustments on regional resource adequacy may become structural in the decades to come, with a regular need for Member States to anticipate investments in energy capacities in their countries in line with the 2050 carbon neutral objectives**. In particular, the French government announced a new nuclear and renewable energy programme in February 2022[7].

**UFE welcomes regional initiatives, such as the Pentalateral Energy Forum (PLEF) initiative on Resource Adequacy Assessment (PLEF RAA) which groups national regulators, energy ministries and market participants of seven countries in Central Western Europe and aims at gathering further data and improved methodology on power resource adequacy assessment.**

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[4] https://consultations.entsoe.eu/entso-e-general/eraa2022-call-for-evidence-preliminary-data-inputs/ , consultation closing on April 5th 2022.
[5] https://ufe-electricite.fr/ufe-entso-e-evaluation-europeenne-adequation-ressources-eraa-2021/
[6] https://extranet.acer.europa.eu//Official_documents/Acts_of_the_Agency/Individual%20decisions/ACER%20Decision%2002-2022%20on%20ERAA%202021.pdf
[7] https://www.elysee.fr/emmanuel-macron/2022/02/10/reprendre-en-main-notre-destin-energetique Claim back our energy future

**However such regional assessments must enhance and feed into the European ERAA assessment which aims at being the reference adequacy resource assessment in Europe.**

**In turn, ERAA needs to share data, hypothesis and results with Member States across Europe and provide debates, so that a joint effort is undertaken to improve data accuracy and adequacy assessment.**

<u>Need for regular national adequacy assessments</u>

ERAA exercise also needs to be complemented by more specific and regular national resource adequacy assessments. **UFE recommends that European Member States publish regular national power forecasting reports ahead of periods of tension in their countries (low wind, cold spells, increased demand, capacity maintenance…), when the risk of resorting to exceptional power system needs is higher.** Indeed, these reports give an updated picture on the extent to which national power capabilities can respond during stress events or periods.

As an example, **RTE's yearly Winter report**[8] informs the general public regularly on potential security of supply concerns to come, with monthly report updates. These reports detail availability of power plants, in particular nuclear power plants, as well as weather conditions. In particular, RTE recently ajusted to accounts of stress corrosion cracking on nuclear power plants in France.

**These reports will enable Member States to compare methodologies and provide more regular data and analysis to ENTSO-E, which in turn will help assess any resource adjustment which needs to be made at national, regional or European level. It will also enable Member States to justify on a regular basis potential State security of supply supporting measures, in particular capacity mechanisms. UFE recalls that capacity mechanisms respond to adequacy issues in Europe** and stresses that the current situation should confirm their existence, considering that they have a long-term effect on mitigating wholesale prices.

**More widely, all decarbonised solutions need to be considered to help answer adequacy concerns in Europe (flexibility means, demand side response, storage solutions, development of new assets…), and to answer the increased need for electrification.** UFE is currently working on policy recommendations to support the development of decarbonised dispatchable production means in the medium term.

[8] https://www.rte-france.com/analyses-tendances-et-prospectives/les-analyses-saisonnieres
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