

## **RTE consultation on cross-border contributions to the French capacity mechanism and the security coefficient for 2021 and 2022**

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### **EFET response – 4 December 2019**

We thank RTE for the opportunity to provide comments to the proposed update of cross-border contributions to the French capacity remuneration mechanism (CRM) and the security coefficient for the delivery years 2021 and 2022.

As a general comment, we consider that the methodology to determine the foreign contribution to the French CRM should be transparent and robust. The consultation document should present more details on changes in marginal fuels (or costs of DSM activation) in various countries. For instance, we would suggest performing a sensitivity analysis (with the same dataset) with varying fuel costs.

In order to increase transparency, we request RTE to publish, delivery year by delivery year, their estimate of how many capacity certificates (NCC) each fuel type (*filière*) gets under their modelling assumption. This would allow market participants to compare them against the registry of certified capacities as currently published on the RTE website.

Further, we note apparent inconsistencies between the assumptions taken in the methodology and statements made in the adequacy forecasts (*Bilans Prévisionnels* 2018 and 2019). More transparency on the various elements entering into RTE's assessment for the methodology under consultation would help alleviate concerns in this regard.

**Proposal 1:** RTE proposes to update the contribution of neighbouring EU Member States in the CRM to 8,600 MW in 2021 and 9,200 MW in 2022.

The RTE assessment is based on updated data from the 2019 adequacy assessment (*Bilan Prévisionnel 2019*), broken down as follows:

Delivery year		Value (MW)	
2021	Global contribution of interconnections	<del>7300</del> 8600	
	Breakdown by Member State	Germany	<del>4500</del> 2000
		Belgium	<del>400</del> 800
		Spain	<del>2200</del> 2000
		Great Britain	<del>2400</del> 3000
		Italy	<del>4400</del> 800
2022	Global contribution of interconnections	<del>7400</del> 9200	
	Breakdown by Member State	Germany	<del>4300</del> 1800
		Belgium	<del>200</del> 700
		Spain	<del>2200</del> 2000
		Great Britain	<del>2500</del> 3800
		Italy	<del>900</del> 900

We are very supportive of RTE ensuring that the cross-border contribution to the CRM is kept up-to-date.

We would nonetheless have welcomed more details on the assumptions and calculations of each border's contribution, beyond the rather sibylline summaries provided in the supporting document.

For instance, the increase of export margins from Belgium and Germany deserves more explanation. More precise information on the commissioning of CCGT plants in Belgium from 2021 onwards would be welcome. Likewise, we would welcome more details on RTE's assessment of increased margins at the German border despite the nuclear and coal phase-out currently ongoing in Germany. In general, import capacities from each border should be consistent with the adequacy forecasts of the corresponding countries.

**Proposal 2:** RTE proposes to maintain the security coefficient at 0,98 for 2021 and 2022.

The explanatory document does not provide much information to assess the proposal of RTE. Nonetheless, given the stable security of supply standard, the proposed updated contribution of interconnections, and the certified capacities as published on the RTE website, we arrived at the following assessment:

	<b>PREF</b>	<b>Certified generation*</b>	<b>XB contribution</b>	<b>Security Coefficient**</b>
<b>2021</b>	96 200	86 260.2	8 600	<b>0.986</b>
<b>2022</b>	96 200	84 612.8	9 200	<b>0.975</b>

\* Source <https://www.services-rte.com/fr/visualisez-les-donnees-publiees-par-rte/registre-des-capacites-certifiees.html>

\*\* Security Coefficient = [Certified generation + XB contribution] / PREF

Based on our assessment, a security coefficient at 0,98 is close enough to the results of the calculation, and has the advantage of preserving stability.

However, we are somewhat puzzled by the lack of consistency between this and the alarming tone of the 2019 adequacy forecast, where the period 2021-2023 is flagged as a danger zone with potential deficit of adequacy (see, e.g., *Bilan Prévisionnel* 2019, p.30 and following). RTE should clarify this apparent discrepancy between the information provided in the consultation document and that made available in the adequacy forecast.