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NOTE

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| From: | General Secretariat of the Council |
| To: | Permanent Representatives Committee |
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| Subject: | Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on risk-preparedness in the electricity sector and repealing Directive 2005/89/EC - General approach |

1. The Commission submitted to the Council a proposal for a Regulation of the European Parliament and of the Council on risk-preparedness in the electricity sector and repealing Directive 2005/89/¹ as part of the 'Clean Energy for all Europeans' package on 30 November 2016.
2. The package as a whole was presented at the meeting of the TTE (Energy) Council in December 2016. At the meeting of the TTE (Energy) Council in February 2017, an exchange of views on the package was held.

¹ ST 15151/16 +ADD 1

3. After the examination of the Impact Assessments of all eight legislative proposals was completed and the detailed examination of the proposals had started, the TTE (Energy) Council in June 2017 took note of a progress report ¹.
4. Revised versions of the draft Regulation on risk-preparedness were issued in September (doc. 10692/17) and October (doc. 10692/1/17 REV 1, COR 1) .
5. The European Parliament's ITRE Committee appointed Flavio ZANONATO (S&D) as rapporteur and is expected to adopt its opinion in December 2017. The European Economic and Social Committee delivered its opinion on 31 May 2017 and the Committee of the Regions on 12 July 2017.
6. The proposed Regulation sets out a common framework of rules on how to prevent, prepare for and manage electricity crisis situations. It requires Member States to cooperate in a spirit of solidarity. It provides a framework for an effective monitoring of security of supply via the Electricity Coordination Group.
7. The Regulation also provides a framework for a more systematic monitoring of security of supply issues. It contributes to the revised Third Energy Package by ensuring that, even in crisis situations, priority is given to market-based measures and that markets can work as long as possible.

¹ ST 9578/17

8. The Energy Working Party has considered the proposal of the Commission and related Presidency compromise suggestions during July-October of 2017. Following these discussions, a number of modifications were inserted in the text by the Presidency. The delegations considered that the proposed modifications were going in the right direction to improve the text, in particular:
- emphasis on the role of national authorities, the transmission and distribution system operators, ENTSOE and the Electricity Coordination Group;
 - defining region for cooperation between Member States on the basis of existing rules of System operation guideline, while making possible bilateral cooperation on coordinated cross-border measures;
 - clarifications on the role of ACER;
 - adaptations of deadlines for implementation of different tasks;
 - additional details regarding provision of solidarity and fair compensation without a fully harmonised approach. Detailed decision-making regarding solidarity was left to the Member States.
9. The general approach (Annex I) would establish the Council's provisional position on this proposal, and form the basis for the preparations for the negotiations with the European Parliament.
10. On that basis the Permanent Representatives Committee is invited to examine the compromise proposal and reach a general approach on the proposal as set out in the Annex I.

Deletions are indicated by [] , new text compared to the original Commission proposal is **bold**, new text added in the second revision is **bold underlined**, additional text added following the second revision is **bold underline and grey**.

2016/0377 (COD)

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

on risk-preparedness in the electricity sector and repealing Directive 2005/89/EC

(Text with EEA relevance)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 194(2) thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the European Economic and Social Committee¹,

Having regard to the opinion of the Committee of the Regions²,

Acting in accordance with the ordinary legislative procedure,

¹ OJ C , , p. .

² OJ C , , p. .

Whereas:

- (1) The electricity sector in the Union is undergoing a profound transformation, characterised by more decentralised markets with more players, better interlinked systems and a higher proportion of renewable energy. In response, Directive xxx/ Regulation xxx [*Reference to the proposed Electricity Directive and Electricity Regulation*] aim to upgrade the legal framework governing the Union's internal electricity market, so as to ensure that markets and networks function in an optimal manner, to the benefit of businesses and consumers.
- (2) Well-functioning markets and systems are the best guarantee of security of supply. However, even where markets and systems function well, the risk of an electricity crisis (as a result of **natural disasters such as** extreme weather conditions, malicious attacks or a fuel shortage) can never be excluded. The consequences of **electricity crisis** situations often extend beyond national borders. Even where **electricity** incidents start locally their effects can rapidly spread across borders. Some extreme circumstances, such as a cold spell, a heat wave or a cyber-attack, may affect entire regions at the same time.
- (3) **Member States are responsible for ensuring the security of electricity supply within their territories.** In a context of interlinked electricity markets and systems, **electricity** crisis prevention and management cannot be considered a purely national **task** []. A common framework of rules and coordinated procedures are needed, to ensure that Member States and other actors cooperate effectively across borders in a spirit of transparency and solidarity.

- (4) Directive 2005/89/EC of the European Parliament and of the Council¹ [] **established** the necessary measures that the Member States should take in order to ensure security of electricity supply in general. The provisions of that Directive have largely been superseded by subsequent legislation, in particular as regards how markets should be organised so as to ensure that sufficient capacity is available, how transmission system operators should cooperate to guarantee system stability² and as regards the need to ensure that appropriate infrastructure is in place.³ This Regulation addresses the specific issue of **electricity** crisis prevention and management in the electricity sector.
- (5) The System operation guidelines⁴ and the Network code on emergency and restoration⁵ constitute a detailed rulebook governing how transmission system operators and other relevant [] **stakeholders** should act and cooperate to ensure system security. These technical rules should ensure that most electricity incidents are dealt with effectively at operational level. This Regulation focuses on electricity crisis situations that may have a larger scale and impact. It sets out what Member States should do to prevent such situations and what measures they can take should system operational rules alone no longer suffice. Even in **electricity** crisis situations, however, system operation rules should continue to be fully respected.

¹ Directive 2005/89/EC of the European Parliament and of the Council of 18 January 2006 concerning measures to safeguard security of electricity supply and infrastructure investment (OJ L 33, 4.2.2006, p. 22).

² Reference to the revised Third Package

³ Regulation (EU) No 347/2013 of the European Parliament and of the Council of 17 April 2013 on guidelines for trans-European energy infrastructure, OJ L 115, 24.4.2013, p. 39.

⁴ Commission Regulation (EU) .../...of XXX establishing a guideline on electricity transmission system operation, OJ [...]

⁵ Commission Regulation (EU) .../...of XXX establishing a network code on electricity emergency and restoration, OJ [...].

(5a) The System operation guideline establishes in its Article 77 a process by which transmission system operators of a capacity calculation region delegate tasks to the Regional Security Coordinators. This allows for a regional coordination on operation security and should be used to define regions for cooperation under this Regulation. Member States sharing the Regional Security Coordinators should have the possibility to form sub-groups of Member States belonging to the same capacity calculation region. The definition of “region” in this Regulation should build on this approach.

- (6) This Regulation sets out a common framework of rules on how to prevent, prepare for and manage electricity crisis situations, bringing more transparency in the preparation phase and during an electricity crisis []. It requires Member States to cooperate [], in a spirit of solidarity. It also sets out a framework for an effective monitoring of security of supply in Europe via the Electricity Coordination Group. This should result in better risk preparedness at a lower cost. **This Regulation** [] should also strengthen the internal energy market by enhancing trust and confidence across Member States and ruling out inappropriate state interventions in **electricity** crisis situations, in particular avoiding undue curtailment of cross-border flows.
- (7) The Directive on security of network and information systems (the NIS Directive)¹ provides general rules, while specific rules on cybersecurity will be developed through a network code as foreseen in the [proposed Electricity Regulation]. This Regulation complements the NIS Directive ensuring that cyber-incidents are properly identified as a risk, and the measures taken to deal with them are properly reflected in the risk-preparedness plans.

¹ Directive (EU) 2016/1148 of the European Parliament and of the Council of 6 July 2016 concerning measures for a high common level of security of network and information systems across the Union, OJ L 194, 19.07.2016, p. 1-30.

- (8) Council Directive 2008/114/EC¹ lays down a process with a view to enhancing the security of designated European critical infrastructure, including certain electricity infrastructure, in the Union. Directive 2008/114/EC together with this Regulation contributes to creating a comprehensive approach to the energy security of the Union.
- (9) Decision No 1313/2013/EU² of the European Parliament and of the Council on a Union Civil Protection Mechanism sets out requirements for Member States to develop risk assessments at national or appropriate sub-national level every three years, and to develop and refine disaster risk management planning. The specific risk prevention, preparedness and planning actions in this Regulation should be coherent with the wider, multi-hazard national risk assessments required under Decision No 1313/2013/EU.
- (10) To facilitate prevention, information exchange and ex-post evaluation of electricity crises, Member States should designate one competent authority as a contact point. This may be an existing or new entity.
- (10a) A common approach to electricity crisis prevention and management requires the same understanding between Member States when an electricity crisis occurs. In particular this Regulation should help to coordinate identifying the situation of an electricity crisis as a situation in which a potential risk of a significant shortage of, or an impossibility to deliver, electricity is present or imminent. []**

¹ Directive 2008/114/EC of 8 December 2008 on the identification and designation of European critical infrastructures and the assessment of the need to improve their protection (OJ L 345, 23.12.2008, p. 75).

² Decision No 1313/2013/EU of the European Parliament and of the Council of 17 December 2013 on a Union Civil Protection Mechanism (OJ L 347, 20.12.2013, p 24).

- (11) A common approach to **electricity** crisis prevention and management requires, above all, that Member States use the same methods and definitions to identify risks relating to the security of electricity supply and are in a position [] to **effectively** compare how well they and their neighbours perform in that area. **This** Regulation identifies two indicators to monitor the security of electricity supply in the Union: 'expected energy non served' (EENS), expressed in GWh/year, and 'loss of load expectation' (LOLE), expressed in hours/year. These indicators are part of the European resource adequacy assessment carried out by the European Network of Transmission System Operators for Electricity (ENTSO-E), pursuant to [Article 19 of the proposed Electricity Regulation]. The Electricity Coordination Group [] **should** carry out regular monitoring of the security of supply based on the results of these indicators. The Agency for the Cooperation of Energy Regulators (**the** Agency) should also use these indicators, when reporting on Member States' performance in the area of security of supply in its annual electricity market monitoring reports, pursuant to [*Article 16 of the proposed ACER Regulation*].
- (12) To ensure the coherence of risk assessments that builds trust between Member States in a **electricity** crisis situation a common approach to identifying risk scenarios is needed. Therefore, ENTSO-E should develop a common methodology for risk identification in cooperation with the Agency, with ENTSO-E proposing the methodology and the Agency approving it.

- (13) On the basis of that common methodology, ENTSO-E should regularly draw up and update regional crisis scenarios and identify the most relevant risks for each region such as extreme weather conditions, natural disasters, fuel shortages or malicious attacks. When considering the crisis scenario of gas fuel shortage, the risk of gas supply disruption should be assessed based on the gas supply and infrastructure disruption scenarios developed by the European Network of Transmission System Operators for Gas (ENTSO) pursuant to Article 6.6 of the Gas Security of Supply Regulation [proposed Gas Security of Supply Regulation]. Member States should establish and update their national crisis scenarios on that basis, in principle every [] four years. The scenarios should provide the basis for the risk-preparedness plans. When identifying risks on national level the Member States should also describe possible risks they see in relation to the ownership of infrastructure relevant for electricity security of supply, and possible measures taken, if any, to address such risks (such as general or sector-specific investment screening laws, special rights for certain shareholders, etc.), with an indication why in their view such measures are justified.
- (14) A regional approach to identifying risk scenarios and developing preventive, preparatory and mitigating measures should bring significant benefits in terms of the effectiveness of measures and optimal use of resources. Moreover, in a simultaneous [] crisis, a coordinated and pre-agreed approach will ensure a consistent response and reduce the risk of negative spill-over effects that purely national measures could have in neighbouring Member States. This Regulation therefore requires Member States to cooperate in a regional context.
- (15) []

- (16) The [*proposed Electricity Regulation*] prescribes the use of a common methodology for the medium to long-term European resource adequacy assessment (from 10 year-ahead to year ahead), with a view to ensuring that Member States' decisions as to possible investment needs are made on a transparent and commonly agreed basis. **That** assessment has a different purpose than the short-term adequacy assessments which are used to detect possible adequacy related problems in short time-frames, namely seasonal outlooks (six months ahead) and week-ahead to intraday adequacy assessments. Regarding short-term assessments, there is a need for a common approach to the way possible adequacy-related problems are detected. The ENTSO-E is to issue winter and summer outlooks to alert Member States and transmission system operators to security of supply related risks that might occur in the following six months. To improve these outlooks, they should be based on a common probabilistic methodology proposed by ENTSO-E and approved by the Agency. []
- (17) Transmission system operators [] should apply the methodology used to prepare seasonal outlooks when carrying out any other type of short-term risk assessment, namely the week-ahead to **at least day-ahead** [] generation adequacy forecasts provided for in Commission Regulation on establishing a guideline on electricity transmission system operation.
- (18) To ensure a common approach to crisis prevention and management, the competent authority of each Member State should draw up a risk-preparedness plan, after consulting **relevant** stakeholders **which should also cover a representative group of stakeholders and may also include the respective associations**. The plans should describe effective, proportionate and non-discriminatory measures addressing all identified crisis scenarios. Plans should provide transparency especially as regards the conditions in which non-market measures can be taken to mitigate crisis situations. All envisaged non-market measures should comply with the rules set out in this Regulation.

- (19) Plans should consist of two parts, **the first part** setting out national measures and **the second part setting out** regional measures agreed between the Member States in the region. Regional measures are necessary especially in the event of a simultaneous crisis, when a coordinated and pre-agreed approach **is to** [] ensure a consistent response and reduce the risk of negative spill-over effects. Plans should take account of the specific characteristics of the Member State and set out clearly the roles and responsibilities of the competent authorities. National measures should take full account of the regional measures agreed and take full advantage of the opportunities provided by regional cooperation. The plans should be technical and operational in nature, their function being to help prevent the occurrence or escalation of an electricity crisis and to mitigate its effects.
- (20) Plans should be updated regularly. To ensure that the plans are always up-to-date and effective, the competent authorities **of the Member States** of each region should organise [] **biennial** simulations in cooperation with **Transmission System Operators and other relevant stakeholders** [] **in order** to test their suitability.
- (21) [] **The non-binding guideline of the Commission** should facilitate **and ease** the preparation of the plans and consultation with other Member States in the relevant region and the Electricity Coordination Group []. Consultation within the region and via the Electricity Coordination Group should ensure that measures taken in one Member State or region do not put at risk the security of supply of other Member States or regions.
- (22) Information exchange in the event of a crisis situation is essential in order to ensure coordinated action and targeted assistance. Therefore, this Regulation obliges **the competent authority of the** Member States **concerned** to inform neighbouring Member States and the Commission without **undue** delay when confronted with an electricity crisis. [] **It** should also provide information on the causes of the crisis, measures taken and planned to mitigate the crisis and the possible need for assistance from other Member States. Where this assistance goes beyond electricity security of supply, the Union Civil Protection Mechanism shall remain the applicable legislative framework.

- (23) It is important to facilitate communication and awareness between Member States, whenever they have specific, serious and reliable information that an **electricity crisis** may occur . In such circumstances the Member States **concerned** should inform the Commission **the neighbouring Member States** and the Electricity Coordination Group without **undue** delay, providing, in particular, information on the causes of the deterioration, the planned measures to prevent an electricity crisis and **on** the possible need for assistance from other Member States.
- (24) In the event of an electricity crisis Member States should **cooperate** in a spirit of solidarity . **In addition to this general rule, appropriate provision should be made for Member States to offer each other assistance in an electricity crisis. Such assistance should be based on pre-agreed coordinated measures set out in the risk-preparedness plans. (part of recital 24 was moved and amended below as recital 24a) This Regulation leaves Member States a wide discretion when agreeing on the content of coordinated measures and thus the content of assistance. It is for them to identify, and agree on, such measures considering the demand and supply sides. At the same time this Regulation ensures that for the purpose of the agreed assistance electricity is delivered in a coordinated manner. Member States should also agree on the necessary technical, legal and financial arrangements for the implementation of the agreed coordinated measures. Subsequently Member States should take all necessary measures for the implementation of the agreed coordinated measures and technical legal and financial arrangements.**

- (24a)** *(ex part of recital 24)* When agreeing on [] **coordinated measures and technical, legal and financial arrangements and otherwise implementing provisions on assistance**, Member States should take account of social and economic factors, including citizens' security, and proportionality. They are encouraged to share best practice and use the Electricity Coordination Group as a discussion platform to identify available options for [] **assistance, in particular concerning coordinated measures** and **the necessary technical, legal and financial** [] arrangements, including **fair** compensation []. The Commission may facilitate the preparation of the regionally coordinated measures in the concerned region.
- (24b)** **Assistance between Member States under this Regulation should be subject to fair compensation between them. This Regulation does not harmonise all aspects of such fair compensation between Member States. The Member States should therefore agree on provisions for fair compensation before assistance is provided. The Member State requesting assistance should promptly pay, or ensure prompt payment of, such compensation to the Member State providing assistance.**
- (24c)** **When providing assistance under this Regulation, Member States are implementing Union law and are therefore bound to respect fundamental rights guaranteed by Union law. Its measures may therefore, depending, inter alia, on the measures agreed between Member States, give rise to an obligation for a Member State to pay compensation to those affected by its measures. Member States should therefore, where necessary, ensure that national compensation rules are in place which are in conformity with Union law, in particular with fundamental rights. Moreover, it should be ensured that the Member State receiving assistance ultimately bears all reasonable costs incurred from the said obligation on the Member State providing assistance to pay compensation and further reasonable costs incurred from the payment of compensation pursuant to the said national compensation rules.**

- (24d) In the event of an electricity crisis assistance should also be provided even if Member States have not yet agreed on coordinated measures and technical, legal and financial arrangements as required by the provisions of this Regulation on assistance. In order to be able to provide in such a situation assistance in conformity with the provisions of this Regulation, Member States should agree on ad hoc measures and arrangements to replace the missing coordinated measures and technical, legal and financial arrangements.**
- (24e) This Regulation introduces, for the first time, such an assistance mechanism between Member States as an instrument to prevent or mitigate an electricity crisis within the Union. The Commission should therefore review the assistance mechanism in the light of future experience with its functioning, and propose, where appropriate, modifications thereto.**
- (24f) Cyprus is currently the only Member State in the Union which is not directly interconnected to another Member State. It should be clarified with respect to certain provisions of this Regulation that, for as long as this situation lasts, these provisions do not apply with respect to Cyprus, namely the provisions on the identification of crisis scenarios at regional level, on including agreed coordinated cross-border measures in risk preparedness plans, as well as provisions on assistance. At the same time, Cyprus and relevant other Member States are encouraged to develop, with the support of the Commission, alternative measures and procedures in the fields covered by those provisions, provided that such alternative measures and procedures do not affect the effective application of this Regulation between the other Member States.**

- (25) This Regulation should enable electricity undertakings and customers to rely on market mechanisms as laid down in [*proposed Electricity Directive and Electricity Regulation*] for as long as possible when coping with electricity crisis situations. Rules governing the internal market and system operation rules should be respected even in crisis situations. **These rules include Article 22(1)(i) of this System operation guideline and Article 35 of network code on electricity emergency and restoration which govern transaction curtailment, limitation of provision of cross-zonal capacity for capacity allocation or limitation of provision of schedules.** This means that non-market measures, such as forced demand disconnection, or the provision of extra supplies outside normal market functioning [] **may** be taken only as a last resort, when all possibilities **provided** [] by the market have been exhausted. Therefore forced demand disconnection can be introduced only after all possibilities for voluntary demand disconnection have been exhausted. In addition, any non-market measures should be necessary, proportionate, non-discriminatory and temporary.
- (26) In order to ensure transparency after an electricity crisis, **each competent authority or competent authorities of** the Member States affected should carry out an ex-post evaluation of the crisis and its impacts []. Such evaluation should take into account, inter alia, the effectiveness and proportionality of the measures taken as well as their economic cost. It should also cover cross-border considerations such as the impact of the measures on other Member States and the level of assistance received from them.

- (27) The transparency obligations should ensure that all measures taken to prevent or manage crisis situations respect internal market rules and are in line with the principles of co-operation and solidarity which underpin the Energy Union.
- (28) In 2012, the Electricity Coordination Group was created as a forum to exchange information and foster co-operation across Member States, in particular in the area of security of **electricity** supply.¹ Through this Regulation, its role is reinforced. It should carry out specific tasks, notably in connection with the preparation of the risk-preparedness plans, and [] **should** have a prominent role in monitoring Member States' performance in the area of the security of electricity supply, and developing best practice on **that** basis.
- (29) An electricity crisis might extend beyond Union borders comprising also Energy Community **Contracting Parties** []. **The Union should promote amendments to relevant Treaties with the aim of creating an integrated market and a single regulatory space by providing an appropriate and stable regulatory framework.** In order to ensure an efficient crisis management [], the Union should closely cooperate with the Energy Community Contracting Parties, when preventing, preparing for and handling an electricity crisis.
- (30) []
- (31) **Since the objective of this Regulation** [], namely to ensure the most effective and efficient risk preparedness within the Union, **cannot be sufficiently achieved by Member States but can rather, by reason of its scale and effects, be better achieved at Union level,** [] the Union may [] adopt measures, in accordance with the principle of subsidiarity **as** set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality set out in that Article, this Regulation does not go beyond what is necessary to achieve that objective.

¹ Commission Decision of 15 November 2012 setting up the Electricity Coordination Group (2012/C 353/02), OJ C 353, 17.11.2012, p. 2.

(31a) The Commission, competent authorities and national regulatory authorities, bodies, entities or persons which receive confidential information pursuant to this Regulation should ensure the confidentiality of the information which they receive. To this effect, information received and handled by Member States and their national authorities should be subject to national rules in place on the handling of confidential information and processes.

(32) Directive 2005/89/EC should be repealed.

HAVE ADOPTED THIS REGULATION:

CHAPTER I

GENERAL PROVISIONS

Article 1

Subject matter

This Regulation lays down rules for the cooperation between Member States in view of preventing **and** preparing for [] **managing** electricity crises in a spirit of solidarity and transparency and in full regard for the requirements of a competitive internal market for electricity.

Article 2

Definitions

1. For the purposes of this Regulation, the definitions **set out** in Article 2 of the Electricity Directive [proposed Electricity Directive] and **in** Article 2 of the Electricity Regulation [proposed Electricity Regulation] shall apply.
2. The following definitions shall also apply:
 - (a) 'security of electricity supply' means the ability of an electricity system to guarantee [] **the** supply of electricity to [] **customers** with a clearly defined level of performance **as defined by Member States**.
 - (b) 'electricity crisis' means a situation of significant electricity shortage or impossibility to [] **supply** electricity to [] **customers**, either existent or imminent, **as defined by the Member States and described in the risk preparedness plans**.

- (c) 'simultaneous crisis' means an electricity crisis affecting more than one Member State at the same time;
- (d) 'crisis [] coordinator' means a person, group of persons, **a team composed of the relevant national electricity crisis managers** or institution tasked with acting as a contact point and coordinating the information flow during an electricity crisis;
- (e) 'non-market measure' means any supply- or demand-side measure deviating from market rules or commercial agreements, with a view to mitigate an electricity crisis;
- (f) 'region' means a group of Member States **whose transmission system operators are sharing the same [] Regional Security Coordinator, for the function of regional operational security as created pursuant to [] the System Operation Guideline adopted on the basis of Article 18 of Regulation 714/2009, or, a sub-group of such a group of Member States which belong to the same capacity calculation region.** []
- (g) **early warning level of electricity crisis: when there is concrete, serious and reliable information that an event may occur which is likely to result in significant deterioration of the electricity supply situation and is likely to lead to electricity crisis.**

Article 3

Competent authority

1. As soon as possible and by [*OPOCE to insert exact date:* **six months after entry into force of this Regulation**] at the latest, each Member State shall designate a national governmental or regulatory authority as its competent authority in charge of carrying out tasks **provided for** in this Regulation. Competent Authorities shall cooperate with each other for the purposes of this Regulation.
2. Member States shall notify the Commission, **the Electricity Coordination Group** without delay of the name and the contact details of the competent authority, once designated.
3. **Member States may allow the competent authority to delegate operational tasks regarding risk-preparedness planning and risk management set-out in chapters I to V in this Regulation to other bodies. Delegated tasks shall be performed under the supervision of the competent authority and shall be specified in the risk-preparedness plan in accordance with Article 11.**

CHAPTER II

RISK ASSESSMENT

Article 4

Assessment of risks to sSecurity of electricity supply[]

The competent authority of each Member States shall ensure that all **relevant** risks relating to security of electricity supply are assessed in accordance with the rules set out in this Regulation and **in [] Chapter IV** of the Electricity Regulation [proposed Electricity Regulation]. To this end, they shall cooperate with **the transmission and relevant distribution system operators, national regulatory authorities, ENTSO-E, regional security coordinators** and [] **other relevant stakeholders as required.**

Article 5

Methodology for identifying electricity crisis scenarios at a regional level

1. By [*OPOCE to insert exact date: [] []* **six** months after entry into force of this Regulation], ENTSO-E shall submit to the Agency a proposal for a methodology for identifying the most relevant electricity crisis scenarios in a regional context.
2. The **proposed methodology shall identify 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**;

- (c) consequential hazards including **consequences of malicious attacks and of** fuel shortages;

[].

3. The proposed methodology shall include at least the following elements:

- (a) consideration of all relevant national and regional circumstances;
- (b) interaction and correlation of risks across borders;
- (c) simulations of simultaneous crisis scenarios;
- (d) ranking of risks **according**[] to their impact and probability;
- (e) **principles on how to handle sensitive information [] while ensuring transparency towards the public.**

3a *(before part of paragraph 3)* When considering the risks of gas **supply** disruption in the context of identifying the risks pursuant **to point (c)** of paragraph 2[], ENTSO-E shall use the **natural** gas supply and infrastructure disruption scenarios developed by the [] **ENTSOG** pursuant to Art. **7** [] *of the Gas Security of Supply Regulation [proposed Gas Security of Supply Regulation]*.

4. Before submitting the proposed methodology, ENTSO-E shall conduct a consultation [] involving at least the industry and consumer organisations, [] **producers or their trade bodies, transmission and distribution system operators, competent authorities**, national regulatory authorities and other national authorities. ENTSO-E shall duly take into account the results of the consultation **and present them, together with the proposed methodology, to the Electricity Coordination Group.** [].

5. Within two months of **the receipt of** [] the proposed methodology, the Agency shall either approve the proposal or amend it. In the latter case, it shall consult ENTSO-E **and the competent authorities** before adopting the amended version **and shall duly take account of the results of the consultation.** **The final version of the methodology shall be published on the** [] **websites of the Agency and ENTSO-E.**
6. ENTSO-E shall update and improve the methodology [] **when significant new information becomes available** in accordance with paragraphs 1 to 5. The **Electricity Coordination Group may recommend and the Agency or the Commission may request** such updates and improvements with due justification. Within six months from the request, ENTSO-E shall submit to the Agency a draft of the proposed changes. Within [] two months of **the receipt of** [] the draft, the Agency shall [] approve **or amend the proposed changes.** **In the latter case, it shall consult ENTSO-E, competent authorities and national regulatory authorities before adopting the amended changes and shall duly take account of the results of the consultation.** **The final version** [] shall be published **on the** [] **websites of ENTSO-E and the Agency.**

Article 6

Identification of electricity crisis scenarios at a regional level

1. By [OPOCE to insert exact date: [] **six months after the approval of methodology as defined in Article 5(5)** []] and on the basis of the methodology adopted pursuant to Article 5, ENTSO-E, **in close cooperation with the Electricity Coordination Group, regional security coordinators, competent authorities and national regulatory authorities,** shall identify the most relevant electricity crisis scenarios for each region. []

2. ENTSO-E shall submit the regional electricity crisis scenarios identified to the **relevant transmission system operators, regional security coordinators, competent authorities and national regulatory authorities and the** Electricity Coordination Group **which may recommend amendments** [].
3. ENTSO-E shall update the **regional crisis** scenarios every [] **four** years, unless circumstances warrant more frequent updates.

Article 7

Identification of electricity crisis scenarios at national level

1. By [] **four** months after **identification of electricity crisis scenarios at a regional level in accordance with Article 6** [], the **designated competent authorityies**, shall identify the most relevant electricity crisis scenarios at the national level.
 - 1a. **In identifying the national electricity crisis scenarios the competent authority, shall consult the transmission and relevant distribution system operators, relevant [] producers or their trade bodies and the national regulatory authority where it is not the competent authority.**
2. The crisis scenarios shall be identified on the basis of at least the risks referred to in Article 5(2) and shall be consistent with the regional scenarios identified pursuant to Article 6. Member States shall update the scenarios every [] **four** years, unless circumstances warrant more frequent updates.

3. By **four months after identification of electricity crisis scenarios at a regional level in accordance with Article 6**, Member States shall inform the Electricity Coordination Group and the Commission about possible risks they see in relation to the ownership of infrastructure relevant for **electricity** security of supply, and any measures taken to prevent or mitigate such risks, with an indication of why such measures are considered necessary and proportionate.

Article 8

Methodology for short-term adequacy assessments

1. By [OPOCE to insert exact date: **six** months after entry into force of this Regulation], ENTSO-E shall submit to the Agency a proposal for a methodology for assessing **seasonal and** short-term adequacy, namely **monthly**, week-ahead **to day ahead** adequacy, which shall cover at least the following:
- (a) the uncertainty of inputs such as the probability of a transmission capacity outage, the probability of an unplanned outage of power plants, severe weather conditions, variability of demand and variability of energy production from renewable energy sources;
 - (b) the probability of the occurrence of **an electricity crisis**;
 - (c) the probability of the occurrence of a simultaneous **electricity** crisis .

- 1a.** *(before part of paragraph 1)* The methodology shall provide for a probabilistic approach, **including multiple scenarios**, and consider the **national**, regional and Union wide context, including to the extent possible non-EU countries within synchronous areas of the Union. **The methodology shall take into account the specificities of each Member State's energy sector, including specific weather conditions and external circumstances.**
2. Before submitting the proposed methodology, ENTSO-E shall conduct a consultation involving at least the industry and consumers, [] **producers or their trade bodies, transmission and distribution system operators, competent authorities**, national regulatory authorities and other **relevant** national authorities. ENTSO-E shall duly take into account the results of the consultation **and present them, together with the proposed methodology, to the Electricity Coordination Group for further consideration** [].
3. Within two months **of the receipt of** [] the proposed methodology, the Agency shall either approve the proposal or amend it. In the latter case, it shall consult ENTSO-E, **competent authorities, national regulatory authorities** before adopting the amended version **and shall duly take account of the results of the consultation.** **The final version of the methodology shall be published on the** [] **websites of the Agency and ENTSO-E.**
4. ENTSO-E shall update and improve the methodology [] **when significant new information becomes available** in accordance with paragraphs 1 to 3. The **Electricity Coordination Group may recommend and** the Agency or the Commission may request such updates and improvements with due justification. Within six months from the **receipt of the** request, ENTSO-E shall submit to the Agency a draft of the proposed changes. Within [] two months of **of the receipt of** [] the draft, the Agency shall [] approve **or amend the proposed changes. In the latter case, it shall consult ENTSO-E, national regulatory authorities** before adopting the amended changes **and it shall duly take into account of the results of the consultation.** **The final version shall be published on the** [] **website of the Agency and ENTSO-E.**

Article 9

Short-term adequacy assessments

1. All short-term adequacy assessments, **whether carried out at national, regional or union level**, shall be carried out in **accordance with** [] the methodology developed pursuant to Article 8.
2. ENTSO-E shall carry out seasonal adequacy outlooks according to the methodology developed pursuant to Article 8. It shall publish the results at the latest by 1 December each year for the winter outlook and by 1 June for the summer outlook. [] It shall present the outlooks to the Electricity Coordination Group, which may give recommendations on the results, where appropriate.
3. The regional **security coordinators** [] shall carry out week-ahead to **day ahead** [] adequacy assessments **as defined in System Operation Guidelines** on the basis of the methodology adopted pursuant to Article 8.

CHAPTER III

RISK-PREPAREDNESS PLANS

Article 10

Establishment of risk-preparedness plans

1. On the basis of the regional and national electricity crisis scenarios identified pursuant to Articles 6 and 7, the competent authority of each Member State shall establish a risk-preparedness plan, after consulting **relevant distribution system operators, transmission system operators, [] relevant producers or their trade bodies,** the electricity and **natural** gas undertakings, the relevant organisations representing the interests of [] **both industrial and non-industrial** electricity customers and the national regulatory authority (where it is not the competent authority). []
2. The plan shall consist of national measures and regional measures as defined in Articles 11 and 12. Without prejudice to Article 15, all measures planned or taken to prevent, prepare for and mitigate electricity crisis situations shall fully comply with the rules governing the internal electricity market and system operation. They shall be clearly defined, transparent, proportionate and non-discriminatory.
3. The plan shall be developed in accordance with the **content and the structure of Article 11 and 12** []. The Commission **may [] issue a non-binding guideline regarding formats for such plans.** []
4. **In order to ensure consistency of the risk-preparedness plans,** before adopting a plan, the competent authority shall submit a draft to the competent authorities of the [] [] **relevant** Member States in the region, **and the directly connected Member States when they are not in the same region,** [] [] **as well as to** [] the Electricity Coordination Group for consultation.

5. Within [] **six months after receiving** [] the draft plan, the competent authorities of the [] Member States in the region, **the directly connected Member States** and the Electricity Coordination Group [] and may issue recommendations.
6. Within [] **nine** months of submitting the draft plan, the **competent authority of the** Member State **concerned** [] shall adopt the plan, duly taking into account the results of the consultation and the recommendations of the competent authorities of other Member States and the Electricity Coordination Group. It shall [] **notify** the adopted plan to the [] **Commission** without delay.
7. The **competent authorities of the Member States and the Commission** shall **publish** [] the plans **on their websites** [] , while ensuring that the confidentiality of sensitive information is preserved, notably information on measures relating to the prevention and mitigation **of consequences of** malicious attacks. **The protection of the confidentiality of sensitive information shall be based on the [] principles determined pursuant to Article 17a []**.
8. **The competent authorities of the** Member States shall adopt and publish the first plan by [OPOCE to insert exact date: two **and a half** years after entry into force of this Regulation] at the latest. They shall update them every [] **four** years, unless circumstances warrant more frequent updates.

Article 11

Content of risk-preparedness plans as regards national measures

1. Each plan shall set out all measures planned or taken to prevent, prepare for and mitigate electricity crisis situations as identified pursuant to Articles 6 and 7. It shall at least:
 - (a) contain a summary of the electricity crisis scenario's defined for the relevant Member States and region, in accordance with the procedure **set out** in Articles 6 and 7;
 - (b) establish the role and responsibilities of the competent authority **and describe which tasks, if any, have been delegated to other bodies**;
 - (c) describe the measures designed to prepare for and to prevent the risks identified pursuant to Articles 6 and 7;
 - (d) designate a national crisis [] **coordinator** or team and establish its tasks;
 - (e) establish detailed procedures to be followed in electricity crisis situations, including the corresponding schemes on information flows;
 - (f) identify the contribution of market-based measures, **notably demand-side and supply-side measures**, in coping with electricity crisis situations;
 - (g) identify possible non-market measures to be implemented in electricity crisis situations, specifying the triggers, conditions and procedures for their implementation, and indicating how they comply with the requirements set out in Article 15 and **with regionally coordinated measures**;

- (h) provide a **framework for** **manual** load shedding, stipulating **under which circumstances** loads are to be shed . **With regard to public safety and personal security** tThe **framework** shall specify which categories of electricity users are, **in accordance with national law, entitled** to receive special protection against disconnection, and justify the need for such protection,- **and shall specify how the transmission and distribution system operators of the Member States concerned should act in order to decrease the consumption;**
- (i) describe the mechanisms used to inform the public about any electricity crisis.
- (i) include information on related and necessary plans for developing the future grid that will help to cope with the consequences of identified crisis situations.**

2. All national measures shall take full account of the regional measures agreed **in accordance with** Article 12, **shall not endanger the operational security or safety of the transmission system** and **shall** not endanger the security of electricity supply of other Member States .

Article 12

Content of risk-preparedness plans as regards [~~regionally~~] coordinated cross-border measures

1. In addition to the measures listed in Article 11, the plan of each Member State shall include regional **and, when in place, bilateral** measures to ensure that crisis situations with a cross-border impact are properly prevented and managed. **Regional measures shall be agreed between Members States within the region concerned. Bilateral measures shall be agreed between Member States which are directly interconnected but not part of the same region. Regional and bilateral [] measures shall include at least:**
 - (a) the designation of a [] [] **coordinator or team composed of the relevant national electricity crisis managers;**
 - (b) mechanisms to share information and cooperate [] ;
 - (c) **coordinated** measures to mitigate the impact of an **electricity crisis**, including a simultaneous crisis situation, **for the purpose of assistance as referred to in Article 14;** []
 - (d) procedures for carrying out **annual or biennial** [] tests of the plans.
 - (e) **the trigger mechanisms of non-market measures applied in line with Article 15.**

2. The regional **and bilateral** measures to be included in the plan shall be agreed by Member States concerned. **The Commission may have a facilitating role in the preparation of the agreement on regional measures. The Commission may request the Agency and ENTSO-E to provide technical assistance to ~~the~~ Member States with a view to facilitating an agreement.** At least eight months before the deadline for the adoption or the updating of the plan, the competent authorities shall report on the agreements reached to the Electricity Coordination Group. If **any Member States are** not able to reach an agreement, the **competent authorities concerned** shall inform the Commission of the reasons for such disagreement. In such **a** case the Commission **shall propose measures including a cooperation mechanism for the conclusion of an agreement on cross-border measures.**
3. **With the involvement of relevant stakeholders, the competent authorities of each region shall test periodically the effectiveness of the procedures developed in risk preparedness plans for preventing electricity crisis situations, including communication mechanisms and carry out biennial crisis simulations, in particular testing the communication mechanisms referred to in point (b) of paragraph 1.**

CHAPTER IV

MANAGING ELECTRICITY CRISIS SITUATIONS

Article 13

Early warning and declaration of a crisis

1. Where a seasonal adequacy outlook or other **qualified** source provides a specific, serious and reliable information that an **electricity crisis may occur** [] in a Member State, **in such case** the competent authority of that Member State shall without undue delay give an early warning to the Commission, **to the competent authorities of the [neighbouring] Member States within the same region and directly connected Member States.** []. **The Commission shall notify this information to the Electricity Coordination Group.** It shall provide information on the causes **of the possible electricity crisis** [], on measures taken or planned to prevent an electricity crisis and on the possible need for assistance from other Member States. The information shall include the possible impacts of the measures on the internal electricity market [].
2. When confronted with an electricity crisis situation, the competent authority of the Member State **in coordination with the transmission system operator concerned** [] shall declare the electricity crisis and inform the competent authorities **within the same region** and of the neighbouring Member States and the Commission without undue delay. **It shall inform them of the causes of the deterioration and reasons for declaring an electricity crisis, measures taken and planned to mitigate it and the possible need for assistance from other Member States.**
3. In cases where the information provided is deemed insufficient, the Commission, [] **the Electricity Coordination Group or the Member States concerned** may request the Member State concerned to provide additional information.

4. Where a competent authority **of the Member State concerned** issues an early warning or declares an electricity crisis, the actions set out in the risk-preparedness plan shall be followed to the fullest possible extent.

Article 14

Cooperation and assistance

1. Member States shall act and cooperate in a spirit of solidarity in order to prevent and manage electricity crisis situations [] .

2. **In addition**, where [] **technically** possible, Member States shall offer each other assistance **by means of coordinated measures agreed pursuant to this Article and Article 12 before assistance is provided** [] .

To this effect, and with the perspective of protecting public safety and personal security, Member States shall agree on coordinated measures of their choice in order to deliver electricity in a coordinated manner.

[]

- 2a. Member States shall agree on the necessary technical, legal and financial arrangements for the implementation of the coordinated measures before assistance is [] offered. Such arrangements shall set out, inter alia, the maximum quantities of electricity to be delivered at regional or bilateral level, the trigger for the assistance and possibility to request its suspension, how the electricity will be delivered, and the provisions on fair compensation between Member States in accordance with paragraphs 2b, 2c and 3.**

2b. Assistance shall be subject to fair compensation agreed between Member States before assistance is [] offered. This compensation shall cover at least:

(a) the electricity delivered into the territory of the Member State requesting assistance as well as the associated transmission costs; and

(b) reasonable compensation costs incurred by the Member State providing assistance, including as regards reimbursement for any compensation resulting from judicial proceedings, arbitration proceedings or similar proceedings and settlements.

2c. Fair compensation pursuant to paragraph 2b shall include, inter alia, all reasonable costs that the Member State providing assistance incurs from an obligation to pay compensation by virtue of fundamental rights guaranteed by Union law and by virtue of the applicable international obligations when implementing the provisions of this Regulation on assistance and further reasonable costs incurred from payment of compensation pursuant to national compensation rules.

3. The Member State requesting assistance shall promptly pay, or ensure prompt payment of [] fair compensation to the Member State providing assistance.

4. The Commission shall by [OPOCE to insert exact date: six months after entry into force of this Regulation] and after consulting the Electricity Coordination Group provide for legally non-binding guidance for the key elements of the fair compensation referred to in paragraphs 2a to 3 and other key elements of the technical, legal and financial arrangements referred to in paragraph 2a.

- 4a. In the event of an electricity crisis where Member States have not yet agreed on coordinated measures and technical, legal and financial arrangements pursuant to this Article, Member States shall agree on ad hoc measures and arrangements in order to apply this Article, including as regards fair compensation pursuant to paragraphs 2b, 2c and 3.**
- 4b. Member States shall ensure that the provisions of this Regulation on assistance are implemented in conformity with the Treaties, the Charter of Fundamental Rights of the European Union, as well as the applicable international obligations. They shall take the necessary measures to that effect.**

Article 15

Observance of market rules

1. Measures taken to prevent or mitigate electricity crisis situations shall comply with the rules governing the internal electricity market and system operation.
2. Non-market measures [] **shall** be activated in a crisis situation [] only **as a last resort** if all options provided by the market have been exhausted **or when market measures alone are not sufficient to prevent a further deterioration**. They shall not unduly distort competition and the effective functioning of the electricity market. They shall be necessary, proportionate, non-discriminatory and temporary.
3. Transaction curtailment including curtailment of already allocated cross-zonal capacity, limitation of provision of cross-zonal capacity for capacity allocation or limitation of provision of schedules shall only be initiated in compliance with the rules laid down in [] **System operation guideline and [] Network code on electricity emergency and restoration, adopted on the basis of Articles 18 and 6 of the Regulation 714/2009 respectively []**.

CHAPTER V

EVALUATION AND MONITORING

Article 16

Ex-post evaluation

1. As soon as possible and no later than **three months** after **lifting or no later than six months after** declaring an electricity crisis situation, the competent **authority or competent** authorities concerned, in consultation with their national regulatory authority (where it is not the competent authority) shall provide the Electricity Coordination Group and the Commission with an evaluation report.

2. The report shall include at least:
 - (a) a description of the event that triggered the crisis **declared or the reason why a Member State was affected by the crisis;**
 - (b) a description of preventive, preparatory and mitigating measures taken, **if any,** and an assessment of their proportionality and effectiveness;
 - (c) an assessment of the cross-border impact of the measures taken;
 - (d) an account of the assistance provided to or received from neighbouring Member States and non-EU countries;

- (e) **to the extent possible** the [] economic impact of the electricity crisis and the impact of the measures taken on the electricity sector, in particular the volumes of energy non-served and the level of manual demand disconnection (including a comparison between the level of voluntary and forced demand disconnection);
- (f) any possible improvements or proposed improvements to the risk-preparedness plan;-
- (g) **possible improvement of grid development in cases where insufficient network development caused or contributed to the crisis.**

3. In cases where the information provided in the report is deemed insufficient the Electricity Coordination Group and the Commission may request the [] **competent authority** concerned to provide additional information.
4. The competent authorities concerned shall present the results of the evaluation to the Electricity Coordination Group.

Article 17

Monitoring []

1. In addition to carrying out other specific tasks as set out in this Regulation, the Electricity Coordination Group shall discuss []:
 - (a) the results of the 10-year network development plan in electricity prepared by ENTSO-E;
 - (b) the coherence of the risk-preparedness plans, adopted by the Member States following the procedure referred to in Article 10;

- (c) the results of the European resource adequacy assessments prepared by ENTSO-E as referred to in *Article 19 (3) of the Electricity Regulation [proposed Electricity Regulation]*;
- (d) the performance of Member States in the area of security of supply taking into account at least the indicators calculated in the European resource adequacy assessment, namely the expected energy non served (EENS)¹ and loss of load expectation (LOLE)²;
- (e) the results of seasonal outlooks referred to in Article 9;
- (f) the information received from the Member States **in accordance with []** Article 7 (3);
- (g) the results of ex-post evaluation reports, as referred to in Article 16.
- (h) the methodology for short term adequacy assessment, as referred to in Article 8.**
- (i) the methodology for identifying electricity crisis scenarios at a regional level as referred to in Article 5.**

2. The Electricity Coordination Group may issue recommendations to the Member States **as well as to ENTSO-E** related to the matters referred to in paragraph 1 [] .

[]

¹
²

Article 19. 4 h of the proposed Electricity Regulation
Article 19. 4 h of the proposed Electricity Regulation

- 3. The Agency shall carry out continuous monitoring of the security of electricity supply measures and report regularly to the Electricity Coordination Group.**
- 4. The Commission, on the basis of the experience made under this Regulation shall, by 1 September 2025, draw conclusions as to possible means to enhance security of electricity supply at Union level and submit a report to the European Parliament and to the Council on the application of this Regulation, including, where necessary, legislative proposals to amend this Regulation.**

Article 17a

Treatment of confidential information

- 1. Any procedures involving Member States or their authorities as referred to in this Regulation shall be implemented by them in line with the applicable rules, including national rules related to the handling of confidential information and processes. If this leads to a situation that information cannot be disclosed the Member State or authority in question shall provide, if possible, a non-confidential summary thereof upon request.**
- 2. Commission, the Agency, the Electricity Coordination Group, and ENTSO-E shall ensure that the confidentiality of sensitive information is preserved.**

CHAPTER VI

FINAL PROVISIONS

Article 18

Cooperation with the Energy Community Contracting Parties

Where the Member States and the Energy Community Contracting Parties [] cooperate in **the area of security of electricity supply, such cooperation may include** defining a crisis situation, the process of the identification of electricity crisis scenarios and the establishment of risk-preparedness plans so that no measures are taken that endanger the security of supply of Member States, Contracting Parties or the Union. In this respect, Energy Community Contracting Parties may participate in the Electricity Coordination Group upon invitation by the Commission with regard to all matters by which they are concerned.

Article 18a

Derogation

For as long as Cyprus is not directly interconnected with another Member, Articles 6, 12 and 14(2) to (4b) shall not apply between Cyprus and other Member States nor to ENTSO-E as regards Cyprus. Cyprus and relevant other Member States may develop, with the support of the Commission, alternative measures and procedures to those provided for in Articles 6, 12 and 14(2) to (4b) to the extent that such alternative measures and procedures do not affect the effective application of this Regulation between the other Member States.

[]

Article 20

Repeal

Directive 2005/89/EC is repealed.

Article 21

Entry into force

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the European Parliament
The President

For the Council
The President
