

BACKGROUND DOCUMENTS

of the 117th ACER Board of Regulators Meeting

12 July 2023

| Item | Agenda point | Direct link |
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| Conclusions of the Florence Forum | 3.1 | - |
| Conclusions of the Copenhagen Forum | 3.1 | - |
| ACER Assessment of emergency measures in electricity markets | 5.2 | Link |
| ACER report on the evolution of cross border capacity & 70% | 5.2 | Link |
| ACER monitoring of key developments in EU gas wholesale markets | 5.2 | Link |
| ACER Unit Investment Cost Report | 5.5 | Link |

Below are the documents that are not available for download from ACER's website:

9th Energy Infrastructure Forum

12 - 13 June 2023, Copenhagen

Conclusions

1. Against the background of the early stage of hydrogen development, the Forum invites the Commission via the European Hydrogen Bank to pursue work to develop more in-depth knowledge on trans-European hydrogen supply and demand data to enhance assessment of needs, planning and investment certainty for hydrogen infrastructure projects, including repurposing, as part of an integrated energy system.
2. In relation to infrastructure projects that might not be commercially viable otherwise, the Forum invites the Commission together with Member States and relevant stakeholders to further develop the European Clean Hydrogen Alliance's Funding Compass to provide a more detailed overview of financial support policies at EU and national level for hydrogen infrastructure projects, and report to the next Forum.
3. The Forum invites the Commission to facilitate the further development of European hydrogen corridors needed for decarbonisation including in particular for hard-to-abate sectors, building on the outcomes of the upcoming first list of Projects of Common Interest and Projects of Mutual Interest.
4. The Forum invites the Commission to prepare a workshop to further discuss risk sharing and anticipatory investment schemes and to support the development of guidance for a specific cost-benefit and cost-sharing for the deployment of the sea-basin integrated offshore network development plans as required under the TEN-E Regulation. Building on the on-going Commission study on cost-benefit and cost-sharing, the workshop will bring together relevant stakeholders to identify needs, examine their complexities and propose concrete principles for the upcoming guidance.
5. The Forum asks ENTSO-E, ENTSO-G and ACER to assess to what extent the current approach to infrastructure planning takes account of the needs for onshore grid reinforcements to integrate the expected expansion of offshore renewables as set out in the Offshore Network Development Plans. ENTSO-E, ENTSO-G and ACER should report back at the next Energy Infrastructure Forum.

6. The Forum requests the EU DSO Entity, with input from DSO, renewable, heating and cooling as well as e-mobility associations and other relevant stakeholders, to prepare by the next Forum meeting a report with case studies and best practices of electricity distribution network development plans.
7. The Forum requests ENTSO-E and EU DSO Entity to prepare by the next Forum meeting a report on best practices for TSO-DSO cooperation in electricity network planning, considering sector integration.
8. The Forum requests ACER and CEER to analyse key barriers and develop recommendations for national incentive schemes to promote innovation, anticipatory investment and efficient electricity networks for the system integration of renewables.
9. The Forum welcomes the developments by ACER, CEER, ENTSO-E and EU DSO Entity on relevant smart electricity grid key performance indicators for transmission and distribution networks and requests them to develop technical discussion papers by the next Forum meeting.

XXXVIII European Electricity Regulatory Forum

CONCLUSIONS

The Forum did not draft conclusions on the reform of the electricity market design due to the ongoing legislative process.

Completing the Internal Electricity Market: Implementation & Reform

Implementation of the Electricity Regulation

The Forum emphasises the importance of implementing existing legislation and urges all parties to ensure that the benefits of the internal market can be urgently brought to consumers through the maximisation of capacities for cross-border trading by TSOs, which supported security of supply and reduced volatility during the energy crisis.

The Forum acknowledges that assessment of compliance with the cross-border trading rules is the competence of NRAs, but nevertheless considers the ACER monitoring report of the minimum 70% threshold (MACZT) critically important, allowing comparability based on a harmonised approach. The Forum encourages NRAs, TSOs and ENTSO-E to clarify with ACER the reasons for any potential discrepancies which may arise between the national assessments and the ACER assessment and try to resolve them to the extent possible.

The Forum underlines the importance of the bidding zone review and calls on all TSOs to address delays in the current bidding zone review and quickly present an updated and credible timeline for delivery.

The Forum highlights the importance of resource adequacy and welcomes the initiative to speed up the approval process for Capacity Mechanisms and simplify the ERAA methodology in a transparent way, while preserving the elements needed to reach robust decisions.

The Forum welcomes the good progress on the establishment of Regional Coordination Centres and encourages all TSOs to ensure the full implementation of all tasks as soon as possible.

Assessment of the Emergency Intervention

The Forum takes note of the findings of the Commission in the report on emergency measures to address high energy prices. The Forum signals, in particular, that the

heterogeneous application of the cap on market revenue has led to regulatory uncertainty affecting incentives of market participants to enter into power purchase agreements and forward contracts and negatively impacting new investments. The Forum cautions the Commission and co-legislators about the risks and long-term impact of prolonging or introducing such a measure structurally in the electricity market design, even as a crisis measure, and noted concerns on the potential continued application of existing caps.

Flexibility and Demand Side Response

Regarding the development of flexibility in the electricity system and markets, the Forum recalls the importance and urgency of implementing the existing provision from the Clean Energy package, and sharing best practices in that respect. The Forum encourages the ongoing development of the new network code on demand response, and stresses the role of the Drafting Committee and the required involvement of stakeholders in developing the network code. Finally, short and long-term system flexibility needs should be fully part of grid planning and system optimisation.

Looking ahead: system readiness for net-zero

The Forum recognises the significant preparatory work by all parties to prepare the amendments to the Grid Connection Codes and calls on ACER and the Commission to take this work forward without delay. The Forum acknowledges the changing technical needs of the electricity grid, increasing system integration and the need for further work on this.

Energy Community

The Forum acknowledges the great strides taken by the Energy Community countries and TSOs to further integrate with the European electricity market and encourages them to continue with the necessary market reforms. In particular, the Forum commends the impressive work to keep the Ukrainian and Moldovan electricity systems functioning safely following last year's emergency synchronisation. The Forum encourages all parties to continue their work on agreeing transparent, non-discriminatory and harmonised rules for trade.