

85th System Development Committee Meeting

Date: 10 November 2021

Time: 09.00 – 13.00h

Place: Web-conference

Participants

Chairman

	Amprion	Germany
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Vice Chairman

	RTE	France
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Members

1.	50Hertz Transmission	Germany
2.	Amprion	Germany
3.	AS Augstsprieguma tīkls	Latvia
4.	Ceps	Czech Republic
5.	Creos Luxembourg	Luxembourg
6.	Eirgrid	Ireland
7.	Elering	Estonia
8.	Eles	Slovenia
9.	Energinet	Denmark
10.	Fingrid	Finland
11.	Litgrid	Lithuania
12.	PSE	Poland
13.	REN	Portugal
14.	RTE	France
15.	Statnett	Norway
16.	Svenska Kraftnät	Sweden
17.	Swissgrid	Switzerland
18.	TenneT TSO BV	Netherlands
19.	TenneT TSO GmbH	Germany
20.	Transmission System Operator-Cyprus	Cyprus
21.	Transelectrica	Romania
22.	TransnetBW	Germany

Substitutes

23.	APG	Austria
24.	Elia System Operator	Belgium
25.	EMS	Serbia
26.	HOPS	Croatia
27.	IPTO	Greece
28.	Mavir	Hungary
29.	OST-Operatori i Sistemit te Transmetimit	Albania
30.	REE	Spain
31.	SONI	United Kingdom
32.	Terna	Italy
33.	VUEN	Austria

Conveners RGs

1.	RG North Sea	Netherlands
2.	<i>RG Baltic Sea, excused</i>	<i>Germany</i>
3.	RG Continental South East	Serbia
4.	RG Continental South West	France
5.	RG Continental Central South	Italy
6.	RG Continental Central East	Czech Republic

Conveners WGs and SGs

1.	WG System Design Strategy	Netherlands
2.	WG Scenario Building	France
3.	StG Connection Network Codes	Germany
4.	WG Asset Implementation & Management	Slovakia
5.	TYNDP Study Team	Ukraine
6.	DT CBA	Germany
7.	Offshore Development Core Group (ODCG)	Denmark
8.	SDC Quality Manager	Czech Republic

Excused

1.	CGES	Montenegro
2.	ESO-EAD	Bulgaria
3.	Landsnet	Iceland
4.	MEPSO	Republic of North Macedonia
5.	National Grid ESO	United Kingdom
6.	Mavir	Hungary
7.	NOSBiH	Bosnia&Herzegovina
8.	Scottish Hydro Electric Transmission	United Kingdom
9.	Seps	Slovakia

Secretariat

1.	ENTSO-E	
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1. Attendance, Quorum & Approval of the Agenda

The SDC Chair welcomes all participants to the 85th SDC meeting. The SDC Chair confirms that participants can formally cast their vote via teleconference on decisions proposed during the meeting.

The SDC Chair welcomes new members who join the SDC meeting for a first time. This includes a new member from TenneT TSO GmbH and Litgrid, as well as a new substitute from Mavir and the new Convenor of WG AIM

The agenda is approved without further changes.

DECISIONS

33 out of 41 of the TSOs represented in the System Development Committee are attending the meeting, the SDC Chair states that the Committee meeting reaches the necessary quorum of half its members.

2. SDC Planning Programme

2.1. Dashboard 2021

The SDC Program Manager informs the Committee on progress across projects, mainly the TYNDP related work which remains challenging. Scenario re-runs and CBA preparations are ongoing. New results are available for the top-down scenarios which will be further improved based on the ongoing public consultation. Also, the Optimal Energy System Planning is still a high ambition work stream and planned to start as soon as the TYNDP scenarios are closed by the TYNDP Study Team. The timeline for the Optimal Energy System Planning set now aims to publish a methodology at the same time as publication of the IoSN.

Other urgent items highlighted in the Dashboard are picked up in dedicated topics later in the agenda.

The Head of Section informs the Committee of a revision of the SD Section within the ENTSO-E Secretariat in order to refocus on the Committee's core activities and to prepare for increasing expectations across SDC's legal mandates.

2.2. WG Data and Models

The interim Convenor of the WG D&M provides a state of play. Many SDC members have consistently stressed that data quality is a key priority for the success of SDC's work, although the lack of resources within the WG D&M has been experienced for a long time, with several key roles remaining unfilled.

This has a direct impact on the activities developed within the remit of the group, accelerating, interrupting or delaying activities, which can affect the overall quality and effectiveness of the Working Group. Another key element for the success of the WG is that all TSOs and SDC acknowledge that the quality of the processes and data under the responsibility of the D&M WG is a shared responsibility between the WG, the Secretariat and the TSO community through the data correspondents and direct contributions of the study teams.

The WG, and in particular the Secretariat, alone cannot guarantee the quality and accuracy of all data. The WG D&M, the Secretariat and Programme Management are working on new Terms of Reference and shared

responsibilities for TSO data correspondents and SDC projects, for consideration and approval in the upcoming SDC meeting.

3. SDC Meetings 2022

3.1. Dates and locations

The SDC Chair proposes the schedule for SDC meetings in 2022, including the comments received from the members after the October meeting. The SDC Chair confirms that physical participation in the physical meeting is the priority, and that a remote participation option will be offered at the 2022 physical meetings if a member cannot travel due to constraints.

The following dates are approved:

- 1st SDC Strategy Seminar 2022 (TEN-E regulation): 19 January 2022, physical
 - 2nd SDC Strategy Seminar 2022 (topic to follow): 20 June 2022, physical
1. 87th SDC meeting: **20 January 2022** (09:00 – 13:00: physical)
 2. 88th SDC meeting: **22 February 2022** (09:00 – 13:00: webco)
 3. 89th SDC meeting: **1 April 2022** (09:00 – 17:00: physical)
 4. 90th SDC meeting: **10 May 2022** (09:00 – 13:00: webco)
 5. 91st SDC meeting: **21 June 2022** (09:00 – 17:00: physical)
 6. 92nd SDC meeting: **22 September 2022** (09:00 – 17:00: physical)
 7. 93rd SDC meeting: **25 October 2022** (09:00 – 13:00: webco)
 8. 94th SDC meeting: **7 December 2022** (09:00 – 17:00: physical)

DECISIONS

The SDC:

- approves the meeting schedule for 2022.
- approves the organisation of the SDC Strategy Seminar 2022 on 19 January 2022, led by WG SDS.
- approves the schedule of the SDC Strategy Seminar 2022 on 20 June 2022, led by WG SDS.

4. European policy update

The Secretariat provides an update on the state of play of legislative discussions, including especially the TEN-E Regulation review. The situation of high energy prices and the reactions of EC, ACER, Council and stakeholders is presented. The impact of the high energy prices on ERAA and Seasonal Outlooks will be discussed later in the agenda. The Program Manager highlights that also the joint ENTSO-E TYNDP scenarios may trigger questions from stakeholders on future prices or that sensitivities on costs in the optimisation runs can be expected.

The SDC Chair informs the Committee on the ongoing Corporate project at ENTSO-E level, supervised by the Vice-President, to review internal governance. Three SDC representatives are involved in the work streams and will report to the Committee.

5. SDC Strategy Seminar 2022

5.1. Preparation (*incl. feedback from mini-retreat*)

The WG SDS presents the main points for the organisation of the SDC Strategy Seminar 2022. This item was also discussed at the mini-retreat on 9 November 2021. The Strategy Seminar 2022 aims to discuss the SDC action plan in the light of the new TEN-E requirements, the Fit for 55 package and the Hydrogen and decarbonised gas market package. The Seminar will be structured in a similar way to the 2021 Strategy Seminar, with working sessions dedicated to individual topics. The SDC members are invited to comment on the outline of the Seminar and potential external speakers.

6. SDC Deliverables 2022 - Proposal

The SDC Quality Manager (QM) presents the draft WGs/RGs/Projects Deliverables 2022 which were submitted for quality check. They are in line with the SDC Work Programme 2022 approved on 20 April 2021.

The QM suggests that in the future more efforts should be made to ensure consistency in reporting, for example on RG involvement in TYNDP processes. The SDC Chair thanks the QM for his efforts and stressed the value of the Deliverables for all members. He asks that the Programme Manager also reviews the Deliverables and that in future the Secretariat takes responsibility for collecting and reviewing them.

DECISIONS

The SDC:

- takes note of the review by the SDC Quality Manager.
- takes note of the proposed draft Deliverables that have been quality checked by the SDC Quality Manager and requests the respective RGs/WGs/Projects Conveners to make updates based on received comments after consultation with the SDC Program Manager.

7. TYNDP 2022

7.1. Progress report

The TYNDP product manager presents the state-of-play of TYNDP 2022 activities. While the re-run of scenarios and model-building in preparation for the TYNDP cost-benefit analysis phase is getting back on track, the timeline to prepare COP21 scenarios for the CBA phase remains challenging. The Steering Group keeps closely monitoring all risks for further delays and all possible mitigation options.

7.2. CBA Implementation Guidelines

The TYNDP 2022 CBA Implementation Guidelines updates are presented by the DT CBA Convenor. This includes:

- Inclusion of the Interlinked Model
- Assessment of Hybrid Interconnectors
- Commissioning years
- Approach to the issue of NTC calculations and eligibility criteria

Next steps of the internal approval process and the set-up for a public stakeholder survey are presented. Also, an internal workshop is planned on 22 November with the SDC members.

7.3. Zonal clustering in TYNDP 2022 Identification of system needs study

A member of the TYNDP Study Team presents the Committee with a proposal to improve the zonal clustering for the next TYNDP IoSN study. The idea is to move from zonal boundaries based on administrative borders as a proxy for constraints to an approach based on actual network bottlenecks. From the experts' point of view, this is a clear improvement, which was also approved by the Steering Group. The number of zones is slightly higher than in the TYNDP2020 approach. The variations for the individual countries are clearly motivated by the TYNDP Study Team. A decision is needed now so that the work delivery is not delayed.

The proposal is approved and will be implemented immediately for the starting IoSN study. One TSO votes against, four TSOs abstain. The SDC Chair asks to keep the Committee informed on findings in the studies from this new zonal approach.

DECISIONS

The SDC:

- approves the new proposed methodology and outcomes of Zonal Clustering to be used in TYNDP 2022 process.
- takes note of the improvement the new approach brings to the TYNDP 2022 process

8. TYNDP 2024

8.1. Proposal on collaboration with RCCs for IoSN

The Secretariat informs the Committee on the development of the role of the RCC in the TYNDP IoSN as required by the Electricity Regulations. A member of the TYNDP Study Team and a Secretariat staff will lead the drafting based on the principles previously agreed in the SDC, and report to the TYNDP Steering Group.

9. WG Scenario Building

9.1. Progress Report

The WG Scenario Building Convenor informs the Committee on the views shared in the recent public workshop on the draft TYNDP 2022 Scenario Report. Re-runs are ongoing with results based on stable models becoming available for internal review. All TSO comments collected in recent months have already been reviewed. Also, stakeholder contacts via bilateral meetings are still ongoing.

10. WG System Design Strategy

10.1. Public consultation on the revision of the Energy Efficiency Directive

The WG SDS Convenor presents the outline of a draft ENTSO-E response for the public consultation on the EED. ENTSO-E clearly welcomes the proposal for revision of the Energy Efficiency Directive, part of the "Fit for 55" package and the opportunity to deliver feedback on the content of the proposal. ENTSO-E considers the Energy Efficiency First Principle a key driver on system level to carbon neutrality objectives by 2050. The

principle might help individuating no-regret solutions driving the transition to a more sustainable energy system.

The ENTSO-E response reacts specific articles of the revised directive. The approach of the response focuses on keeping a holistic approach to the concept of “energy system” and the related application of the Energy Efficiency First principle. In consequence, losses in the transmission system should be treated, keeping into account the physical reality behind them. Their reduction should not become the driving principle for the operation and development of the electrical transmission system as integrating high volumes of RES often increases losses.

The proposed response to the EC consultation will be shared for written approval on 12 November 2021, to allow for submission by 19 November 2021.

11. ERAA 2021

11.1. Final report

In the context of the coupling of European energy markets, the integration of renewable energy sources and further efforts to decarbonize energy systems, the European Resource Adequacy Assessment (ERAA) is key to provide holistic system views to policy makers. It will also be the basis for strategic decisions such as possible introductions of capacity mechanism (CM). The ERAA process is an ENTSO-E legal mandate as outlined in the Electricity Market Regulation (EU) 943/2019. The ERAA methodology, as approved by ACER on 2 October 2020, provides for a stepwise implementation as of ERAA 2021 which will be the first edition of this new product.

The ERAA Steering Group Convener presents the final package and dissemination plans. The committee approves the ERAA 2021 Final report. One TSO abstains.

The Committee warmly thanks all involved contributors for this first ERAA edition.

DECISIONS

The SDC:

- approves the ERAA 2021 package, including executive report, implementation roadmap, annexes, data sets and guidelines, for submission to ACER, publication, and public consultation.
- thanks the ERAA 2021 Steering Group and entire project team for their strong commitment to deliver this first edition in time and according to plan.

11.2. Advocacy efforts

Dissemination of the ERAA report will start with a formal submission to ACER shortly after SDC approval. ENTSO-E plans targeted stakeholder engagement with key organisations and wide dissemination through various channels. In addition to the ERAA itself, Frequent Asked Questions (FAQs) are being developed to also reach a non-technical audience. A webinar for stakeholders is planned for the afternoon of 23 November 2021 and will be advertised shortly. A 6-week consultation is planned, allowing stakeholders to give their opinion on the assumptions, scenarios, methodology, results of the ERAA 2021, as well as on the implementation roadmap.

12. ERAA 2022

12.1. Project Initiation Document (PID)

The ERAA 2022 Project Initiation Document (PID) defines the overall scope and timeline of the project. It builds on the lessons learned from the ERAA 2021 as well as ACER's preliminary minimum expectations for the ERAA 2022. It also includes an extension of the scope to 4 target years, a strong focus on Economic Viability improvements and Flow-Based implementation as key priorities. In addition, ENTSO-E plans to increase stakeholder engagement throughout the different phases of the project. The PID deserves to be reviewed in the coming months on the basis of stakeholder consultation and further engagement with ACER and the EC.

Committee members discuss various directions suggested. It is clarified that the total FTE need for 2022 will surely be higher than in 2021. Flow-based modelling was already a proof-of-concept for CORE in the 2021 edition and will be in the central reference scenarios in next editions. Also, for the Nordic region a flow-based approach will be followed. The Nordic members confirm that they are working on this, as data input at regional level to the ERAA team is critical to make this work. It is also confirmed that ERAA 2022 will do a cross-check of NTC and flow-based approaches still. The question is raised whether a national reference scenario as in ERAA 2021 (which is basically a MAF-type assessment) will still be done; this depends on ACER engagements and resource availability. The project team confirms that a set of workshops will be hosted on methodological improvements such as that of EVA to SDC members early. Several Committee members ask for clarification on the single reference tool requirement; the approach given in the PID with a default choice and criteria for other tools is endorsed.

The committee approves the PID for the ERAA 2022. Two TSOs abstain. The project team will come back to the SDC in January 2022 with an update of the PID which may further clarify some of the questions raised, and which will in any case have to take stock of the feedback from the public consultation on ERAA 2021.

DECISIONS

The SDC:

- approves the ERAA 2022 Project Initiation Document (PID).

13. Seasonal Outlook

13.1 Steering Group members for WG Seasonal Outlook

The Risk Preparedness Regulation (EU) 2019/941 foresees the adoption of a new methodology for short-term and seasonal adequacy assessment. This methodology was drafted by ENTSO-E and approved by ACER in March 2020. While the week-ahead adequacy is a Regional Coordination Centre (RCC) responsibility, the Seasonal Outlook is currently led by the SDC. The Seasonal Outlook Terms of Reference (ToR) approved by the SDC of 9 September 2021 defines the organization of WG Seasonal Outlook and the corresponding resource needs. The Steering Group represents the SDC and is in charge of operational decision and guidance to ensure the delivery of each seasonal outlook. Four TSO nominations were submitted for Steering Group members, which were endorsed by the Committee.

DECISIONS

The SDC:

- approves the nominations received from Terna, Elia, APG and PSE as members of the WG Seasonal Outlook Steering Group.

13.2 Recent market trends

The recent sharp rise in world gas prices, increased European energy demand and other factors (record EU ETS allowance prices, low gas stocks, low hydro reservoirs, supply side problems, increased coal prices, etc.) have recently led to a significant increase in European electricity and gas prices compared to previous years. The recent rise in European electricity and gas prices compared to previous has brought price levels and European policies to the forefront of public opinion and political attention.

Although price levels do not strictly impact the TSOs, TSOs and ENTSO-E have a role to play in ensuring the optimal functioning of the European electricity markets. This topic is mainly discussed in the Market Committee and will also be discussed at the next Board meeting. SDC members are invited to contribute to the discussion on how this topic should be addressed in the ERAA communications and the upcoming Winter Outlook.

14. ENTSO-E Governance and Voting tool

The SDC Chair informs that all ENTSO-E bodies will be able to use the new Governance and Voting tool very soon, in order to facilitate the written voting procedures via a central platform, replacing the current e-mail voting procedures.

15. Decision Mode A (*discussion at request only*)

15.1. Request for TYNDP2020 hourly market model outputs

DECISIONS

The SDC:

- approves the disclosure of the following outputs of TYNDP 2020 market modelling simulations to a consultant working with a member TSO, under an NDA managed by that TSO: Hourly equilibrium prices for two bidding zones for the 2020 and 2025 best estimate scenarios plus for the three 2030 scenarios.

16. Topics for next mini-retreats in December 2021

Topics for mini-retreats in December can be proposed to the SDC Chair and the Secretariat after the meeting.

17. Any other business

18. Approval of the Decisions

DECISIONS

The SDC:

- approves the decisions of the 85th SDC meeting for publication.