

Europex/15th Market European Stakeholder Committee (MESC)

Wednesday, 05 December 2018 from 10:30-16:30
CEER, Cours Saint-Michel 30a, 1040 Brussels

Draft Minutes

Participants			
Christophe	Gence-Creux	ACER/Chair	
Michael	Van Bossuyt	IFIEC	
David	Allman	BNetzA	
Sven	Kaiser	E-Control	
Petteri	Haveri	GEODE	
Alain	Marien	CREG	
Nico	Schoutteet	CREG	
Marie	Montigny	CRE	
Rodrigo	Escobar	NEMOs	
Rickard	Nilsson	Europex/NEMOs	
Konrad	Purchala	ENTSO-E	
Zoltan	Gyulay	ENTSO-E	
Marta	Mendoza	ENTSO-E	
Benjamin	Genet	ENTSO-E	
Oliver	John	ENTSO-E	
Arjun	Patel	ENTSO-E	
Jerome	Le Page	EFET	
Paul	Giesbertz	EFET	
Diego	Roldan	CNMC	
Cris	Cotino	Terna	
Paul	De Wit	CEDEC	
Victor	Charbonnier	WindEurope	
Pierre	Milon	EPEX	
Steve	Wilkin	Europex	
Edmund	Beavor	Europex	
Hélène	Robaye	Eurelectric	
Ioannis	Retsoulis	Eurelectric	
Pierre	Castagne	Eurelectric	
Eleni	Diamantopoulou	ClientEarth	
Marine	Delhommeau	EASE	
Matteo	Moraschi	EASE	
Tim	Schittekatte	EUI-FSR	
Valerie	Reif	EUI-FSR	
Matti	Supponen	EC	

1. Opening

1.1 Welcoming address, approval of minutes and Draft Agenda

The chair opens the meeting and welcomes participants. The minutes of the previous meeting were approved. The item on balancing was moved to the beginning of the meeting and the agenda was approved. The Chair informs that the participation to the MESC has been reviewed and some new stakeholders were invited.

1.2 Update on recent developments

The chair informs on the following elements:

- The ongoing consultation on ACER's proposed amendments on the CORE CCM with deadline 24 December.
- The next steps after ACER's consultations on intraday cross zonal capacity pricing.

1.3 Update on Brexit

EFET (Jerome Le Page) introduces a note on the Brexit. He highlights that 95% of electricity brokers are situated in London, this may affect all energy market parties. He notes that there is a Brexit deal on the table, which still needs to go through the British Parliament. However, at the moment it looks like this may not succeed (no deal scenario). There are possible impacts on licencing regimes, REMIT registrations, Cross border access to interconnection and Cross border tariffs. He asks TSOs about their contingency plans to ensure access to cross border markets under the different scenarios. He assumes that, for JAO, third party agreements can be signed, but there are concerns about DA and ID markets as they may require more significant agreements. It needs to be assessed whether existing fallback mechanisms (explicit access) could be used. He informs that on IFA explicit access can be used, whereas for the Nemo link a consultation is ongoing for using explicit access for DA only. For ID no explicit access will be granted with the argumentation that it is not in line with CACM. National grid also suspended their participation in XBID. CRE and CREG are apparently facing limitations to discuss bilaterally with Ofgem, however National Grid is having bilateral discussions with continental TSOs to ensure XB capacity remains available after March. EFET suggests that all help together to ensure clear rules are in place no matter which scenario.

ENTSO-E (Zoltan Gyulay) confirms that TSOs are happy to play their role alongside governments and regulators, significant efforts are seen by the ministry, there should be a plan for the Nemo link and IFA in a couple of days. ENTSO-E will ensure to speak to the partners as needed.

EFET sees a need to intensify efforts as the most elaborate plans for e.g. Nemo will lead to solutions for DA only in June/July. It is expected that there will be no intraday trading for two years. The work so far has focused on having a deal, now it seems also the scenario of no deal has to be prepared without delays.

1.4 CEP Update

The EC (Matti Supponen) updates on the CEP developments. He informs that the final trilogue is expected on 18th December. On 11 December there is a meeting on the ACER regulation. He explains the following pending items:

- Network Codes: Implementing or delegated acts - depending on which way we are going, the balance of power between Parliament, Commission, and Council is quite different
- Article 14: 75% / 25% capacity for cross border trade. Probably the most difficult item.
- TSO cooperation on RCCs – pretty much settled, pending how binding the recommendations may be

He informs that on storage due to high political pressure from TSOs and DSOs, although the EC's position has not changed, a compromise had to be found, which in principle is that there is no ownership for TSOs except for fully integrated network elements and battery storage for short term congestion management for a certain period and subject to NRA approval. The bidding zone review process may be triggered 3 months after eif and the update of the regulation will trigger an update to the bidding zone review process in line with Art. 13. On the decision on votes for member states he explains that it depends but usually unanimity should be achieved. He expects eif by January 2020 for the regulation and the directive a bit later.

2. Balancing

2.1. Update on main issues at stake

ENTSO-E (Benjamin Genet) updates on the discussions that took place in the EBSG on 19 November. He informs about the studies done on counteractivation, the pros and cons and the proposed way forward for aFRR (blocking CA in PICASSO) and mFRR (allowing CA in MARI). The choice is based on the given implementation time constraints and other factors such as divisibility of bids. He highlights the importance to deliver the platforms on time. Counteractivation on FRR will be monitored on yearly basis. Prime candidates for indicators are the loss of economic welfare and CA volumes. He explains the potential functioning and the monitoring of the unavailability of bids pursuant to Art. 29.9 and 29.14, according to which each TSO may declare bids submitted to the balancing platforms as unavailable. He also presents the discussions on full activation time for aFRR and the BEPP (optimisation cycle vs 15minutes). He explains IFIEC strongly favoured the optimisation cycle BEPP. ENTSO-E explains the timeframes when bids could be activated. ENTSO-E explains that under the SOGL limits can be set on the bids and informs that information on the reasons for the unavailability will also be published.

Eurelectric reminds that they don't favour counteractivation due to the obfuscation of imbalance pricing, but they take note of the decision, and request that the monitoring of the effects is elaborated more clearly in the binding documents. ENTSO-E responds they will monitor the loss of the economic welfare, but such indicators will not be outlined in the corresponding legal documents. Eurelectric, (towards NRAs) suggests to have a non-exhaustive list of indicators in the legal documents, counter-arguing that just because they are legal documents, this does not mean they cannot technicalities included. EFET welcomes the workshops done however misses harmonisation and fundamental principles on imbalance settlement.

Stakeholders express worries that TSOs hoard bids for national activation and ask for the compensation of bids declared unavailable.

NRAs update on their discussion on the compensation of unavailable bids. They deem it not necessary to compensate bids marked unavailable although it is reported that some NRAs may change their view if TSOs mark bids unavailable too frequently. Europex suggests an annual report on unavailable bids might be published. ENTSO-E offered a wider reporting than mandated by the EB GL. Still, they note that their position is not unanimous, and subject to further monitoring. Eurelectric and EFET argue that exactly because these cases are exceptional, they should be compensated. EFET says that not having compensation goes against the notion of level-playing field in balancing and the economic copper plate. Eurelectric says that it should be the most expensive bids first when TSOs want to make bids unavailable for security reason. This would minimize the risk to withhold infra marginal bids. ENTSO-E responds that it is not foreseen to impose constraints on this. Eurelectric highlights that without compensation and without restricting the most expensive bids first, there is effectively big loss of money for the BSP, in a free curtailment mode. Eurelectric, at last, states that in their respective consultation answer, they had indicated that it should be clearly written that the most expensive bids should be made unavailable. ACER compliments that this presentation should not be taken by stakeholders as a no chance to have the notion of unavailable bids compensated in place. Hence, the discussion for them is still open. This stance is shared from CRE for instance that explains that their own view on this subject is not definitively formulated.

3. Capacity Allocation and Congestion Management Guideline

3.1 Transparency of CWE FB

ENTSO-E (Oliver John) explains that Amprion understand EFET's requests for early-on information about topology changes or other modification of the FBMC input parameters, as stated in the last MESC. However, when new tie-lines enter into operation the date cannot be guaranteed early in advance, and complex process may prevent for timing publication. He also presents the slides on the CACM transparency requirements in CWE. He highlights the need to have a balance on the efforts needed to increase transparency and the benefit of the publication of this data. ENTSO-E highlights that the names of the critical branches are increasingly published and underlines that the discussions should be done only in one place as consensus was already reached in CWE stakeholders meeting.

EFET refers to the 20% min RAM rule and finds that TSOs do not comply with the rules set by NRAs in May 2016. EFET is open to continue the dialogue but urges NRAs to act on repeated non-compliance of TSOs with regulatory decisions. IFIEC agrees with EFET, they find the information comes far too late, too little material is publicly available.

Regarding CORE CCM, Eurelectric welcomes the fact that we have clearer obligations/requests set in the ACER proposal for the CORE CCM. We consider this should not be subject to national legislation as per the current formulation of the corresponding proposal, as this would allow room for significant deviation.

The Chair agrees that transparency is one of the main issues in the forthcoming Core CCM decision and TSOs will have to implement it, however enforcement needs to be discussed. To that end, ACER asks NRAs whether there could be a common message to TSOs by the NRAs about the transparency issue in CWE. CREG reports that on the basis of the information they have, there is a plan to get the TSOs to comply. Eurelectric mentions that this plan does not cover all seven obligations set out in the NRA position paper of August 2018. CREG replies that then more discussion is needed. ACER asks NRAs to update stakeholders on this in the upcoming MESC in March. CREG finally adds that in their view they have difficulties in understanding the challenges TSOs face in complying.

3.2 First assessment of the splitting of DE-AT border

BNetzA and E-control update on the splitting of the DE/AT border which started successfully on 1st October. Very high price spreads were e.g. reached on 3rd October with 70EUR/MWh. This was a special situation as it was a national holiday in Germany with high wind feed in. In 26% of the hours price convergence is reached between DE and AT. Capacity prices for monthly auctions increased from 0.88 to 5.5EUR/MWh.

EFET asks for data on the impact on forward trading, intraday and balancing markets. As the trigger for implementing the split was the loop flows issue in CEE, it needs to be analysed in how far the problem was mitigated, in particular with regard to cross-border capacity availability. Also, it could be worth assessing if there was a change in internal bottlenecks. E-control responds that still more clarity is needed. In the Austrian forward market, liquidity is similar to Belgium but needs to be looked in further. EEX is also assessing the data. No clear conclusions can be taken on the impact on the functioning of CWE flow based.

3.3 Update on Intraday capacity pricing

The Chair discusses the ID CZ GCT and the requirement for All TSOs to have only pan-European auctions for ID CZ capacity pricing, however optionality for regional auctions is discussed. The GCT at 22:00 will remain as capacities may be recalculated before that time.

ENTSO-E explains that the GCT was set at 22:00 so that all information of market participants could be obtained for the capacity recalculations.

3.4 CORE CCR TSOs' capacity calculation methodology

The Chair notes that the provisions on the CEP have to be taken into account in the CORE CCM.

EFET remarks that the CORE CCM proposal is very different from the Nordic CCM.

ACER explains that there are big differences between Nordic and Core regions, mainly due to different levels of trust in the TSO-NRA relationships. A right balance between implementation timeline and the objective to significantly improve the capacity calculation methodology will have to be found. They agree that, following the CEP, they could be more ambitious on the targets (75%). ACER's position is that in a certain amount of years, internal bottlenecks will have to be resolved. If CEP foresees thresholds on loopflows, ACER will have to consider them in its decision.

IFIEC wonders whether the proposals are ambitious enough in terms of the transition period.

ENTSO-E highlights that thresholds are a floor and not a cap. TSOs aim for a learning by doing approach as otherwise massive redispatch may become necessary. This may also impact system security.

IFIEC stresses that requirements to maximise cross-zonal capacities (within limits of security and as far as efficient) apply since many years. The time of learning should be over.

Eurelectric asks ACER how, in their view, the proposal better addresses the point of discrimination between flows, as emphasized in the respective letter of NRAs.

ACER points to the fact that internal elements will not be selected as CNECs, in their step-up approach, and hints towards the CEP. If CEP proves to be less ambitious, then the starting point should be more ambitious. In their proposal they said the internal flows should not be part of the calculation, but they foresee a transitory period. They believe this is sufficient to address all concerns.

ENTSO-E comments that they understand the different expectations, but they feel they need to learn by doing, and using massive re-dispatching can be very risky.

Stakeholders feel that ENTSO-E voicing the 'learning by doing' argument is not constructive, and openly wonder how such a statement is made in this forum after all relevant and exhaustive discussions held for so many years, since the establishment of the MESC.

ACER voices that we should all remain constructive and try to move forward and reminds that the consultation on the CORE CCM is open till 24th December and underlines that the same objectives are shared.

3.5 CACM Implementation State of Play

ENTSO-E explains that they will focus the next quarters on working on the rfa of the CID methodology for FCA and CACM, DA and ID governance, DA and ID cost sharing report, as well as getting ready for a possible new bidding zones review and continue with the monitoring activities of the CACM and FCA.

Regulators expect all CCMs will be approved by May 2019. There will be DA/ID discussions on algorithm also.

3.6 NEMOs' update

NEMOs update on the expected go-lives in the next months. The DE/AT split, and the Irish extension were finalised on 1st October. In the next months Cobra cable and Nemo link are expected to go live. A new Euphemia release will be launched in February 2019. Nemos propose to extend calculation time by 10mins. and save time during the whole process.

3.7 Update on XBID

The XBID project updates on the planning for the second wave go live planned for 2019 and the analyses on the performance improvements.

The losses concept was presented in the User group. Market parties confirmed that there were not concerns on the losses concept. On the single sided traded, they highlighted that they are still checking the concept as they didn't have enough time to analyse the issue during that meeting.

The Chair asks EFET, Eurelectric and all stakeholders to go back to ACER in case they have any concern on the concept.

ACER also confirm that they will check if they can come back to the XBID project before the end of the year on the REMIT/single sided trades.

There were 2 presentations also on the Iberian borders. One by MIBEL and one from the Spanish NRA.

EFET raises again its concerns with approach on the portfolio bidding, but discussions will continue also with the Spanish NRA.

Also, regarding the GOT the CNMC explained the different views between REE and REN and RTE.

EFET questions the "effective GOT" vs the formal GOT. EFET asks ACER and the Commission to review the concept of opening at 3pm with no capacity available, not even left overs in some cases. EFET considers this contrary to the spirit and letter of CACM. One regulator indeed asked further clarification from TSO on why left-over capacities could not be released at 3pm.

3.8 Market suspension

ENTSO-E informs that the national rules for market suspension were discussed in the SO ESC. It was decided that the topic shall now be tackled by the the MESC They inform that if demand is lost/blackouts occur, TSOs switch to a command and comply system.

EFET refers to paper with EFET view on market suspension and asks TSOs and NRAs to take this view into account when developing and deciding on rules for market suspension. The three key messages of the paper are:

- Applying market suspension in case of an emergency situation, with the aim to improve reliability of supply should be considered as an exemption and requires ex ante justification. This justification should explain why and in which circumstances, suspension of which market activity can help security of supply.

- When considering market suspension, it is necessary to define which specific market activity is meant.
- For cases when a decision to suspend the market has been taken, it is necessary to clarify the processes as market participants are still governed by market rules.

4 AoB

Proposed dates for 2019 meetings: 5 March, 19 June, 17 September, 18 December