

10th Energy Community Security of Supply Coordination Group

Subgroup Electricity (EnC SoS CG SG- Electricity) Meeting

2 July 2021

The European Commission's (EC) representative Gonzalo Fernandez Costa opened the 10th EnC SoS CG SG Electricity meeting, reminding that pandemic crisis challenges to security of electricity supply were overcome thanks to the good preparedness of the electricity system and good coordination among operators and authorities, and highlighting the new challenges and risks ahead to ensure security of supply in the future energy system.

The Energy Community Secretariat's representative Jasmina Trhulj welcomed participants and presented the agenda of the meeting.

Part 1- Security of Supply – Clean Energy Package

The European Commission presented the Risk Preparedness Regulation and its implementation in the EU, in particular the designation of competent authorities (in EU MSs being mainly Ministries, and in few MSs NRAs; few Ministries delegated operational tasks in accordance with Article 3(3)) in January 2020, the adoption of the methodologies under Articles 5 and 8, the drafting of risk-preparedness plans and envisaged final adoption of risk-preparedness plans on 5 January 2022 in line with Article 10(8). The adaptation of Risk Preparedness Regulation with the view to propose it for adoption in the Energy Community in 2021 was presented.

Part 2 – Cybersecurity in Energy

The cybersecurity Framework Guidelines (FG) were presented by ACER's external expert, Øyvind Toftegaard. FG are aimed to facilitate the development of a Cybersecurity Network Code and provide guidance to ENTSO-E and EU-DSO entity for the drafting process. The FG propose cybersecurity requirements for a wide scope of organizations, risk assessment for cross-border electricity flows in the context of cybersecurity, a system for information-sharing, incident and crisis management, and some advanced requirements. The public consultation for the proposed framework guidelines was completed on 29 June 2021, and the final deliverable (to be submitted to the EC by the end of July) is being drafted.

Part 3 – Resource Adequacy and Flexibility

ENTSO-E's Adequacy Manager Alban Joyeau presented the European resource adequacy assessment (ERAA) which will be published in November 2021 and will replace Mid-term Adequacy Forecast (MAF). The main assumptions and adequacy scenarios were presented in detail. The presentation also touched upon economic viability assessment and flow-based modelling, relevant for the Core region.

The Energy Community Secretariat's representative Davor Bajs introduced an upcoming study on flexibility options in Energy Community Contracting Parties. The study should assess existing flexibility potential and flexibility needs in 2030 and 2040 for three RES integration scenarios (baseline, moderate and high RES integration) in each Energy Community Contracting Party. It should recommend an optimal set of solutions, including technologies, policy instruments and regulatory measures. The tender for

consultants is ongoing with closing date of 23 July 2021. The study should be finalized within 8 months, September 2021-April 2022.

Part 4 – Security of Supply – update

Alban Joyeau, ENTSO-E presented the EU summer outlook 2021 with an approach consisting of adequacy (risk) assessment in three steps: expected adequacy under normal market conditions, upon activation of non-market resources, and heuristic investigation. Trends in availability were presented along with adequacy overview and the impact of the 10 June solar eclipse.

Dr. Frank Reyer provided a detailed overview of the ongoing investigations related to the functional and structural background of the separation incident in Continental Europe electricity network from January 8, 2021 and elaborated on the lessons learned and proposed follow-up measures to avoid such events in the future. The importance of regional capacity calculation process was emphasised. The final report will be published in mid-July 2021.

In the round-table exercise, the summer outlook 2021 was presented by all Energy Community Contracting Parties, except Moldova and Serbia.

Albania: Majlinda Despoti, TSO OST, informed that there are no constraints on the transmission grid, the generation facilities are available, and the adequacy is fulfilled. There is an increase in consumption, 14% higher than the previous year. Import is expected to increase in the summer, especially during August and the last days of July. The balancing market was recently opened; however, no significant changes have been observed.

Bosnia and Herzegovina: Nikola Dubajic, ISO NOS BiH, informed that all generation capacities are prepared for the summer. Hydrology is less than the average in the last few years. All hydropower plants are working according to schedule, coal stocks are available, thermal power plants are working normally. The electricity transmission system is working smoothly. The problem of over voltages on the HV network is still present. TSO has some plans to introduce compensation facilities in the next two years; approximately 400 MW capacity will be installed on 4 locations to solve high voltage levels.

Georgia: Margalita Arabidze, Ministry of Economy and Sustainable Development of Georgia, presented that both consumption and production are slightly higher in May-June than in the same period in 2020 and the same trend is expected for the coming months. No security of supply issues are envisaged. Losses in transmission and distribution networks are low due to the undertaken measures in the previous years. In addition to the large number of ongoing renewables (mostly hydropower) projects, two new TPPs (gas-fired), 250 MW each, and a gas storage projects are planned by 2025. The security of supply statement in the electricity sector was adopted in March 2021.

Kosovo: Skender Muqolli, ERO, informed that electricity supply is stable. Coal exploration and level of reserves are as planned. The share of import in last six month was about 15% and of export was about 10% compared to national consumption. Interconnection capacities with Serbia are not allocated for commercial trading. N-1 criterion is fulfilled for entire HV network and ENS caused by the transmission network is significantly reduced. New interconnection with Albania experienced crashes on the Albanian side due to severe weather conditions in the winter 2021. Albanian TSO repaired the poles, and now it is in full operation. Security of Supply statement for Kosovo was submitted. The environmental upgrade of Kosovo B TPP is postponed for 2022-2023.

Montenegro: Milica Deretic, TSO CGES, informed that Montenegrin transmission system is stable and all facilities are functional and prepared for summer season. Maintenance is already done on the coast and in the Podgorica region, and works continue in the northern part of the country. The regular annual overhaul of TPP Pljevlja took longer than planned. Hydropower plants have a decrease in production because of hydrology. There is a planned increase in consumption since the regular tourist season is expected, which is a challenge for the TSO. Piva river hydropower plant will be included in the secondary reserve. Some challenges with balancing could arise in the future if all solar and wind projects which are planned are implemented. Balancing is expected to be improved with the implementation of balancing cooperation within SMM block and the establishment of a regional balancing market.

North Macedonia: Elena Velinova, Ministry of Economy, informed that over the last ten years, production decreased 22% because of numerous defects and interruptions, bad quality of coal, and bad hydrology. The import increased and reached 32%. Consumption is around the same level as in 2020. The transmission and distribution networks are in good condition, and so is all equipment. Transmission losses are below 2%. The losses in the distribution network are the lowest so far. Starting July 1, there is a new price of electricity for a regulated market - electricity price increased 12.5%, but VAT for household customers was reduced from 18% to 5%, due to which the electricity price including VAT is almost unchanged. Shutting down of Bitola power plant will be done in phases (block by block, 2026, 2028, 2030).

Ukraine: Roman Grabchak, TSO Ukrenergo, informed that balancing in summer period of 2020 was complicated due to a decline in consumption, increase in the share of renewables, and in winter period 20/21 due to long repairs on NPP units aimed at extending their lifetime and lack of coal. In the last five years, the capacities of renewables increased by more than 1500%. Some of the measures for ensuring balance in a generation are the use of pumped storage and rescheduling the load of a hydropower plant. The load schedule of NPP was not optimal due to refurbishments planned and scheduled during periods of high demand – missing production from the NPPs is compensated by increased coal-fired TPP production which imposes increased risk in acquiring the stock of coal. The spring-summer period is difficult because of the high generation of renewables. The main challenge is to prepare for the first phase of the isolated mode which will start in the winter.