

9th Market European Stakeholders Committee

Wednesday 6th September 2017

CEER, Brussels

Draft Minutes

Participants		
Christophe	GENCE-CREUX	ACER / Chair
Nico	Schoutteet	CREG
Sven	Kaiser	EControl
Marie	Montigny	CRE
Mark	LANE	ENTSO-E
Zoltan	GYULAY	ENTSO-E
Athanasios	TROUPAKIS	ENTSO-E
Ritva	Hirvonen	ENTSO-E
Konrad	Purchala	ENTSO-E
Alexander	DUSOLT	ENTSO-E
Mathilde	LALLEMAND	ENTSO-E / Secretariat
Jerome	LE PAGE	EFET
Sonia	Saly	EFET
Steve	WILKIN	Europex
Cosimo	Campidoglio	Europex/NEMO Committee
Yolanda	CUELLAR	Europex
Rickard	NILSSON	Europex
Pierre	CASTAGNE	EURELECTRIC
Hélène	ROBAYE	EURELECTRIC
Ikram	Rabia	EURELECTRIC
Andreas	Flamm	SEDC
Michaël	Van Bossuyt	IFIEC
Markela	Stamati	EC
Nicolas	Kuen	EC

All presentations and documents are available on the MESC webpage:

<https://www.entsoe.eu/major-projects/network-code-implementation/stakeholder-committees>

1. Opening

1.1 Welcoming address + Approval of minutes + Draft Agenda

ACER welcomes Cosimo Campidoglio as the new chair of the NEMO Committee and Konrad Purchala as the new chair of the ENTSO-E Market Committee.

The minutes of the 8th MESC of June 2017 are approved. EFET asks for JAO auction rules to be addressed as part of the agenda.

1.2 Update on recent developments

ACER points out the ongoing consultation on the NEMO proposal for min/max prices, and informs about a workshop on the harmonized auction rules in Ljubljana in September.

From the last June MESC, two pending issues needed to be addressed:

- Request from EFET on JAO to facilitate the visibility of the flow-based data. JAO is currently looking into this issue in updating the utility tool available on their website. A direct communication between JAO and EFET should be undergoing.
- The interaction between ID gate closure time and balancing timeframe for bid submission raised by the NEMOs will be discussed under 2.2 and 2.4.

Regarding the CEP, the European Commission confirms the process is ongoing with the Estonian Presidency; and acknowledges the overlaps with Network Codes implementation and need for overall coherence. The Commission hopes for a compromise text of the Council and Parliament by the end of the year, with trilogue discussions starting under the Bulgarian Presidency of the Council in 2018.

The European Commission provided an update from the High-level group on Network Code implementation. The first meeting was a kick off meeting, setting out the organization of the work. The next meeting will be on October 2nd to finalize the reference paper and discuss the best channels to ensure transparency and report back to the relevant working groups. The Commission mentioned that the ToR will be published. 29th November will be the first meeting to discuss substantial issues.

2. Capacity Allocation and Congestion Management Guideline

2.1 General update on the status of the TSOs' proposals

ENTSO-E (Ritva Hirvonen) presented an update on the submitted methodologies and proposals:

- Amendment request to the determination of CCR
- Congestion Income Distribution
- Cross-zonal Intraday Capacity Pricing
- Amendments to Intraday Cross-Zonal Gate Opening and Gate Closure Times
- Day-ahead and Intraday Scheduled Exchanges Calculation, to be re-submitted

An overview of “All TSOs” tasks is given, most of which are already submitted, under approval or approved. The focus is now on the regional tasks, in particular with the coming preparation of the methodologies on redispatching and counter trading and their cost sharing.

Eurelectric stresses again that the **consultation for the regional redispatching and counter trading methodology** for the CORE region should not take place during Christmas time. IFIEC asks to get preliminary information of the principles to be applied in these proposals, to prepare as soon as possible the answer. ENTSO-E stresses that this will be taken into account by the CORE region, to the extent possible. Regions must first develop the methodology, and then consult with stakeholders before submitting a proposal for NRA approval. Eurelectric insisted to have a dialogue with market participants organized once the general principles to be applied for all regions are defined.

Europex raises the topic of **ID cross-zonal gate opening time**, which should be no later than the one existing today, which is not the case in the current proposals. Europex asks how the organized market in ID can work with misaligned gate opening times.

CREG stresses that harmonization is not to align on the latest gate opening time, that is why it is preferred to allow different regional gate opening times as a compromise. Regulators strive for an efficient harmonized cross-zonal ID market.

EFET does not acknowledge the improvement in the amended TSO proposal, considering the 22:00 opening time in some regions as too late. EFET asks whether there will be an obligation to hold cross-border intraday auctions at every border in Europe, as the CACM Regulation seems to imply so, but it also contradicts the CACM provisions on XBID. EFET is concerned by the possible impact of additional ID auctions on the liquidity in the XBID project, while a lot of resources have already been expended on its development.

EC mentioned it is conscious about the somewhat conflicting obligations of CACM for cross-border intraday trading but recalls that the goal of CACM is to implement continuous ID trading, with XBID go-live as a priority. EC will launch a study in the course of next year to see the impact of auctions.

2.2 General update on the status of the NEMOs’ proposals

The NEMO Committee (Cosimo Campidoglio) presented an update of the NEMO’s proposals, in particular for algorithm/requirements, products, max/min clearing prices.

2.3 General update on the NRAs(/ACER)’ approval

NRAs (Nico Schoutteet, CREG) gave an update on the NRA’s approval of TSOs and NEMOs methodologies.

ACER would like to limit the flexibility given in upcoming methodologies, which should strive to ensure clarity directly in the initial proposals.

Regarding the HMMP proposal, CREG mentions that there are mixed views among NRAs. EFET and ENTSO-E stress that not only DA price limits but also ID price limits should be addressed as well, and the price limit in ID should be higher than in DA.

Regarding the congestion income distribution methodology decision referred to ACER, EFET asks what were the amendment needs that led the NRAs to forward the methodology to ACER. CREG mentioned a number of amendment requests of the NRAs that were not taken up in new TSOs proposal: approval of sharing key for investment, remuneration of LTRs (some NRAs thought it shouldn't be dealt here but linked with FCA), allocation constraints, unscheduled flows.

2.4 Specific update on the regional Capacity Calculation Methodologies

The CORE region (Konrad Purchala) gave an update on the CORE capacity calculation methodology.

The CORE region faces the challenge of harmonization between the previously existing CEE and CWE regions, especially in the methodologies and tooling used for the computation. Thorough analyses of preliminary experimentation results are undergoing, requiring time and effort.

Core TSOs and core NRAs acknowledge the challenging aspect of determining all details of the CORE CCM. The formal CCM package will be delivered on 17th September 2017, defining process and steps to tackle the still opened topics.

The main concerns raised by Stakeholders during the consultation phase were explained and are detailed in the given presentation:

- *Level of details, where TSOs are asked to be more clear on the methodology undertaken*
- *Need for a description of CNEC selection process*
- *CACM compliance*
- *Remedial actions to be taken into account*
- *Transparency and monitoring data*
- *Implementation time-lines*
- *Non-CORE borders to be taken into account*

Stakeholders stress that Flow-based should bring more capacity, and avoid moving internal congestion to the border. The use of extended redispatching calls into question the configuration of the bidding zone. Nordic stakeholders are concerned about the same issues, which question the move to flow-based, in particular in DA (however, stakeholders claim, that Flow-based intraday will bring value in the Nordic).

E-Control and CREG clarify that the approach leaving a number of relevant issues open or without the relevant detailed description is not agreed with the CORE NRAs, but the CORE NRAs take note that this is what can be expected from TSOs for the time being.

ENTSO-E recalls the position paper published on capacity calculation: bidding zones are defined as they are today, and capacity calculation methodologies have to be analyzed in the context of existing bidding zones. The request for larger bidding zones, as often expressed by some stakeholders, will inevitably increase internal flows as well as uncertainties which affect the cross border trade, so choices must be made.

ENTSO-E (Ritva Hirvonen) gives an update on the regional capacity calculation methodologies.

Regions shall submit their methodology for September 17th, except 2 regions which will face a delay following some discussion around CACM interpretation:

- Italy North faces non-alignment of TSOs and NRAs on the timing of the submission;
- South East lacks a coordinated NRAs opinion on the interpretation of CACM.

EFET reacted on the process and the lack of coordination of the different regions and the consultation planning (2 regions are still under consultation, knowing the submission deadline is September 17th). Enough time should be dedicated to taking into account comments from Stakeholders, to be considered seriously. Eurelectric considers the discussion on key principles for capacity calculation to-date as insufficient.

EFET (J. Lepage) and Eurelectric (H. Robaye) presented their view on capacity calculation methodologies proposals.

They consider TSOs proposals do not meet the intention defined in CACM:

- Insufficient details: the methodologies shall describe the “how” and not only “what”;
- Lack of transparency on the methodologies;
- Lack of coherence between regions;
- How to deal with remedial actions is not addressed in principles and misaligned in different CCMs, even though it is a core point.

CCMs should contain:

- Binding details on all elements described in the methodologies;
- Justification of deviations by individual TSOs;
- Full compliance with CACM Regulation;
- Consideration of the CCM interdependencies;
- Sharing and implementation of best practices used in certain CCMs, e.g. IU CCM.

EFET stresses that capacity calculation is the heart of CACM, and expresses its disappointment on the CCM methodologies. Eurelectric stresses that remedial actions should be considered on the same equal footing as a reduction of capacity. Capacity calculation is not about defining bidding zones, but bidding zones are an entry point to capacity calculation, and methodologies should propose the best optimum knowing this bidding zone configuration.

ENTSO-E recalls that some methodologies explicitly say that costly remedial actions will be included. EFET opposes to this that only **one** CCM (Ireland & UK) obliges TSOs to consider costly remedial actions, based on a cost-benefit analysis as recommended by ACER in its November 2016 Recommendation. There are also operational challenges due to planning costly remedial measures, which cannot all the time be ensured as available in real time. Already today there are instances where the available remedial measures are exhausted, so increasing significantly the use of these measures will be very challenging from a feasibility point of view. As far as the level of detail provided in regional CCMs is concerned, it indeed varies among regions. However, TSOs are continuously discussing the details of the CCMs with the regional stakeholders, with quite positive feedback from such meetings. Moreover, explanatory documents accompanying the regional CCMs give quite a lot of insight into the details, although in cases where some design elements are not yet fixed, not all details can be given.

EFET stresses that the impact on/from third countries like CH should be considered. ENTSO-E explains that assumptions will be taken in the neighboring CCMs to take account of the influence of third countries. EFET questions if this is good enough.

ACER expresses a shared disappointment on CCMs and ENTSO-E position paper on capacity calculation, and deplores the lack of consideration of ACER recommendations and justifications.

ENTSO-E points out that cost benefit analysis for taking into account remedial actions as part of the day to day process has never been brought into the debate by NRAs, at least in the CORE region, but the guaranteed RAM will imply costly remedial actions. In that context, the regional redispatching and counter trading cost sharing methodology, to be approved by all TSOs and NRAs unanimously, will be fundamental.

ACER clarifies that the missing CCMs (Italy North and SEE) will have to be submitted just like any other CCM.

2.5 Update on the PCR extension

Europex (Rickard Nilsson) gave an update on PCR performance.

Following a comment from EFET, Europex stresses that the algorithm and its framework is prepared having in mind it will be European wide. PCR formal assessment of I-SEM (Ireland & N. Ireland) not in place – simplified go-live requested by PCR to I-SEM as to feed in all requirements would not be done by September process time. Product types to be taken into account could be challenging for the algorithm (i.e. simultaneous use of complex and block orders not anticipated by PCR).

ENTSO-E points out that the compatibility with new capacity calculation parameters and more broad use of Flow-Based should be tested in the algorithm.

2.6 Update on the XBID and LIP projects, including an update on the question of the Gate Closure time in ID and balancing

Europex (Yolenda Cuellar) presented an update of XBID Project.

2.7 Discussion on the granularity of products in DA and ID

Eurelectric (H. Robaye) made a presentation on the question of granularity products.

Granularity of the products in ID and DA should be aligned with the ISP, as stated in the Clean Energy Package. This issue will require analysis of the current situation and a plan to reach the target.

NEMO Committee acknowledges the question for XBID compatibility and Euphemia performance. Europex will prepare a forward-looking view on this question.

3. Forward Capacity Allocation

ENTSO-E (Mark Lane) gave an update on ongoing development of submitted methodologies/proposals.

ACER recalls the ongoing consultation on HAR until 8th September, and workshop organized 11 September in Ljubljana. EFET asks for having the HAR main body and the border/ regional specific annexes approved as soon as possible so as to have the new rules applying for the allocations of 2018.

4. Balancing

ENTSO-E (Alexander Dusolt) gave an update on EGBL.

TSOs are ready to implement through early implementation projects:

- IN - IGCC
- aFRR – PICASSO
- mFRR – MARI
- RR - TERRE

Eurelectric and IFIEC ask for workshops and exchange with ENTSO-E before and after formal consultations. Stakeholders request to be able to add knowledge to the process, and not wait to have the proposal ready for consultation to exchange views.

Europex stresses that there will be local implementation projects within MARI and TERRE, which need to be coordinated as well.

EFET raises the question on the cost allocation for bids activated for congestion management which should be tackled in the different projects. ENTSO-E to provide an overview when the question will be addressed.

Eurelectric (H.Robaye) presented their views: Activation purposes and the impact on prices need further alignment, as bids in the money can be rejected for reasons such as congestion and operational security. This topic deserves discussion at the MESC (on top of discussions at the BSG) ahead of upcoming consultations.

ENTSO-E clarifies that the upcoming methodology on activation purposes will only address the listing of activation purposes, and the impact on prices will be addressed in a dedicated proposal on pricing.

Europex also warns on algorithm specificities, and paradoxically rejected bids not linked to activation purposes. EFET stresses that the transparency on activation purposes will be very important. IFIEC points out that cost repartition will be a key discussion. Follow-up will be given at the next MESC meeting.

6. AOB

EFET (J. Le Page) raises a point on JAO (JAO platform, curtailment, exchange with TSOs), following the letter sent earlier in 2017.

One of the main concerns is to ensure an auction already held is not cancelled; EFET understands JAO is not fully liable on this, as TSOs and NRAs are also involved, but the responsibility should be endorsed somehow. The issue needs to be addressed.

How to avoid curtailment and cancellation? How to handle the consequences? What are the liabilities of JAO and TSOs on this matter? ACER agrees to ensure the follow-up on this subject.

EFET (Sonia Saly) raised the question of the transparency platform, where data is either missing or provided too late. The problem was brought to the ENTSO-E transparency user group. TSOs are expected to explain the situation and provide an action plan. ENTSO-E clarifies that a first step when data gaps are identified is to raise the issue with the Transparency Platform Service-desk. In that way, the concerned data providers will be informed. ACER stresses that NRAs are ultimately responsible for ensuring the compliance of the TP with regulation. The concerned NRAs should therefore be asked in case issues persists for a long time. ACER encourages EFET to liaise with the concerned NRAs. If no feedback, the question should be escalated to the EC. The EC indicates that they are considering starting a study on the subject.

7. 2017 meetings

Dates

Monday 11th December (CEER, Brussels)