



SECRETARIAAT-GENERAAL  
SECRETARIAT GÉNÉRAL

## ***PENTALATERAL ENERGY FORUM***

**A regional approach towards an integrated  
market and common adequacy assessment**

**DG COMP WG on Generation Adequacy, 22 Jan 2015**

# Pentalateral Energy Forum



= Intergovernmental initiative  
between BE-NE-LUX-FR-DE-AT-CH...

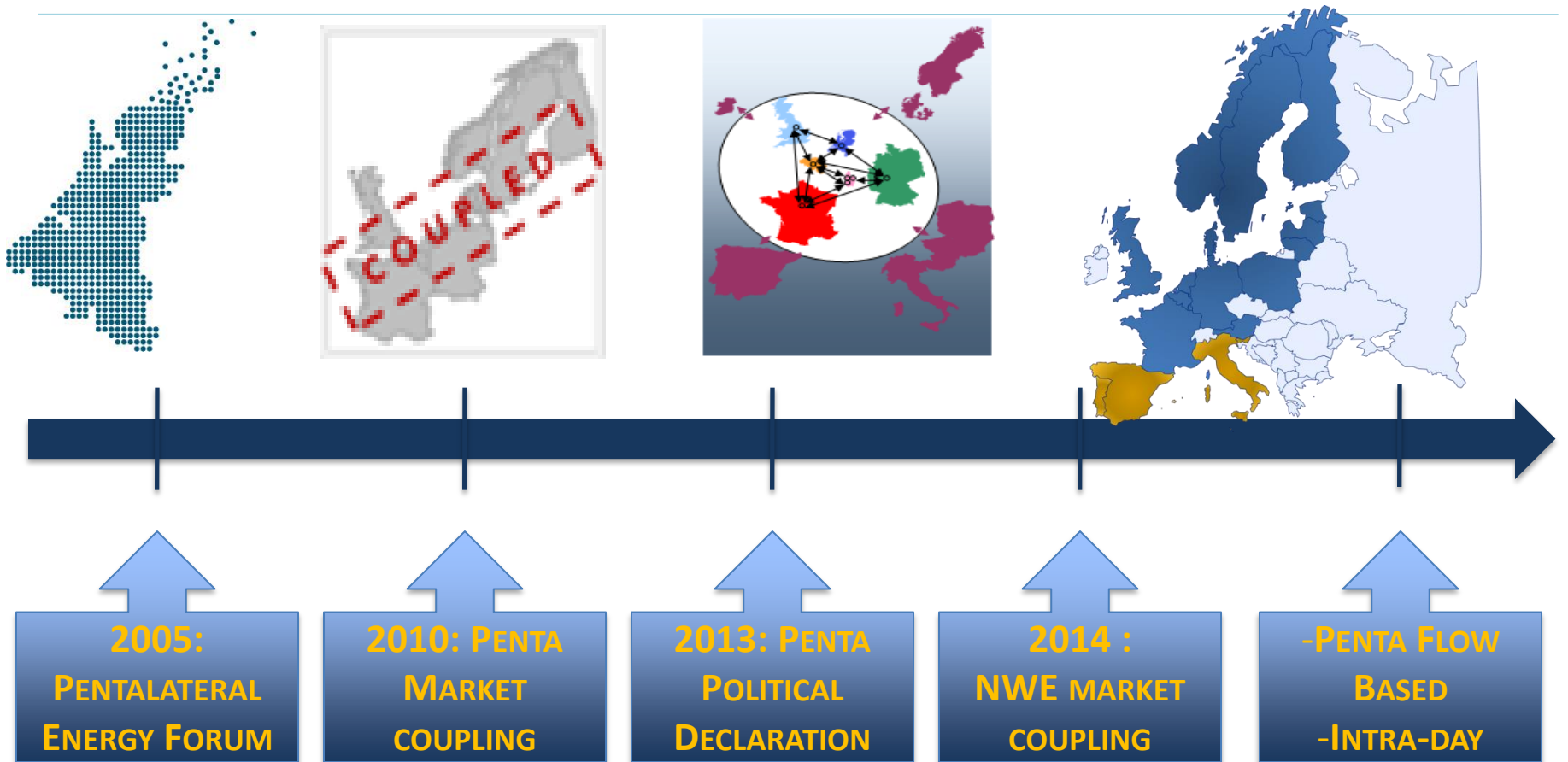
... whereby Ministers of Energy give  
political backing to a process of  
regional integration ...

... as an intermediate step towards  
EU energy market ...

... close involvement of TSOs, NRAs,  
PXs and market parties ...

... Benelux-secretariat to assure  
continuity of the process...

# ... Pentalateral market integration



# Political Declaration (June 2013)

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Two major workstreams:

## 1. Market integration

- Flow Based Market Coupling
- Cross Border Intraday Market Coupling

## 2. Security of supply

- Pentalateral adequacy study by TSOs
- Developing a common approach to security of supply in the region

# Penta adequacy study

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- Start: early 2014 - delivery December 2014
- Horizon: 2015/2016 and 2020/2021
- Close cooperation between regional TSOs
- CWE markets already deeply integrated
- Implementing a new, advanced methodology

# Penta adequacy study: new elements

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- Extensive cooperation between regional TSOs
  - Probabilistic market modelling
  - Using improved weather data
  - Complementing national adequacy assessments
  - Taking into account the role of interconnectors
  - Regular feedback/discussion with governments, EC, regulators and market parties
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# Results and lessons learned

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- Role of interconnections is already essential today
- Confirmation of adequacy concerns found in national assessments
- Cooperation/coordination (data and knowledge exchange) between regional TSOs on adequacy can be very fruitful
- Current level of cooperation and integration needs to be further increased to solve adequacy concerns

# Challenges

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- Further refinements in the modelling are needed
- How to involve demand side response?
- Develop a common understanding on adequacy indicators
- Penta adequacy study is not a template but can serve as guidance to other regions
- ...and will be a stepping stone to further work in ENTSO-E
- Penta adequacy study is a crucial first step towards a regional security of supply approach



# Identified next steps in penta process

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- Further improvement of the adequacy assessment methodology
- Enhanced coordination between TSOs in the region
- Analysis of the interaction between CRMs (capacity mechanisms), i.p. cross border participation
- Introduction of the flow based methodology (go live May 2015)

# Next phase: issues to be considered

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- ‘No regret options” for market improvements
  - Develop demand side
  - Intraday and balancing markets
  - Flexibility
- Refine future model of TSO cooperation in delivering security of supply
- Clarify the role of a common adequacy criterion or common indicators
- Political alignment within Energy Union process

# Thank you

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