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Subject: Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND
OF THE COUNCIL on risk-preparedness in the electricity sector and
repealing Directive 2005/89/EC

Delegations will find attached the Presidency's REV 1 proposal on the draft regulation, amended in light of the discussions in the Energy Working Party and the written comments received.

New text compared to the Commission proposal is indicated in **bold underline**. Deletions are marked by [~~brackets and strikethrough~~].

2016/0377 (COD)

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

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

(Text with EEA relevance)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

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

Having regard to the proposal from the European Commission,

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

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

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

Acting in accordance with the ordinary legislative procedure,

¹ OJ C , , p. .

² OJ C , , p. .

Whereas:

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

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

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

² Reference to the revised Third Package

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

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

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

- (6) This Regulation sets out a common framework of rules on how to prevent, prepare for and manage electricity crisis situations, bringing more transparency in the preparation phase and during an electricity crisis and ensuring that, even in a crisis, electricity is delivered where it is needed most. It requires Member States to cooperate at regional level, in a spirit of solidarity. It also sets out a framework for an effective monitoring of security of supply in Europe via the Electricity Coordination Group. This should result in better risk preparedness at a lower cost. It should also strengthen the internal energy market by enhancing trust and confidence across Member States and ruling out inappropriate state interventions in crisis situations, in particular avoiding undue curtailment of cross-border flows.
- (7) The Directive on security of network and information systems (the NIS Directive)¹ provides general rules, while specific rules on cybersecurity will be developed through a network code as foreseen in the [*proposed Electricity Regulation*]. This Regulation complements the NIS Directive ensuring that cyber-incidents are properly identified as a risk, and the measures taken to deal with them are properly reflected in the risk-preparedness plans.
- (8) Council Directive 2008/114/EC² lays down a process with a view to enhancing the security of designated European critical infrastructure, including certain electricity infrastructure, in the Union. Directive 2008/114/EC together with this Regulation contributes to creating a comprehensive approach to the energy security of the Union.

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

² Directive 2008/114/EC of 8 December 2008 on the identification and designation of European critical infrastructures and the assessment of the need to improve their protection (OJ L 345, 23.12.2008, p. 75).

- (9) Decision No 1313/2013/EU¹ of the European Parliament and of the Council on a Union Civil Protection Mechanism sets out requirements for Member States to develop risk assessments at national or appropriate sub-national level every three years, and to develop and refine disaster risk management planning. The specific risk prevention, preparedness and planning actions in this Regulation should be coherent with the wider, multi-hazard national risk assessments required under Decision No 1313/2013/EU.
- (10) To facilitate prevention, information exchange and ex-post evaluation of electricity crises, Member States should designate one competent authority as a contact point. This may be an existing or new entity.
- (11) A common approach to crisis prevention and management requires, above all, that Member States use the same methods and definitions to identify risks relating to the security of electricity supply and are in a position effectively to compare how well they and their neighbours perform in that area. The Regulation identifies two indicators to monitor the security of electricity supply in the Union: 'expected energy non served' (EENS), expressed in GWh/year, and 'loss of load expectation' (LOLE), expressed in hours/year. These indicators are part of the European resource adequacy assessment carried out by the European Network of Transmission System Operators for Electricity (ENTSO-E), pursuant to [Article 19 of the proposed Electricity Regulation]. The Electricity Coordination Group shall carry out regular monitoring of the security of supply based on the results of these indicators. The Agency for the Cooperation of Energy Regulators (Agency) should also use these indicators, when reporting on Member States' performance in the area of security of supply in its annual electricity market monitoring reports, pursuant to [Article 16 of the proposed ACER Regulation].

¹ Decision No 1313/2013/EU of the European Parliament and of the Council of 17 December 2013 on a Union Civil Protection Mechanism (OJ L 347, 20.12.2013, p 24).

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

- ~~[(15) As stated in the *[proposed Electricity Regulation]*, the regional operational centres should regularly assess relevant risks as they are entrusted with the operational management of such situations. To ensure that they can carry out their tasks effectively and act in close cooperation with relevant national authorities with a view to preventing and mitigating larger scale incidents, the regional cooperation required under this Regulation should build on the regional cooperation structures used at technical level, namely the groups of Member States sharing the same regional operational centre.]~~
- (16) The *[proposed Electricity Regulation]* prescribes the use of a common methodology for the medium to long-term European resource adequacy assessment (from 10 year-ahead to year ahead), with a view to ensuring that Member States' decisions as to possible investment needs are made on a transparent and commonly agreed basis. This assessment has a different purpose than the short-term adequacy assessments which are used to detect possible adequacy related problems in short time-frames, namely seasonal outlooks (six months ahead) and week-ahead to intraday adequacy assessments. Regarding short-term assessments, there is a need for a common approach to the way possible adequacy-related problems are detected. The ENTSO-E is to issue winter and summer outlooks to alert Member States and transmission system operators to security of supply related risks that might occur in the following six months. To improve these outlooks, they should be based on a common probabilistic methodology proposed by ENTSO-E and approved by the Agency. ~~[In order to reinforce the regional approach to assessing risks, ENTSO-E should be able to delegate tasks related to seasonal outlooks to regional operational centres.]~~
- (17) Transmission system operators~~[and regional operational centres]~~ should apply the methodology used to prepare seasonal outlooks when carrying out any other type of short-term risk assessment, namely the week-ahead to intraday generation adequacy forecasts provided for in Commission Regulation on establishing a guideline on electricity transmission system operation.

- (18) To ensure a common approach to crisis prevention and management, the competent authority of each Member State should draw up a risk-preparedness plan, after consulting stakeholders. The plans should describe effective, proportionate and non-discriminatory measures addressing all identified crisis scenarios. Plans should provide transparency especially as regards the conditions in which non-market measures can be taken to mitigate crisis situations. All envisaged non-market measures should comply with the rules set out in this Regulation.
- (19) Plans should consist of two parts, setting out national measures and regional measures agreed between the Member States in the region. Regional measures are necessary especially in the event of a simultaneous crisis, when a coordinated and pre-agreed approach will ensure a consistent response and reduce the risk of negative spill-over effects. Plans should take account of the specific characteristics of the Member State and set out clearly the roles and responsibilities of the competent authorities. National measures should take full account of the regional measures agreed and take full advantage of the opportunities provided by regional cooperation. The plans should be technical and operational in nature, their function being to help prevent the occurrence or escalation of an electricity crisis and to mitigate its effects.
- (20) Plans should be updated regularly. To ensure that the plans are always up-to-date and effective, the competent authorities of each region should organise annual simulations in cooperation with ~~[regional operational centres]~~ to test their suitability.
- (21) Templates should facilitate the preparation of the plans and consultation with other Member States in the relevant region and the Electricity Coordination Group. Consultation within the region and via the Electricity Coordination Group should ensure that measures taken in one Member State or region do not put at risk the security of supply of other Member States or regions.

- (22) Information exchange in the event of a crisis situation is essential in order to ensure coordinated action and targeted assistance. Therefore, this Regulation obliges Member States to inform neighbouring Member States and the Commission without delay when confronted with an electricity crisis. They should also provide information on the causes of the crisis, measures taken and planned to mitigate the crisis and the possible need for assistance from other Member States. Where this assistance goes beyond electricity security of supply, the Union Civil Protection Mechanism shall remain the applicable legislative framework.
- (23) It is important to facilitate communication and awareness between Member States, whenever they have specific, serious and reliable information that an event may occur that is likely to result in a significant deterioration of the electricity supply. In such circumstances the Member States should inform the Commission and the Electricity Coordination Group without delay, providing, in particular, information on the causes of the deterioration, the planned measures to prevent an electricity crisis and the possible need for assistance from other Member States.
- (24) In the event of an electricity crisis Member States should assist each other in a spirit of solidarity and ensure that electricity is delivered where it is most needed. This cooperation should be based on pre-agreed measures set out in the risk-preparedness plans. When agreeing on cooperation, Member States should take account of social and economic factors, including citizens' security, and proportionality. They are encouraged to share best practice and use the Electricity Coordination Group as a discussion platform to identify available options for cooperation and solidarity arrangements, including compensation mechanisms. The Commission may facilitate the preparation of the regionally coordinated measures in the concerned region.

- (25) This Regulation should enable electricity undertakings and customers to rely on market mechanisms as laid down in [*proposed Electricity Directive and Electricity Regulation*] for as long as possible when coping with electricity crisis situations. Rules governing the internal market and system operation rules should be respected even in crisis situations. This means that non-market measures, such as forced demand disconnection, or the provision of extra supplies outside normal market functioning should be taken only as a last resort, when all possibilities offered by the market have been exhausted. Therefore forced demand disconnection can be introduced only after all possibilities for voluntary demand disconnection have been exhausted. In addition, any non-market measures should be necessary, proportionate, non-discriminatory and temporary.
- (26) In order to ensure transparency after an electricity crisis, the Member States affected should carry out an ex-post evaluation of the crisis and its impacts, thereby duly associating its national regulatory authority. Such evaluation should take into account, *inter alia*, the effectiveness and proportionality of the measures taken as well as their economic cost. It should also cover cross-border considerations such as the impact of the measures on other Member States and the level of assistance received from them.
- (27) The transparency obligations should ensure that all measures taken to prevent or manage crisis situations respect internal market rules and are in line with the principles of co-operation and solidarity which underpin the Energy Union.
- (28) In 2012, the Electricity Coordination Group was created as a forum to exchange information and foster co-operation across Member States, in particular in the area of security of supply.¹ Through this Regulation, its role is reinforced. It should carry out specific tasks, notably in connection with the preparation of the risk-preparedness plans, and will have a prominent role in monitoring Member States' performance in the area of the security of electricity supply, and developing best practice on this basis.

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

- (29) An electricity crisis might extend beyond Union borders comprising also Energy Community countries. In order to ensure an efficient crisis management on borders between the Member States and the Contracting Parties, the Union should closely cooperate with the Energy Community Contracting Parties when preventing, preparing for and handling an electricity crisis.
- [(30) To allow for a swift Union response to changing circumstances as regards risk preparedness in the electricity sector, **in order to reflect the experience gained in the application of this Regulation and in order to reduce the administrative burden on Member States,** the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission in respect of amendments of the templates for risk preparedness plans. It is particularly important that the Commission carry out appropriate consultations during its preparatory work, including at expert level. When preparing and drawing up delegated acts, it should ensure that relevant documents are sent simultaneously to the European Parliament and the Council, in good time and in the appropriate manner.]
- (31) The Member States acting on their own cannot satisfactorily achieve the objective of this Regulation, namely to ensure the most effective and efficient risk preparedness within the Union. Given the scale or effects of the action, it is better achieved at Union level. The Union may therefore adopt measures, in accordance with the principle of subsidiarity set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality set out in that Article, this Regulation does not go beyond what is necessary to achieve that objective.
- (32) Directive 2005/89/EC should be repealed,

HAVE ADOPTED THIS REGULATION:

CHAPTER I

GENERAL PROVISIONS

Article 1

Subject matter

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

Article 2

Definitions

1. For the purposes of this Regulation, the definitions in Article 2 of the Electricity Directive [proposed Electricity Directive] and Article 2 of the Electricity Regulation [proposed Electricity Regulation] shall apply.
2. The following definitions shall also apply:
 - (a) 'security of electricity supply' means the ability of an electricity system to guarantee an uninterrupted supply of electricity to ~~consumers~~ **customers** with a clearly defined level of performance;
 - (b) 'electricity crisis' means a situation of significant electricity shortage or impossibility to ~~deliver~~ **supply** electricity to ~~end-consumers~~ **customers**, either existent or imminent;

- (c) 'simultaneous crisis' means an electricity crisis affecting more than one Member State at the same time;
- (d) 'crisis [~~manager or team~~] **coordinator**' means a person, group of persons or institution tasked with acting as a contact point and coordinating the information flow during an electricity crisis;
- (e) 'non-market measure' means any supply- or demand-side measure deviating from market rules or commercial agreements, with a view to mitigate an electricity crisis;
- (f) 'region' means a group of Member States sharing the same [~~regional operational centre~~] **regional security coordinator**, as created pursuant to **the System Operation Guideline**. [~~Article 33 of the Electricity Regulation~~] [~~proposed Electricity Regulation~~].

Article 3

Competent authority

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

CHAPTER II

RISK ASSESSMENT

Article 4

Security of supply assessments

Member States shall ensure that all risks relating to security of electricity supply are assessed in accordance with the rules set out in this Regulation and *Article 18 of the Electricity Regulation [proposed Electricity Regulation]*. To this end, they shall cooperate with ENTSO-E and ~~the regional operational centres]~~ **other relevant stakeholders.**

Article 5

Methodology for identifying electricity crisis scenarios at a regional level

1. By [*OPOCE to insert exact date: ~~two~~ **four** months after entry into force of this Regulation*], ENTSO-E shall submit to the Agency a proposal for a methodology for identifying the most relevant electricity crisis scenarios in a regional context.
2. The **proposed methodology shall ensure that the** crisis scenarios shall be identified on the basis of at least the following risks:
 - (a) rare and extreme natural hazards;
 - (b) accidental hazards going beyond the N-1 security criterion;
 - (c) consequential hazards including fuel shortages;
 - (d) malicious attacks.

3. The proposed methodology shall include at least the following elements:
- (a) consideration of all relevant national and regional circumstances;
 - (b) interaction and correlation of risks across borders;
 - (c) simulations of simultaneous crisis scenarios;
 - (d) ranking of risks according to their impact and probability;
 - (e) **principles to handle sensitive information when identifying risks, in particular risks related to malicious attacks.**

When considering the risks of gas disruption in the context of identifying the risks pursuant paragraph 2(c), ENTSO-E shall use the gas supply and infrastructure disruption scenarios developed by the European Network of Transmission System Operators for Gas pursuant to *Art. 6.6 of the Gas Security of Supply Regulation [proposed Gas Security of Supply Regulation]*.

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

5. Within two months of receiving the proposed methodology, the Agency shall either approve the proposal or amend it. In the latter case, it shall consult ENTSO-E before adopting the amended version. **The final version of the methodology shall be published on the** ~~[and publish it on its]~~ website **of the Agency.**
6. ENTSO-E shall update and improve the methodology regularly in accordance with paragraphs 1 to 5. The **Electricity Coordination Group, the** Agency or the Commission may request such updates and improvements with due justification. Within six months from the request, ENTSO-E shall submit to the Agency a draft of the proposed changes. Within a period of two months of receiving the draft, the Agency shall ~~amend or~~ approve **or amend** the **proposed** changes. **In the latter case, it shall consult ENTSO-E before adopting the amended changes. The final changes shall be published on the** ~~[and publish it on its]~~ website **of the Agency.**

Article 6

Identification of electricity crisis scenarios at a regional level

1. By [*OPOCE to insert exact date: ten months after entry into force of this Regulation*] and on the basis of the methodology adopted pursuant to Article 5, ENTSO-E shall identify the most relevant electricity crisis scenarios for each region. ~~[It may delegate tasks relating to the identification of regional crisis scenarios to the regional operational centres.]~~
2. ENTSO-E shall submit the regional electricity crisis scenarios identified to the Electricity Coordination Group for consultation.
3. ENTSO-E shall update the scenarios every three years, unless circumstances warrant more frequent updates.

Article 7

Identification of electricity crisis scenarios at national level

1. By [*OPOCE to insert exact date: [~~ten~~ twelve months after entry into force of this Regulation*], **the competent authorities of the** Member States shall identify the most relevant electricity crisis scenarios at the national level.
 - 1a. **In identifying the national electricity crisis scenarios the competent authority shall consult the transmission and distribution system operators and the national regulatory authority, where it is not the competent authority.**
2. The crisis scenarios shall be identified on the basis of at least the risks referred to in Article 5(2) and shall be consistent with the regional scenarios identified pursuant to Article 6. Member States shall update the scenarios every three years, unless circumstances warrant more frequent updates.
3. By [*OPOCE to insert exact date: ten months after entry into force of this Regulation*], Member States shall inform the Electricity Coordination Group and the Commission about possible risks they see in relation to the ownership of infrastructure relevant for **electricity** security of supply, and any measures taken to prevent or mitigate such risks, with an indication of why such measures are considered necessary and proportionate.

Article 8

Methodology for short-term adequacy assessments

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

The methodology shall provide for a probabilistic approach and consider the regional and Union wide context, including to the extent possible non-EU countries within synchronous areas of the Union.

2. Before submitting the proposed methodology, ENTSO-E shall conduct a consultation involving at least the industry and consumers, **generators, transmission and** distribution system operators, **competent authorities**, national regulatory authorities and other **relevant** national authorities. ENTSO-E shall duly take into account the results of the consultation **and present them, together with the proposed methodology, to the Electricity Coordination Group for further discussion.**

3. Within two months of receiving the proposed methodology, the Agency shall either approve the proposal or amend it. In the latter case, it shall consult ENTSO-E before adopting the amended version. **The final version of the methodology shall be published on the** ~~[and publish it on its]~~ website **of the Agency**.
4. ENTSO-E shall update and improve the methodology regularly in accordance with paragraphs 1 to 3. The **Electricity Coordination Group, the** Agency or the Commission may request such updates and improvements with due justification. Within six months from the request, ENTSO-E shall submit to the Agency a draft of the proposed changes. Within a period of two months of receiving the draft, the Agency shall ~~[amend or]~~ approve **or amend** the **proposed** changes. **In the latter case, it shall consult ENTSO-E before adopting the amended changes. The final changes shall be published on the** ~~[and publish it on its]~~ website **of the Agency**.

Article 9

Short-term adequacy assessments

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

CHAPTER III

RISK-PREPAREDNESS PLANS

Article 10

Establishment of risk-preparedness plans

1. On the basis of the regional and national electricity crisis scenarios identified pursuant to Articles 6 and 7, the competent authority of each Member State shall establish a risk-preparedness plan, after consulting the electricity and gas undertakings, the relevant organisations representing the interests of [~~household and~~] **both** industrial **and non-industrial** electricity customers and the national regulatory authority (where it is not the competent authority). **The confidentiality of sensitive information relating to the prevention and mitigation of malicious attacks shall be ensured. If a competent authority considers that certain sensitive information is not to be disclosed, it shall provide a non-confidential summary thereof.**
2. The plan shall consist of national measures and regional measures as defined in Articles 11 and 12. Without prejudice to Article 15, all measures planned or taken to prevent, prepare for and mitigate electricity crisis situations shall fully comply with the rules governing the internal electricity market and system operation. They shall be clearly defined, transparent, proportionate and non-discriminatory.
- [3. The plan shall be developed in accordance with the template in the Annex. The Commission shall be empowered to adopt delegated acts in accordance with Article 19 to amend this template **after consulting the Electricity Coordination Group.**
4. Before adopting a plan, the competent authority shall submit a draft to the competent authorities of the [~~other~~] **relevant** Member States in the region [~~concerned~~], **taken account in the crisis scenarios identified, as well as** [~~and~~] the Electricity Coordination Group for consultation.

5. Within [~~three~~] **six** months of the submission of the draft plan, the competent authorities of the other Member States in the region and the Electricity Coordination Group shall review it and may issue recommendations.
6. Within [~~six~~] **nine** months of submitting the draft plan, the **competent authority of the** Member State in question shall adopt the plan, duly taking into account the results of the consultation and the recommendations of the competent authorities of other Member States and the Electricity Coordination Group. It shall [~~submit~~] **notify** the adopted plan to the [~~Electricity Coordination Group~~] **Commission** without delay.
7. The **competent authorities of the** Member States shall make the plans public, while ensuring that the confidentiality of sensitive information is preserved, notably information on measures relating to the prevention and mitigation of malicious attacks. **The protection of the confidentiality of sensitive information shall be based on the measures determined pursuant to Article 5(3)(e).**
8. **The competent authorities of the** Member States shall adopt and publish the first plan by [*OPOCE to insert exact date: two years after entry into force of this Regulation*] at the latest. They shall update them every [~~three~~] **four** years, unless circumstances warrant more frequent updates.

Article 11

Content of risk-preparedness plans as regards national measures

1. Each plan shall set out all measures planned or taken to prevent, prepare for and mitigate electricity crisis situations as identified pursuant to Articles 6 and 7. It shall at least:
 - (a) contain a summary of the electricity crisis scenario's defined for the relevant Member States and region, in accordance with the procedure in Articles 6 and 7;
 - (b) establish the role and responsibilities of the competent authority **and describe which tasks, if any, have been delegated to other bodies;**

- (c) describe the measures designed to prepare for and to prevent the risks identified pursuant to Articles 6 and 7;
- (d) designate a national crisis manager or team and establish its tasks;
- (e) establish detailed procedures to be followed in electricity crisis situations, including the corresponding schemes on information flows;
- (f) identify the contribution of market-based measures in coping with electricity crisis situations;
- (g) identify possible non-market measures to be implemented in electricity crisis situations, specifying the trigger, conditions and procedures for their implementation, and indicating how they comply with the requirements set out in Article 15;
- (h) provide a **framework for** ~~[detailed]~~ load shedding ~~[plan]~~, stipulating **under which circumstances** ~~[when]~~ loads are to be shed ~~[, in what circumstances and what values of load are to be shed]~~. The plan shall specify which categories of electricity users are to receive special protection against disconnection, and justify the need for such protection, notably with regard to public safety and personal security;
- (i) describe the mechanisms used to inform the public about any electricity crisis.

2. All national measures shall take full account of the regional measures agreed according to Article 12 **shall not endanger the operational security of the transmission system** and **shall** not endanger the security of electricity supply of other Member States, the Union as a whole.

Article 12

Content of risk-preparedness plans as regards regionally coordinated measures

1. In addition to the measures listed in Article 11, the plan of each Member State shall include regional measures to ensure that crisis situations with a cross-border impact are properly prevented and managed. These measures shall be agreed within the region concerned and include at least:
 - (a) the designation of a regional [~~crisis manager or team~~] **coordinator or team**;
 - (b) mechanisms to share information and cooperate within a region;
 - (c) measures to mitigate the impact of a crisis including a simultaneous crisis situation. These shall include **a framework for** regional load-shedding [~~plans~~] and technical, legal and financial arrangements regarding mutual assistance to ensure that electricity can be delivered where it is most needed and in an optimal manner. Such arrangements shall set out, *inter alia*, the trigger for the assistance, the calculation formula or amount, paying and receiving parties and arbitration rules;
 - (d) procedures for carrying out [~~annual~~] **biennial** tests of the plans.

2. The regional measures to be included in the plan shall be agreed by the competent authorities of the Member States in the region concerned. **The Commission may have a facilitating role overall in the preparation of the agreement on regional measures. The Commission may request the Agency and ENTSO-E to provide technical assistance to the Member States concerned with the view to facilitating an agreement.** At least eight months before the deadline for the adoption or the updating of the plan, the competent authorities shall report on the agreements reached to the Electricity Coordination Group. If the competent authorities concerned were not able to reach an agreement, they shall inform the Commission of the reasons for such disagreement. In such **a case the Commission shall propose a cooperation mechanism** [~~may request the Agency to facilitate~~] the conclusion of an agreement [~~in consultation with ENTSO-E~~], **on regional measures.**
3. In cooperation with [~~the regional operational centres and with~~] the involvement of relevant stakeholders, the competent authorities of each region shall carry out [~~annual~~] **biennial** crisis simulations, in particular testing the communication mechanisms referred to in point (b) of paragraph 1.
4. **The Commission shall by [OPOCE to insert exact date: six months after entry into force of this Regulation] and after consulting the Electricity Coordination Group provide for legally non-binding guidance for the key elements of the technical, legal and financial arrangements referred to paragraph 1(c)**

CHAPTER IV

MANAGING ELECTRICITY CRISIS SITUATIONS

Article 13

Early warning and declaration of crisis

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

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

Article 14

Cooperation and assistance

1. Member States shall act and cooperate in a spirit of solidarity in order to prevent and manage electricity crisis situations, with a view to ensuring that electricity is delivered where it is most needed with a view to protecting public safety and personal security.
2. Where necessary and **technically** possible, Member States shall offer each other assistance to prevent or mitigate an electricity crisis **according to the risk-preparedness plan**. Such assistance shall be subject to **fair** compensation **that shall cover at least:**
 - (a) **the electricity delivered into the territory of the Member State requesting assistance as well as the associated transmission costs;**
 - (b) **reimbursement for any compensation resulting from judicial proceedings, arbitration proceedings or similar proceedings and settlements and related costs of the provided assistance.**
3. **The Member State requesting assistance shall promptly pay, or ensure prompt payment of such compensation to the Member State providing assistance.**
4. **The Commission shall by [OPOCE to insert exact date: six months after entry into force of this Regulation] and after consulting the Electricity Coordination Group provide for legally non-binding guidance for the key elements of the compensation referred to in paragraph 2.**

Article 15

Observance of market rules

1. Measures taken to prevent or mitigate electricity crisis situations shall comply with the rules governing the internal electricity market and system operation.
2. Non-market measures may be activated in a crisis situation and only if all options provided by the market have been exhausted. They shall not unduly distort competition and the effective functioning of the electricity market. They shall be necessary, proportionate, non-discriminatory and temporary.
3. Transaction curtailment including curtailment of already allocated cross-zonal capacity, limitation of provision of cross-zonal capacity for capacity allocation or limitation of provision of schedules shall only be initiated in compliance with the rules laid down in *Article 14(2) of Electricity Regulation [proposed Electricity Regulation]* and the rules adopted to specify this provision.

CHAPTER V

EVALUATION AND MONITORING

Article 16

Ex-post evaluation

1. As soon as possible and no later than **three months** after declaring an electricity crisis situation, the competent **authority or competent** authorities concerned, in consultation with their national regulatory authority (where it is not the competent authority) shall provide the Electricity Coordination Group and the Commission with an evaluation report.
2. The report shall include at least:
 - (a) a description of the event that triggered the crisis;
 - (b) a description of preventive, preparatory and mitigating measures taken and an assessment of their proportionality and effectiveness;
 - (c) an assessment of the cross-border impact of the measures taken;
 - (d) an account of the assistance provided to or received from neighbouring Member States and non-EU countries;
 - (e) the **socio**-economic impact of the electricity crisis and the impact of the measures taken on the electricity sector, in particular the volumes of energy non-served and the level of manual demand disconnection (including a comparison between the level of voluntary and forced demand disconnection);
 - (f) any possible improvements or proposed improvements to the risk-preparedness plan;-
 - (g) possible improvement of grid development.**

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

Article 17

Monitoring by the Electricity Coordination Group

1. In addition to carrying out other specific tasks as set out in this Regulation, the Electricity Coordination Group shall discuss [~~and review~~]:
 - (a) the results of the 10-year network development plan in electricity prepared by ENTSO-E;
 - (b) the coherence of the risk-preparedness plans, adopted by the Member States following the procedure referred to in Article 10;
 - (c) the results of the European resource adequacy assessments prepared by ENTSO-E as referred to in *Article 19 (3) of the Electricity Regulation [proposed Electricity Regulation]*;
 - (d) the performance of Member States in the area of security of supply taking into account at least the indicators calculated in the European resource adequacy assessment, namely the expected energy non served (EENS) and loss of load expectation (LOLE);

- (e) the results of seasonal outlooks referred to in Article 9;
- (f) the information received from the Member States according to Article 7 (3);
- (g) the results of ex-post evaluation reports, as referred to in Article 16.
- (h) the methodology for short term adequacy assessment, as referred to in Article 9.**
- (i) the methodology for identifying electricity crisis scenarios at a regional level as referred to in Article 5.**

2. The Electricity Coordination Group may issue recommendations to the Member States **as well as to ENTSO-E** related to the matters referred to in paragraph 1 [~~which the Member States concerned shall take into utmost account~~].

3. Confidentiality of any sensitive information shared in the Group shall be preserved.

CHAPTER VI

FINAL PROVISIONS

Article 18

Cooperation with the Energy Community Contracting Parties

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

Article 19

[Exercise of delegation]

1. The power to adopt [delegated acts] is conferred on the Commission subject to the conditions laid down in this Article.

2. [The power to adopt [delegated acts] as referred to in Article 10(3) shall be conferred on the Commission [~~for an indeterminate period of time~~] **until five years** from [*OPOCE to insert the date of entry into force of this Regulation*].
3. The delegation of power referred to in Article 10(3) may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of the power specified in that decision. It shall take effect on the day following the publication of the decision in the Official Journal of the European Union or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.
4. Before adopting a delegated act, the Commission shall consult experts designated by each Member State in accordance with the principles laid down in the Interinstitutional Agreement on Better Law-Making of 13 April 2016¹.
5. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.
6. A delegated act adopted pursuant to Article 10(3) shall enter into force only if no objection has been expressed either by the European Parliament or the Council within a period of two months of notification of that act to the European Parliament or the Council or if, before the expiry of that period, the European Parliament or the Council have both informed the Commission that they will not object. That period shall be extended by two months at the initiative of the European Parliament or the Council.]

Article 20

Repeal

Directive 2005/89/EC is repealed.

¹ OJ L 123, 12.5.2016, p.1.

Article 21

Entry into force

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

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

Done at Brussels,

For the European Parliament

The President

For the Council

The President