

7th Market European Stakeholders Committee

Monday, 6 March 2017 from 10:30 to 16:30

ENTSO-E, Brussels

Draft Minutes

Participants		
Christophe	GENCE-CREUX	ACER / Chair
Matthias	RÜTZEL	BNetzA/ACER
Sven	Kaiser	ECA/ACER
Alain	Marien	CREG/ACER
Mark	LANE	ENTSO-E
Zoltan	GYULAY	ENTSO-E
Athanasios	TROUPAKIS	ENTSO-E
Pascale	FONCK	ENTSO-E
Jean	VERSEILLE	ENTSO-E
Ritva	HIRVONEN	ENTSO-E
Alexander	DUSOLT	ENTSO-E
Mathilde	LALLEMAND	ENTSO-E / Secretariat
Jerome	LE PAGE	EFET
Konrad	Keyserlingk	RWEST (rep. EFET)
Sonia	Saly	Sosaco (rep. EFET)
Steve	WILKIN	Europex
Andrew	CLAXTON	Europex/NEMO Committee
Christian	BAER	Europex
Yolanda	CUELLAR	Europex
Rickard	NILSSON	Europex
Pierre	CASTAGNE	EURELECTRIC
Hélène	ROBAYE	EURELECTRIC
Ikram	RABIA	EURELECTRIC
Peter	CLAES	IFIEC
Florian	Gonzalez	EDSO for Smart Grids
Paul	DE WIT	CEDEC
Peter	Schell	Restore/SEDC
Markela	Stamati	EC
Nicolas	Kuen	EC

1. OPENING

1.1 Approval of minutes

The minutes of the 6th MESC meeting were approved (See [document](#))

Regarding the agenda, two topics are added:

- Transparency in FB CWE
- Letter issued to JAO by EFET.

1.2 Update on recent developments

The EC asked for an ENTSO-E report on the cold spell, which is under investigation by the EC. The topic will be discussed at the Electricity Cross-Border Committee in June as government should also be involved in this discussion. ENTSO-E stated that a report will be publicly available.

EFET insisted that the report takes account not only of cross-border capacity curtailments, but also export ban(s) that have been put in place this winter in individual Member States. ACER recommended that the material used could be provided for information for the MESC in June. Eurelectric and EFET support this transparency effort towards market participants. Europex also invited the ENTSO-E and the EC to present their findings at the next Florence Forum, to allow an open discussion with Member States.

2. CAPACITY ALLOCATION AND CONGESTION MANAGEMENT GUIDELINES

2.1 Update on the CACM GL implementation process: status of each new ENTSO-E's term and methodology

ENTSO-E (Ritva Hirvonen, [presentation](#)) made an update on CACM implementation.

The last methodologies submitted are:

- Day-ahead firmness deadline
- ID cross-zonal gate opening and closure times
- DA and ID schedules exchanges methodologies
- Generation and load data provision methodology

The forthcoming submissions are:

- CGM methodology
- Congestion income distribution

Additional methodologies will address:

- ID capacity pricing
- Regional methodologies.

The question of the gate opening time for ID, fixed in the proposal at 10:00 PM with possible exemptions, was raised as not ambitious enough. ACER shares the concern. EFET would like the gate opening time earlier as a rule, with possible exemption for later gate opening time. Europex agrees and considers that a late gate opening time for Cross Zonal ID trading for the next day will significantly lower the liquidity and efficiency of the Single ID Coupling market. ENTSO-E recalls that according to the CACM the capacities shall be calculated on the latest available information. Establishing a CGM in ID and performing coordinated capacity calculation on it requires ambitious data exchanges and cooperation among TSOs, and take some time. In addition, the Transparency Regulation requires the offered capacities be published one hour ahead of the first allocation (which could coincide with the ID gate opening time). The ID CGM will consider more accurate hypothesis than the one taken in D-2, as more information is available in D-1, such as the generation schedules. This will improve the computation of cross-zonal capacities in ID, as market

parties asked for within CWE region. ENTSO-E acknowledge the concern raised and target an earlier timing where possible, as 22:00 is the minimum requirement to harmonise the ID opening gate. Eurelectric, EFET and EUROPEX question the added value of the process, and due to the severe delay of opening of ID markets for the following day fears a degradation of the current situation, where Cross Zonal Continuous Implicit ID since over a decade in some regions opens at 14:00 PM (eg Nordpool). Eurelectric) day D-1 for day D, and Europex propose to open the market earlier, and possibly update the capacities with the latest available data later during D-1 shortly after that in many other parts of Europe.

Regarding the methodology on ID capacity pricing, EFET and Eurelectric express their scepticism. This should not be considered as a priority from their points of view. Besides, question such as how ID capacity auctions can interact with continuous trading on XBID platform should be addressed. ACER acknowledges that the ID capacity pricing has to be developed pursuant to CACM provision, but its implementation is not necessarily a priority.

EUROPEX raised a concern about responsibility for calculating the scheduled exchanges and that not all TSOs had submitted proposed methodologies. ACER confirmed that the EC should soon receive a request for interpretation as regards to whom should be involved in the decision-making process.

ACER asked the initial position of NRAs on all these draft proposals. BNetzA is analysing the submitted proposals, and is aware of the different issues. Harmonization is a target, needing a step-wise approach. The topic will be further discussed at the next MESC.

2.2 Update on the CACM GL implementation process: status of each new NEMOs' term and methodology

NEMOs (Andrew Claxton, [slides](#)) gave an overview of the different deliverables underway under the CACM provisions:

- MCO Plan
- Algorithm proposals, product proposals, back up methodologies, harmonised max/min clearing prices

IFIEC raised their **concern regarding the absence of symmetry in max/min prices for DA** like there is for ID. Europex explained the reasons of the ID price limits of +/-9999 euros/MWh as it is continuous implicit trading 24/7, whereas DA is a single implicit auction per day.

IFIEC recalls **the VOLL should be the reference**, EFET shares the concern as neither the proposal nor the explanatory document of the NEMOs outlines how the VoLL was taken into account, as requested in the CACM Guideline. Europex replies that there is no defined pan-European levels of VOLL. At the proposed levels, the effective limit on ID market prices will in general be the max/min prices faced in imbalance settlement.

Europex originally proposed the possibility for derogation approved by NRAs, but this has now been removed, at NRAs' request, and discretionary changes to the max/min prices has been replaced by an automatic adjustment rule. It was necessary to design a rule that would work for a common set of harmonised prices across all markets in Europe.

EFET stresses that anytime the prices hit the limits, it is a limitation of the market, which is wrong from their point of view. EFET also inquired about the effectiveness of these limits if some price

limits on bidding behaviours were to be maintained, as in Spain for instance. According to EUROPEX, this issue of price bidding limits is outside the scope of the harmonised max/min clearing prices required under CACM.

Regarding the automatic adjustment process, Europex explains it will be performed within 5 weeks to allow for an orderly change.

ACER asked the position of NRAs. BNetzA recalls that NRAs are assessing the NEMO proposal, and share some concerns, more information will be given at the next MESC. ACER will liaise with the Spanish NRA regarding the issue of price bidding limits.

2.3 Update on the publication of Paradoxically Rejected Blocks (PRBs) at Bidding Zone (BZ) level

ACER received a letter from Eurelectric complaining on the fact that PRBs are only published at CCR level. ACER welcomed the help from NEMOs to help identifying the relevant concerned markets, which are the Nordic-Baltic and the 4MMC regions.

Following a call from the Agency, the relevant NRAs consider that the publication of PRBs at bidding zone level is neither demanded by local market participants nor necessary given the on average very low frequency of PRBs in these areas. Furthermore, this publication at BZ level could raise a problem of market power in smaller Bidding Zones which is the case in the Nordic-Baltic market since sub-division of BZ is based on structural congestions also within the countries.

Eurelectric will liaise with its Nordic members on this issue.

Europex recalls that the number of PRB is decreasing thanks to improvement in the algorithm.

Europex will provide an update on the PRB publication for the other regions at the next MESC, but a priori the information provided in December is still valid

Transparency in FB CWE

ENTSO-E (Zoltan Gyulay, [presentation](#)) presented the latest status on transparency framework within CWE region. CWE TSOs worked on a concrete translation of the CWE NRA guidance on transparency following the market parties' request. The publication of data from the German TSOs are under negotiation.

EFET and Eurelectric acknowledge these publications, but stress the lack of harmonization in terms of transparency, and the lack of data quality (information quickly outdated). Effective NRA engagement is needed on this point.

Eurelectric stresses that there should be no difference in regime regarding transparency obligations (e.g. strict obligation for generators).

BNetzA states that the German TSOs will publish the needed info, as a major step forward in transparency within CWE. Eurelectric can provide a feedback once all is published. The item will be discussed at the next MESC.

2.4 Update on the XBID and LIP projects

ENTSO-E (Jean Verseille, [presentation](#)) presented an update of the XBID project and timeline.

EFET and Eurelectric acknowledge the quick wins but regret the additional delay.

The question of the Swiss border is raised by EFET. The EC confirms that Switzerland is excluded from XBID specific agreement is needed with Switzerland), and that there should be no step back on capacity allocation on the concerned borders, i.e. that the existing intraday capacity allocation arrangements will not be touched at the concerned borders.

ENTSO-E also mentions that shipping arrangement will be improved in later version in order to even better the initially cope with any kind of transactions (e.g. further improved solution for handling trades from an area with national NEMO to an area with multi-NEMO agreement).

3. FORWARD CAPACITY ALLOCATION

3.1 Update on the ongoing developments

ENTSO-E presented an update on FCA (Mark Lane, [presentation](#)):

- Update on the HAR: main changes in the body, information on the border/regional specific annexes
- Update on CGM and GLDPM
- Additional tasks under the FCA

EFET has submitted its remarks in the formal consultation, is generally satisfied with the main body of the HAR but highlighted its concerns in terms of the firmness rules at the Swiss and Italian borders, as well as for DC cables linking GB with the continent/Ireland. EFET also stresses their **concern regarding the firmness of financial transmission rights**: FTRs should be fully firm, except in force majeure cases, which will restrict the curtailment for operational security only to PTRs. As a general remark Europex supports the notion of firmness since only then can an instrument truly be seen as a fully functional hedging instrument.

ENTSO-E replied that, with the introduction of FTRs on more and more borders, it can be expected that the HAR will be updated at later stages. Nevertheless, the FCA allows for curtailments of long-term transmission rights ahead of the DAFD in order to ensure secure operation. ENTSO-E notes that the addition of the annual cap with market spread is a significant step forward.

EC agrees that FCA explicitly allows for curtailment but added that any curtailment should be clearly monitored and justified.

Eurelectric stresses that there should be no reservation of capacity for DA where there are FTRs on a border.

EFET reminded its letter to JAO, requesting amendments in the allocation rules and the clarification of the responsibilities between JAO and the TSOs.

Regarding auction cancellations, EFET expects a feedback from JAO and TSOs, before the next MESC. ACER will liaise with JAO as well, and expects feedback before the next MESC meeting in June.

4. BALANCING

4.1 Update on the status of the EGBL

EC (Markela Stamati, Nicolas Kuen) made an update on the status of EGBL, with an expected entry into force in Q3 2017.

ENTSO-E explained that the energy exchange platforms not only describe the IT function, but also governance etc., and that there will not be an integrated IT system for all reserves. EFET warns the

TSOs and NRAs about mishaps of XBID, JAO, and the necessity to learn from them. ENTSO-E informed that they are coordinating internally in order to do so.

EFET raises the question of the participation of non-EU countries again. The European Commission once again stresses the importance of maintaining a level-playing field between all market participants and countries, which requires the application of the same rules. Switzerland is still in the balancing pilot projects, the question whether they will be included in the final implementation phase of the EB GL will depend on the evolution of the negotiations between the Confederation and the EU.

4.2 Update on the early voluntary implementation process

ENTSO-E (Alexander Dusolt, [presentation](#)) made an update on the EGBL:

- General outline
- Concept of the European platform and way forward
- Current status for imbalance netting, aFRR (critical in terms of setting a pilot project), mFRR (work ongoing to nominate a pilot project) and RR (TERRE is the European project)

EFET questioned the involvement of Bulgaria and Romania in the BPPs. ENTSO-E informed that Romania participates in the projects. ACER mentions the agreement among NRAs that if a regulator does not participate in decision making for the implementation of a GL/NC, the common decision of the other NRAs will apply to them.

Details on the projects:

- RR: reasonably advanced; public consultation in Q2
- aFRR: none of the pilot projects volunteered to be the EU solution: EXPLORE TSOs don't want to proceed with EXPLORE, DE-AT solution not fully compliant with EB GL, and Nordic TSOs don't volunteer to take the lead, neither. The European solution will probably end up growing organically from a small group of TSOs.
- mFRR: similar expectation as for aFRR, organic growth from a small group of volunteering TSOs. TSOs are working on identifying a leading project. If within a year, nothing comes, then ENTSO-E would take the lead on an all-TSO project.

5. AOB

EC organizes an event on Network Code with ACER, ENTSO-E and ENTSO-G, on May 3rd & 4th.

EFET asked for an update on the bidding zone study. ENTSO-E replies that the work is ongoing and an update will be given at the Bidding Zone Stakeholders Committee during next quarter.

7. 2017 MEETINGS

Dates

- Thursday 8 June (CEER, Brussels)
- Wednesday 6 September (CEER, Brussels)
- Tuesday 5 December (CEER, Brussels): will be changed, due to ENTSO-E annual conference.

Actions / Points to be taken at the next MESC

- ENTSO-E's Report on curtailment during the cold spell: to be given as background information
- CACM GL implementation: Feedback from NRAs on ID cross-zonal gate opening and closures time and on NEMOs proposals, in particular regarding the impact of price bidding limits in the Spanish market on the effectiveness of the proposed max/min clearing prices

- Transparency in FB CWE
- To be given before the next MESC: Feedback to EFET regarding its letter to JAO