
Proposed revision of the methodology for the European Resource Adequacy Assessment (ERAA)

6 November 2025

Disclaimer

This document is a **tracked-changes version** of the ERAA methodology for **informational purposes only** to help stakeholders follow the changes between the original version of the methodology approved by ACER on 2 October 2020 and ENTSO-E's proposed amendments. While ENTSO-E has made its best efforts to ensure all changes are included, ENTSO-E cannot guarantee that all mark-ups are included. The **CLEAN version of the revised methodology** can be found [here](#).

Methodology for the European resource adequacy assessment

in accordance with Article 23 of Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity (recast)

For information only

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For information only

Whereas

- (1) This document sets out the methodology for the European resource adequacy assessment (hereafter referred to as “ERAA”) in accordance with Articles 2(17) and 23(3) of Regulation (EU) 2019/943 of the European Parliament and Council of 5 June 2019 on the internal market for electricity (recast) (~~hereafter referred to as “Electricity Regulation”~~) and Article 2(17) of as amended by Regulation (EU) 2024/1747 of the European Parliament and Council of 13 June 2024 amending Regulations (EU) 2019/942 and (EU) 2019/943 as regards improving the Union’s electricity market design (hereafter referred to as “~~EMDR Regulation~~”Electricity Regulation”). This methodology is hereinafter referred to as the “ERAA methodology”.
- (2) The ERAA methodology takes into account the general principles and goals set out in the Electricity Regulation as well as in a broader EU legal framework, in particular:
 - (a) Regulation (EU) 2019/942 of the European Parliament and of the Council of 5 June 2019 establishing a European Union Agency for the Cooperation of Energy Regulators (recast), as amended by Regulations (EU) 2022/869 of 30 May 2022, (EU) 2024/1106 of 11 April 2024, (EU) 2024/1747 of 13 June 2024, (EU) 2024/1787 of 13 June 2024, and (EU) 2024/1789 of 13 June 2024 (hereinafter referred to as “ACER Regulation”);
 - ~~(a)~~(b) Directive (EU) 2019/944 of the European Parliament and of the Council of 5 June 2019 on common rules for the internal market for electricity and amending Directive 2012/27/EU, as amended by Directive (EU) 2022/869 of 30 May 2022 and Directive (EU) 2024/1711 of 13 June 2024; (hereinafter referred to as “Electricity Directive”);
 - ~~(b)~~(c) Regulation (EU) 2019/941 of the European Parliament and of the Council of 5 June 2019 on risk-preparedness in the electricity sector (hereinafter referred to as “RPR”);
 - ~~(c)~~(d) Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management, as amended by Commission Implementing Regulation (EU) 2021/280 of 22 February 2021 (hereinafter referred to as “CACM Regulation”);
 - ~~(d)~~(e) Commission Regulation (EU) 2017/2195 of 23 November 2017 establishing a guideline on electricity balancing, as amended by Commission Implementing Regulation (EU) 2021/280 of 22 February 2021 and Commission Implementing Regulation (EU) 2022/828 of 25 May 2022 (hereinafter referred to as “EB GL”);
 - ~~(e)~~(f) Commission Regulation (EU) 2017/1485 of 2 August 2017 establishing a guideline on electricity transmission system operation, as amended by Commission Implementing Regulation (EU) 2021/280 of 22 February 2021- (hereinafter referred to as “SO GL”);
 - ~~(f)~~(g) Commission Regulation (EU) 2017/2196 of 24 November 2017 establishing a network code on electricity emergency and restoration (hereinafter referred to as “E&R NC”);
 - ~~(g)~~(h) Regulation (EU) 2018/1999 of the European Parliament and of the Council of 11 December 2018 on the Governance of the Energy Union and Climate Action as ~~amended~~ supplemented by Commission Delegated Regulation (EU) 2020/1044 of 8 May 2020, Commission Implementing Regulation (EU) 2020/1208 of 7 August 2020, and Commission Implementing Regulation (EU) 2022/2299 of 15 November 2022 (hereinafter referred to as “Governance Regulation”);

~~(h)~~(i) Regulation (EU) No 1227/2011 of the European Parliament and of the Council of 25 October 2011 on wholesale energy market integrity and transparency as amended by Regulation (EU) 2024/1106 of 11 April 2024 and Regulation (EU) 2024/1789 of the European Parliament and of the Council of 13 June 2024 (hereinafter referred to as “REMIT”); ~~and~~

(j) Commission Regulation (EU) 543/2013 of 14 June 2013 on submission and publication of data in electricity markets and amending Annex I to Regulation (EC) No 714/2009 of the European Parliament and of the Council as amended by Regulation (EU) 2019/943 of 5 June 2019 (hereinafter referred to as “Transparency Regulation”);

(k) ACER decision of 2 October 2020 approving the Methodology for the European resource adequacy assessment in accordance with Article 23 of Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity;

(l) ACER decision no 05/2025 of 25 July 2025 approving the type and format of data and the methodology for TSOs’ and DSOs’ flexibility needs analysis (hereinafter referred to as “the Flexibility Needs Assessment Methodology” or “FNA Methodology”); and-

~~(h)~~(m) ACER Decision no 23/2020 of 2 October 2020 on the approving the Methodology for calculating the value of lost load, the cost of new entry, and the reliability standard (hereinafter the “VOLL, CONE and RS Methodology”).

(3) The responsibility to determine the general structure of its own level of security of supply is a Member State’s right, pursuant to Article 194(2) of the Treaty on the Functioning of the European Union. The freedom for a Member State to set its own desired level of security of supply is also recalled in recital (46) of the ~~‘Whereas’ section of~~ Electricity Regulation.

(4) The ERAA methodology contributes to an efficient achievement of the objectives of the Energy Union set out in Article 1(a) of Electricity Regulation, in particular with respect to security of supply, by providing an objective methodological basis for the assessment of resource adequacy concerns.

The ERAA methodology provides for a thorough ~~ensures a realistic~~ assessment, by requiring that the best forecast of the expected system state be used to assess resource adequacy.

(5) The ERAA methodology has been developed in line with the principles of the electricity market operation outlined in Article 3 of Electricity Regulation. In particular, the ERAA helps to ensure that safe and sustainable generation, energy storage and demand response participate on equal footing in the market (pursuant to Article 3~~(j)~~ of Electricity Regulation), by requiring that all resources which contribute to resource adequacy are ~~be~~ modelled.

(6) The ERAA aims to best reflect system development trends, including change of generation capacity mix, change of demand patterns, network development and others. The ERAA also aims to best reflect the expected trends in market design.

(7) The ERAA aims to provide reliable results and to reflect the realistic conditions of market and electric system operation.

(8) The ERAA aims to provide a consistent and comparable basis on a European level, gives key insights into the adequacy of supply to meet demand, and identifies resource adequacy concerns (and their causes). The ERAA results should help to inform the EU Member States (hereafter referred to as “MSs”), national regulatory authorities (hereafter referred to as “NRAs”) and stakeholders about the forecast level of

security of supply in the EU. The ERAA results may also serve as a basis to consider different market design options pursuant to Articles 20 and 21 of Electricity Regulation.

- ~~(9) In line with Article 24 of Electricity Regulation, complementary National resource adequacy assessments may be conducted. National resource adequacy assessments have a regional scope and are based on the ERAA methodology (in particular for points (b) to (m) of Article 23(5) of Electricity Regulation). National resource adequacy assessments may include additional sensitivities. In line with Article 24(1) of Electricity Regulation, which states that “national resource adequacy assessments may take into account additional sensitivities to those referred in point (b) of Article 23(5)” and Article 23(5)(c) of the same Regulation that provides that “the European resource adequacy assessment shall be based on a transparent methodology which shall ensure that the assessment (...) is based on (...) appropriate sensitivities on extreme weather events, hydrological conditions, wholesale prices and carbon price developments;”, sensitivities represent a useful tool to identify resource adequacy concerns in both NRAs and the ERAA. National resource adequacy assessments have a regional scope and are based on the ERAA methodology (in particular for points (b) to (m) of Article 23(5) of Electricity Regulation).~~
- ~~(10) The complementarity between National resource adequacy assessments (hereafter referred to as “NRAA”) and the European Resource Adequacy Assessment-ERAA is vital for accurately identifying resource adequacy concerns and the potential need for capacity mechanisms, as well as for ensuring the consistency in the assessment of national flexibility needs. Together, these assessments provide a more robust picture of the security of supply and system flexibility across Member States, taking into account both national measures and the interconnected nature of the pan-European power system.~~
- ~~(11) For the purpose of complementing the European resource adequacy assessment, Member States may also carry out national resource adequacy assessments pursuant to Article 24 of the Electricity Regulation. National resource adequacy assessments in accordance with Article 24 of the Electricity Regulation and the European Resource Adequacy Assessment in accordance with Article 23(5)(c) of the Electricity Regulation shall be based on appropriate central reference scenarios of projected demand and supply including an economic assessment of the likelihood of retirement, mothballing, new-build of generation assets and measures to reach energy efficiency and electricity interconnection targets and appropriate sensitivities on extreme weather events, hydrological conditions, wholesale prices and carbon price developments. Based on their central reference scenarios and sensitivities, both the ERAA and NRAs can identify adequacy concerns.~~
- ~~(9)(12) Transparency and monitoring are essential for ensuring accountability of the European Network of Transmission System Operators for Electricity (hereafter referred to as “ENTSO-E”) in carrying out the ERAA and increasing stakeholders’ understanding of this exercise. To this aim, the ERAA methodology includes specific data publication and public consultation requirements, thereby not only enhancing transparency of the ERAA but also promoting transparent operation of ENTSO-E as mandated by Article 41(2) of Electricity Regulation. Furthermore, the ERAA methodology envisages information-sharing with the relevant NRAs to facilitate their joint regional oversight on cross-border issues pursuant to Electricity Directive.~~
- ~~(13) The ERAA methodology envisages suitable stakeholder engagement channels to ensure that all stakeholders and NRAs have the opportunity to provide transmission system operators (hereafter referred to as “TSOs”) and ENTSO-E, where necessary, with the relevant data to enable ENTSO-E to complete, compare and benchmark the data and assumptions used in the ERAA.~~
- ~~(14) Article 12 of this Methodology, which mentions the Communication 2025/7600 of the European Commission on the Framework for State Aid measures to support the Clean Industrial Deal, does not~~

have any impact on the ERAA Rreport itself but solely aims at clarifying the mechanism laid down by the European Commission in the above-mentioned communication for the purposes of the ERAA.

~~(10)~~(15) Article 19e(1) of the Electricity Regulation requires the regulatory authority, or another authority or entity designated by a Member State, to adopt a report on the estimated flexibility needs for a period of at least the next 5 to 10 years at the national level. Pursuant to Article 19e(1)(a) of the Electricity Regulation, this national-level report shall be consistent with the European resource adequacy assessment and the national resource adequacy assessments conducted pursuant to the Articles 23 and 24 of the same Regulation. The FNA methodology shall ensures consistency and complementarity between these assessments and aims to avoid overlap.

~~(14)~~(16) ENTSO-E may choose to implement the ERAA methodology through a gradual process allowing to strike a balance between accuracy of the assessment and feasibility of the targeted improvements. This approach, while allowing some (~~and~~—properly justified) methodological simplifications, might help ENTSO-E to continuously learn and gain experience over time and thus ensure efficient implementation of the ERAA in the longer run.

Article 1. Subject matter and scope

1. The ERAA methodology shall be used to identify resource adequacy concerns by assessing the overall adequacy of the electricity system to supply current and projected demand levels for electricity at Union level, at the level of the MSs, and at the level of individual bidding zones, where relevant, in accordance with Article 23(1) of Electricity Regulation.

2. The ERAA methodology shall fulfil the requirements of Article 23(5) of Electricity Regulation, ~~i.e. the ERAA:~~

- ~~(b) is carried out on each bidding zone level covering at least all MSs;~~
- ~~(c) is based on appropriate central reference scenarios of projected demand and supply including an economic assessment of the likelihood of retirement, mothballing, new build of generation assets and measures to reach energy efficiency and electricity interconnection targets and appropriate sensitivities on extreme weather events, hydrological conditions, wholesale prices and carbon price developments;~~
- ~~(d) contains separate scenarios reflecting the differing likelihoods of the occurrence of resource adequacy concerns which the different types of capacity mechanisms are designed to address;~~
- ~~(e) appropriately takes account of the contribution of all resources including existing and future possibilities for generation, energy storage, sectoral integration, demand response, and import and export and their contribution to flexible system operation;~~
- ~~(f) anticipates the likely impact of the measures referred in Article 20(3) of Electricity Regulation;~~
- ~~(g) includes variants without existing or planned capacity mechanisms and, where applicable, variants with such mechanisms;~~
- ~~(h) is based on a market model using the flow based approach, where applicable;~~
- ~~(i) applies probabilistic calculations;~~
- ~~(j) applies a single modelling tool;~~

- ~~(k) includes at least EENS and LOLE indicators;~~
- ~~(l) identifies the sources of possible resource adequacy concerns, in particular whether it is a network constraint, a resource constraint, or both;~~
- ~~(m) takes into account real network development; and~~
- ~~(n)(a) ensures that the national characteristics of generation, demand flexibility and energy storage, the availability of primary resources and the level of interconnection are properly taken into consideration.~~

3. ERAAs shall have explicitly modelled systems covering at least the region composed of TSOs (i.e. at least the European Union). ENTSO-E shall continuously engage operators of other interconnected systems to establish and foster cooperation. If tightly interconnected neighbouring regions commit to cooperate on resource adequacy assessments, they should be modelled as explicitly modelled systems. Otherwise, the contribution of these systems to pan-European resource adequacy shall be considered through non-explicitly modelled systems.
4. The temporal and spatial granularity of the ERAA shall respect at minimum the granularity defined in the ERAA methodology. The frequency of the ERAA shall respect the frequency defined in the~~ENTSO-E shall carry out the ERAA on an annual basis in line with Article 23(4) of~~ Electricity Regulation.

Article 2. Definitions and interpretation

1. For the purpose of the ERAA methodology, the definitions in Article 2 of Electricity Regulation, Article 2 of RPR, Article 2 of CACM Regulation, Article 3 of SO GL, Article 2 of EB GL, Article 2 of Transparency Regulation as well as Article 2 of Electricity Directive shall apply.
2. In addition, the following definitions and acronyms shall apply. In the event of any inconsistency between the following definitions and the definitions pursuant to paragraph (1), the latter shall prevail.
 - (a) 'annual fixed costs' means costs incurred each year in the context of operation of a capacity resource once the capacity resource starts commercial operation, independently from the generated or curtailed (in case of DSR) energy volume;
 - (b) 'capacity calculation methodology' (CCM) means the capacity calculation methodology expected to apply for the considered target year;
 - (c) 'capacity resource' means any generation, storage or DSR asset which may bring resource adequacy benefit;
 - (d) 'capital expenditures' (CAPEX) means the investment required to develop, construct or refurbish a capacity resource without considering the financial costs (e.g. interest costs) or the structure of financing (equity versus debt), i.e. the investment required if the capacity resource were to be built overnight at the current prices;
 - (e) 'central reference scenarios' means the main scenarios defined pursuant to Article 3(5), in line with Article 23(5)(b) of Electricity Regulation;
 - (f) 'CHP' means combined heat and power;

- (g) 'CM' means capacity mechanism pursuant to Electricity Regulation;
- (h) 'CNEC' means critical network element associated with a contingency used in the CCM. For the purpose of the ERAA methodology, the term CNEC also covers the case where a critical network element is used in the CCM without a specified contingency;
- (i) 'CONE' means cost of new entry in line with the CONE methodology;
- (j) 'CONE methodology' means the methodology for calculating the cost of new entry pursuant to TITLE 3 of the VOLL CONE RS methodology;
- (k) 'construction period' means the indicative time required for new-build capacity to become operational. For the purposes of the ERAA methodology, this period encompasses not only the time between final investment decision and when capacity becomes operational (as provided in Article 2 of the VOLL CONE RS methodology), but also the development time required for activities prior to final investment decision (e.g. permitting, grid connection etc.)
- ~~(k)(l)~~ 'CORP' means cost of renewal or prolongation pursuant to Article 2 of the VOLL CONE RS methodology;
- ~~(k)(m)~~ 'demand' means the total instantaneous electricity consumption observed in the transmission system, including transmission network losses;
- ~~(k)(n)~~ 'DSR' means demand response pursuant to the Electricity Directive. In addition,
 - i. 'explicit demand-side response' (explicit DSR) means the change of electric demand pursuant to an accepted offer to sell demand reduction or increase in an organised market, either directly or through aggregation. Explicit DSR may consist of either foregone or time-shifted demand;
 - ii. 'implicit demand-side response' (implicit DSR) means the change of demand by final customers from their normal or current consumption patterns, in response to time-variable electricity prices or incentive payments. Implicit DSR can either be self-directed or directed by an energy management service provider;
- ~~(k)(o)~~ 'discount rate' expresses the time value of money and converts future cash flows to their equivalent present value via a discount factor, $k = \frac{1}{1+r^n}$, where r is the discount rate and n is the number of years;
- ~~(k)(p)~~ 'ECG' means electricity coordination group;
- ~~(k)(q)~~ 'economic dispatch' (ED) means a mathematical optimisation model as described in Article 7;
- ~~(k)(r)~~ 'economic lifetime' means economic lifetime pursuant to the CONE methodology;
- ~~(k)(s)~~ 'economic viability assessment (EVA)' means a model assessing the profitability viability of capacity resources, informing decisions on the likelihood of retirement, mothballing and re-entry, renewal/prolongation and new-build of capacity resource as described in Article 6;
- ~~(k)(t)~~ 'energy-only market' (EOM) means the markets for electricity, including over-the-counter markets and electricity exchanges, markets for the trading of energy, balancing and ancillary

services in all timeframes, including forward, day-ahead and intraday markets, but excluding CMs;

~~(+)(u)~~ 'energy not served (ENS)' means, for a given MTU and modelled zone, the energy which is not supplied due to insufficient capacity resources to meet the demand;

~~(+)(v)~~ 'expected energy not served' (EENS) means, in a given modelled zone and in a given time period, the expected ENS;

~~(+)(w)~~ 'explicitly modelled systems' means electric systems which are modelled in detail. These systems shall be modelled considering each element of the probabilistic model set in the ERAA methodology;

~~(+)(x)~~ FCR means frequency containment reserves pursuant to SO GL;

~~(+)(y)~~ 'fixed costs' means the sum of the CAPEX (annualised based on WACC) and the annual fixed costs of a capacity resource;

~~(+)(z)~~ 'flow-based' means the flow-based approach pursuant to CACM Regulation;

~~(+)(aa)~~ 'flow-based domain' means a set of constraints that limit the flow-based cross-zonal capacity;

~~(+)(bb)~~ FRR means frequency restoration reserves pursuant to SO GL;

~~(+)(cc)~~ 'GSK' means generation shift key pursuant to CACM Regulation;

~~(+)(dd)~~ 'load factor' means the power generated (respectively consumed) by a given generation (respectively consumption) unit, divided by the installed capacity of the generation unit (respectively the maximum demand consumed);

~~(+)(ee)~~ 'loss of load expectation' (LOLE) means, in a given modelled zone and in a given time period, the expected number of hours in which resources are insufficient to meet the demand;

~~(+)(ff)~~ 'MC' means Monte Carlo (i.e. related to the Monte Carlo method);

~~(+)(gg)~~ 'MC sample year' means one realisation of possible future states of the modelled power system resulting from the combination of sampling different stochastic variables;

~~(+)(hh)~~ 'market-based capacity resource' means any capacity resource available in the system complying with market rules and commercial agreements and participating to the Internal Market for Electricity. This includes inter alia all capacity resources participating in CMs which are allowed to participate to the EOM;

~~(+)(ii)~~ 'modelled zone' means either a bidding zone, a country or another geographic area that is explicitly modelled in the ED. A modelled zone cannot be larger than a bidding zone or a country;

~~(+)(jj)~~ 'MS' means EU Member State;

~~(+)(kk)~~ 'MTU' means market time unit pursuant to Transparency Regulation;

~~(kk)~~(ll) 'NECP' means an integrated national energy and climate plan pursuant to the Governance Regulation;

~~(H)~~(mm) 'net generating capacity' (NGC) of a generation unit means the maximum net active electrical power it can produce continuously throughout a long period of operation in normal conditions, where:

- i. 'net' means the difference between, on the one hand, the gross generating capacity of the alternator(s) and, on the other hand, the auxiliary equipment load and the losses in the main transformers of the power station;
- ii. for thermal plants, 'normal conditions' means average external conditions (climate etc.) and full availability of fuels; and
- iii. for hydro, solar and wind units, 'normal conditions' means the nominal availability of primary energies (i.e. water, solar or wind conditions).

~~(mm)~~(nn) 'net transmission capacity (NTC)' means the coordinated net transmission capacity approach pursuant to CACM Regulation;

~~(nn)~~(oo) 'non-explicitly modelled systems' means electric systems which are not explicitly represented in the modelling framework in detail, and which are directly interconnected with an explicitly modelled system;

~~(oo)~~(pp) 'out-of-market capacity resource' means any capacity resource which is not market-based. Out-of-market capacity resources include capacity resources of strategic reserves, ~~but do not include ENS~~;

~~(pp)~~(qq) 'PECD' means pan-European climate database;

~~(rr)~~ 'PEMMDB' means pan-European market modelling database;

~~(qq)~~(ss) 'pivotal target year' means a year in which adequacy simulations are performed and reliability indicators are computed.

~~(rr)~~(tt) 'planned outage' means a state of a capacity resource when it is not available in the power system and the outage was planned in advance. These outages include maintenance, mothballing and any other non-availabilities known at the time of data collection for the resource adequacy assessment;

~~(ss)~~(uu) 'PST' means phase-shifting transformer;

~~(tt)~~(vv) 'PTDF' means power transfer distribution factor;

~~(uu)~~(ww) 'RCC' means regional coordination centre pursuant to Electricity Regulation;

~~(xx)~~ 'remaining available margin' (RAM) means the available margin of a CNEC, pursuant to CACM Regulation;

~~(yy)~~ 'Reliability standard' means the measure of the necessary level of security of supply, pursuant to TITLE 4 of the VOLL CONE RS methodology.

- ~~(zz)~~ 'RES' means energy from renewable sources pursuant to Electricity Directive;
- ~~(vv)~~~~(aaa)~~ 'revenue' means any income that a given capacity resource receives;
- ~~(ww)~~~~(bbb)~~ 'RR' means replacement reserves pursuant to SO GL;
- ~~(xx)~~~~(ccc)~~ 'RS methodology' means the methodology for calculating the reliability standard pursuant to Title 4 of the VOLL CONE RS methodology;
- ~~(yy)~~~~(ddd)~~ 'scenario' means the quantitative description of a plausible future of the power generation, transmission and demand systems based on a collection of drivers;
- ~~(zz)~~~~(eee)~~ 'sensitivity' means a change in a scenario stemming from the variation of one (or very few) input parameter(s) that would not involve significant changes in other input parameters or in the collection drivers of the corresponding overall scenario. Sensitivities are defined pursuant to Article 3(6) and (7);
- ~~(aaa)~~~~(fff)~~ 'strategic reserve' means a type of CM in which designated capacity resources are not available in the EOM and are only dispatched when TSOs are likely to exhaust their balancing resources to establish an equilibrium between demand and supply;
- ~~(bbb)~~~~(ggg)~~ 'study time period' means the time period covered by the ERAA;
- ~~(eee)~~~~(hhh)~~ 'submission year' (SY) means the year when ENTSO-E submits the ERAA results to ACER for approval, in line with Article 10(2);
- ~~(ddd)~~~~(iii)~~ 'TFEU' means Treaty on the functioning of the European Union;
- ~~(eee)~~~~(jjj)~~ 'target year' (TY) means a year simulated within the ERAA;
- ~~(fff)~~~~(kkk)~~ 'TYNDP' means ENTSO-E's ten-year network development plan;
- ~~(ggg)~~~~(lll)~~ 'unplanned outage' means a state of a capacity resource when it is unavailable in the power system and the unavailability was not planned;
- ~~(mmm)~~ 'variable cost' means variable cost pursuant to Article 2 of the VOLL CONE RS methodology;
- ~~(hhh)~~~~(nnn)~~ 'variant' means a variation of a central reference scenario, that is not a sensitivity, where the assumptions regarding existing and anticipated capacity mechanisms are different than in the baseline scenario data;
- ~~(iii)~~~~(ooo)~~ 'VOLL CONE RS methodology' means Annex I of the VOLL, CONE and RS Methodology of ACER Decision No 23/2020;
- ~~(jjj)~~~~(ppp)~~ 'VOLL methodology' means the methodology for determining a single estimate of the value of lost load pursuant to Title 2 of the VOLL CONE and RS methodology;
- ~~(kkk)~~~~(qqq)~~ 'WACC' means WACC pursuant to Article 2 of the VOLL CONE and RS methodology.

3. In the ERAA methodology, unless the context requires otherwise,

- (a) the singular indicates the plural and vice versa;

- (b) the table of contents and headings are inserted for convenience only and do not affect the interpretation of the ERAA methodology; and
- (c) any reference to legislation, regulations, directive, order, instrument, code or any other enactment shall include any modification, extension or re-enactment of it then in force.

Article 3. Scenario framework

1. The ERAA shall be based on projected demand and supply covering ~~each~~ at least four pivotal target years of the study time period. These pivotal target years shall cover the short-term (SY +2 or SY +3), mid-term (between SY+ 4 and SY +7), and long-term (SY+8 or beyond). The ERAA assessment for SY +1 may refer to the results of the seasonal adequacy assessment pursuant to Article 9 of the RPR. ENTSO-E shall determine which target years are considered pivotal in each ERAA edition, following a consultation with ACER, the European Commission and Member States. To ensure inclusion of typical milestone years in energy policy, by default, years that are multiples of five (e.g. 2030, 2035) shall be included as pivotal target years, unless duly justified otherwise.
2. ENTSO-E shall collect data to define the projected demand, supply and grid assumptions according to the requirements set out in Article 5 of the present Methodology.
3. The baseline data for the ERAA stems from the national ~~projected~~ demand, supply and grid outlooks prepared by each individual TSO, according to Article 5. . This baseline data shall serve as the starting point for the central reference scenarios referred to in paragraph (5). In particular~~These national forecasts shall be consistent with existing and planned national policies, including:~~
 - (a) For the National Plans scenario, the baseline data shall be consistent with existing national policies to meet the national objectives, targets and contributions, and other projections contained in the NECPs, as referred to in Article 3 of Governance Regulation, including This includes policies related trends related to coal phase-out, nuclear phase-out, RES development, storage, electric vehicles, sectoral integration, DSR and energy efficiency measures. Best estimates regarding the state of the grid should be considered taking into account the most recent TYNDP and the most recent national development plans. Scenario assumptions shall align coordinate with the latest NECP-based TYNDP-scenario, which (i) can be adjusted to match development trajectories for the short-term based on most recent data and trends and (ii) not provides a coherent evolution within the period analysed when considering NECP yearly targets and evolutions. Scenario assumptions shall coordinate with the latest available NECP, and can be adjusted to ensure realistic development trajectories for the short-term based on most recent data and trends to provide a coherent evolution within the period analysed when considering NECP yearly targets and evolutions~~In line with Article 23(5)(e) of Electricity Regulation, the assessment shall anticipate the likely impact of the measures referred in Article 20(3) of Electricity Regulation. To this aim, the assumptions of the central reference scenarios shall align with the measures and actions defined by MSs pursuant to Article 10(5) of Electricity Regulation and with implementation plans pursuant to Article 20(3) of Electricity Regulation;~~
 - (b) For the Trends and Projections scenario, the baseline data shall reflect the actual observed and projected future pace of the energy transition in each MS, which may deviate from the NECPs and other national policy targets due to delays or deviations in the implementation of national plans. These data should take into account the latest available trends and projections at national level regarding generation, demand and grid infrastructure, including the biennial reporting of

MSs under Governance Regulation, best estimates regarding the state of the grid, taking into account the TYNDP and the most recent national development plans; and

(c) known trends and assumptions regarding mothballing, development of new capacity resources, and already awarded CM contracts and estimates on available capacity under already awarded CM contracts already awarded at the time of the assessment, under existing or planned CMs, provided these have been approved under Union State aid rules pursuant to Articles 107, 108 and 109 of the TFEU For all central reference scenarios,

i. known trends and assumptions regarding retirement, mothballing, and development of new capacity resources, including capacity under CM contracts already awarded at the time of the assessment shall be taken into account, provided these have been approved under Union State aid rules pursuant to Articles 107, 108 and 109 of the TFEU.

ii. In line with Article 23(5)(e) of Electricity Regulation, the assessment shall anticipate the likely impact of the measures referred in Article 20(3) of Electricity Regulation. To this aim, the assumptions of the central reference scenarios shall align with the measures and actions defined by MSs pursuant to Article 10(5) of Electricity Regulation and with implementation plans pursuant to Article 20(3) of Electricity Regulation.

4. For all central reference scenarios, the EVA shall be performed on the baseline data described in the previous paragraph. The ERAA report shall clearly show whether and how the baseline data has been modified by the EVA. To ensure consistency, the EVA may also be performed for the other scenarios and sensitivities.

5. ~~The Each ERAA shall edition shall include~~ rely on at least one of the following central reference scenarios:

(a) **With CMs:** this scenario considers CMs approved in accordance with the Union State aid rules pursuant to Articles 107, 108 and 109 of the TFEU and applicable at the time of the assessment. Cross-border participation in CMs shall be considered where technically feasible and applicable pursuant to Article 26 of Electricity Regulation; and Methodology for the European resource adequacy assessment 11 (b) Without CMs: this scenario excludes CM revenues, except for CM contracts already awarded at the time of the assessment. National Plans: this scenario considers existing and expected future capacity developments reflecting at least the NECPs or going beyond them, e.g. by taking into account other approved national energy and climate policies. in line with NECPs and other energy and climate policies.

(b) **Without CMs:** this scenario excludes CM revenues, except for CM contracts already awarded at the time of the assessment. Trends and Projections (TP): this scenario reflects a future where NECP-based and policy targets for deployment of new capacity assumed to be met in the National Plans scenario are not fully realised due to delays in the implementation of these plans, leading to a slower pace of the energy transition. Taking into account current trends and projections and the actual progress of Member States towards delivering their NECPs. This scenario should reflect delayed commissioning on the supply side (e.g. RES, thermal, storage, or hydro capacity) and may also consider different dimensions (e.g. cross border exchanges, demand projections).

6. Where an ERAA edition includes only one central reference scenario, priority shall be given to the Trends and Projections scenario. Where multiple central reference scenarios are included, simplifications may be applied to one (or more) scenario, for example by simulating fewer (pivotal) target years, focussing on policy-relevant years, reflecting higher uncertainty in medium- and long-term horizons.

7. An additional 'with CM' variant of the central reference scenarios shall be performed. This variant shall include not only already awarded capacity contracts under approved CMs at the time of the assessment included in the baseline data as per paragraph (3) above, but also additional capacity expected to be procured under approved CMs. This variant may be performed on a subset of TYs and shall only be performed:

- (a) where technically feasible, and
- (b) upon agreement between ACER and ENTSO-E, and
- (c) provided that its inclusion does not hinder the timely submission of the ERAA to ACER pursuant to Article 10(2).

~~6.8.~~ ENTSO-E may complement the central reference scenarios with additional scenarios and/or sensitivities with European or regional relevance, ~~e.g. to assess the robustness of the identified resource adequacy concerns~~. Such scenarios and/or sensitivities may be based on, inter alia, the following elements:

- (a) different assumptions related to input data and scenario uncertainties, including different economic and policy trends relevant for resource adequacy;
- ~~(a)~~(b) different electrification rates of the energy system, as one of the central drivers of the EU system transformation
- ~~(b)~~(c) impact of uncertainty in the deployment of electricity and wider energy system infrastructure including (but not limited to) investments in the electricity grid, infrastructure for the production, transport and storage of low-carbon fuels, as well as the transport and storage of CO₂ investments;
- ~~(e)~~(d) assessments of the robustness of the identified investments within the EVA;
- ~~(d)~~(e) variations on fuel, wholesale prices and/or carbon prices;
- ~~(e)~~(f) consideration of extreme weather events and hydrological conditions;
- ~~(f)~~(g) variations on cross-zonal capacities;
- ~~(g)~~(h) alternative assumptions about CMs, pursuant to Article 23(5)(f) of Electricity Regulation, variations variants without and with CMs, including e.g.
 - i. adding or removing CMs for some modelled zones;
 - ii. postponing the implementation of CMs, or prolonging CMs for some modelled zones;
 - iii. changing the type of CM for some modelled zones;
 - ~~iii-~~iv. delays in commissioning of new-build capacity contracted via CM auctions
- ~~(h)~~(i) presence of indirect restrictions to wholesale price formation (pursuant to Article 7(8) and (9) of the Electricity Regulation).

~~7. If ENTSO-E identifies any resource adequacy concern pursuant to Article 8(1), and if any indirect restriction to wholesale price formation pursuant to Article 10(4) of Electricity Regulation is modelled in ERAA, ENTSO-E shall conduct an additional sensitivity without any indirect restriction to price formation, to identify whether indirect restrictions to price formation may constitute possible sources of resource adequacy concerns in line with Article 23(5)(k) of Electricity Regulation. ENTSO-E may also~~

~~conduct additional sensitivity analyses adding or removing some indirect restrictions to price formation in some modelled zones. All these sensitivities do not affect the MSs' prerogatives pursuant to Article 20(1), (2) and (3) of Electricity Regulation.~~

~~8.9.~~ Definition and prioritisation of any additional scenarios and/or sensitivities pursuant to paragraph (76) shall be subject to public consultation by the ENTSO-E. In particular, views of MSs and relevant stakeholders on the evolution of the power system and the relevance of any proposed scenario and/or sensitivity shall be duly taken into account.

Article 4. Resource adequacy assessment

1. Modelling framework

- (a) The resource adequacy metrics are estimated through the ED. Market entry and exit are modelled through the EVA. ~~The ERAA shall apply a single modelling tool, in line with Article 23(5)(i) of Electricity Regulation.~~
- (b) ~~Adequacy metrics will be calculated for every pivotal target year as The ERAA shall simulate each target year from SY+1 until SY+10, i.e. the study time period shall start from SY+1 until SY+10 (included) defined in Article 3(1).~~
- (c) Resource adequacy shall be assessed using at least the following two probabilistic resource adequacy metrics: EENS and LOLE.
- (d) The ERAA consists of the following major pillars: demand, supply, storage, and grid representation among different modelled zones.
- (e) Within a given scenario or variant, ~~U~~uncertainty is represented through the availability of capacity resources and network, and climate conditions.
 - i. Availability of capacity resources is represented through random unplanned outage patterns. Uncertainty of interconnectors is also represented through random unplanned outage patterns of interconnectors between different modelled zones, unless this effect is already included in the flow-based parameters considered within the flow-based approach and/or through the thermal capacity assigned to interconnectors.
 - ii. Data related to climate variables (i.e. hydro inflows, irradiance values, wind speeds and temperatures) are consolidated in the ENTSO-E PECD. The PECD comprises a set of hourly time series of climate variables for multiple years. The data set shall properly consider the inter-zonal and inter-temporal correlation of those climate parameters.
- (f) The expected frequency and magnitude of future climate conditions shall be taken into account in the PECD, also reflecting the foreseen evolution of the climate conditions under climate change. To this effect, the central reference scenarios shall either
 - i. rely on a best forecast of future climate projections;
 - ii. weight climate years to reflect their likelihood of occurrence (taking historical or future climate projection into account); or

- iii. rely at most on the 30 most recent historical climatic years included in the PECD.

Other scenarios and sensitivities may rely on climate data beyond the one used for the central reference scenarios, e.g. pursuant to Article 3.76(fe).

- (g) Unless the modelling framework allows for a proper characterisation of unforeseen imbalances, the ED shall rely on a “perfect foresight” principle: under this assumption, forecast errors of wind, solar, hydro generation, of planned outages as well as of demand are ignored in the ED. Additionally, unplanned outages are assumed to be known in advance with the perfect foresight principle.
- (h) The MTU shall be smaller than or equal to an hour.
- (i) The spatial granularity of modelled zones shall be set at least by the smallest level between country and bidding zone, considering the bidding zone configuration expected for each target year. In addition, the specific geographical characteristics of the assessed perimeter shall be reflected in the ED model by explicitly modelling islands for which sufficiently qualitative and granular input data exist, for example the island of Crete.
- (j) Non-explicitly modelled zones are represented by fixed time series of energy exchanges through interconnections.

2. Probabilistic assessment

- (a) The ERAA shall use a probabilistic methodology to reflect the stochasticity of climate variables affecting supply and demand, as well as the expected availability of generation, storage and transmission resources.
- (b) The MC method shall be used for probabilistically assessing the availability of capacity resources and transmission resources. It creates possible future states of the modelled power system by sampling a sequence of random outages of the relevant stochastic variables. Random outages represent different availability of capacity resources and transmission lines, which are subject to failures that cannot be predicted beforehand and may have a significant impact on resource adequacy.
- (c) Modelling of outages shall reflect, where possible and applicable, the attractiveness for capacity resources to be available during MTUs when ENS is likely to occur.
- (d) MC sample years shall combine the climate-dependent variables and random outages referred to in paragraph (1)(e), as follows:
 - i. Climate years, are first selected one-by-one;
 - ii. Each climate year is associated with random outage samples, i.e. randomly assigned unplanned outage patterns for at least thermal units, as well as for interconnectors;
 - iii. The combination of the climate years and the random unplanned outage patterns defines the MC sample years analysed. The number of MC sample years shall ensure convergence of the results, pursuant to paragraph (2)(e).

- (e) The convergence of the Monte Carlo method shall be assessed by the coefficient of variation (α) of the ~~EENS-metric~~. It describes the volatility of the ~~EENS metric~~ in the Monte Carlo assessment. The coefficient of variation is defined by the equation below:

$$\frac{\sqrt{\text{Var } \text{EENS}}}{\text{EENS}}$$

where EENS is the expectation estimate of ENS over N , the number of Monte Carlo years, i.e., $\text{EENS} = \frac{\sum_{i=1}^N \text{ENS}_i}{N}$, $i = 1 \dots N$ and $\text{Var } \text{EENS}$ is the variance of ~~EENS over N~~the expectation estimate, i.e. ~~Var EENS~~.

- (f) A stopping criterion for the probabilistic assessment shall be enforced, under a sufficiently large number of Monte Carlo years, by comparing the relative increment of α with a given threshold value Θ . In particular, for N sufficiently large, if

$$\frac{|\alpha_N - \alpha_{N-1}|}{\alpha_{N-1}} > \Theta$$

then increasing the number of Monte Carlo years would not increase the level of accuracy considerably. Consequently, the Monte Carlo analysis can stop.

- (g) To indicate the reliability of resource adequacy assessment results, the following parameters shall be reported along with the results:
- i. The number of analysed Monte Carlo years N ;
 - ii. The value of α as a function of N .

3. Demand:

- (a) For each target year, demand shall be represented as a time series with a temporal resolution equal to the MTU. Demand shall be available at least at modelled zone-level, and may be available with a higher level of spatial detail. It shall be calculated based on historical demand time series and considering the stochasticity of climate variables, the impact of climate change, and projections of economic growth and penetration of new technologies (e.g. electric vehicles and heat pumps) for each target year.
- (b) With respect to climate, demand shall be modelled considering at least load-temperature sensitivity using historical climate data or climate data derived from climate models. The demand sensitivity to climate may include other variables such as irradiation, wind speed or humidity, if proven relevant.
- (c) Explicit and implicit DSR shall be considered in the assessment. The data related to potential for demand reduction, postponement or shifting shall be based on the best forecast in the modelled zone and within the concerned time period of the assessment.
 - i. Explicit DSR potential shall be structured in different price and volume bands, each characterised by a maximum activation capacity, maximum activation duration, unit

activation price, as well as economic and technical activation and energy constraints. The activation price and volume bands indicate the minimum price required to activate the corresponding volumes of DSR, hence constituting a DSR activation curve. The estimation of explicit DSR potentials and their activation curves shall be performed at least per modelled zone.

- ii. Implicit DSR potential shall reflect the demand elasticity of the day-ahead market expected for the considered target year, based on best forecast.
- iii. DSR shall be defined as either
 - 1. DSR potential and initial installed capacity (for various activation prices) to allow the EVA to define the installed capacity and activation curve based on market entry and exit of DSR; or
 - 2. Exogenous installed DSR capacity and activation curve.
- iv. The choice of either option shall be properly justified and transparently communicated (see also Article 5.11(c)). In case implicit DSR activation is not directly linked to time-variable electricity prices but rather to permanent incentive payments associated with a certain expected behaviour of costumers at specific hours every day/week of the year, implicit DSR shall be modelled within ENTSOE's demand prediction process, e.g. as time-dependent flexible demand bands.
- (d) The proportion of each consumer's demand which is price-responsive, and which is excluded from calculating the single VOLL for RS pursuant to Article 7(2)(a) of the VOLL methodology, shall be included as DSR in the ERAA.
- (e) Demand during charging of storage units shall be determined separately through the ED and shall be assumed to be price-responsive.
- (f) Estimates on evolution of energy efficiency and its effects on demand curves as well as demand growth due to economic, technological and social developments shall be considered using annual best forecasts.

4. Supply

- (a) Supply assumptions shall consider current status and best estimates of all available generation units in the system.
- (b) All capacity resources and their contribution to flexible system operation shall be considered, in line with Article 23(5)(d) of Electricity Regulation.
- (c) Supply shall be defined in terms of NGC. Any seasonal impact on generation capacity availabilities (e.g. CHP availabilities in summer and seasonal efficiencies) shall be considered (e.g. by introducing time series of availability or by modelling unavailability through the planned maintenance schedule). Constraints related to supply of other services (e.g. must-run of CHP) shall also be considered.
- (d) Climate-dependent electricity generation, such as wind, solar and hydro generation, shall be based on modelled climate conditions, assuming perfect foresight in line with Article 4-9. The climate conditions used for climate-dependent generation and for climate-dependent demand

shall be consistent. Temperature impact on climate-dependent electricity generation (e.g. on the efficiency of PV panels, temperature sensitivity of thermal generation to air temperature, need of cooling water...) may be indirectly considered through the statistical information used to build the climate-dependent electricity generation models. Non dispatchable climate-dependent electricity generation shall be modelled by combining:

- i. NGC for each technology, representing the expected market penetration of climate dependent electricity generation for the target year; and
- ii. time-varying load factors reflecting the spatial and temporal dependency of climate-dependent electricity generation, as well as the evolution of technical characteristics of the relevant generation technologies in each target year.

(e) Availability of supply sources:

- i. Availability of power generation sources shall account for planned and unplanned outages, as well as system reserve requirements.
- ii. Planned outages are modelled assuming perfect foresight in line with Article 4-0.
 1. For the time period SY+1 - SY+3, planned outage schedules shall be prepared centrally by ENTSO-E, with support and inputs given by TSOs. These maintenance profiles may be calibrated using data published by owners of generation units pursuant to the REMIT, as well as technology-specific constraints (e.g. maximum number of nuclear units in simultaneous maintenance);
 2. For the time period SY+4 – SY+10, planned outage schedules shall be prepared centrally by ENTSO-E, with support and inputs given by TSOs. These planned outage schedules shall be optimised to avoid scheduling maintenance when ENS is likely to occur, while respecting relevant constraints such as maintenance period for each power plant, percentage of capacity that should undergo maintenance during winter period, as well as technology specific-constraints (e.g. maximum number of nuclear units simultaneously under maintenance). To preserve the representativity of the results, assumptions on optimized planned outages can be refined to respect historical outage tendencies, in particular for modelled zones where the planning of outages in a coordinated manner is not considered in national legal framework.
- iii. Unplanned outages of supply shall be considered in a probabilistic manner and assuming perfect foresight in line with Article 4-0, pursuant to paragraph (1)(e)(i) of this Article. Assumptions on outage rates per technology type and mean time to repair shall build on historical outage events in Europe. These assumptions may be refined to reflect how outage rates correlate with market signals.

- (f) Supply-side technical constraints shall be considered. These constraints may include minimum and maximum generating capacities, capacity requirements for system services (such as reserves or voltage support), capacity reductions due to mothballing, must-run constraints, annual run hour limits (e.g. for large combustion plants subject to operating restrictions or derogations under the Industrial Emissions Directive and related BAT conclusions), time series

of de-rating ratio (due to constraints which are not explicitly modelled in the ED), planned maintenance requirements, internal transmission constraints that temporarily reduce accessible generation (e.g. due to major planned outages, grid upgrades, regional system-strength and short-circuit management measures), ramping capabilities, minimum run-time, start-up and shut-down times and, as long as relevant for the generation technology and consistent with the climate modelling approach, constraints on temperature dependency of thermal generation and constraints related to the need for cooling water.

- (g) Energy constraints (such as for hydro) shall consider energy availability. For hydro generation modelling, the energy constraints may relate to water inflows, reservoir size or minimum energy release requirements due to environmental reasons, and may require an ex-ante optimisation consistent with paragraph (5) of this Article.

5. Reservoir and storage

- (a) Hydro reservoirs and pumped-hydro storage capacity resources shall be divided into open-loop and closed-loop pump-storage different technology types, consistent to the classification of capacity collected in the PEMMDB and the corresponding inflows (when relevant) provided by the PECD, with the latter not having natural inflows to their reservoirs but only a closed loop of pumping and generating from the available reservoir. The modelling of pumped-hydro storage units relies on specific modelling techniques, some of which include shall rely on an ex-ante optimisation phase, the with a coarser time resolution of which might be longer than in the timestep of the ED model (e.g. weekly or even seasonal decomposition, depending on the time resolution of the available inflow data or constraints). During this phase, hydro reservoir targets shall be optimised to provide the ED model with the available energy from hydro storage within each time step of the hydro optimisation phase. The hydro optimisation model shall respect the constraints prescribed and collected for the corresponding technologies, including for example related to upper and lower reservoir level trajectories and, minimum/maximum pumped energy, minimum/maximum generated energy, minimum/maximum generation or pumping capacity. The hydro optimisation shall reflect:
 - i. the expected operational principles applied for each target year by market participants which own and operate hydro storage; and
 - ii. environmental or other technical constraints (e.g. on potable and agriculture uses) on the water resource.

- (b) Batteries (including vehicle-to-grid) shall be considered within each modelled zone, based on best estimates for the concerned period of the assessment. Energy availability shall be based on energy storage capacities and charging-discharging constraints of the batteries. The ERAA shall consider:

- i. in-the-market batteries, which are large-scale battery capacities that are traded in day-ahead and intraday markets. In-the-market batteries shall be modelled similarly to pumped-hydro storage and shall be subject to the following constraints: maximum power, maximum energy storage, state of charge, charging/discharging efficiency; and
- ii. out-of-market batteries, which represent small-scale batteries typically managed behind the meter. Out-of-market batteries shall be modelled as peak-shaving units based on predefined peak-reduction ratios, which are a direct input to the demand prediction process.

- (c) Other long-duration energy storage technologies can be considered, where technically feasible, for the modelled zones infor which relevant capacity and robust data are available. Modelling of long-duration energy storage technologies should reflect expectation operational practice, and may rely on one of the modelling approaches outlined in paragraph (a) or (b), depending on the expected storage capacity.

6. Network

- (a) For each target year, cross-zonal capacities shall reflect the expected CCM, taking operational security limits into account. In particular, cross-zonal capacities shall reflect the latest available information regarding MS action plans for a linear trajectory pursuant to Article 15 or the minimum capacity pursuant to Article 16(8), as well as any temporary derogations granted as per Article 16(9) of the Electricity Regulation. Cross-zonal capacities for the central reference scenarios shall also reflect the measures decided to reach electricity interconnection targets, according to the information available to the TSOs.
- (b) Within NTC capacity calculation, NTCs shall limit the bilateral exchange between two explicitly modelled zones. These values shall reflect expected operational practices (which may include specific connection agreements) for the target year.
- (c) Within flow-based capacity calculation, a flow-based domain shall be computed as follows, in line with the expected CCM:
- i. ENTSO-E, based on TSOs' input data, shall coordinate the identification of CNECs during the data collection process pursuant to Article 5;
 - ii. definition of relevant node-to-hub PTDFs shall use grid models covering the flow-based area under consideration. ~~At least one~~ One grid model per target year shall be used. European grid models from the TYNDP reference grid shall be used. These European grid models shall incorporate the relevant grid modifications expected to be operational by the different target times of the assessment;
 - iii. node-to-hub PTDFs shall be defined for each of the different CNECs and for the relevant variables representing the net positions of each bidding zone under consideration, relevant HVDC flows, PST settings, and other degrees of freedom expected to be reflected in capacity calculation;
 - iv. the capacity available for cross-zonal trade on a CNEC depends on the maximum admissible power flow at the considered MTU, defined as F . F may be implemented as a time-varying value in order to reflect varying relevant conditions;
 - v. the selection of GSKs shall be in line with foreseen practices in the relevant capacity calculation region, taking into account any simplification necessary for the ERAA;
 - vi. zone-to-hub PTDFs shall be defined, combining node-to-hub PTDFs with GSKs for each MTU;
 - vii. RAM of each CNEC shall be estimated, including proper considerations on internal, loop and transit flows, as well as applicable minimum RAM requirements. The impact of coordinated validation of cross-zonal capacity on RAM should be taken into account;

- viii. for all relevant CNECs, the (RAM, PTDFs) parameters shall define a collection of linear constraints for the ED. This total set of constraints shall be reduced to the set of constraints limiting the exchanges within the simulation. The reduced combination of relevant constraints shall form the final flow-based domain;
 - ix. The final flow-based domains shall be the linear constraints introduced in the ED model.
- (d) Climate conditions and seasonal patterns that impact network constraints shall be considered when defining cross-zonal capacities. In particular, for each target year, cross-zonal capacities shall at least be estimated for winter and summer (following the seasons defined operationally by TSOs). For each MTU of each MC sample year, a set of cross-zonal capacity values shall be set based on the relevant variables (including climate, RES generation and demand) of the MC sample year for the considered MTU. A correlation analysis between the different cross-zonal capacities and the relevant variables shall be applied.
- (e) If the CCM allows for specific allocation constraints, such constraints may further restrict cross-zonal trade (on top of the flow-based domains or NTCs). In this case, the constraint value shall be computed in line with the expected CCM.
- (f) In the NTC approach, unplanned outages of ~~HVDC~~ interconnections shall be considered in a probabilistic manner, as per paragraph 1(e)(i).¹ Assumptions on outage rates per line and mean time to repair shall build on statistical analysis of historical outage events in Europe.
- ~~(g) Reserve requirements shall be set separately for FCR, FRR and RR.~~
- ~~For each target year, the dimensioning of FCR and FRR, and the contribution of each TSO, shall reflect reserve needs to cover imbalances in line with Articles 153 and 157 of SO-GL.~~
 - ~~Unless the modelling framework described in paragraph 1(g) is able to model the use of balancing reserves in relation to unforeseen imbalances, FCR and/or FRR (or a part of these balancing reserves) may be deducted from the available capacity resources in the ED, either by deducting their respective capacities from the available supply or by adding them to the demand profile. However, the modelling of FCR and FRR shall comply with Article 7(7).~~
 - ~~RR shall be considered as capacity resource available in the ED. For each target year, the dimensioning of RR shall be consistent with Article 160 of SO-GL.~~

7. Reserves

- (a) Reserve requirements shall be set separately for FCR, FRR and RR.
- i. For each target year, the dimensioning of FCR and FRR, and the contribution of each TSO, shall reflect reserve needs to cover imbalances in line with Articles 153 and 157 of SO GL.

¹ In flow-based, unplanned outages of HVDC interconnectors are considered when computing the flow-based domain.

- ii. Unless the modelling framework described in paragraph (1)(g) is able to model the use of balancing reserves in relation to unforeseen imbalances, FCR and/or FRR (or a part of these balancing reserves) may be deducted from the available capacity resources in the ED, by deducting their respective capacities from the available supply. However, the modelling of FCR and FRR shall comply with Article 7(7).
- iii. RR shall be considered as capacity resource available in the ED. For each target year, the dimensioning of RR shall be consistent with Article 160 of SO GL.

11.8. Non-explicitly modelled systems

- (a) Non-explicitly modelled systems shall be modelled as exogenous best estimates of cross-zonal exchanges on all borders with explicitly modelled zones. The cross-zonal exchanges shall be provided by TSOs having direct interconnections with those systems. The cross-zonal exchanges, and shall reflect expected market conditions and expected operational practices (including specific connection agreements) for the MTUs of each target year.

Article 5. Data collection

1. The ERAA data collection shall follow the ENTSO-E data collection framework principles:

- (a) ENTSO-E shall provide data collection guidelines to each TSO, to guarantee a coherent data collection process. Such guidelines shall specify the assumptions (including data template) to follow when providing data, in order to guarantee a standardised data preparation process and ensure that databases are built on consistent, transparent and common assumptions;
- (b) Some of the data requested from the TSOs is used by ENTSO-E as an input to generate centrally prepared datasets for the ERAA.

2. ENTSO-E shall coordinate the data collection process to prepare and consolidate the TSO input.

3. During the data collection process, ENTSO-E shall communicate with TSOs through delegated adequacy correspondents.

4. TSOs shall provide ENTSO-E with the data needed to carry out the ERAA, pursuant to Article 23(4) of Electricity Regulation. ENTSO-E shall clearly differentiate the origin of data used in its studies (MSs, TSOs, ENTSO-E assumptions, NRAs, DSOs, NEMOs, other/external, etc.). In addition, in case of inconsistency in the collected data, ENTSO-E shall request the relevant TSOs to disclose their data sources and shall define a consolidation mechanism in order to combine such data into a consistent dataset.

5. Producers and other market participants shall provide the TSOs with the relevant data regarding expected utilisation of the generation resources, pursuant to Article 23(4) of Electricity Regulation and respecting confidentiality of such data where required, in order for TSOs to set up or benchmark the scenarios of projected demand and supply and to provide relevant technical and economic assumptions for the EVAs.

6. For calibration purposes, ENTSO-E may also rely on other data collected in line with Transparency Regulation, such as e.g. historical wholesale prices.

7. In line with paragraph (4), to set up the flow-based modelling, TSOs shall either

- (a) Provide ENTSO-E with the input data required to compute centrally the flow-based domain pursuant to Article 4.6(c); or
 - (b) Define a list of relevant CNECs with PTDFs, Fmax and RAM pursuant to Article 4.6(c).
8. Reserve requirements data collection per modelled zone shall consist of separate time series for FCR, FRR and RR, pursuant to Article 4. ~~76(g)~~.
9. General economic parameters, such as evolution of fuel prices and CO₂ emission allowance price under the EU ETS (where applicable), shall be prepared centrally by ENTSO-E based on best available economic expertise at European level. These assumptions shall be ~~consistent based on with the~~ ENTSO-E's scenarios prepared for the TYNDP, but can use more up-to-date data where available, and it may also lead to different parameter values among modelled zones.
10. Economic and technical data to perform EVAs shall be consolidated centrally by ENTSO-E based on best information available to ENTSO-E. The following data items shall be estimated per relevant technology and modelled zone:
 - (a) CAPEX, expressed in EUR/MW;
 - (b) Annual fixed costs, expressed in EUR/MW/year;
 - (c) Short-term variable costs (EUR/MWh), efficiencies (%) and emission factors of CO₂ (t/MWh);
 - (d) WACC and discount rates;
 - (e) (remaining) economic lifetime, and
 - (d)(f) construction period.

The set of technical and economic data consolidated and adopted by ENTSO-E shall ensure the consistency and robustness of EVA results over the modelled perimeter and horizon, minimizing the risk of exogenous biases and inconsistencies. For the technologies used in ERAA which are also reference technologies for CONE or CORP, the economic and technical data used for ERAA ~~(except for WACC) shall be identical~~ can be based on the latest available best estimate used in the most recent CONE and CORP calculations pursuant to the CONE and RS methodologies, provided that such estimates are up-to-date, verifiable and accompanied by the underlying set of assumptions. In particular, the EVA shall at least consider all the relevant reference technologies and all the relevant reference renewals/prolongations considered pursuant to Article 18 of the VOLL, CONE and RS Methodology RS methodology.
- For technologies, for which the CONE or RS methodology did not define technical and economic parameters, best estimates regarding technical and economic parameters required for the EVA shall be prepared centrally by ENTSO-E, based on best available economic expertise at European level.
11. Collected data shall originate from combined top-down and bottom-up collection processes. It shall be checked for completeness and consistency and eventually consolidated into a PEMMDB. The PEMMDB shall contain information on the network and market models for each modelled zone and target year. The PEMMDB shall at least include technical and economic data at modelled zone level for all the reference technologies considered during the calculation of CONE and CORP (according to the CONE

and RS methodologies). More specifically, the PEMMDB shall contain the generic input dataset to the ED model. The PEMMDB shall include:

- (a) Generation data, consisting of, among others, RES and thermal generation NGCs, their predicted evolution over time, maintenance requirements, technical capabilities, fuel consumption, conversion efficiencies, mothballing predictions, RES and non-dispatchable fossil fuel generation time series. Thermal generation data shall be collected unit by unit, to the best availability. Wherever unit by unit data is not available, generation data shall be aggregated following the data collection guidelines and according to the standard data templates referred to in paragraph (1). Thermal power plant conversion efficiencies used in the model shall be based on fuel subtypes. RES capacities shall be provided per modelled zone, or using a more detailed geographic granularity. Both RES and non-dispatchable fossil fuel generation time series shall have a time resolution equal to the MTU;
- (b) Data on already awarded CM contracts, consisting of at least the type and volume of capacity resource contracted, the duration of the contract, the description of the delivery period and the annual amount paid to the contracted capacity during the whole duration of the contract;
- (c) Data on the current installed capacity and potential of (explicit and implicit) DSR and storage. Such estimates should build on input from relevant market parties and TSO data, and shall result in values that are differentiated for each modelled zone;
- (d) System reserve requirements separately provided for FCR, FRR and RR for each modelled zone, target year and MTU;
- (e) Demand predictions, built on historical hourly demand profiles and forecast adjustments. These components are the following:
 - i. Historical demand time series (with a time resolution at least equal to the MTU) shall be collected from TSOs per modelled zone. ENTSO-E shall combine these historical demand time series with historical climate variables, in order to build demand predictions centrally. The predictions are then used to generate multiple time series for each target year to reflect different climate conditions.
 - ii. A set of model parameters that allow for a characterisation of time series per modelled zone, target year and MTU where applicable. These include:
 1. Annual demand per sector (industry, residential, services and transport) and per modelled zone shall be provided by TSOs as an aggregated forecast for each target year;
 2. current and forecast number of electric vehicles for each target year, average effective usage with time differentiation, where possible (e.g. between seasons, months, weekends and weekdays), average efficiency (forecast consumption), share of fast and slow charging profiles (taking into the account the geographical diversity of charging behaviour within the study time period). Deployment forecast of electric vehicles shall be defined by each TSO as part of the scenario building process, while vehicle-to-grid capabilities shall be based on best forecast;

3. current and forecast number of heat pumps, increase in thermal demand caused by heat pump additions, average values of coefficients of performance, threshold of coefficient of performance for switching (hybrid heat pumps);
 4. current and forecast number of out-of-market batteries, their maximum total power, ~~–~~storage capacities, cycle efficiency, peak reduction and ramp_rate reduction;
 5. other forecast adjustments: other additional demand types (e.g. data centres);
 6. calendars of holidays/weekdays/special days per target year;
 7. other characteristics of relevant technologies that affect demand levels and shape (e.g. energy efficiency programs).
- (f) NTC of bidding-zone borders between explicitly modelled systems, and allocation constraints pursuant to Article 4.6(e).
- (g) Flow-based domains as described in Article 4.6(c).

12. The PECD ~~of ENTSO-E~~ shall include, at least per modelled zone level, the following data:

- (a) temperature, irradiance, humidity and wind speed time series;
- (b) wind power and PV load factor time series; and
- (c) water inflows to hydro reservoirs.

The PECD shall build on “state-of-the-art” climate databases, using available re-analysis of historical data and climate projections where applicable. ENTSO-E shall periodically update the PECD within a timeframe compatible with the “state-of-the-art” to include re-analysis of recent historical data and/or synthetic data. The PECD shall be updated ~~before the first ERAA implementation and then~~ at least every 5 years, to account for the most recent climate data (e.g. more recent climate years and/or climate projections where applicable).

13. ENTSO-E shall estimate harmonised limits on maximum and minimum clearing prices (pursuant to Article 10(1) and (2) of Electricity Regulation), based on best available economic expertise at European level.

14. TSOs shall provide ENTSO-E with their best forecast on any indirect restrictions to price formation which are expected to significantly impact the ED or EVA (for those MSs where this is relevant), as well as any related mitigating measures or actions pursuant to Articles 10(4) and (5) and 20(3) of Electricity Regulation. For each declared restriction or mitigating measure, the TSO shall provide the timeline during which the restriction or measure is expected to apply, in line with measures and actions defined by MSs pursuant to Article 10(5) of Electricity Regulation and with implementation plans pursuant to Article 20(3) of Electricity Regulation.

15. TSOs shall provide ENTSO-E with information on ~~existing or planned~~ approved CMs and other state-aid support mechanisms (where relevant), and capacity contracts already awarded under these mechanisms for existing and new-build capacities. This information shall include assumptions on the type of CM, amount of de-rated capacity procured or expected to be procured and time duration of the CM. This information should allow to assess the share of the capacity within the PEMMDB relying on

any CM, as well as the expected duration of any already granted CM contract within the study time period.

Article 6. Economic viability assessment

1. Pursuant to Article 23(5)(b) of Electricity Regulation, the EVA shall assess the likelihood of retirement, mothballing, new-build of generation assets and measures to reach energy efficiency.
2. Subject to the constraints described in paragraph (8), and relying on the decision variables pursuant to paragraph (7), the EVA shall take the form of either (or a combination) of the following approaches:
 - (a) assessment of the economic viability of (groups of) capacity resources, pursuant to paragraphs (4) and (5); or
 - (b) minimisation of the overall system cost, pursuant to paragraph (6).
3. The evolution of capacity resources based on exogenous assumptions according to the national baseline data as described in Article 3 may be excluded from the EVA, i.e. the EVA may abstain from affecting these exogenous assumptions.
4. If the EVA assesses the economic viability of capacity resources within the study time period, for each capacity resource and target year, economic viability shall be defined based on the difference between revenues pursuant to paragraph (9) and costs pursuant to paragraph (10). A capacity provider ~~shall~~ can be viable if ~~(and only if)~~ its revenues are higher than or equal to its costs.
5. Based on the economic viability of each capacity resource, the EVA shall
 - (a) keep existing economically viable capacity resources in the market;
 - (b) consider re-entry of previously mothballed capacity if the mothballed capacity is viable;
 - (c) consider removing or mothballing non-viable capacity resources from the model;
 - (d) consider renewing or prolonging viable existing capacity resources (if applicable); and
 - (e) consider adding new viable capacity resources.
6. As a simplification, and assuming perfect competition, the EVA may instead minimise overall system costs, i.e. the sum of:
 - (a) fixed costs (consistent with the definition in Annex I of the VOLL, CONE ~~consistent with the CONE and CORP values used within the~~ RS methodology) based on data from Article 5(10); and
 - (b) total operating costs resulting from the ED.

In this case, the entry and exit decisions shall be assessed together for all capacity resources (as substitutional effects between capacity resources may occur).
7. For each target year and modelled zone, the EVA shall include the following decision variables:
 - (a) decommissioning/mothballing of existing capacity resources;

- (b) investment in new capacity resources (such as generation, storage or DSR);
- (c) re-entry of mothballed capacity resources; and
- (d) renewal/prolongation of existing capacity resources.

8. For each target year, the EVA shall fulfil the following constraints:

- (a) the demand pursuant to paragraph (142);
- (b) the capacity resources and their technical constraints pursuant to paragraph (123);
- (c) the network constraints ~~(including reserve requirements)~~ pursuant to paragraph (143);
- (d) the market and regulatory constraints expected to apply pursuant to paragraph (154);
- ~~(d)~~(e) the construction period for new-build capacity, pursuant to paragraph (18)

9. For each scenario (variant) and sensitivity, and for each considered target year, the revenues of a capacity provider shall be equal to the sum of all relevant potential revenues ~~expected~~ to be collected by the capacity resources of the capacity provider, and considered in the respective economic decisions pursuant to paragraph (7). The relevant revenues to be considered shall reflect the participation of different capacity resources in various markets, as well as their role and weight in the different economic decisions faced by market actors reflecting common practice of investors' decision making, and may vary for different technology types of capacity resources and target years. Relevant revenues may include:

- ~~(a) expected~~ revenues from the wholesale electricity market. ~~Expected~~ Revenues from the wholesale electricity market shall ~~be based~~ basically orientate on the ~~expected-modelled~~ prices (or ~~expected-modelled~~ marginal costs) of the ~~relevant~~ modelled zone(s) based on ED results according to Article 7(10) (and on actual prices from forward markets when applicable). The ~~expected-modelled~~ ED prices shall be consistent with the probability-weighted average of the simulated prices over the MC sample years. For target years for which hedging products and/or exogenous price curves are expected to be available during or before the submission year, these may be used to complement, refine or replace the expected prices coming from the ED results. I (without risk premium). In particular,
- ~~(b) for target years for which forward market sessions took place during or before SY, actual prices from forward markets may be assumed to reflect expected prices.~~
- ~~(c) for target years (after the considered target year) for which hedging products are expected to be available (i.e. for the next few target years after the considered target year), expected ED prices may be used to determine expected revenues from electricity markets.~~
- ~~(d) for target years (after the considered target year) for which hedging products are expected to be unavailable or unable to fulfil the hedging needs of the capacity resources²,~~
- ~~(e) additional approaches (such as "value at risk") may be used to account for the price risk due to this lack of forward products. Such additional approaches shall be elaborated with ACER and~~

² The need for hedging products may differ depending on the type of capacity resource.

~~other relevant stakeholders, including market parties and investors and following the consultation process described in Article 9; or~~

~~(f) a market conform and transparent increase in the WACC for these target years may be used to account for this price risk; the principles underlying the WACC increase shall be consistent with the WACC calculation guidelines from the CONE methodology.~~

~~(g)(a) These potential revenues shall only be included for capacity resources expected to participate in the wholesale electricity market. For target years for which hedging products and/or exogenous price curves are expected to be available during or before the submission year, these may be used to complement, refine or replace the expected prices coming from the ED results.~~

~~(h)(b) expected revenues from other electricity-related services. In particular, revenues from ancillary services (including FCR, FRR and RR where these services are remunerated) shall be considered, based on best forecast. To the extent possible, the estimation of expected revenues shall account for realistic network operation within the considered scenario for the concerned modelled zone. Revenues from other electricity-related services which are already modelled in the ED shall be estimated pursuant to paragraph (a)³. The expected revenues from other electricity-related services shall anticipate the likely impact of the measures referred in Article 20(3) of Electricity Regulation. These revenues shall only be included for capacity resources expected to provide other electricity-related services (e.g. revenues from ancillary services shall not be considered for capacity resources procured for strategic reserves). As a simplification, for units where revenues from other electricity-related services are expected to be sufficient to ensure economic viability, EVA does not have to be performed in such cases.~~

~~(i)(c) expected revenues from services outside the electricity sector. Additional revenues (e.g. from heat supply) shall be considered based on best forecast. As a simplification, potential revenues stemming from outside the electricity sector may be assumed to ensure that the installed capacity is economically viable, be assumed to ensure that the installed capacity target is reached, hence EVA does not have to be performed in such cases;~~

~~(j)(d) expected revenues from subsidies. Expected revenues stemming from subsidies, support schemes, policies or incentives shall be considered. As a simplification, when individual units receive such subsidies or specific installed capacity targets are defined for some technologies pursuant to paragraph (16)(c), expected revenues stemming from subsidies, support schemes, policies or incentives these potential revenues may be assumed to ensure that the installed capacity target is reached, hence and EVA may not be performed in such cases for these technologies; and~~

~~(k)(c) expected revenues from CMs. All scenarios and sensitivities shall reflect revenues coming from generation (or demand) capacity with CM contracts already awarded at the time of the assessment shall be considered as economically viable, hence EVA may not be performed in such cases for this capacity. In the any central reference scenario variant of the central reference scenarios (or sensitivity) with which includes additional forecast CM-driven capacities to meet the Reliability Standard in the considered modelled zone Member State for the considered target year, additional CM revenues shall be considered based on best forecast of the expected CM functioning in line with Article 5(15). These revenues may be assumed to ensure that the~~

³ For example, only revenues coming from the activation of RR for duration shorter than one MTU (if any) shall be included pursuant to this paragraph, as other revenues related to RR activation are endogenously modelled in the ED.

~~reliability standard set in the considered modelled zone (pursuant to Article 25 of Electricity Regulation) is fulfilled. As a simplification, potential revenues stemming from CM schemes may be assumed to ensure that the installed capacity meets its economic viability criteria, without explicit CM revenue quantification. Hence, EVA may not be performed in such cases for -CM-driven capacity;~~

10. Risk-aversion of market players shall be considered. Suitable approaches shall follow best practices of relevant stakeholders, including market parties and investors. Inclusion of risk aversion in the EVA, depending on the implementation choices, can leverage one or a combination of approaches, such as, but not limited to:

(a) a market-conform and transparent increase of the WACC of a reference investor may be used to account for price-related or other asymmetric risks. The principles underlying the WACC increase shall be consistent with the WACC calculation guidelines from the CONE methodology;

(b) technology specific “hurdle premiums” to be added to the WACC to define a “hurdle rate” equal to the sum of the WACC “base” and such “hurdle premiums”, capturing risk elements additional to the reference WACC “base” estimates;

(c) additional risk measures, such as Value at Risk or Expected Shortfall, may be used refine or calibrate the hurdle premiums referred to in (b) or, where relevant, applied as stand-alone investment criteria. Other commonly used investment criteria such as minimum expected payback period, debt service coverage ratio (DSCR) may also be included to capture complementary perspectives on investor behaviour.

‡ Under this framework, investment in new capacity (or prolongation of existing capacity) takes place if and only if the expected return (possibly accounting for approaches in (c)) exceeds the investment project’s hurdle rate assigned to such capacity, as described in (b). Additional criteria referred to in (c) may be applied as complementary criteria, where relevant to investor behaviour.

11. For each scenario, modelled zone and target year, the costs of capacity resources shall be equal to the sum of all costs expected to be incurred by the capacity resources, consistently with the CONE and CORP calculation process according to the CONE and RS methodologies. These costs shall be computed based on the data described in Article 5(10). For scenarios with CM in the considered modelled zone, if EVA relies on economic viability pursuant to paragraphs (4) and (5) and if the capacity resource receives CM payments pursuant to paragraph (9)(e), the WACC may be reduced (if properly justified) to reflect the lower risk premium perceived by the capacity resource (due to a different risk allocation).

12. The demand for EVA shall reflect demand (excluding DSR) for each target year and modelled zone pursuant to Article 4(3).

13. The generation, DSR and storage constraints shall be modelled in line with Article 4(3), (4) and (5). Furthermore, a maximum potential of NGC may be defined per technology, modelled zone and target year. In this case, the maximum potential of NGC shall be consistent with the capacity potential estimated for the new entrant and renewal/prolongation in the RS methodology (where available).

14. Considering technical feasibility, tThe network constraints (including modelling of balancing reserves, when relevant) shall be modelled pursuant to Article 4(6).

15. Considering technical feasibility, reserve requirements should be accounted pursuant to Article 4(7).

15. The EVA shall reflect the following market and/or regulatory constraints:

- (a) in modelled zones with CM for a considered target year, constraints related to CM payments for units exceeding the CO₂ emission limits, as referred to in Article 22(4) of Electricity Regulation;
- (b) phase-out or restrictions of specific technologies (e.g. coal or nuclear);
- (c) binding targets for the integration of specific technologies (e.g. RES or energy efficiency); and
- (d) other market and/or regulatory constraints which are expected to apply in a target year, and which are expected to impact significantly the overall system costs or the economic viability of capacity providers. These constraints may include, inter alia, price restrictions, regulatory or policy restrictions on investments, regulatory or policy uncertainty.

16. The EVA ~~may be refined to consider~~ the effect of risk management towards price volatility and scarcity price spikes, considering the state-of-the-art experience in the industry. ~~In this case, the risk management strategy (regarding revenues) should be consistent with the assumptions underlying EENS and LOLÉ. In particular, the reaction of investors in EVA towards price spikes shall be mitigated by the introduction of e.g. a “revenue cap” or discount factors (potentially technology-specific) or other countermeasures. Such additional measures, complementary to the ones listed in paragraph (10), shall ensure consider and apply, where feasible, a revenue stream consistent with an economically sustainable business case and risk profile, following expected behaviour from market parties and investors~~

17. The remaining economic lifetime (beyond the end of the study time period) of the capacity resources shall be considered, together with WACC, in depreciating the CAPEX (both for existing and new-built capacities) within the period of the assessment. The EVA may take boundary conditions into account, to reflect the expected costs and benefits of a capacity resource beyond the study time period.

18. ~~The manner by which new-build capacity enters the system should reflect the expected construction period. This {technology-specific} period should consider the expected time required to reach final investment decision (i.e. permitting, grid connection etc.), as well as the time from final investment decision to commissioning (i.e. construction and commissioning). This period can be modelled explicitly as a constraint, or implicitly e.g. by restricting expansion candidates in the EVA to target years sufficiently distant from the ERAA submission year to reflect the construction period of each technology. This can be modelled explicitly as a constraint, or alternatively embedded implicitly in the methodology employed to perform the analysis itself.~~

19. Pursuant to Article 23(5)(b) of the Electricity Regulation, which provides that the EVA assess the likelihood of retirement, (de)mothballing, and new-build of generation assets, and reflecting the inherent uncertainty in investor decisions, the result of the EVA based on paragraph 2(a) may also be expressed as a likelihood of each of the decision variables listed in paragraph (7), as an implementation choice.

- (a) This approach shall assess the economic viability of (groups of) capacity resources pursuant to paragraphs (4) and (5) and may:
 - i. consider uncertainties in the reference cost assumptions pursuantpursuant to paragraph (11) and article 5(10) (e.g. CAPEX, annual fixed costs), taking into more detailed national-level data where available (e.g. next expected major overhaul);

- ii. consider uncertainties in the hurdle rates pursuant to paragraph (10), taking into account the heterogeneity of investor and risk preferences;
 - iii. be applied per target year independently, reflecting that real-world investors do not have perfect forecast of future developments;
 - iv. consider additional barriers to market entry and/or exit, which cannot be accounted for as part of the risk aversion approach(es) described in paragraph (10) (e.g. mandatory notification periods for capacity closures or mothballing);
 - v. be used to check the robustness of the results of the approaches defined under paragraph (2), or applied independently.
- (b) Existing and potential new-build capacity resources shall be classified into viability categories (e.g. very likely viable, possibly viable, unlikely viable) based on clearly defined and transparent thresholds. In case (additional) unviable existing capacity or viable new-build capacities are identified, the potential impact on adequacy indicators shall be assessed by mapping these categories to deterministic entry/exit assumptions and either:
- i. using these assumptions as a basis for a sensitivity analysis pursuant to Art 3(7)(d), or
 - ii. iterating the calculations to update and refine the (central reference) scenario.
- ~~20. ENTSO-E shall study the stability and trustworthiness of the EVA results. ENTSO-E shall ensure that the assumptions of the model are consistent with relevant national policies, generation capacity forecasts and feedbacks from national market parties, e.g. expressed within the national consultations as referred in Article 9-, and surveys pursuant to paragraph (22). In case of instability or untrustworthiness of the results, the reliability of the assumptions shall be assessed and when needed revised appropriately to strengthen the EVA. ENTSO-E may use the data collected pursuant to Article 5 to calibrate the EVA.~~
- ~~22. To ensure the assumptions and methodologies applied in the EVA reflect as closely as possible real-world investor behaviour, ENTSO-E shall conduct a regular survey of investors, utilities, financial institutions and other market participants. The survey shall, inter alia, collect information on relevant revenues (pursuant to paragraph 9), construction period (pursuant to paragraph 19), and risk aversion practices (pursuant to paragraph 17).~~
- ~~18. Until 2023, ENTSO-E may simplify the EVA by manually assessing market entry and exit. In this case, the manual EVA shall reflect the main requirements set out in paragraphs (1) to (17).~~
- ~~19. ENTSO-E shall experiment with the EVA described in paragraphs (1) to (17) through a proof-of-concept stage, and shall publish a report (no later than the end of 2021) describing at least:~~
- ~~— the experiment conducted, including the methodologies tested and the results obtained;~~
 - ~~(a) the issues faced; and~~
 - ~~(a) the suggested target implementation of a full fledged EVA.~~

Article 7. Economic dispatch

1. For each MC sample year (based on a given scenario or sensitivity), ENTSO-E shall run an ED to estimate ENS ~~and to inform the EVA.~~
2. The ED shall assume perfect foresight of generation, storage and demand availability in line with Article 4. ~~4.0.~~ The window over which perfect foresight is assumed may depend on the considered technology.

3. The ED shall determine the dispatch of generation, storage and demand units in order to meet demand for every MTU of the MC sample year, while minimising the total system operating cost. The ED shall at least model individually each modelled zone; it may rely on a higher level of spatial detail. In this case, the input data shall be refined accordingly.
4. The total system operating cost shall include:
 - (a) generation cost, including at least short-term variable cost, pursuant to Article 5(10);
 - (b) DSR activation cost and demand elasticity;
 - (c) storage operating cost; and
 - (d) cost of ENS pursuant to paragraph (8).
5. The ED shall reflect the following constraints:
 - (a) technical constraints of generation per modelled zone and MTU, pursuant to Article 4(4). The ED may reflect start-up and switch off decisions in detail, i.e. it may reflect a unit commitment economic dispatch, in order to improve the quality of the simulated dispatch;
 - (b) demand (including DSR) per modelled zone and MTU, pursuant to Article 4(3);
 - (c) available storage, including technical constraints, pursuant to Article 4(5);
 - (d) planned and unplanned outages per modelled zone and MTU, pursuant to Article 4(2)(d)ii;
 - (e) available cross-zonal capacity per modelled zone border and MTU, pursuant to Article 4(6);
 - (f) reserves and balancing requirements per modelled zone and MTU, pursuant to Article 4.76(g); and
 - (g) exchanges with non-explicitly modelled systems, pursuant to Article 4(78).
6. The ED shall consider that forced demand disconnection, as a non-market-based measure, is a measure of last resort, which shall be activated if all options provided by the market have been exhausted, or where it is evident that market-based measures alone are not sufficient to prevent a further deterioration of the electricity supply situation, in line with Article 16 of the RPR and with Articles 11(5)(b)(v) and 22 of the E&R NC and any other relevant national legislation related to load-shedding procedures.
7. In line with Article 22(2) of Electricity Regulation, the ED shall reflect that strategic reserves are to be dispatched only if a TSO is likely to exhaust its balancing resources to establish an equilibrium between demand and supply, without prejudice to the activation of capacity resources before actual dispatch in order to respect the ramping constraints and operating requirements of these capacity resources.
8. To ensure consistency with the EVA, the cost of ENS shall reflect price formation during hours when ENS occurs in a considered modelled zone, and shall be equal to the harmonised limit on maximum clearing price (pursuant to Article 10(1) and (2) of Electricity Regulation) unless indirect restrictions to wholesale price formation (pursuant to Article 10(4) and (5) of Electricity Regulation) impact price formation during MTUs with ENS in the considered modelled zone.

9. The ED should reflect price formation to estimate a price for each modelled zone and each MTU. In this case, the following elements shall be reflected, if they are expected to impact significantly the EVA or the ED:

- (a) harmonised limits on maximum and minimum clearing prices pursuant to Article 10(1) and (2) of Electricity Regulation;
- (b) indirect restrictions to wholesale price formation (and mitigating measures) pursuant to Article 10(4) and (5) of Electricity Regulation
- (c) pursuant to Article 23(5)(c) of Electricity Regulation, the likely impact of measures adopted pursuant to Articles 10(5) and 20(3) of Electricity Regulation, including e.g. shortage pricing function for balancing energy; and
- (d) the impact of cross-zonal capacity allocation (e.g. flow-based, adequacy patch or other demand-curtailment sharing expected to apply in single day-ahead coupling), in line with CACM Regulation.

The modelling of these elements may be simplified to ensure a feasible implementation.

10. The ED simulation shall provide the following results for each MC sample year and MTU:

- (a) the total operating cost in EUR;
- (b) for each (group of) generation unit, the production in MW;
- (c) for each (group of) storage unit, the injection or withdrawal in MW;
- (d) for each (group of) DSR unit, the activated DSR in MW;
- (e) the change in demand due to demand elasticity in MW;
- (f) for each modelled zone, the ENS before activation of out-of-market capacity resources, in MW;
- (g) for each modelled zone, the ENS after activation of out-of-market capacity resources, in MW;
- (h) for each modelled zone, the short-term marginal cost in EUR/MWh;
- (i) for each modelled zone, the price in EUR/MWh (if price formation is modelled for the considered MTU according to paragraphs (8) and (9));
- (j) for each modelled zone, the net position in MW;
- (k) for each modelled zone border, the commercial cross-zonal exchange in MW; and
- (l) for each CNEC, the physical flow in MW, and the shadow price in EUR/MW.

11. The ED simulations shall at least provide the following results for each target year:

- (a) the EENS before activation of out-of-market capacity resources, in MWh;

(b) the EENS after activation of out-of-market capacity resources, in MWh;

~~(b)(c)~~ (c) the LOLE before activation of out-of-market capacity resources, in h; and

~~(c)(d)~~ (d) the LOLE after activation of out-of-market capacity resources, in h.

12. For each modelled zone, the activation of out-of-market capacity resources shall reflect scenario assumptions (e.g. related to presence of strategic reserve), expected operational TSO practices and applicable legal framework for the considered target year. The modelling of out-of-market capacity resources may be simplified to ensure a feasible implementation, and in any case are not included in the ED simulations.

13. ENTSO-E may use the data collected pursuant to Article 5 to calibrate the ED.

Article 8. Identifying a resource adequacy concern

1. For a given pivotal target year and modelled zone, ENTSO-E shall identify a resource adequacy concern if ~~(and only if)~~:

(a) the relevant MS or competent authority designated by the MS (or MSs or competent authorities designated by the MSs in the case of cross-border modelled zones) has set a reliability standard for the target year and modelled zone pursuant to Article 25 of Electricity Regulation, based on the RS methodology; and

(b) the reliability standard is not fulfilled for the target year for at least one central reference scenario or one sensitivity. Where the reliability standard is defined solely as $LOLE_{RS}$ by the relevant MS (or MSs in the case of cross-border modelled zones), the reliability standard is not fulfilled for a target year and modelled zone, if the LOLE after activation of out-of-market capacity resources pursuant to Article 7.11(d) is higher than the $LOLE_{RS}$ (in at least one central reference scenario or one sensitivity). When other criteria are used in the definition of the RS, the fulfilment of the RS should be established accordingly in a transparent manner.

2. For a given target year in the assessment period according to Article 23(1) of the Electricity Regulation which is not a pivotal target year according to Article 3(1), the adequacy indicators to be considered shall be those which correspond to the higher risk observed for the preceding or subsequent simulated pivotal year, in order to preserve security of supply showing, scenario or sensitivity and modelled zone, ENTSO-E may separately assess whether the reliability standard is fulfilled, following the approach set out in paragraph 1(b).

3. Pursuant to Article 23(5)(k) of Electricity Regulation, for each resource adequacy concern identified pursuant to paragraph (1), ENTSO-E shall identify the possible source(s) of the resource adequacy concern. The possible source(s) of the resource adequacy concerns shall be assessed at least via:

~~(a) the impact of indirect restrictions to price formation assessed in line with Article 3(7);~~

~~(b)(a)~~ (a) the percentage of MTUs corresponding to ENS occurring simultaneously in multiple neighbouring modelled zones, to the total amount of MTUs with ENS; and

(b) the analysis of generation, demand, cross-zonal capacity and cross-zonal exchanges of a modelled zone and its connected neighbouring systems during MTUs with ENS.

Article 9. Stakeholder interaction

1. While complying with the methodology framework, the ERAA shall, to the extent possible, take advantage of the latest innovations and improvements in terms of data accuracy, data granularity and computing power, in order to maintain a state-of-the-art approach. ENTSO-E shall ~~endeavours~~ strive to keep abreast of the latest innovations in Europe and globally, especially through interactions with academia, research institutions, industry experts and financial experts.
2. Pursuant to Article 23(7) of Electricity Regulation, the ERAA methodology, scenarios (and variants, where applicable), sensitivities, and assumptions as well as results of the assessment shall be subject to the prior consultation of MSs, the ECG and relevant stakeholders and approval by ACER under the procedure set out in Article 27 of Electricity Regulation.
3. ENTSO-E shall establish adequate interaction channels for all relevant stakeholders, including civil society, to contribute to each step of developing the proposals for the ERAA methodology, the scenarios, the assumptions, and results, through a transparent, open, accessible, inclusive, efficient, and well-structured process. Such channels shall include:
 - (a) stakeholder workshops and webinars to gather inputs and suggestions ahead of finalizing the proposals for the ERAA methodology and the report, and to address stakeholder questions;
 - (b) public consultations; and
 - (c) visibility on forward planning for the next steps through the ENTSO-E Annual Work Program for each year ahead.
4. ENTSO-E shall hold the following consultations on the ERAA methodology, scenarios, assumptions, sensitivities and results for each ERAA edition:
 - (a) A ~~yearly~~ public consultation on assumptions and high-level definition of scenarios with their assumptions. This consultation shall be published and shall include at least prices of CO₂ emission allowance, fuel prices, demand, DSR potential, storage, cross-zonal capacities and an overview of generation capacity by type of technology per MS. In particular, exogenous assumptions shall be properly consulted. This ~~yearly~~ public consultation may align with the biennial consultation the ENTOSOs' TYNDP scenario framework.
 - (b) The ECG shall be consulted regarding the ERAA methodology, scenarios, sensitivities and assumptions. ENTSO-E shall present an overview of the preliminary results of the ERAA to the ECG as soon as available and before the publication of the ERAA report.
 - (c) Comments received from the ECG or other stakeholders during the public consultation shall be considered in improving the ERAA. These comments should not delay the annual publication of the ERAA, unless they seriously challenge the credibility or acceptance of the ERAA results. ENTSO-E shall provide a reply to the stakeholders' comments received during the public consultation for each ERAA edition.
 - (d) The results of the ERAA depend heavily on the chosen scenarios and the quality of the data collected. During the public consultation on the scenarios, assumptions and sensitivities of the ERAA, ENTSO-E shall ensure that all stakeholders have the opportunity to check, compare and benchmark the data and the assumptions used in the assessment.

- (e) In line with Article 11, the results of each ERAA edition, together with the assumptions on which they are based and the data related to the different scenarios and sensitivities, shall be published on ENTSO-E's website alongside the ERAA report.

5. All ENTSO-E's consultations shall comply with Article 31 of Electricity Regulation.

Article 10. Assessment process

1. The data collection and different stakeholder interactions, as described in Article 5 and Article 9, shall occur in the following order:

- (a) ENTSO-E shall publish data collection guidelines and model assumptions and shall provide them along with data templates to each TSO;
- (b) TSOs shall fill in the data templates according to the data collection guidelines;
- (c) ENTSO-E shall collect the TSO data, execute data quality checks, prepare and store the data in the PEMMDB;
- (d) ENTSO-E shall prepare and consolidate economic and technical data to perform EVAs;
- (e) ENTSO-E shall publicly consult on a yearly basis each ERAA edition, pursuant to Article 9(-4)(a);
- (f) ENTSO-E shall consult the ECG regarding the scenarios, variants (where relevant), sensitivities, input variables and assumptions;
- (g) ENTSO-E shall execute the ERAA calculations and analyse the results;
- (h) ENTSO-E shall present an overview of the preliminary results of the ERAA to the ECG and relevant stakeholders as soon as available and preferably before the publication of the ERAA report;
- (i) ENTSO-E shall incorporate comments received from the ECG or other stakeholders during the consultation into the relevant edition of the ERAA, pursuant to Article 9(-4)(c);
- (j) ENTSO-E shall publish the report containing the results of each ERAA edition on the ENTSO-E website, together with the assumptions on which they are based and the data related to the different scenarios, pursuant to Article 11.

2. By 1 November each year of submission, ENTSO-E shall submit the scenarios, sensitivities, assumptions and results of the ERAA to ACER for approval pursuant to Article 23(7) of Electricity Regulation.

Article 11. Transparency requirements

1. In line with ENTSO-E's obligation to operate in full transparency towards stakeholders and the general public pursuant to Article 41(2) of Electricity Regulation, ENTSO-E shall ensure full transparency of the ERAA. In particular, the ERAA report shall strive to facilitate stakeholders' understanding regarding the inputs, data, assumptions, and scenario (variant) and sensitivity~~(and sensitivity)~~ development. The ERAA report shall also include an executive summary.

2. For each ERAA edition, ENTSO-E shall publish on its website the ENTSO-E data collection guidelines pursuant to Article 5.1(a);
3. For each ERAA, ENTSO-E shall publish on its website at least the following input data for each scenario (variant) and sensitivity:
 - (a) high level indicators with relevant temporal granularity and per modelled zone to enable a comparative analysis, characterising both the demand and the supply side. These indicators shall include at least the total demand targets and peak demand, including their compound annual growth rate over the modelled pivotal years, as well as the evolution of nominal generation capacities at least by technology type (including DSR) and their storage size when relevant.
 - (b) high level indicators with relevant temporal granularity and per modelled zone to enable a comparative analysis, characterising the underlying grid modelling and market coupling. These indicators shall include at least the evolution of NTC timeseries for the relevant borders over the modelled pivotal years, as well as Minimum and Maximum Net Positions of the Flow-Based domains for the modelled Flow-Based regions (e.g. CORE and Nordic).
 - ~~(a)(c)~~ high level assumptions, economic and technical data to perform the EVA pursuant to Article 6, with relevant temporal granularity and at least per modelled zone;
 - ~~(b)(d)~~ high level assumptions, economic and technical data to run the ED pursuant to Article 7, with relevant temporal granularity and at least per modelled zone;
 - ~~(c)(e)~~ the PECD pursuant to Article 5(12) (if not already publicly available);
 - (f) the main assumptions underlying the modelling of the harmonised limits on maximum and minimum clearing prices pursuant to Article 10(1) and (2) of Electricity Regulation, in line with Article 5(13); and
 - ~~(d)(g)~~ any indirect restrictions to wholesale price formation and mitigating measures pursuant to Article 5(14), and Articles 10(4) and (5) and 20(3) of Electricity Regulation, for those MSs where this is relevant.
 - ~~(d) [The indirect restrictions to wholesale price formation and mitigating measures pursuant to Articles 10(4) and (5) and 20(3) of Electricity Regulation, which were quantitatively modelled pursuant to Article 5(14), and the main assumptions underlying the modelling.~~
4. For each ERAA edition, ENTSO-E shall publish on its website at least the following output data for each scenario (variant) and sensitivity:
 - (a) aggregated outputs from EVA, at least with yearly temporal granularity and per modelled zone;
 - (b) for each MC sample year and modelled zone, the prices (if generated by ED), marginal costs, net positions and ENS per MTU, ~~upon request of any stakeholder~~;
 - (c) for each MC sample year and modelled zone border, the cross-zonal exchanges per MTU, ~~upon request of any stakeholder~~;

- (d) EENS and LOLE before and after activation of out-of-market capacity resources pursuant to Article 7(11) for the study time period, for each modelled zone with yearly temporal granularity;
 - (e) for each target year and modelled zone, the distribution (including the average) of total ENS and LOLE over all considered MC sample years;
 - (f) for each target year and modelled zone, the distribution (including the average) of net position of the modelled zone during hours when ENS is positive over all considered MC sample years, pursuant to Article 7(10); ~~upon request of any stakeholder;~~
 - (g) for each target year, the number of analysed MC sample years and the value of the coefficient of variation (α) of the EENS metric pursuant to Article 4.2(e); ~~and~~
 - (h) for neighbouring modelled zones with a positive EENS or LOLE, an analysis of the different situations when ENS simultaneously occurs in modelled zones. Different simultaneous ENS situations at both regional and/or European level shall be indicated;
 - (i) for each MC sample year and modelled zone, the aggregated hourly dispatch results per technology and their availability;
 - (j) the inputs referred to in Article 5 for which default values across bidding zones are used.
5. In case of instability or untrustworthiness of EVA results, ENTSO-E shall clearly describe and justify in the ERAA report the additional (or revised) assumptions enforced to strengthen the trustworthiness of the EVA, as referred to in Article 6(~~21~~7). ~~Similarly, if ENTSO-E relies on a manual EVA pursuant to Article 6(18), the main assumptions describing the manual process shall be published.~~
6. Each ERAA report shall include any policies, measures or actions which, while not modelled in the ERAA, are expected to significantly impact resource adequacy concerns. These shall include:
- ~~(a) indirect restrictions to wholesale price formation, pursuant to Article 10(4) of Electricity Regulation;~~
 - ~~(b)~~(a) actions to eliminate or, if not possible, to mitigate the impact of that policy or measure on bidding behaviour, pursuant to Article 10(5) of Electricity Regulation; and
 - ~~(c)~~(b) measures to eliminate any identified regulatory distortions or market failures, as defined by MSs pursuant to Article 20(3) of Electricity Regulation.
- The ERAA report shall qualitatively assess how the aforementioned elements not modelled in the ERAA may impact ERAA results.
7. The level of detail of published data shall be consistent with the level of implementation of the ERAA methodology at the time of publication, in line with Article 12. The published data shall include the list of additional data items available upon request.
- ~~8. Within 3 months of the approval of the ERAA methodology, ENTSO-E shall publish a roadmap describing the implementation phase referred to in Article 12. This roadmap shall be updated on an annual basis, following the publication of each edition of the ERAA report. ENTSO-E shall publicly consult any significant change in the roadmap.~~

- ~~8. 9.~~ Where ENTSO-E identified as confidential a set or a subset of data (or information) to publish, ENTSO-E may publish the relevant data (or information) in such aggregated form which still preserves their confidentiality. When publishing the aggregated data (or information), ENTSO-E shall explain why publishing the data (or information) required would cause harm.
- ~~9. 10.~~ Upon request and for each ERAA edition, ENTSO-E shall provide ACER with all the information necessary for the purpose of carrying out ACER's tasks pursuant to Article 23(7) of Electricity Regulation, unless ACER has already requested and received such information, in line with Article 3(2) of the ACER Regulation.
- ~~10. 11.~~ Upon request, and on a case by case basis, for each ERAA and for each simulated central reference scenario (and (variant or sensitivities, where applicable)), ENTSO-E shall provide all ~~the additional~~ relevant information to MSs and to the designated authorities or entities ~~bodies~~ that are responsible for the ~~national resource adequacy assessments~~ NRAAs and flexibility needs assessments, for the purpose of example for the execution of the tasks pursuant to the FNA methodology, ~~to~~ Articles 19e and 24 of the Electricity Regulation ~~and Article 19e of the EMDR Regulation~~.
- ~~11. 12.~~ ERAA data shall be shared between ENTSO-E and RCCs. In particular, for each ERAA edition, ENTSOE shall provide RCCs with all the relevant information for the calculation, on annual basis, of the maximum entry capacity available for cross-border participation in capacity mechanisms pursuant to Article 26(7) of Electricity Regulation.
- ~~12. 13.~~ Upon request and for each ERAA edition, ENTSO-E shall provide the NRAs with all the information necessary for the purpose of carrying out regional cooperation tasks pursuant to Article 61(2)(c) of Electricity Directive.

Article 12. ERAA-based parameters supporting CISAF implementation

- (1) To facilitate the Commission's swift assessment and approval of Member States' notifications of capacity mechanisms under Union law ("the fast-track approval process for capacity mechanisms") and in line with the Communication 2025/7600 on the Framework for State Aid measures to support the Clean Industrial Deal (Clean Industrial Deal State Aid Framework), the additional indicators, specifically the de-rating factors and adequacy gaps, are to be calculated based on the Non-Binding Guidelines for the Estimation of Parameters specifically for the Fast-Track Approval Process for Capacity Mechanisms (Annex 1).
- (2) The de-rating factors specified in paragraph (1) of this article shall be based on the output of the latest approved ERAA, and shall correspond to the ratio between i) availability of the given technology in each bidding zone during scarcity situations and ii) the installed capacity of the given technology. This calculation shall be based on the latest approved ERAA. The de-rating factors shall be calculated for every resource able to deliver its output continuously for at least 1 hour.
- (3) The additional indicators specified in paragraph (1) of this article shall be calculated by the Member States intending to use the fast-track approval process for capacity mechanisms, or by an entity designated by these Member States (e.g., national TSO or ENTSO-E), following the process described in paragraph (4) of this Article.
- (4) In the event of the calculation being performed by a designated entity, the Member State shall notify that entity no later than one month after the approval of the ERAA by ACER in accordance with Article 27(3) of the Electricity Regulation. The additional indicators calculated by the Member States intending

to use the fast-track approval process for capacity mechanisms, or those calculated by the entity designated by these Member States, shall be communicated to ACER within three months following the approval of the latest ERAA by ACER in accordance with Article 27(3) of the Electricity Regulation, for subsequent publication.

Article 13. Implementation of the methodology

- (1) The Member States that have not notified the European Commission of their intention to use the fast-track approval process for capacity mechanisms shall retain the existing possibility of relying on parameters from alternative assessments when applying the standard State aid procedure, in accordance with Article 20 and 21(1) and 21(8) of the Electricity Regulation..
- (2) As an alternative assessment for the Member States, and for the purpose of complementing the European resource adequacy assessment, Member States may also carry out national resource adequacy assessments pursuant to Article 24 of the Electricity Regulation.
- (3) In particular, the European resource adequacy assessment and the national resource adequacy assessments shall be based on appropriate central reference scenarios of projected demand and supply, including an economic assessment of the likelihood of retirement, mothballing, new-build of generation assets and measures to reach energy efficiency and electricity interconnection targets, and on appropriate, independent sensitivities on extreme weather events, hydrological conditions, wholesale prices and carbon price developments.
- (4) As Member States retain the prerogative to decide which scenario or sensitivity from the ERAA or NRAAs to use as a basis for identifying adequacy concerns, in accordance with Articles 20(2), 23(5)(b)(c) and 24(1) of the Electricity Regulation, both the ERAA and NRAAs can be used by the Member States to identify resource adequacy concerns.

Article 14. Implementation of the methodology

1. The ERAA methodology shall be used as the methodology for conducting the ERAA by ENTSO-E.
~~The ERAA methodology shall be fully implemented by the end of 2023.~~
2. Any revised version of this methodology approved by ACER pursuant to Article 23(7) of the Electricity Regulation shall apply to the first ERAA edition launched after its approval. This shall ensure that an ERAA edition already in preparation continues to be based on a stable methodology, avoiding changes to data collection requirements or other methodological elements once the study has started.
3. This revised ERAA methodology shall be fully implemented in the fourth edition after the revised version of the ERAA methodology is applicable.-
4. The ERAA methodology may be implemented through a gradual process, whereby ‘proof of concept’ testing and impact assessment of the different methodological elements should ensure that they are mature enough before they become an integral part of the ERAA.- Such an approach strikes a balance between accuracy and feasibility of the targeted improvements.

5. Within three months of the approval of any amended version of this ERAA methodology, ENTSO-E shall publish an implementation plan outlining the proposed prioritisation and timeline ENTSO-E plans to follow for implementing ~~for~~ any new methodological elements, according to the gradual stepwise process referred to in paragraph (43). This implementation plan shall be reviewed following each ERAA edition considering the latest available information on the technical feasibility of implementing the various methodological elements (individually and in combination), and where necessary updated by ENTSO-E in consultation with Member States, ACER, and other stakeholders.

~~1-6.~~ 3. ENTSO-E should assess whether the implementation of the ERAA methodology may lead to cybersecurity risks. If it is the case, ENTSO-E shall report on such risks (and potential mitigation measures) to ACER without undue delay.

~~2-7.~~ ENTSO-E may suggest potential improvements of the ERAA methodology to ACER. Irrespective of any suggestion from ENTSO-E, ACER may request amendments to the ERAA methodology pursuant to Article 27(4) of Electricity Regulation.

~~Article 13.~~ **Article 15. Language**

1. The official language for the ERAA methodology shall be English.

Annex 1 - Non-binding guidelines for the estimation of parameters specifically for the fast-track approval process for capacity mechanisms

- (1) This Annex sets out guidelines explaining how the ERAA results can be used to estimate additional high-level parameters supporting the fast-track approval process for capacity mechanisms (CM), as referred to in Article 12 of the ERAA Methodology. These guidelines are without prejudice to the responsibilities and mandates of MSs to monitor and ensure security of supply at their desired level, in accordance with Article 194(2) of the Treaty on the Functioning of the European Union.
- (2) These guidelines outline how the following parameters may be estimated indicatively for a bidding zone (or MS)⁴, for a given scenario (variant) and target year:
 - (a) 'reference baseline firm capacity' represents the existing and assumed new-build firm capacity which is already included in the reference scenario. This includes not only capacity physically located within a given bidding zone, but also the adequacy contribution provided by other bidding zones. This contribution refers to imports or generation available during scarcity periods.
 - (b) 'adequacy gap' represents an estimate of the additional equivalent firm capacity that would be required in a bidding zone to meet its established RS in the reference scenario, on top of the reference baseline firm capacity.
 - (c) 'total firm capacity need' represents the total firm capacity which is needed to meet the RS of a given bidding zone in the reference scenario. It is composed by the sum of (a) and (b).
 - (d) 'de-rating factor', as defined in Article 12, reflects the statistical degree to which the installed capacity of a reference technology is expected to contribute firmly to resource adequacy in a bidding zone during scarcity situations (i.e. in periods with ENS). The de-rating factor has a value between 0 and 1, and the firm capacity of a resource is calculated by multiplying its installed capacity by the corresponding de-rating factor.⁵

An illustration of the volume-related CM parameters (a), (b) and (c) above is shown in Figure 1.

- (3) The scope of these guidelines is limited exclusively to estimating the indicative volume-related CM parameters specified in paragraph (2) i.e. reference baseline firm capacity, adequacy gap, and total firm capacity needs. These parameters in themselves do not directly represent the volumes which would need to be approved and procured by MSs under potential CM auctions, in accordance with Article 25(4) of the Electricity Regulation. To determine potential volumes to procure for a given target year, further calculations must be performed at national level based on detailed national data and country-specific CM design rules. In particular for a market-wide CM mechanism, the total firm capacity need should be adjusted to account for factors including (but not limited to) (a) de-rated capacity which is not eligible to participate in the CM according to national CM design rules, or which chooses to opt-out on a given auction, (b) how much capacity shall be procured from domestic and foreign capacity consistent with the maximum entry capacity (MEC) available for the

⁴ Pursuant to Article 20(1) of the VOLL, CONE & RS methodology, a LOLE target may either be calculated per MS or per bidding zone. For MSs which comprise multiple bidding zones, separate CM parameters may be calculated for each zone. In these guidelines the calculation is assumed to be performed at bidding zone level.

⁵ For a resource with a de-rating factor of 100% the firm capacity is equal to the installed capacity.

participation of foreign capacity set by the national TSO based on a recommendation by regional coordination centres pursuant to Article 26(7) of the Electricity Regulation, and (c) capacity already awarded CM contracts in previous auctions.

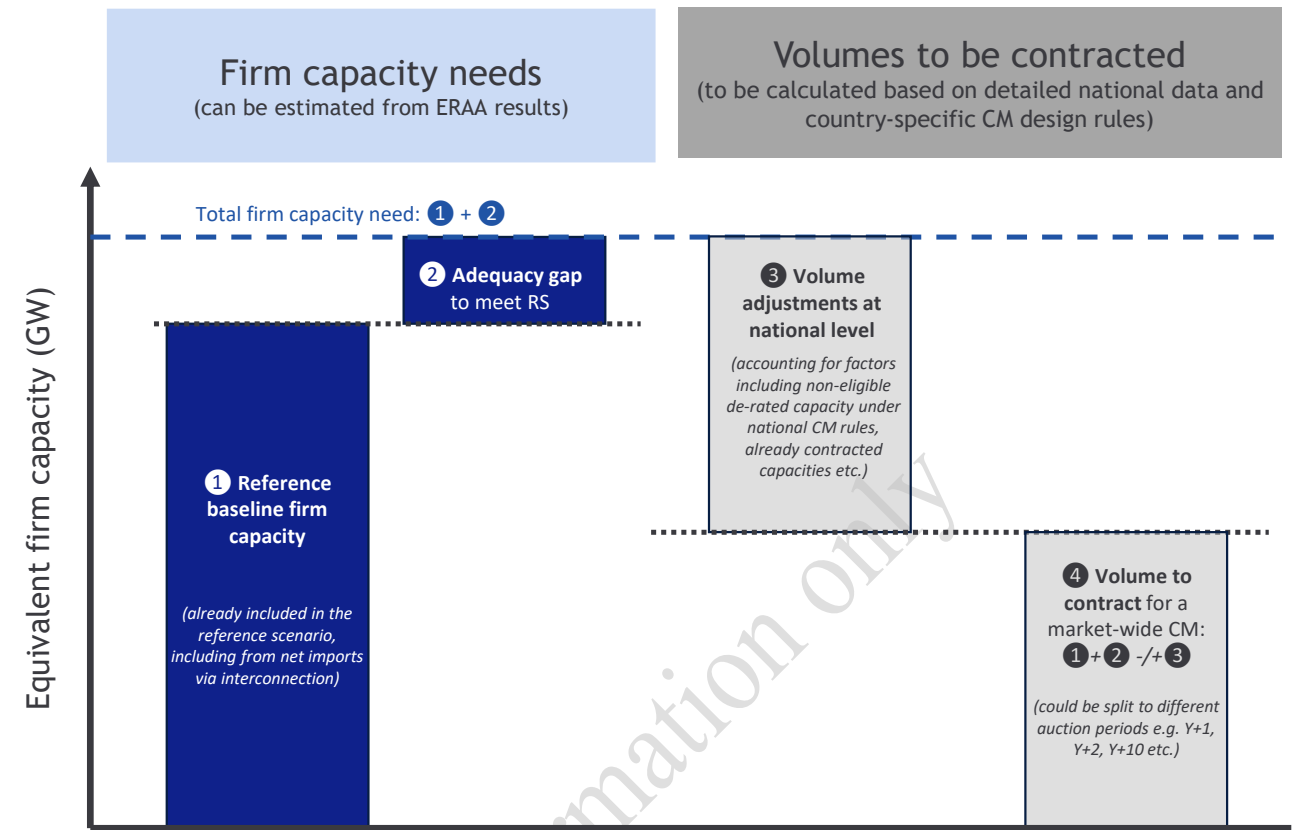


Figure 1 – Illustration of volume-related CM parameters for a bidding zone which is not achieving its RS in the baseline scenario

(4) When applying these guidelines, the following considerations should be taken into account by the calculating entity:

- (a) CM parameters can only be determined for a bidding zone (or MS) if it has an official RS established according to the VOLL, CONE and RS Methodology, and the LOLE is above or at its established RS in the baseline scenario.
- (b) The 'adequacy gap' pursuant to paragraph (6) represents an estimate of the additional equivalent firm capacity that would be required in a bidding zone (or MS) to meet its established RS in the reference scenario, on top of the existing and assumed new-build capacity, assuming the additional capacity would be available entirely for that bidding zone if needed. If a bidding zone meets its RS, the adequacy gap is zero.
- (c) De-rating factors for several technologies are in principle specific to each bidding zone (or MS), target year and scenario (variant) as they depend not only on the intrinsic technical availability of each technology, but also on broader system conditions such as assumptions on the national energy mix and installed capacities of different resources, RES generation characteristic, demand profiles and flexibility, as well as the expected import/export situation during scarcity periods. In any case the de-rating factors applied should be

consistent with the reference scenario (variant) a MS chooses as the basis for setting their CM parameters, and according to national CM rules.

- (d) Parameters calculated with best efforts following these non-binding guidelines are a simplified estimation of nationally calculated parameters for an efficient dimensioning of CMs. Therefore, this appears in line with requirement 9 of Annex 1 of Communication 2025/7600 that provides that “the maximum target demand to be auctioned should be calculated based on ERAA central reference scenario results” and that “Member States are free to procure a lesser volume”. MSs shall retain the possibility to refine these parameters at national level based on country specifics. Where a MS designates an entity to perform the calculation, the Member State shall, in agreement with that entity, communicate all relevant assumptions regarding policy options necessary for calculating the CM parameters.
- (e) For example, in order to refine the parameters used to parameterise a CM in a given bidding zone (or MS), these can be based on a scenario (variant) where at least that bidding zone (or MS) is at its established RS. Where applicable, the ‘with CM’ variant of the central reference scenarios pursuant to Article 3(7) can be used for this purpose. If this variant is not available from the ERAA (e.g. as the conditions for its inclusion pursuant to Article 3(7) of this methodology are not met), the ‘adequacy gap’ as per paragraph (6) can be used to approximate how much firm capacity is needed for a bidding zone to achieve the RS. For target years where a ‘with CM’ variant is not available from the ERAA, the total firm capacity need pursuant to paragraph (7) and de-rating factors pursuant to paragraph (9) may be refined by performing an additional adjustment/calibration to align the forecast level of resource adequacy with the RS for (at least) that bidding zone in the considered target year, where technically feasible.
- (f) MSs retain the prerogative to decide which scenario (variant) from the ERAA they use as a basis for dimensioning any potential CM, depending on the results available (e.g. National Plans, Trends and Projections).

(5) The reference baseline firm capacity can be determined by the following steps.

- (a) For a given bidding zone and target year, the installed capacity of all supply- and demand-side resources available in that BZ should be taken from the ERAA scenario assumptions and results.
- (b) The installed capacities from (a) should then be multiplied by the corresponding technology-specific de-rating factors calculated pursuant to paragraph (6), to determine the

equivalent firm capacity contribution during scarcity periods. If unit-level data is not available, an appropriate level of technology-specific aggregation may be applied.

- (c) The (net) adequacy contribution provided by cross-border exchange can be estimated from the average (net) imports from other bidding zones during scarcity periods on the basis of the ED simulation results, taking into account expected market rules during scarcity periods
- (d) The reference baseline firm capacity is calculated by summing the (aggregated) equivalent firm capacities determined in (b), as well as the expected contribution by (net) imports during scarcity periods determined in (c).

(6) The adequacy gap, expressed in equivalent firm capacity per bidding zone, can be estimated following the steps below:

- (a) First, an 'ENS monotone curve' is built based on the central reference scenario results. For a given bidding zone, the ENS monotone curve is built by taking each hour of each modelled Monte Carlo sample of the ED simulations results with a positive ENS value, and sorting these in descending order from the hour with the highest ENS to the hour with the smallest ENS value.
- (b) Plot the sorted hourly ENS values on the y-axis (in MW), against the cumulative LOLE on the x-axis (in hours). The step size of the x-axis shall correspond to the reciprocal of the number

of ED simulations performed.⁶ The point where the ENS monotone curve meets the x-axis should correspond to the average LOLE determined from the adequacy simulations.

- (c) The indicative 'adequacy gap' (in MW) is found by identifying the RS of the bidding zone (or MS) at the cumulative LOLE value on the x-axis, and finding the corresponding y-value of the ENS monotone curve.

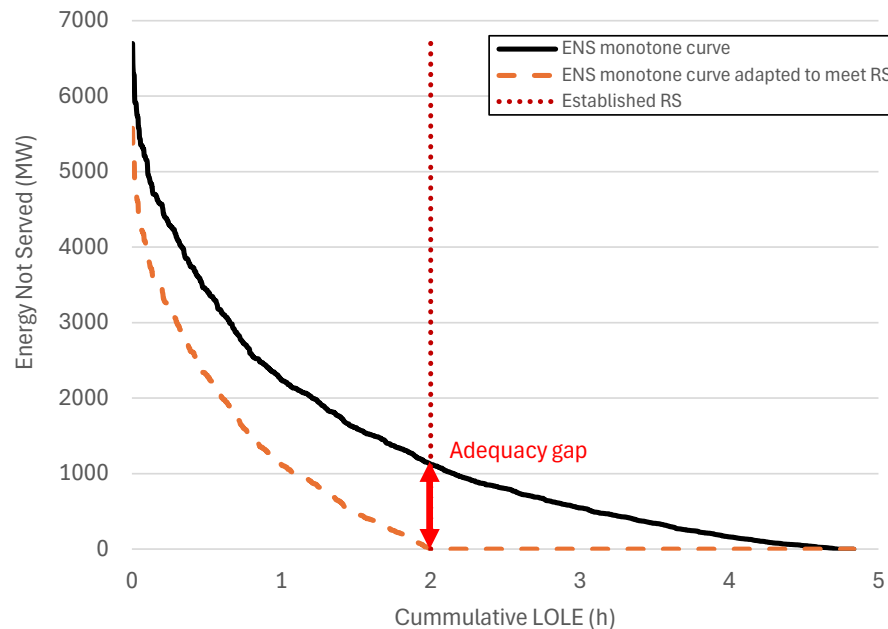


Figure 2 - Illustrative example of an ENS monotone curve and how to estimate the adequacy gap. In this figure the bidding zone is assumed to have an established RS of 2 h/y.

- (d) By subtracting the identified adequacy gap from the ENS monotone curve, an adapted curve can be constructed which provides an approximation of what the ENS curve of the bidding zone (or MS) would be, if sufficient firm capacity were available to reach its established RS.

- (7) For a given bidding zone (or MS) and target year, the 'total firm capacity need' is then computed as the sum of:⁷

- (a) the available firm capacity in the scenario determined in paragraph 5, and
- (b) the adequacy gap determined in paragraph 6.

- (8) Pursuant to Article 12 of the VOLL, CONE & RS methodology, the calculation of de-rating factors should at least reflect the expected availability rate of a technology during scarcity hours (i.e. when ENS is positive) as well as energy and activation constraints. Following this general principle, de-

⁶ For example if 700 Monte Carlo simulations are performed in the ED, then the step of the ENS monotone curve will be 1/700.

⁷ In the case where a bidding zone (or MS) is at its established RS, the total firm capacity need is essentially equivalent to the sum of the average load during scarcity periods and upward balancing need, less the average expected ENS during scarcity periods.

rating factors for different technologies can be estimated following one of the approaches listed below.

(a) Based on the results of the ED simulations, and for a given bidding zone:

i. The de-rating factor of a given technology can be calculated based on the expected output of the technology during scarcity periods in that bidding zone (or MS) following the equation below:

$$De - rating\ factor = \frac{1}{N_{ENS}} \sum_{h \in periods\ with\ ENS} \frac{Output_h}{Installed\ capacity_h}$$

Where

- N_{ENS} is the total number of simulated periods (e.g. hours) from the ED simulations for which the value of ENS for a given bidding zone (or MS) is positive, and a scarcity period is identified,
- h is the index of scarcity periods,
- $Output_h$ is the expected contribution of the technology to meeting demand during scarcity period h (in MW)
- $Installed\ capacity_h$ is the installed capacity of the given technology in scarcity period h (in MW).

ii. The de-rating formula above may be adjusted to account for 'near-scarcity' periods, rather than solely periods with ENS. This can be done based on an alternative indicator of scarcity, e.g. market clearing price, or available capacity reserves.

iii. For bidding zones (or MSs) which are not achieving their RS in the baseline scenario, the calculation above may be adjusted to reflect the expected contribution of technologies during the expected scarcity hours if the bidding zone were to be at its RS. This may be done based on either (a) post-processing of the ENS results to account for the adequacy gap determined according to paragraph (6), or (b) where technically feasible, an additional calibration to align the forecast level of resource adequacy with the RS for (at least) that bidding zone in the considered target year according to paragraph (4)(e) of this Annex 1.

(b) Based on expected unplanned outage rates:

i. As an alternative, in particular for thermal and other dispatchable power plants, an indicative de-rating factor can be defined based on the expected unplanned outage rate of a given technology and, where relevant, taking into account expected availability due to known planned outage periods, if these are expected to take place during potential scarcity periods (e.g. extended major overhauls). In this case, the de-rating factor is estimated according to the following formula:

$$De - rating\ factor = 1 - \alpha - \beta$$

Where

- α is the expected annual unplanned outage rate of a given technology, and
 - β is the expected planned maintenance rate during scarcity hours. By default, it can be assumed that no planned maintenance is expected during scarcity hours, and this factor can be set to zero.
- (c) Other methodologies that can demonstrably capture the expected adequacy contribution of capacity resources during scarcity periods in a consistent, transparent and non-discriminatory manner.

For information only