

Febeliec answer to the CREG consultation on the proposal for parameters to determine the volume of capacity to be acquired in the CRM framework

Febeliec would like to thank CREG for this consultation on the proposal for parameters to determine the volume of capacity to be acquired in the CRM framework.

Febeliec regrets that the CREG (although its own decision foresees 3 weeks, see side number 33) only allows for one week time to answer this consultation, which does not allow for extensive discussion and consultation with its members,. Febeliec understands that CREG does not want to jeopardize the calendar that has been put forward by the Belgian Government with regard to the notification of the CRM towards the European Commission, but nevertheless wants to stress that it does not agree with this according to Febeliec artificial urgency created by the Belgian Government, as it does not allow for an in-depth analysis of one of the most impacting changes to the Belgian energy system since the liberalisation of the energy market.

With respect to the notification to the European Commission and the required approval of the proposal, Febeliec wants to reiterate its position that it is important that a complete set of documents, covering the complete design of the CRM, including the financing, is discussed and published for consultation. As such, and taking into account the above comment on the duration of this consultation as well as the artificial sense of urgency, Febeliec hopes that the complete design will also be made available to all stakeholders, in order to allow for a thorough and complete and open discussion.

Febeliec supports the CREG in its analysis that the Clean Energy Package for all Europeans is applicable to the proposal of Belgium regarding a CRM, thus also the relevant articles 20 and 21 in the Electricity Regulation. Febeliec also follows the CREG that it is the European Resource Adequacy Assessment methodology, in combination with the methodology for Value of Lost Load, Cost of New Entrant and the Reliability Standard that should be applied. Febeliec includes in Annexe 1 both answers from IFIEC Europe on the consultations on these topics by ENTSO-e. Febeliec is completely in line with the position of IFIEC Europe. Febeliec also hopes that the proposed methodologies by ENTSO-e will be improved compared to the current version, which Febeliec considers insufficient. Nevertheless, as this ERAA methodology as well as the VoLL, CONE and Reliability Standard methodologies are not yet decided, Febeliec also wants to react to the CREG proposal to apply the methodology that Elia has used in its 2019 Adequacy and Flexibility Study. Although Febeliec understands the pragmatic approach of the CREG, including the requirement that Elia modifies this methodology at least taking into account the comments and recommendations of the CREG on this study, which are supported by Febeliec, Febeliec nevertheless cannot accept this approach insofar that no public consultation has ever been conducted on this methodology. Febeliec thus can only observe that this approach is not in line with the Clean Energy Package and that at the most minimal approach this methodology should not only be adapted to reflect all the comments and recommendations of the CREG, but also be consulted upon by Elia and/or CREG.

Febeliec further fully supports the proposed methodology for the determination of the required volume and the determination of the input data, taking into account the other comments in this answer. The same applies to the methodology for the determination of the parameters for the

required volume. Febeliec fully supports all five principles put forward by the CREG, in particular the least cost criterion, including no over-subsidies nor windfall profits, and the adequacy concern, in combination with proportionality. Febeliec only wants to comment on side number 70 that the cost of the CRM should not only be minimised for the consumer, but for any possible actor that might be required to fund the CRM, as *in fine* the consumer will, directly or indirectly, have to carry the cost burden. Also side number 71 should be adapted accordingly (replacing “*allicht*” with “*rechtstreeks of onrechtstreeks*”). On the discussion on pay-as-bid versus pay-as-cleared, Febeliec reiterates its position on a preference for pay-as-bid and joins thus the CREG in its analysis (side number 145). On side number 96, Febeliec understands the meaning of the last sentence, yet finds the way the sentence is formulated unclear, as it remains for Febeliec unclear how a definitively closed generation facility could still apply for a new production permit. For section 6.2 (e.g. side number 110), Febeliec explicitly refers to its answers to the ERAA and VoLL, CONE and Reliability Standard consultations in Annexe 1, and asks CREG to take into account those comments for any CRM methodology.

Annex 1

IFIEC Europe answer to the ENTSO-e consultation on the proposal for a European Resource Adequacy Assessment Methodology, fully in line with the Febeliec position:

IFIEC Europe would like to thank ENTSO-e for this consultation on the proposal for a European Resource Adequacy Assessment (ERAA) Methodology. IFIEC Europe wants to stress the importance of this and related methodologies on VoLL, CONE and the reliability standard, as they will be instrumental in the European and national resource adequacy assessments. IFIEC Europe also wants to stress that this consultation and its answer to this consultation are only touching on high level principles, whereas the proof of the pudding will be in the eating, when this methodology will be applied to the European and/or national electricity markets. It is of the utmost importance that also the translation of the described principles into operational models, input collection efforts etcetera is conducted in a thorough way in order to ensure that all relevant data are used but also that no (voluntary or involuntary) over- or undershooting is created in the implementation phase.

IFIEC Europe supports that for any potential complementary national resource adequacy assessments that may be conducted, these shall have a regional focus and shall be based on the same methodology, while they also shall include the divergence between the European and national resource adequacy assessments, including details of the sensitivities used and the underlying assumptions, in order to harmonize as much as possible all analyses while maintaining consistency.

*IFIEC Europe has no specific comments on the **subject matter and scope** at this point, as this part remains quite high level; the real test will come when the methodology will be applied. In any case, IFIEC Europe has confidence that ACER will perform a thorough analysis before the approval of the methodology as well as any future amendment. IFIEC Europe only has a question about the fact that the ERAA “shall also serve as a reference method, without prejudice to innovation going beyond it”, as it is unclear what is meant with the last part. IFIEC Europe asks ENTSO-e to clarify this point, as it should not result in undermining the harmonized and consistent approach towards adequacy studies.*

*With respect to the **definitions**, IFIEC Europe wants to refer to its answer to the ENTSO-e consultation on the methodologies on VoLL, CONE and the reliability standard, in particular to its comments on the VoLL methodology. On the scenario framework, IFIEC Europe cannot agree towards the way ENTSO-e determines the baseline data for the ERAA, as it considers only the national trends from the National Energy and Climate Plans related to generation technologies (coal, nuclear, renewable energy) and energy-efficiency, as well as the state of the grid, but does not look at trends with respect to demand side response, market response, storage, ... For IFIEC Europe it is important that any adequacy assessment is conducted in a technology neutral way and as such it is unacceptable that an important number of flexibility sources are not taken into account in the scenario framework. IFIEC Europe also has serious doubts towards the methodology with respect to the economic viability check (see below).*

With respect to the **scenario framework** and the Central Reference Scenarios, IFIEC Europe is surprised to read for scenarios with capacity mechanisms that “constraint such as limits on capacities available (e.g. constraints on demand response), legal and administrative hazard, hazards with impact on availability, building delays, stop-loss limits, may however justify in specific cases that the Reliability Standard is not always fulfilled at any price”, as first the list above is too wide and too vague (and could thus encompass almost anything) while at the same time nullifying the impact of capacity mechanisms as according to ENTSO-e they will not even guarantee adequacy at all. With respect to sensitivities to the two Central Reference Scenarios, for IFIEC Europe it is important that these are investigated (and not merely potentially), as it is very important to understand to what extent the results are robust for small variations in input data and thus to what extent the analyses will lead to a real outcome towards adequacy in Europe.

With respect to the **description of the ERAA**, IFIEC Europe wants to stress that where ENTSO-e takes demand side response into account on the demand side of the equation, existing studies have also looked at this by taking it into account on the supply side of the equation. IFIEC Europe is indifferent to the approach, insofar the real impact of demand side response is taken into account and not discarded at both sides at the same time. Demand side response is a major source of flexibility and will become so even more towards the future with increasing price caps (thus allowing prices to rise to levels that could even reach VoLL for certain categories of consumers) and the roll-out of smart meters and dynamic price contracts, thus providing all consumers with the necessary tools to valorise their (demand side) flexibility. With respect to uncertainty towards outages of generators (and other sources of flexibility? ENTSO-e should specify this more clearly or justify why only generation is taken into account) and interconnectors, IFIEC Europe wants to stress that insofar such outages are solved within balancing timeframes, they are to be covered by system reserves and not be included in an adequacy assessments (as ENTSO-e has also chosen to exclude system reserves as a contributor). Moreover, IFIEC Europe has questions with regard to the internal lines (as opposed to interconnections) that will be taken into account for the analysis, as these should be tackled differently in the model. IFIEC Europe also has question with respect to “taking into account the impact of climate change”, which is mentioned several times throughout the document, while however not providing any insight on how this shall be done. IFIEC Europe would like to see some further elaboration on this point, as it cannot be the purpose to include this parameter to allow the results to be manipulated in a certain direction. It is very important that the impact of climate change, if included, is correctly modelled, taking into account not only the negative (“extreme weather conditions”) but also the positive impact it can have on system adequacy (e.g. hydro-modelling, load factors, less numerous cold spells and less severe cold spells, ...). With respect to demand, it is important that next to the proposed variables, also elements decreasing demand, such as a.o. energy-efficiency measures, are included, as otherwise the model based on only economic growth will lead to an overestimate of demand. Also on demand, IFIEC Europe has questions on the “impact of climate change” and how this will be modelled. With respect to both explicit and implicit demand side response, IFIEC Europe takes note that ENTSO-e only will consider them in the assessment insofar “such technology is considered as available, mature and competitive”, without specifying which criteria will be used for this. IFIEC Europe is concerned that this could lead to an underestimate of the available demand side response in the system and would thus like more clarity on the application of the criteria proposed by ENTSO-e. Moreover, IFIEC Europe can only stress that

for the European RAA, it is important to take into account the best practices in any of the Member States, applied to all of the Member States, to assess the potential of demand side response in the overall assessment, as at the minimum level any demand side response schemes and facilities that exists in any of the Member States can be extended to all of them (as they have proven by their existence to be available, mature and competitive). With respect to the DSR activation curve, IFIE Europe wants to refer to its answer to the ENTSO-e consultation on the methodologies on VoLL, CONE and the reliability standard, in particular to its comments on the VoLL methodology. Taking into account the framework created by a.o. the provisions of the Clean Energy Package, the CACM Network Code, the decisions by ACER and the NRAs, IFIEC Europe is of the impression that ENTSO-e grossly underestimates the potential of DSR. Indeed, with the automatic increasing price caps in the day-ahead and intraday markets whenever market prices reach certain thresholds, the gradual introduction of smart meters for all consumers in combination with the obligation to offer dynamic price contracts, this will lead towards a much higher participation of demand in the adequacy equation through increased demand side response, both explicit and implicit. Indeed, if for a certain (category of) consumer(s) prices rise above its individual VoLL, this consumer will voluntary stop consuming and thus alleviate any adequacy concerns at that point in time (as opposed to involuntary and blunt curtailment of geographical zones of consumers by TSOs). On the economic viability check, IFIEC Europe has a lot of questions, not in the least because almost no elements are provided to assess how this will be performed, in particular towards DSR taking into account the above. On supply, IFIEC Europe adamantly cannot agree with the proposal to exclude any non-market resources, such as strategic reserves, from the central reference scenarios of ERAA (thus also including the central scenario without capacity mechanisms), as such mechanisms have exactly (or should have been) designed and dimensioned to ensure adequacy of bidding zones. By subtracting them from the analysis, all the concerned bidding zones will by definition become inadequate (unless the dimensioning for the strategic reserves has been erroneous), leading to a need, while already the means to solve the adequacy issue are in place (and paid for). IFIE Europe can under no circumstance accept such approach. With respect to the fact that ENTSO-e will not take into account the system reserves, IFIEC Europe wants to refer to its aforementioned comment to that point, that all issues that are solved in the balancing timeframe should then also not be taken into account for this adequacy assessment. With respect to the fact that “FCR and FRR shall be deducted from the available resources in the adequacy assessment”, IFIEC Europe is surprised to see this mentioned in the section on supply, while it is clear that DSR and storage are also considerably and ever-increasingly contributing to balancing resources; IFIEC Europe wants in any case to avoid that not all relevant elements are taken into account and thus an overestimated and non-warranted quantity of supply not taken into account in the adequacy assessment because of this. With respect to the network, IFIEC Europe clearly wants to stress the importance to only take into account cross-border interconnectors, as internal lines to a bidding zone are supposed to be non-congested for an adequacy assessment (in case of structural congestion, bidding zones should be split in accordance or the congestion resolved in different ways that should not impact system adequacy). Moreover, IFIEC Europe wants to stress that all legal obligations, in particular article 16.8 of Regulation 2019/943 in the Clean Energy Package with respect to the 70% rule, shall be taken duly into account. With respect to load curtailment sharing, IFIEC Europe would like to get a better view on how this will be applied by ENTOS-e as the methodology remains very vague on this point, that can however have a very big impact on an adequacy assessment on the level of bidding zones and asks

ENTSO-e to modify the methodology on this point to reflect on the concrete implementation for this element, including a full methodological approach.

On **data collection**, IFIEC Europe has no concrete comments at this point, as the methodology remains very vague. Nevertheless, IFIEC Europe wants to stress that harmonization will be required in the framework of the ERAA, and refers to its previous comment on the way DSR will be taken into account (it would for example be inconceivable for IFIEC Europe that certain Member States would be reporting substantial contribution from DSR while others would show almost none). Especially for DSR, IFIEC Europe is concerned as ENTSO-e states that “the final expected realization in the market shall be economically assessed within the economic viability check”, to which point IFIEC Europe refers to its above reasoning on the implications of the application of VoLL in a context of rising price caps and consumers with smart meters and dynamic price contracts. On the demand forecasts, IFIEC Europe is surprised to see that only those elements are considered by ENTSO-e that have the potential to increase demand, while for example the important efforts that will be done towards energy efficiency gains, an important part of the focus of the Green Deal and the National Energy and Climate Plans, are not mentioned. IFIEC Europe also takes note that the “economic and technical data to perform viability assessments should be consolidated centrally by ENTSO-e based on best available information to ENTSO-e and complemented by inputs from TSOs and other relevant stakeholders and market parties”, without however specifying how this consolidation will be done and how and which other parties will be involved. With respect to point 12 of article 5, IFIEC Europe refers to its numerous previous comments on VoLL and market price caps and is indeed very interested to see which assumptions the TSOs will apply, but also, as mentioned before, this impact will be included in the assessment.

On the **economic viability** assessment, ENTSO-e states that it will “implement an ambitious, innovative but complex methodology”; however, IFIEC Europe is concerned as the methodology does not provide any real insight in how such an assessment will be conducted. This is not helped by the fact that this methodology “shall include an economic assessment of the likelihood of retirement, mothballing and new-build of generation assets”, but does not mention anything about the other sources of flexibility (e.g. DSR, storage, ...). IFIEC Europe in any case strongly supports that the purpose of the economic assessment shall be the minimization of the overall system cost. With respect to the constraints of the economic assessment, IFIEC Europe is surprised that additional constraints based on price restrictions or risk-averse behaviour by investors are taken into account, but not the fact that the former need to be tackled and that for the latter it is remarkable that only investors are considered risk-averse, as opposed to all (existing) market parties, including balancing responsible parties. IFIEC Europe was very surprised by this approach, where ENTSO-e has chosen in the economic assessment to consider “the effect of risk aversion towards price volatility and price spikes” for investors in case the outcome of the scenarios were to be very skewed to specific years in certain Monte Carlo years in the probabilistic simulation, thus leading to the exclusion of all the years in which investors in flexibility could earn a significant income, whereas all other parties, including consumers and balancing responsible parties, are to be considered absolute risk-takers and willing to accept any price level without modifying their behaviour. This approach is not correct as it does not reflect reality and is as such totally unacceptable for IFIEC Europe. On the other elements, IFIEC Europe is surprised to learn that “for countries with

existing capacity mechanisms, the economic viability shall not take into account additional revenues to assets within a non-policy technology category”, that “additional revenues due to scarcity pricing mechanisms shall be considered in ERAA only when a scarcity mechanism is implemented and operational in a Member State” (thus removing revenues from planned and decided but not yet operational scarcity pricing mechanisms from the equation and by definition reducing the economic viability of assets) while also only including “additional revenues from for example heat-driven CHP production or ancillary services, if a robust estimate exists on the expected extra revenue”. IFIEC Europe cannot at all agree with an economic viability assessment methodology where by design a wide range of important revenue streams are excluded (a.o. for CHPs even subsidy scheme revenues that are exactly designed to make those assets economically viable), thus by design worsening artificially the business case for assets and artificially increasing the adequacy concerns by an undue and overestimated viability issue, unless such revenues were deemed to be robust without providing a clear definition of this robustness nor which party would decide on this. IFIEC Europe was even more surprised that ENTSO-e states that additional revenues from ancillary services or heat-driven CHP production might not be possible to be reliably defined and thus completely rejected from the ERAA. When then looking at the economic viability assessment with capacity mechanism, IFIEC Europe was again very negatively surprised to see that ENTSO-e has yet again included options that render these system economically non-viable, despite capacity mechanisms exactly being set up and approved to cope with such issues. IFIEC Europe refers also to an abovementioned comment on this point, but in general is appalled by the fact that apparently the TSOs do not even trust in their own national assessments for capacity mechanisms, that more over have been approved by the European Commission based on an assessment of their needs and dimensioning. IFIEC Europe can only observe that ENTSO-e for the ERAA seems to look for more ways to create inadequacies, even for by definition adequate systems with capacity mechanisms, rather than to look for synergetic effects by looking at a wider geographical scope and taking into account effects of scale.

*With regard to the **output and results**, for IFIEC Europe this article is insufficient. The ERAA report should not “strive to facilitate stakeholders’ understanding regarding the inputs, data, and assumptions and scenario development”, but should guarantee this. Moreover, this report for IFIEC Europe shall (not might) encompass detailed information as listed in the methodology.*

*On the part of **stakeholder interaction**, IFIEC Europe is please to see that such a part is provided, yet wonders how this interaction will be set up, especially in relation with market parties during the preparation phase of the report (as opposed to the dissemination phase), in order to allow them to provide input. IFIEC Europe throughout the methodology has seen quite some references to national processes, yet no harmonization exists there and it is unclear how this will be covered in the ERAA. Moreover, certain elements such as the exogenous capacity assumptions are to receive feedback through the process of consultation of the NECPs and national development plans, whereas these consultations have not been designed for this, nor is any mention made of such use of these consultations. IFIEC Europe was also negatively surprised to see that this section mentions clearly “scenarios, assumptions and sensitivities of the ERAA that producers and other market participants”, showing as at many other instances*

in this methodology that ENTSO-e is very producer-centric in its reflections about adequacy, thus omitting the importance of all other sources of flexibility.

On the process, IFIEC Europe refers to the comments above but also asks ENTSO-e to provide more clarity on which stakeholders it considers relevant, next to the Electricity Coordination Group, to provide an overview of the preliminary results as well as include in the overall process of this methodology.

IFIEC Europe answer to the ENTSO-e consultation on the proposal for the VoLL, CONE and Reliability Standard Methodology

IFIEC Europe would like to thank ENTSO-e for this consultation on the proposal for the VoLL, CONE and Reliability Standard Methodology. IFIEC Europe wants to stress the importance of these methodologies, as they will be instrumental in the European and national resource adequacy assessments. IFIEC Europe also wants to stress that this consultation and its answer to this consultation are only touching on high level principles, whereas the proof of the pudding will be in the eating, when these methodologies will be applied to the European and/or national electricity markets. It is of the utmost importance that also the translation of the described principles into operational models, input collection efforts etcetera is conducted in a thorough way in order to ensure that all relevant data are used but also that no (voluntary or involuntary) over- or undershooting is created in the implementation phase.

*With respect to the definitions and interpretations, IFIEC Europe has some questions. The first one is related to the cost of new entry (CONE), which takes into account the total annual net revenue per unit of de-rated capacity, where it is unclear which gross revenues are taken into account, specifically those revenues coming from delivery of ancillary services (balancing, reactive power, blackstart, ...), as these revenue streams also ensure the economic viability of assets and are non-negligible on market level. The second question related to the Country Risk Premium, where it is unclear **how** this will be calculated and which country/countries will be considered as the reference. With respect to the definition of Demand Side Response (DSR), IFIEC Europe does agree with the proposed definition, insofar it is clear that this refers to voluntary and remunerated DSR (through the market or system operators); involuntary and/or non-remunerated curtailment is not considered by IFIEC Europe as demand side response. With respect to the definition of Energy Not Served (ENS), IFIEC Europe does not agree to the extent that only market-based resources are considered, whereas it is clear that also non-market-based resources, including e.g. strategic reserves but also other system reserves and even other options in the arsenal of system operators, should be considered as these also influence the ENS. In this context, it is very important for IFIEC Europe to make a very clear distinction between Expected ENS, which is calculated in advance, and the real ENS that is observed in the real time timeframe, which is in the end the only relevant measure. This means that if an analysis is conducted based on the day-ahead market timeframe to determine the Expected ENS, it is clear that this overestimates the potential ENS, as all measures that can still be taken after the closing of the Day-Ahead timeframe in order to alleviate or even completely avoid any ENS are discarded. With respect to the definition of Value of Lost Load (VoLL), IFIEC Europe wants to stress that the European Commission defines VoLL as “the maximum electricity price*

that customers are willing to pay to avoid an outage”, thus as the price point at which the consumer is indifferent between paying for electricity and voluntarily stopping consuming.

*On VoLL in general, IFIEC Europe wants to stress that for each individual consumer, an individual VoLL can be calculated. Splitting all consumers in a limited number of categories is already a simplification, especially for industrial consumers where very different processes and operational arrangements lead to diverging VoLL even within this group, meaning that at points different from the “system VoLL” individual consumers will start to stop consuming, thus voluntarily reducing the demand and in consequence the stress on the system. IFIEC Europe further also wants to stress that the impact of the duration of inadequacy, most likely periods of occurrence of inadequacy and the pre-notification period for inadequacy will have a fundamental impact on the level of VoLL. An unexpected/unannounced incident will have a completely different implication than an expected/announced incident, where consumers will have the possibility to adapt their behaviour (e.g. orderly reduction of load) and thus reduce the impact/losses caused by such incident, as can also be seen in a.o. the ACER study of 2018. On the approach for the determination of VoLL for the domestic and tertiary sectors, IFIEC Europe wants to stress that it is important to have a harmonised approach across the Union while also having questions on how surveys will provide the relevant and correct data from those types of consumers; the same applies for industrial consumers, where IFIEC Europe is wondering how these surveys will be conducted and how harmonization across the European Union will be obtained while still taking into account specificities of different industrial processes. With respect to the single VoLL estimate, IFIEC Europe would like to get more clarity on the methodology to determine “the most likely cost of an adequacy outage, during which the different categories of consumers may be affected in different proportions”. In any case, IFIEC Europe has some **fundamental issues** with the proposal of ENTSO-e, as ENTSO-e mentions VoLL throughout its methodology, but does not take into account the implications of the definition: under an approach with a (day-ahead) price cap that increases structurally and unidirectionally and without constraint in function of the price on the day-ahead market in combination with certain thresholds, in combination with VoLL as a value that determines when consumers voluntarily disconnect (with a different individual VoLL value for each consumer), it is clear that all consumers, insofar they have a smart meter and a dynamic price contract (both of which every consumer in Europe will get at some point, but where an increasing number, and in particular industrial consumers, already have these enablers for flexibility) will all be (or become) price-elastic. Indeed, if and when prices in the day-ahead market would rise because of more system stress, as soon as the VoLL of each individual consumers (with a smart meter and an exposure to the market price) is reached, that consumer will voluntarily disconnect, thus alleviating the demand on the system and in the end allowing supply and demand to balance. In other words, market functioning, based on prices, will ensure that markets balance, no adequacy concerns exist with involuntary disconnection while also delivering the price signal for investors. The difference with the system currently in place is the fact that as of recent, price caps in the day-ahead market will not be static, allowing them to increase and thus start rising above levels where consumers voluntarily disconnect themselves (as their VoLL is reached) while also an ever-increasing part of consumers, also residential consumers, will start to be exposed to price signals and allowed to react to them (directly or via aggregators, via their suppliers or through transfer of energy solutions). This will give significant additional opportunities to balancing responsible parties to balance their portfolios. IFIEC Europe strongly believes that the work done by the European Commission in the*

framework of the Clean Energy Package, once fully implemented, will ensure that system adequacy will be maintained (not taking into account technical incidents) while providing all the necessary investments signals to the markets.

On the Cost of New Entry (CONE), IFIEC Europe has at this point no direct comments, as based on the content of this methodology it is unclear how the reference technologies will be determined nor how the “most likely choices that developers will make” will be determined. IFIEC Europe thus wants ENTSO-e to elaborate further on this point. More in general, this comment is valid for the entire methodology, as it is merely 20 pages long and does not provide any concrete insight in how all the different aspects will be treated.

On the de-rated capacity, IFEC Europe understands that a certain level of de-rating is needed, but wants to stress that this should not lead to a situation where an unduly high volume of flexibility is de-rated and thus a non-existing inadequacy issue introduced in the calculation. This also strongly links to the aforementioned fundamental issue that IFIEC Europe has with the proposed methodology under a system with a rising price cap and the application of VoLL. Moreover, IFIEC Europe also has an issue with §3 of article 12, as this leads to a circular reasoning, where one can decide (not calculate) where the outcome should be, as inputs will be adapted based on outputs until a certain (pre-defined?) value is reached?

On the reliability standard determination, IFIEC Europe takes note of the proposed formula, but wants to stress that $LOLE_{target} = CONE/VoLL$ should take into account not the single or average VoLL of the system, but must take into account the actual individual VoLL that will make consumers (categories) voluntarily stop consuming. Indeed, as soon as the VoLL of consumers is reached, they will stop their offtake and alleviate the adequacy concern. Thus, taking into account only a single/average VoLL that might be significantly higher than that of the first consumers (categories) to disconnect would lead to an unrealistic value of $LOLE_{target}$ and thus lead to an unnecessarily more stringent reliability standard than is actually warranted by the real system and in the end potentially to unnecessary (but costly) measures. For IFIEC Europe, this is also an essential element and fundamental flaw of the proposed methodology if not addressed.