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Danish Energy Association's response to the public consultation on the CEER's Call for Evidence on the subject of Generation Adequacy Treatment in Electricity

Danish Energy Association, the Danish association for electricity producers, suppliers, and distributors, welcomes the opportunity to comment on the CEER's Call for Evidence on the subject of Generation Adequacy Treatment in Electricity.

The issues of sustainability, competition, and security of supply are increasingly influencing the issues of having enough conventional production capacity in the energy system.

Danish Energy Association agrees with a lot of the issues addressed in the document, however, we would like to stress some important points in addition to the ones mentioned, and some specifications of others.

Most important of all, we believe that generation adequacy primarily should be handled by market measures, and hence, agree with the CEER statement on "...well functioning electricity market should be able to deliver security of supply and generation adequacy...". This could be ensured by improving market efficiency and market integration. Of particular importance we could mention:

- Efficient and harmonised congestion management methods
- Market compatible support schemes for new generation capacity
- Consumer participation in the market
- Harmonised legislative and regulatory framework
- Improvement of market efficiency and liquidity in intraday markets

Furthermore, we would like to comment on Section 2.2 addressing Market Monitoring. In this section it is mentioned that data about variable costs, generation capacity availability, and pro-

duction scheduling could be given to authorities on confidential basis in order make authorities able to create confidence in market prices.

First, it is important to stress that these data are strictly confidential for the companies, and that these types of data should not be collected, even by authorities. Electricity business should not be addressed differently from other businesses.

Second, we would like to point that strategies for bidding in the market also depends on other factors than the ones mentioned in the document. For example, in the Nordic area we operate with block bids from combined heat and power plants, where marginal prices do not have the same meaning as solely electricity producing plants. Furthermore, technologies like hydropower do not follow bidding strategies from the above parameters either. Provided that the complexities in bidding strategies are quite high, it would therefore take some level of expertise to give qualified evaluations on price levels for the mentioned data. However, we still agree with the fact that increased transparency is important for the market in order to create valid price signals to trigger investment decisions.

Finally, Danish Energy Association would like to stress that we look forward to become closely involved in the processes mentioned in the document. We stay fully committed to share our knowledge and experiences with regulators, TSO's, and consumer representatives in these processes. Specially, we look forward to become closely involved in setting up the framework for ensure adequate generation capacity.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Stine Grenaa Jensen', written in a cursive style.

Stine Grenaa Jensen
Danish Energy Association