



Pentalateral Energy Forum  
Chairpersons Support Group 2  
Attn. Frederik Deloof  
Via e-mail:

Your reference  
Our reference           MPP-2015-00166  
Handled by               Ruud Otter  
Dial-direct               +31 70 311 4366  
E-mail                     rotter@energie-nederland.nl  
Date                       10 March 2015

Subject                    MPP conclusions and recommendations PLEF Adequacy Study

Dear co-chairs,

Already in the 2007 Memorandum of Understanding of the Pentalateral Energy Forum security of supply has been a crucial issue. The action points in the MoU (all to be ready well before 2010) were:

- Develop a regional system adequacy forecast based on all available data
- Develop a harmonised incidents classification for operational use
- Form one TSO cooperation platform for non real time coordination
- Develop a regional grid development plan

So far we have not seen anything around the incidents classification and the regional development plan. Two TSO cooperation platforms have emerged instead of one and we have seen the result of the work on the regional adequacy forecast in 2014.

Although the adequacy study is not “taking all available data” into account (local details are left out) it still is a major step in further integrating the market. Main conclusion of the study is that a regional adequacy assessment gives a better picture of the situation than a country-by-country approach. The momentum with this result should be used to make further steps. We recommend the following:

- Start by improving the quality of the regional adequacy assessment and strive for running it on an annual basis.
- Agree on a regional criterion for market adequacy. Given the inherent uncertainties in any model the differences between e.g. a LOLE of 3, 4 or 5 is in practice very small and to a certain extend arbitrary.



- Include indicators to judge economical aspects of scenarios used in the study, like running hours of power plants.
- The study shows how important market integration is. The conclusion is to increase efforts in the regional integration in order to allow the market to act efficiently and effectively. The operational coordination of TSOs mentioned in the original MoU still form a good basis, but have to be finalised and elaborated.
- Use the regional adequacy assessment as a first step forward in implementing a regional solution to ensure Security of Supply.

For the longer term improvements we recommend:

- Make the process of the adequacy study more transparent and open for market input. Expectations of market parties improves the process as more realistic scenarios can be developed. This will need a process with an iteration with the market.
- Bring all the details of the individual countries in the assessment. There is no reason to use different information in the regional adequacy assessment then would have been used in the national assessments.
- Include network adequacy in the assessment. This has a link with the bidding zones discussion, but will improve the overall view on adequacy.

In 2015 we celebrate the 10th anniversary of the Pentalateral Energy Forum. Together with the implementation of Flow Based market coupling the Regional Adequacy is a major achievement and this should be used to make the next steps in integration.

Yours sincerely,

Ruud Otter

Chairman Market Parties Platform

A copy of this letter has been sent to:

- European Commission, DG Energy
- ACER
- ENTSO-E