

12th Market European Stakeholder Committee (MESC)

Tuesday, 06 March 2018 from 10:30-16:30
CREG, Rue de l'Industrie 26, 1040 Brussels

Draft Minutes

| Participants | | | |
|--------------|-----------------|------------------------|--|
| Christophe | Gence-Creux | ACER/Chair | |
| Mathieu | Fransen | ACM | |
| Nico | Schoutteet | CREG | |
| Matthias | Rützel | BNetzA | |
| Sven | Kaiser | E-control | |
| Alain | Marien | CREG | |
| Marie | Montigny | CRE | |
| Mark | Lane | ENTSO-E | |
| Konrad | Purchala | ENTSO-E | |
| Oliver | John | ENTSO-E | |
| Athanasios | Troupakis | ENTSO-E | |
| Marta | Mendoza | ENTSO-E | |
| Jean | Verseille | ENTSO-E | |
| Alexander | Dusolt | ENTSO-E/Secretariat | |
| Jerome | Le Page | EFET | |
| Paul | Giesbertz | EFET | |
| Sonya | Saly | EFET | |
| Cosimo | Campidoglio | Europex/NEMO Committee | |
| Paul | De Wit | CEDEC | |
| Steve | Wilkin | Europex | |
| Christian | Baer | Europex | |
| Yolanda | Cuéllar Salinas | Europex | |
| Michela | Beltracchi | Europex | |
| Hélène | Robaye | Eurelectric | |
| Ioannis | Retsoulis | Eurelectric | |
| Yannick | Phulpin | Eurelectric | |
| Victor | Charbonnier | WindEurope | |
| Michaël | Van Bossuyt | IFIEC Europe | |
| Tim | Schittekatte | FSR | |
| Leonardo | Meeus | FSR | |
| Matti | Supponen | EC | |
| Markela | Stamati | EC | |

1. Opening

1.1 Welcoming address and Draft Agenda

The Chair, (Christophe Gence-Creux, ACER) welcomes the participants to the 12th MESC meeting, the agenda is approved with minor modifications. The Minutes of the 11th MESC meeting are approved.

The Chair thanks Mathilde for the work done for the MESC and welcomes Alexander and Roxana as the secretariat support of MESC.

1.2. Update on recent developments

ACER informs that the decision on IDGOT/IDGCT is expected in April and on the ID algorithm methodology in June. A public consultation on the algorithm methodology is expected in April. For the decision on IDGOT/IDGCT, the Agency is still committed to have an as early as possible harmonised GOT.

EC (Markela Stamati) updates on the status of the Clean Energy Package.

1.3. FSR update on their training program

The FSR (Leonardo Meeus) thanks to all contributors to the 2017 Network Code training program and informs participants on the updated Network Code program for 2018 with new items on grid connection and legal issues as well as their new training course on Clean Energy package. ACER proposes to adjust the mastery challenges regularly to reflect current topics. FSR noted the stakeholders' expectations to be stronger represented in the panel discussions.

2. Capacity Allocation and Congestion Management

2.1 Update on the status and main issues at stake in the TSOs' proposals

ENTSO-E (Mark Lane) updates on the ongoing work of ENTSO-E and the TSOs. The Scheduled Exchanges Methodology will be submitted soon to the NRAs. The final proposal does not include the concept of NEMO trading hubs. ENTSO-E updates also about the next proposals on the definition of the Capacity Calculation Regions and the Regional proposals for Redispatching and Countertrading and the cost sharing methodologies.

ENTSO-E explains that there are many items interrelated between the capacity calculation methodologies and the countertrading and redispatching methodologies as well as the cost sharing one such as the XB relevance element.

NRAs expect information on the planning by mid/end March on the methodologies which will not be submitted on time (Cost sharing methodology by the CORE region)

EC underlines that the deadline regarding redispatching and countertrading is in March and reminds that in case of disagreements, CORE TSOs should apply qualified majority voting (QMV). EC would like to understand the root cause of the current delay, whether it is technical or political difficulties. In case TSOs explain sufficiently, small delays could be accepted.

ENTSO-E explains that for regional redispatching cost sharing methodologies, unanimity is required. TSOs explain that there are many objective technical complexities during elaboration of the redispatching and countertrading methodologies, such as the relation between the CCM and loop flows, issue of critical branch selection, issue of cross-border relevance, etc. TSOs confirm the intention to submit coherent proposals for all interrelated items and will clarify the timeline.

NRAs confirm to also assess the reasons for delay.

Eurelectric expresses their concern that the Countertrading and redispatching methodologies proposal would be linked with the cost sharing. The focus should be set on efficiency and not on who pays. In view of Eurelectric, the proposal on redispatching and countertrading should be independent from other methodologies. The implications between the redispatching costs and congestion rent should be included in other proposals. Eurelectric wishes to have a content discussion on the regional proposals in the MESC, so that the link between the CCM and redispatching cost sharing methodologies could be better understood.

EFET agrees with the Eurelectric request for more content discussion at MESC and asks for more details on the timeline to be discussed in the MESC.

ENTSO-E underlines that the content discussions for regional methodologies are being conducted in the respective regions, with relevant stakeholders. EFET and Eurelectric express discontent with the discussion conducted to date in the regions, underlining the importance of MESC as a forum for cross-regional content discussions.

Stakeholders propose several topics to be discussed in the MESC on regional proposals: differences between the regional proposals, general principles how to select critical network elements.

The Chair asks ENTSO-E to bring for the MESC discussions the key principles on redispatch and countertrading methodologies.

ENTSO-E will discuss the requests with the regions and TSOs.

2.2 Update on the status and main issues at stake in the NEMOs' proposals

NEMOs (Cosimo Campidoglio) provide an update on the status of the different proposals and also other workstreams (e.g. DAOA). Question was raised by ACER on the link between the SEC proposal and the scheduling areas (mainly relevant for Balancing implementation). ENTSO-E clarifies that TSOs can use either the outcomes of the market coupling (Euphemia algorithm results) or assign the task to specific scheduled exchanges calculators.

2.3 Update on the status and main issues at stake in the NRAs(/ACER)' approval process

NRAs inform that they requested six more months for the decision on Cross Zonal Intraday Capacity Pricing (XZIDCP). NRAs intend to decide after summer. NRAs are active on their decisions on CCMs and inform that they intend to request amendments to mostly all the CCRs. In general, they find that the level of detail provided is not enough. ACER explains that they expect the CCMs to improve following NRAs request for amendments, and they offer their support in the process.

2.4 Update on Bidding Zone process

ENTSO-E (Oliver John) updates on the Bidding Zone study and the ongoing consultation running until 9 March. The legal deadline for submission of the final BZ Review report and TSO recommendation is 21 March. Oliver explains that the expected date for submitting the final report will be 1 week late. The EC had already issued a comfort letter in this respect.

Eurelectric (Yannick Phulpin) explains that they have a neutral view on the Bidding Zone study recommendation, and explains that this view so far excludes their member BDEW. They would support a more flexible framework to allow for making the study more robust. The study has opened many interesting questions on modeling of future markets, e.g. treatment of 220kV, application of capacity calculation methodologies. They highlight that the BZ Review process is foreseen every three years, however the study took already five – hence the priority should be set on getting a more robust quantitative analysis. To meet the tight deadlines, solutions and detailed study methodologies need to be found already before the 15 months period is triggered. Eurelectric offers support for making the study more robust and recommends reinforcing transparency and stakeholder involvement. In order to ensure sufficient quality of the study, back testing should be done to verify the results.

EFET (Paul Giesbertz) reminds that their recommendations from 2014 are still valid, especially important to agree on how to measure overall market efficiency. EFET suggests including more extreme cases to test the methodology, look into splitting and merging independent from member state borders, redispatch and congestion costs without anticipating political views. They recommend looking into static and dynamic efficiency.

ACER informs that they are preparing a new market monitoring report for October 2018, which will include a chapter on BZ. ACER will use this Chapter to fulfill its reporting obligations under Article 34 of the CACM GL (i.e. to draft a 'market report evaluating the impact of current bidding zone configuration on market efficiency'). In order to manage stakeholders' expectations, the Agency highlighted that the main focus of this market report on BZ will be on the benchmark capacity concept as a signal for potential new BZ configuration. While the Agency agrees with EFET that a detailed assessment of potential new BZ configurations on market efficiency has to be performed, such a detailed assessment cannot be performed in the framework of the Agency's Market report but should rather be part of the ENTSO-E's BZ review study.

NRAs (Nico Schoutteet) suggest that ENTSO-E in future gets more in-house competencies to avoid inefficiencies through coordination and dependencies for external consultants and to reaffirm responsibilities. Model-based configurations should be considered for the next study as the key element. It is important to ensure that all relevant TSOs are equally involved in the study, also NRAs and Stakeholders should be involved more. CREG (Alain Marien) highlights that the small consumers are missing on the MESC table and they are finally paying the bill.

EC expects to work in future more on scenarios and configurations before decisions are made and wants to be more involved from the beginning. EC confirms that this should be a technical study leaving political views aside. A short delay of the submission of 1-2 weeks could be acceptable to EC.

In response to the question from Stakeholders (EFET), it was explained that on the DE-PL border the set of four phase-shifters are now in operation on the Polish side of the interconnector and on the German side the first set of two phase-shifters is to be put in operation before the summer, together with reconnection of the temporarily disconnected line Krajnik-Vierraden. Further, phase shifters have been also put to operation on the DE-CZ border. First improvements in terms of available cross-zonal capacities can be seen. Splitting the DE/AT bidding zone is expected to further improve the loop flow problem in the region.

2.5 Update on XBID and LIPs and main issues at stake

EFET (Jerom Le Page) raises several questions on XBID and request to avoid having two parallel platforms trading the same products. Market fragmentation would reduce trading efficiency and increase burden on traders. EFET requests transparency on user perception test regarding performance, impact of new countries on performance.

NEMOs explain that the transfer of orders between XBID and local trading systems has been discussed in a workshop with the EC. EC regards this as a service rendered by NEMOs to their members, providing competitive edge to the NEMO platform that is able to automatically transfer bids from global to local solutions and vice-versa. However, local products with the same properties as global XBID products traded in parallel to XBID need to be discussed with NEMOs.

ENTSO-E (Jean Versaille) explains that test results allowed to include all sub hourly products as of the XBID go-live. DBAG has committed on the performance, which will be carefully monitored.

Eurelectric reminds that there should be an obligation to automatically transfer products between global and local trading solutions, which seems to be an option currently. Furthermore, they appreciate the stakeholder involvement, however would like to know more about it after the go live. Eurelectric asks to publish the programming code of the XBID algorithm, so that SHs could review, propose updates and make available for research.

Fallback options for XBID are discussed. Common understanding that explicit auctions as fallback are subject to local decisions.

3. Balancing

3.1 Update on the 5 March BSG's meeting and main issues at stake

ACER informs that they are chairing the Electricity Balancing Stakeholder Group EBSG from now on and revise the ToR. [ACER informed about a long discussion at the Balancing Stakeholder Group on how cross-zonal capacity is calculated as input to the various European balancing platforms. ACER deems this a very important input.](#)

Eurelectric finds that the BSG has good content discussions, topics shared at early stage, even with different options. Would like to have similar content discussions in MESC.

ENTSO-E updates on the Balancing implementation frameworks for Imbalance Netting and Replacement Reserves and the status of the implementation projects MARI and PICASSO.

3.2. Discussion on ID and BAL markets, in relationship with congestion management

Eurelectric presents their views on ID and Balancing, focusing on portfolio bidding for balancing and the relationship between balancing and redispatch. They highlight that so far it is unclear how the activation of balancing bids for congestion management affects balancing energy and imbalance prices. In the view of Eurelectric, redispatching and countertrading methodologies have not provided sufficient details on this process yet.

ENTSO-E highlights that at least some TSOs need the unit information for balancing and that generally speaking the more detailed information is available for TSO, the more information on the flexibility in system is available.

ACER explains that the GLEB allows to require on national level that the generation schedules should be the same as commercial schedules.

4. Aob:

ACER intends to present benchmarking methodology for cross border capacities in next MESC.

EURELECTRIC asks ENTSO-E to report on the common principles for suspension of markets according to NC E&R.
ENTSO-E will check internally how and when this report can take place.