



PENTALATERAL ENERGY FORUM

Penta Ministerial Meeting – Luxembourg, 26 June 2017 – report

Introduction

At the invitation of the Dutch Minister for Economic Affairs H. KAMP, the Ministers and representatives of the Pentalateral Energy Forum (Benelux, France, Germany, Austria, Switzerland), the European Commission and the Benelux Secretariat, convene 1) to validate the achieved regional milestones of the Penta Political Declaration of 2015, 2) to exchange views on future regional cooperation and 3) to agree on a Memorandum of Understanding on emergency planning and crisis management in the power sector.

Summary

- Ministers take note of progress made and conclude that there is a need for an updated work program on market integration, security of supply and flexibility. The ministers task the Directors General to work out in more detail the working program for the years to come and to take into account the guidance given today.
- Ministers discuss the benefits and future role of the Penta cooperation. They conclude that the cooperation has brought clear benefits and that a bottom up approach and political guidance are key elements in the success. There remains a need for Penta cooperation in the energy transition and in the context of a new market design. Political guidance should remain part of the regional cooperation.
- The ministers decide to sign a Memorandum of Understanding. On prevention and management of risk the Penta members decide to cooperate closely to improve the security of supply.

Approval of the regional milestones

Ministers review whether the regional work on *market coupling, security of supply and flexibility*, set out in the Second Penta Political Declaration of 2015, is on track. They take note of the regional milestones achieved (*see 'Penta Support Groups milestones'*), exchange on the key findings and discuss about the next steps. Mr KAMP concludes:

- on *Market coupling*, that the next steps will be to monitor the results of flow based market coupling with a special focus on the cross-border capacity curtailments in the past winter. Work should be undertaken to include Switzerland in the flow based capacity calculation process and an in-depth analysis on the cross-zonal allocation of capacities should be made;

- on *Security of supply*, that the regional generation adequacy assessment continues to be a valuable additional layer of information. It should be the basis for further work in individual countries when developing cross-border participation in capacity mechanisms. Penta TSOs made a big effort in the report on cross-border participation in capacity mechanisms to bring more clarity to a very complex issue. The MoU on crisis management will be the starting point of the definition of steps and procedures to ensure security of supply during crisis situations, built on principles of solidarity, mutual trust and shared responsibility;
- on *Flexibility*, that the Demand Side Response report delivered a good picture of the frameworks which are in place in the different Penta countries. Further work is needed to remove unnecessary barriers. It would be good to encourage Penta TSOs and DSOs to subscribe for a new innovative pilot on demand side response of DG ENERGY and learn and disseminate the lessons in the Pentalateral Energy Forum. Besides that, the leading role of Penta TSOs should be encouraged to a complete implementation of the Guideline on Electricity Balancing.

Regional cooperation and the Clean Energy Package

Minister Kamp put this 16th Ministerial meeting of the Pentalateral Energy Forum into perspective. Ten years ago, the first Penta MoU was signed. It was courageous and visionary. Regional cooperation was not obvious. Today, the mind-set has completely changed. Regional cooperation can play a significant role, in the market design, but also for security of supply and flexibility. We need to start to exchange views on how this Penta 2.0 should look like.

Ministers acknowledge that regional cooperation is an important component of the Clean Energy for All Europeans package. But in addition to the cooperation between system operators or regulators, the attractiveness of the Pentalateral Energy Forum has also been its bottom-up, intergovernmental, voluntary and informal approach.

The energy transition is confronting the Penta countries with several comparable questions. Regional cooperation can play a vital role to move towards a new energy model, to help to prepare a compromise and to organise a learning curve by trial and error. For the moment, the states still need to play their political role in this. It is a matter of better regulation to keep the complex technical issues with the experts but the political issues with the policy makers.

The Pentalateral Energy Forum can continue to serve on the one hand as a laboratory and incubator for new topics. On the other hand, there are other topics where it can act as a monitoring body for the implementation of Network Codes, Guidelines or Secondary law. Penta could be an instrument to conduct peer reviews of national energy and climate plans, to identify regional opportunities and, in a later stage, to report on ongoing plans.

Not based on ideology, but based on practical experience, Penta can propose some common ideas. On flexibility and demand side response, Penta cooperates already. On renewable integration or efficiency, Penta needs more time to define the possible Penta added value.



Mr KAMP summarizes that regional cooperation has never been a goal on its own but a step in view of a European destination. Penta welcomes the push for regionalisation in the Package. The exact shape of this regional cooperation will be the outcome of the negotiation process but this does however not substitute existing bottom up regional cooperation. There is still room for Penta cooperation between the ministers. The context however has changed. Given the outline on the topics discussed earlier at the meeting, Mr KAMP concludes that there has been substantial progress made and that the excellent work in the Support Groups should continue. The discussion on the future of Penta cooperation should be continued in the realm of the Dutch and upcoming Belgian Presidency of the Benelux.

Memorandum of Understanding

Mr KAMP introduces the signing of the MoU. Penta works together to improve security of supply but it would all benefit if we could further align processes and make them more transparent. That is the goal of the MoU that will be signed today.

Ms MARGHEM recalls that Belgium has been confronted with possible scarcity situations and has put in place a robust national crisis framework. However, this is not sufficient as some circumstances might affect several countries simultaneously and as all countries behave very differently. Therefore, this MoU is important while it provides a framework to start to work on this regionally.

Concluding remarks

Mr KAMP thanks everyone and invites for a cake to start off another ten years of good cooperation.