

**DECISION No 02/2024
OF THE EUROPEAN UNION AGENCY
FOR THE COOPERATION OF ENERGY REGULATORS**

of 8 March 2024

**on the amendment of the methodology for identifying regional electricity
crisis scenarios**

THE EUROPEAN UNION AGENCY FOR THE COOPERATION OF ENERGY
REGULATORS,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) 2019/942 of the European Parliament and of the Council of 5 June 2019 establishing a European Union Agency for the Cooperation of Energy Regulators¹, and, in particular, Article 9(3)(a) thereof,

Having regard to Regulation (EU) 2019/941 of the European Parliament and of the Council of 5 June 2019 on risk-preparedness in the electricity sector², and, in particular, Article 5(7) thereof,

Having regard to the outcome of the consultation with the European Network of Transmission System Operators for Electricity ('ENTSO-E') and the Electricity Coordination Group ('ECG'), in its formation composed only of representatives of the Member States,

Having regard to the outcome of the consultation with the ACER's Electricity Working Group ('AEWG'),

Having regard to the favourable opinion of the Board of Regulators of 7 March 2024, delivered pursuant to Article 22(5)(a) of Regulation (EU) 2019/942,

Whereas:

1. INTRODUCTION

(1) Regulation (EU) 2019/941 of the European Parliament and the Council of the European Union of 5 June 2019 on risk-preparedness in the electricity sector and

¹ OJ L158, 14.6.2019, p. 22.

² OJ L158, 14.6.2019, p. 1.

repealing Directive 2005/89/EC (the ‘Risk-Preparedness Regulation’) laid down a common framework of rules on how to prevent, prepare for and manage electricity crises. This framework includes the development of a methodology for identifying regional electricity crisis scenarios (the ‘methodology’) in accordance with Article 5 of the Risk-Preparedness Regulation.

- (2) Pursuant to Article 5(1) and (7) of the Risk-Preparedness Regulation, the European Network of Transmission System Operators for Electricity (‘ENTSO-E’) is responsible to submit to ACER for approval a proposal for the methodology and as well as proposals for updates and improvements of the approved methodology.
- (3) The present Decision follows from ENTSO-E’s submission of a proposal for the amendment of the methodology for identifying regional electricity crisis scenarios adopted by ACER Decision No 7 of 6 March 2020³; Annex I to this Decision sets out the amended methodology for identifying regional electricity crisis scenarios as decided by ACER.

2. PROCEDURE

- (4) In April 2023, ENTSO-E launched a public consultation for its amendment proposal to the ‘Methodology for identifying regional electricity crisis scenarios’ in accordance with Article 5 of the Risk-Preparedness Regulation. The consultation lasted from 28 April until 30 June 2023. However, following a request from the European Commission, ENTSO-E revised the consulted amendment proposal significantly, and as a result, in November 2023, ENTSO-E launched a second public consultation on its amendment proposal to the methodology in accordance with Article 5 of the Risk-Preparedness Regulation. The consultation lasted from 6 November until 5 December 2023. During the public consultation stakeholders expressed no views on the amendment proposal as published on ENTSO-E’s website.
- (5) On 8 January 2024, ENTSO-E submitted to ACER a proposal for the amendment of the methodology in accordance with Article 5 of the Risk-Preparedness Regulation (the ‘amendment proposal’).
- (6) On 8 January 2024, ACER invited the national regulatory authorities (the ‘NRAs’) and the Member States of the Electricity Coordination Group (‘ECG’), in its formation composed only of representatives of the Member States to submit their comments to the amendment proposal by 15 January 2024.
- (7) ACER cooperated with the Member States, the European Commission, the NRAs and ENTSO-E during the ENTSO-E’s drafting process by providing inputs to the possible

³ https://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Individual%20decisions/ACER%20Decision%20072020%20on%20regional%20electricity%20crisis%20scenarios%20methodology_RPR%20ART%205.pdf

amendments through virtual meetings and electronic exchanges of documents (see section 5).

3. THE AGENCY'S COMPETENCE TO DECIDE ON THE PROPOSAL

- (8) Pursuant to Article 9(3)(a) of Regulation (EU) 2019/942 and Article 5(7) of the Risk-Preparedness Regulation, ACER shall amend, where necessary, and approve the proposal for amendment to the methodology within two months after receiving the amendment proposal from ENTSO-E.
- (9) Since ENTSO-E submitted the amendment proposal in accordance with Article 5(7) of the Risk-Preparedness Regulation, ACER is competent to decide on the amendment proposal according to Article 9(3)(a) of Regulation (EU) 2019/942 and Article 5(7) of the Risk-Preparedness Regulation.

4. SUMMARY OF THE PROPOSAL

- (10) The amendment proposal consists of the following elements:
 - (a) The Recitals section and Articles 1 to 6 (Title 1), which include general provisions on the scope and document structure, definitions and interpretation, requirements for initiating events, cross-border dependencies, regional electricity crisis scenario candidates and regional electricity crisis scenarios, and the obligation to provide information to ENTSO-E and relevant RCCs to support the identification of electricity crisis scenarios and scenario candidates;
 - (b) Articles 7 to 10 (Title 2), which contain methods for the evaluation and ranking of regional electricity crisis scenarios;
 - (c) Articles 11 to 15 (Title 3), which contain the process for the identification of the most relevant regional electricity crisis scenarios, including stakeholder engagement, roles and responsibilities;
 - (d) Articles 16 to 19 (Title 4), which contain the final provisions;
 - (e) Appendix I, on electricity crisis scenario rating scales which includes electricity crisis scenario likelihood scale, electricity crisis scenario impact scale, electricity crisis scenario risk rating, cross border dependency rating and an example of a regional electricity crisis scenario rating;
 - (f) Appendix II, which contains the hazards that could initiate an electricity crisis scenario (initiating events);
 - (g) Appendix III, which summarises the roles and responsibilities defined in Title 3 (Articles 11 to 15) and
 - (h) Appendix IV, on electricity crisis scenario description templates which contains the description of the electricity crisis scenario candidate, the description of

regional electricity crisis scenarios by ENTSO-E, and the evaluation of national impact of the regional electricity crisis scenarios.

5. SUMMARY OF THE OBSERVATIONS RECEIVED BY ACER

5.1. Interaction with ENTSO-E, NRAs and the European Commission

- (11) During the cooperation between ACER, Member States, the European Commission ENTSO-E, and NRAs as referred in paragraph (7) above:
- (a) from 30 June 2023 until 15 December 2023 biweekly virtual meetings were taking place with the European Commission, ACER, and ENTSO-E;
 - (b) before and after ENTSO-E's public consultation, exchange of electronic documents for consideration to and from NRAs and virtual meetings with ENTSO-E took place;
 - (c) electronic exchange of documents for consideration with ENTSO-E, the European Commission and the ECG took place;
 - (d) virtual meetings took place on 18 January 2024 and 22 January 2024 with ACER, NRAs and ENTSO-E and the European Commission, ACER and ENTSO-E;
 - (e) discussion with all NRAs in the framework of the AEWG took place;
 - (f) discussed changes to the amendment proposal (see section 6.4), which ENTSO-E agreed to be necessary for the new approach reflected in the methodology;
 - (g) discussed and agreed necessary editorial changes to the amendment proposal;
 - (h) The AEWG was consulted on ACER's draft Decision between 6 – 14 February 2024 and provided its advice on 16 February 2024 (see section 5.3.).

5.2. Consultation of Member States in the ECG

- (12) Following the consultation of the proposal with the ECG, ACER received no comments from any of the Member States.

5.3. Consultation of the AEWG

- (13) The AEWG provided its advice on 16 February 2024 and endorsed the draft ACER Decision on the amendment of the methodology for identifying regional electricity crisis scenarios.

5.4. Comments from other stakeholders

- (14) ACER received no comments from other stakeholders.

6. ASSESSMENT OF THE PROPOSAL

6.1. Legal framework

- (15) Article 5 of the Risk-Preparedness Regulation sets out the requirements related to the proposal for a methodology, as well the procedure for the amendment of the methodology. In terms of process, before submitting to ACER an updated or improved amendment proposal, ENTSO-E must conduct a public consultation according to paragraphs 5 and 7 of Article 5 of the Risk-Preparedness Regulation. Content-wise, the proposed methodology must identify the electricity crisis scenarios on the basis of specific risk rating, taking into account the elements as defined in Article 5(3) of the Risk-Preparedness Regulation.

6.2. Consultation and submission of the amendment proposal

- (16) Article 5(7) of the Risk-Preparedness Regulation provides that ENTSO-E shall update and improve the methodology in accordance with paragraphs 1 to 6 of Article 5 of the Risk-Preparedness Regulation where significant or new information becomes available.
- (17) Article 5(7) of the Risk-Preparedness Regulation requires ENTSO-E to consult at least the regional coordination centres (RCCs), industry and consumer organisations, producers or their trade bodies, transmission system operators and relevant distribution system operators, competent authorities, regulatory authorities and other relevant national authorities, and to duly take into account the results of the consultation and present them, together with the proposed methodology, at a meeting of the ECG.
- (18) As indicated in section 2(4) above, ENTSO-E conducted two public consultations from 28 April until 30 June 2023 and from 6 November until 5 December 2023. The amendment proposal and the results of the consultation were presented during the ECG meeting on 6 December 2023. In addition, ENTSO-E regularly informed and consulted ACER and the NRAs. No views were expressed by stakeholders during the public consultation in the drafting of the amendment proposal as submitted to ACER and published on ENTSO-E's website.
- (19) Therefore, ENTSO-E fulfilled the requirements of Article 5(5) and (7) of the Risk-Preparedness Regulation regarding the involvement of stakeholders.

6.3. Required content of the amendment proposal

- (20) Article 5(2) of the Risk-Preparedness Regulation requires that the proposed methodology identifies electricity crisis scenarios in relation to system adequacy, system security and fuel security on the basis of at least the following risks: (a) rare and extreme natural hazards; (b) accidental hazards going beyond the N-1 security criterion and exceptional contingencies; and (c) consequential hazards including the consequences of malicious attacks and of fuel shortages.

- (21) The amendment proposal meets the requirements of Article 5(2) of the Risk-Preparedness Regulation as it identifies electricity crisis scenarios in relation to system adequacy, system security and fuel security on the basis of at least the risks referred to in Articles 3 (Requirements for initiating events), and in Appendix II ('Hazards that could initiate an electricity crisis scenario (initiating events)') of the amendment proposal.
- (22) In this regard, the amendment proposal also meets the requirements of Article 5(4) of the Risk-Preparedness Regulation, which provides that, when considering the risks of disruption of gas supply in the context of identifying the risks pursuant to point (c), ENTSO-E shall use the natural gas supply and infrastructure disruption scenarios developed by ENTSO-G. In Article 11(1) and Appendix II of the amendment proposal (Hazards that could initiate an electricity crisis scenario) the requirements from the gas supply and infrastructure disruption scenarios in accordance with Article 7 of Regulation (EU) 2017/1938 are taken into consideration.
- (23) Article 5(3) of the Risk-Preparedness Regulation defines the minimum content for the methodology: (a) a consideration of all relevant national and regional circumstances, including any subgroups; (b) interaction and correlation of risks across borders; (c) simulations of simultaneous electricity crisis scenarios; (d) ranking of risks according to their impact and probability; and (e) principles on how to handle sensitive information in a manner that ensures transparency towards the public.
- (24) ACER considers that all these elements have been covered by the amendment proposal as explained below.
- (25) The amendment proposal meets the requirements of Article 5(3)(a) of the Risk-Preparedness Regulation by taking into account relevant national and regional circumstances including subgroups in Article 2 ('Definitions and interpretation') on its paragraph (2), point (h), Article 7 ('Overview of methods'), Article 11 ('Establishing a list of regional electricity crisis scenario candidates'), Article 12 ('Compiling a list of regional electricity crisis scenarios for evaluation') and Article 13 ('Evaluation of regional electricity crisis scenarios').
- (26) The amendment proposal addresses the interaction and correlation of risks across borders in its Article 4 ('Requirements for cross border dependencies'), Article 9 ('Evaluation of cross-border dependencies of an electricity crisis scenario') and Appendix I ('Electricity crisis scenario rating scales'), thereby meeting the requirements of Article 5(3)(b) of the Risk-Preparedness Regulation.
- (27) The amendment proposal addresses simultaneous electricity crisis simulations in its Article 7 ('Overview of methods'), Article 12 ('Compiling a list of regional electricity crisis scenarios for evaluation'), Article 13 ('Evaluation of regional electricity crisis scenarios') and Appendix IV ('Electricity crisis scenario description templates'), as per the requirement of Article 5(3)(c) of the Risk-Preparedness Regulation.
- (28) Ranking of risks according to their impact and probability, as required by Article 5(3)(d) of the Risk-Preparedness Regulation, is covered by the amendment proposal

in its Article 7 ('Overview of methods'), Article 14 ('Ranking of regional electricity crisis scenarios') and its Appendix I ('Electricity crisis scenario rating scales'), which contains the scenario rating scales to assess likelihood, impact, scenario and cross-border dependency, as well as providing an example of regional electricity scenario rating.

- (29) The requirements of Article 5(3)(e) of the Risk-Preparedness Regulation are also met by the amendment proposal, in its Article 6 ('Obligation to provide information to ENTSO-E and the relevant RCCs to support the identification of electricity crisis scenarios and candidate scenarios') and Article 17 ('Handling of sensitive information') as well as Appendix IV ('Electricity crisis scenario description templates').
- (30) Further, according to the proposed amendment ENTSO-E delegates tasks to RCCs according to Recital (8) and Article 1(2) ('Scope and document structure'), Article 12(2)(c) ('Compiling a list of regional electricity crisis scenarios for evaluation') and in Article 13(2) ('Evaluation of regional electricity crisis scenarios').

6.4. Changes to the amendment proposal

- (31) Further to assessing the required content of the amendment proposal, as detailed above, ACER assessed the amendment proposal's contents for consistency and completeness. As a result, the following amendments, welcomed by ENTSO-E as well, have been introduced:

- (a) ACER found it necessary to amend Article 1(1) on the scope and structure, for completeness i.e. to complete the content of Title 1 and added paragraph (d) to include the reference to the final provisions of the methodology; ACER renumbered the paragraphs accordingly.
- (b) ACER deleted Article 1(2)(c) as the role of the ECG to recommend amendments to the regional electricity crisis scenarios submitted is expressly provided in Article 6(2) of the Risk-Preparedness Regulation.
- (c) ACER introduced amendments to Article 4(1) of the RP Regulation to read:

'1. A cross-border dependency shall be deemed to arise where the impact of the concerned incident or the preventive actions, remedial actions, or already in place mitigating measures, taken by one Member State have the potential to give rise to a crisis in another Member State',

as cross-border dependencies should not only be restricted to the preventive actions, remedial actions or mitigating measures. There could be cross-border dependency even before these actions and measures are taken. Further in light of Recital (5) of the methodology, mitigation measures already in place are included in the evaluation of the regional electricity crisis scenarios by Members States, as outlined in the methodology.

(d) ACER introduced amendments to Article 11(2) and Article 12(1) for consistency with the wording of Article 6(1) of the Risk-Preparedness Regulation to read:

- i. *'2. Pursuant to Article 6(1) of the RP Regulation, ENTSO-E shall cooperate on the proposed list of regional electricity scenario candidates with the ECG, RCCs, competent authorities, and regulatory authorities. The cooperation shall allow for the stakeholders to propose additional electricity crisis scenario candidates, where those on the list cannot be expanded to address these.'*
- ii. *'1. Following the cooperation on the regional electricity crisis scenario candidates in accordance with Article 11(2), ENTSO-E working closely with RCCs, TSOs, and subgroups, shall compile a list of regional electricity crisis scenarios out of the candidate scenarios for evaluation in accordance with the methods in Title 2 (Articles 7 to 10).'*

ACER also revised Appendix III accordingly.

(e) ACER revised Article 16(2) to read: *'Where the proposed update takes place before the end of four (4) year period, ENTSO-E shall consult with the ECG on whether or not underlying circumstances have changed substantially'*.

(f) ACER improved the wording of Article 16(3) to reflect that in case of the updating of the regional electricity crisis scenarios Articles 7 to 15 of the methodology shall apply where appropriate and deleted the last sentence of Article 16(1).

(g) Finally, ACER made minor editorial changes to Recitals (2), (3), (4), (5), (7), (10) and in Articles 1(1), 2(2), 3, 4(3), 5, 6(1), 6(4), 8, 10(2), 11(2), 11(3), 12(3), 13(3), 13(5), 13(6), 14(2), 15(2), 17(2), 17(3), 18(1) and Appendix IV to improve wording, to fix legal references and punctuation, as well as added omitted words in order to improve clarity and readability.

7. CONCLUSION

(32) For all the above reasons, ACER considers the amendment proposal in line with the requirements of the Risk-Preparedness Regulation, provided that the amendments described in this Decision are integrated in the amendment proposal, as presented in Annex I.

(33) Therefore, ACER approves the amendment proposal subject to the necessary amendments and to the necessary editorial amendments. To provide clarity, Annex I to this Decision sets out the amendment Proposal as modified and approved by ACER,

HAS ADOPTED THIS DECISION:

Article 1

The amendment proposal to the methodology for identifying regional electricity crisis scenarios in accordance with Article 5 of Regulation (EU) 2019/941 is adopted as set out in Annex I to this Decision.

Article 2

This Decision is addressed to ENTSO-E.

Done at Ljubljana, on 8 March 2024.

- SIGNED -

*For the Agency
The Director*

C. ZINGLERSEN

Annexes:

Annex I - Methodology for identifying regional electricity crisis scenarios in accordance with Article 5 of Regulation (EU) 2019/941.

Annex Ia - Amendments to the Methodology for identifying regional electricity crisis scenarios in accordance with Article 5 of Regulation (EU) 2019/941 – with track changes (for information only)

In accordance with Article 28 of Regulation (EU) 2019/942, the addressee may appeal against this Decision by filing an appeal, together with the statement of grounds, in writing at the Board of Appeal of the Agency within two months of the day of notification of this Decision.

In accordance with Article 29 of Regulation (EU) 2019/942, the addressee may bring an action for the annulment before the Court of Justice only after the exhaustion of the appeal procedure referred to in Article 28 of that Regulation.