

# 3<sup>rd</sup> PUBLIC WORKSHOP

on the Long Term  
Flow-Based Allocation

Thursday, 29.09.2022  
09:00 - 12:00 CET

Please keep your microphone muted when not speaking

Raise your hand when you want to provide a comment or question

The slides will be shared

The meeting has been recorded

[www.acer.europa.eu](http://www.acer.europa.eu)

[www.entsoe.eu](http://www.entsoe.eu)



ACER 

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# 3<sup>rd</sup> ACER - ENTSO-E Public Workshop on the Long-Term Flow-Based Allocation

29 September - 09:00 – 12:00



# 1. Welcome and Introduction: Agenda

	SUBJECT		WHO	TIMING
1	<b>Welcome and Introduction</b> <ul style="list-style-type: none"> <li>• Agenda</li> <li>• Announcements</li> </ul>	Discussion	ACER & ENTSO-E	09:00 - 09:10
2	<b>Nordic planning on the implementation of LT CCM</b>	Discussion	T. JENSEN	09:10 - 09:15
3	<b>Core planning on the implementation of LT CCM</b>	Discussion	S. RODRIGUEZ	09:15 - 09:25
4	<b>LT FB allocation:</b> <ul style="list-style-type: none"> <li>• Roadmap</li> <li>• Update on the SAP, CID and FRC methodologies</li> </ul>	Discussion	H. HAIDER	09:25 - 09:45
5	<b>HAR update</b> <ul style="list-style-type: none"> <li>• HAR planning</li> <li>• HAR key topics</li> </ul>	Discussion	J. VILSSON	09:45 - 09:55
6	<b>Discussions and Q&amp;A</b>		ALL	09:55 - 10:10
	Coffee Break			10:10 - 10:15
7	<b>Stakeholders' engagement JAO &amp; ENTSO-E</b>	Discussion	I. ZUBIETA	10:15 - 10:20
	<b>Topic 1: Auction and capacity calculation publication</b>	Discussion	M. LE BAILLY	10:20 - 10:30
	<b>Topic 2: Impact of the FB allocation process on auction timings</b>	Discussion	A. KIRALY	10:30 - 10:40
	<b>Topic 3: Auction evaluation</b>	Discussion	A. KIRALY	10:40 - 10:50
	<b>Topic 4: Bid Prioritisation - Credit Limit &amp; Bid Submission</b>	Discussion	J. VILSSON EFET/ EURELECTRIC ACER	10:50 - 11:30
12	<b>Discussions and Q&amp;A</b>		ALL	11:30- 12:00

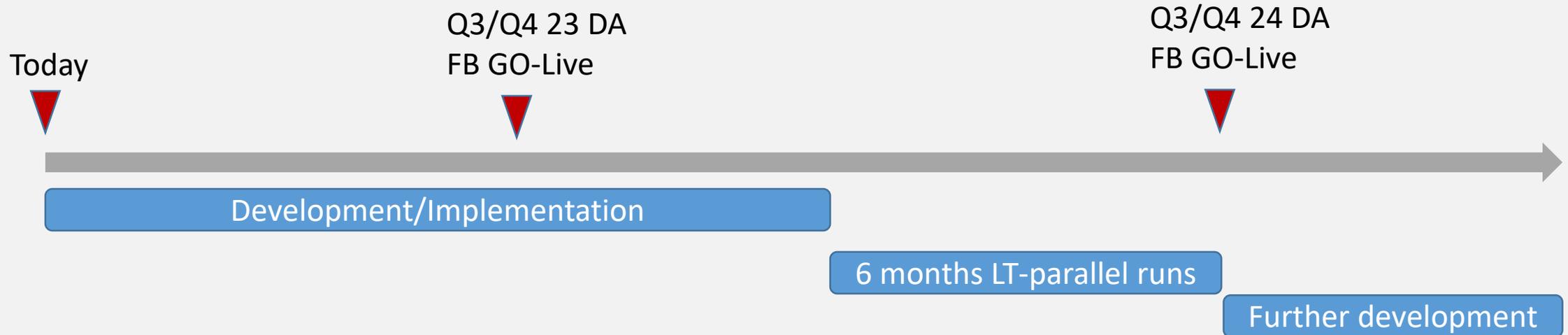


# Nordic planning on implementing LT-CCM

- ❖ The Nordic Long Term Capacity Calculation Methodology (LT CCM) was decided by ACER in October 2019
- ❖ The Nordic LT CCM will go live 12 months after go-live of Nordic Flow Based for the Day Ahead Market (after 6 months EPR for the LT CCM, thus starting 6 months after the DA FB Go-live)
  - ✓ Target solution for LT CCM: FB
  - ✓ Intermediate solution: ATC Extraction
- ❖ The Intermediate solution will continue until the SAP is moved to FB
- ❖ During the intermediate solution, both ATC- and FB-domains will be published where ATCs are derived from the FB domain
- ❖ Publication will be at JAO, the Transparency Platform and at the NUCS-platform



# Preliminary Roadmap for the LT-implementation



Go-Live for the LT-solution 12 months after the Go-Live of DA/ID FB

# 3. Core planning on implementing LT-CCM

## Background

- The Core LTCC methodology has been approved on 3rd November 2021
- The Roadmap for the Core LTCC implementation is available on the next slide
- The Core LTCC group has finalised the business requirements and is about to start the development & implementation phase.
- In parallel Core LTCC are also running first rounds of experimentations to provide first LT FB domains

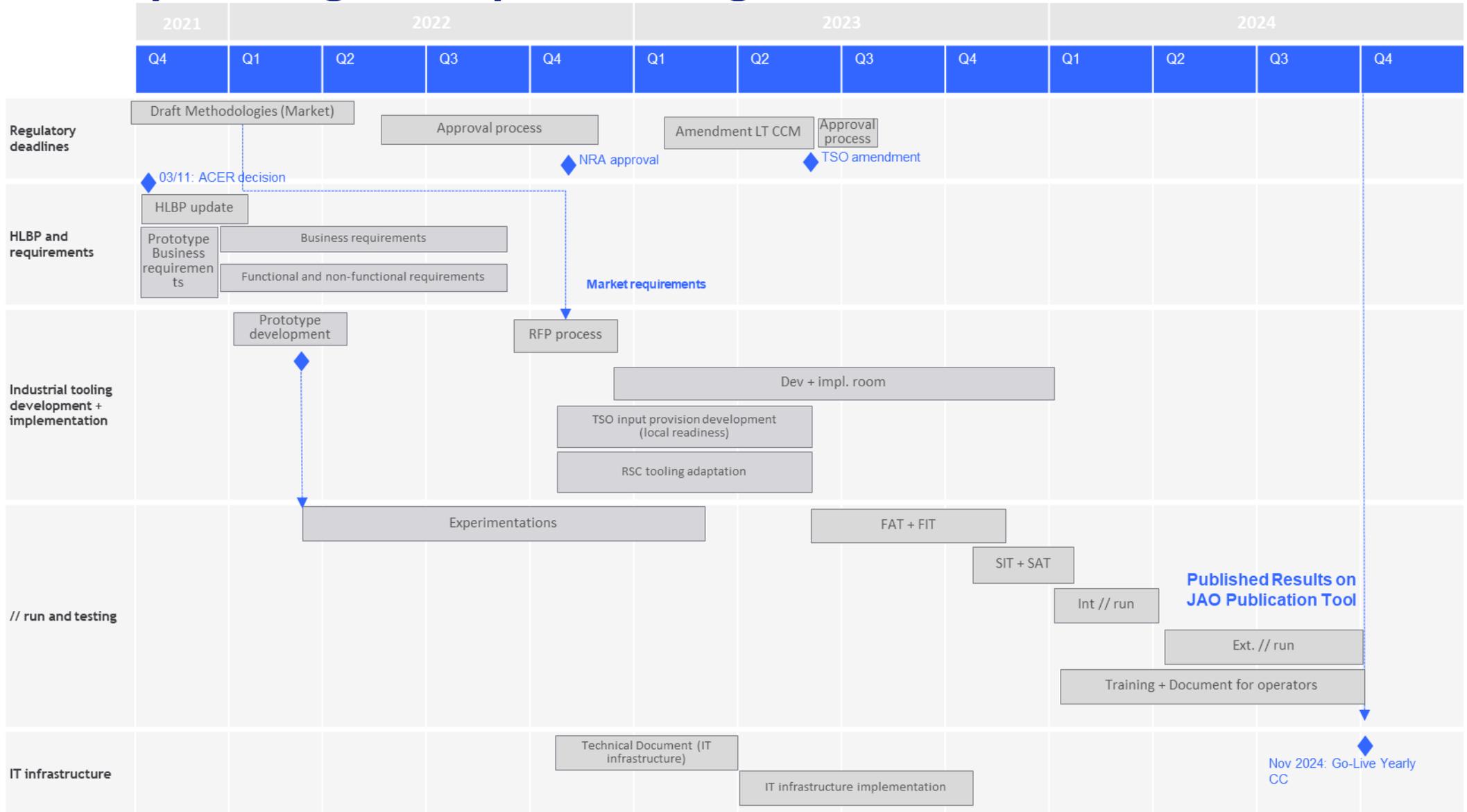
## Long-Term Splitting Rules Methodology

- The Submission of the Long-Term Splitting Rules Methodology is currently ongoing by Core TSOs.

## EXT // run: Capacity Calculation & Allocation

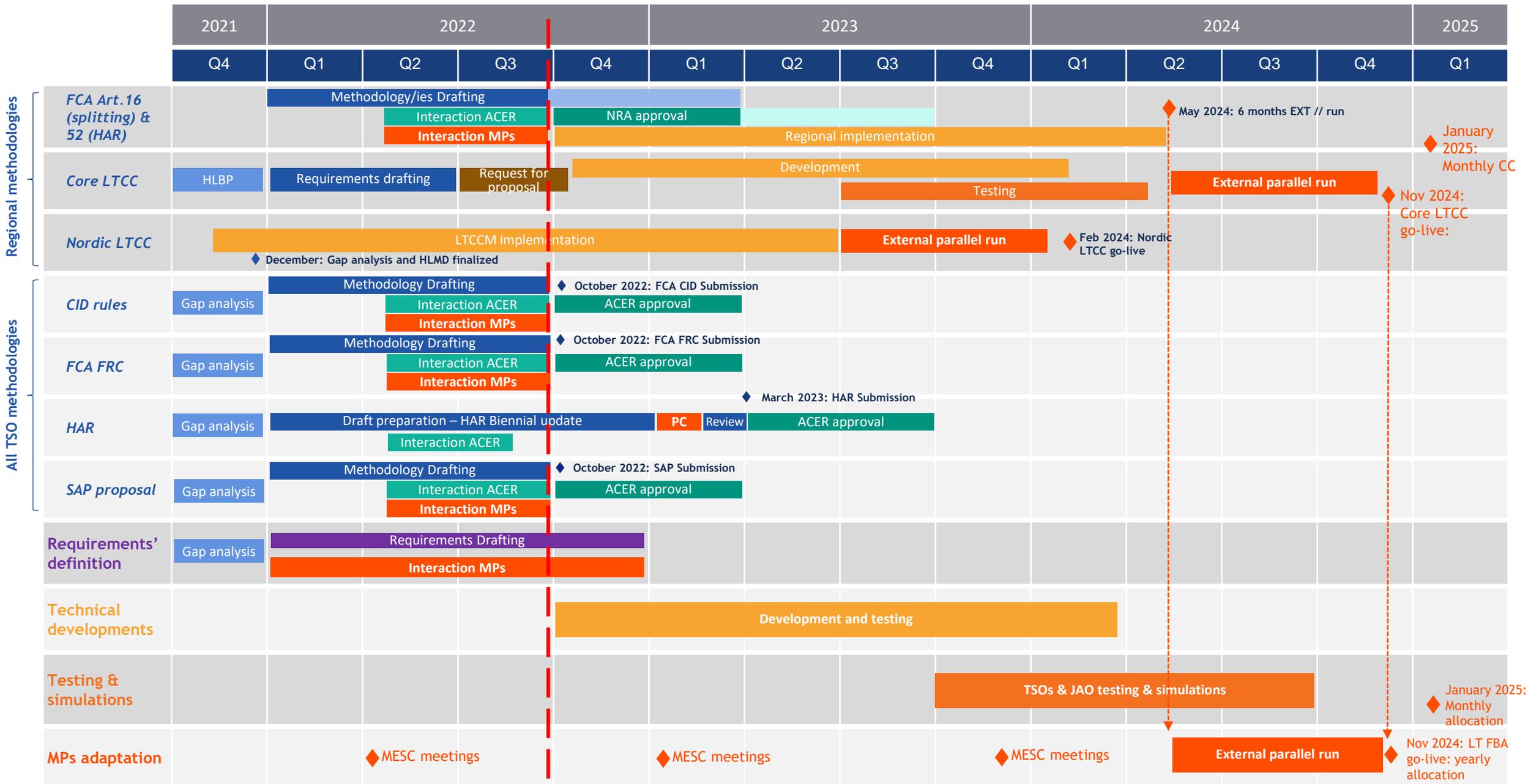
- For the EXT // run of allocation & capacity publication the exact process still needs to be aligned with JAO.
- The assumption is that we will first do a FB yearly calculation and allocation that we will publish on the JAO Publication tool ( Mid 2024 to avoid overlap with ongoing operational auctions)
- We will then run calculations for monthly capacity calculation and allocation for the next 6 months.  
Including of returns & involvement of MPs still needs to be defined.

# 3. Core planning on implementing LT-CCM



## 4. LTFB Allocation: Agenda

SUBJECT	WHO	TIMING
<b>LT FB allocation:</b> <ul style="list-style-type: none"><li>• Roadmap</li><li>• Update on the SAP, CID and FRC methodologies</li></ul>	H. HAIDER	09:25 - 09:45
<b>HAR planning and key topics</b>	J. VILSSON	09:45 - 09:55
<b>Discussions and Q&amp;A</b>	ALL	09:55 - 10:10



\*Timings may slightly vary from the planning above

## 4.2.1. Update on the SAP amendment

### Main changes foreseen

The proposal for amendments is planned to be submitted by the end of September

- No major changes have been introduced after ACER's shadow opinion
- Besides some amendments of the Whereas and other general improvements of wordings and definitions throughout the document, the main additions are summarized below:

A. 39 (NEW!)  
- Allocation  
algorithm  
formulas

New article under “Title 3 - Products, allocation methods and algorithms” detailing:

- The **general principles** for the calculation of the auction results (i.e. marginal price, single auction price for each BZB direction, etc.);
- A harmonised **mathematical formulation** for the calculation of the Auction Results by:
  - 1.- The NTC based allocation or;
  - 2.- The Flow-Based based allocation

Annex 1  
(NEW!)  
- Common set  
of  
requirements  
for the LTFBA

- i. **Requirements on functionalities and performance**
  - i. General requirements
  - ii. Qualitative requirements with precision and price ranges
  - iii. Performance
- ii. **Requirements on algorithm output and deadlines for the delivery of results**
- iii. **Requirements related to allocation constraints**

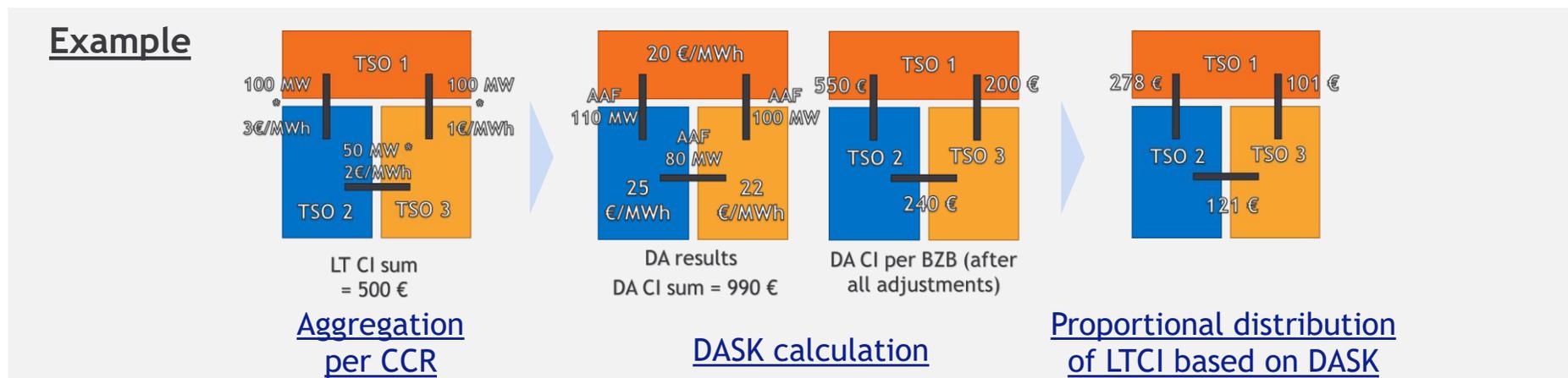
## 4.2.2. Update on the FCA CID

Market participants not impacted by the update on FCA CID

### Main changes foreseen

The proposal for amendments is planned to be submitted by the end of September

- Under the LTFBA approach in the LT timeframe, a **solution better reflecting congestions in the grid** was desired;
- Thus, TSOs decided to move away from distribution based on long-term auction results;
- **Article 3 has been restructured to distinguish between NTC-based and flow-based allocation;**
- As a new basis for distribution, the results of day-ahead market are used i.e. final Day-Ahead congestion income for each BZB. The distribution is done per each MTU to achieve complete harmonization between different timeframes, reflect dynamic changes in the day-ahead market and ease the implementation;
- No major changes have been introduced after ACER's shadow opinion;
- Some additional amendments of the Whereas and other general improvements of wordings have been included



## 4.2.3. Update on the FCA FRC

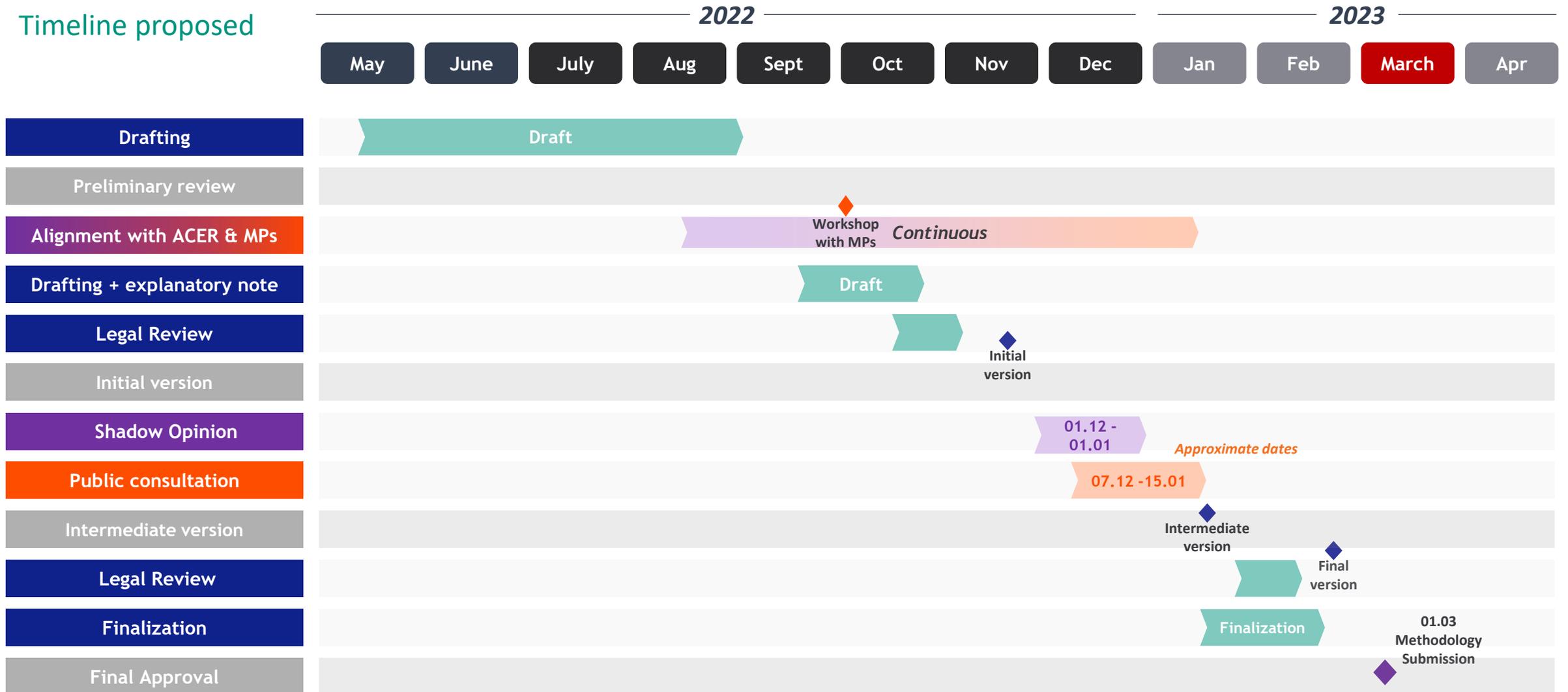
### Main changes foreseen

The proposal for amendments is planned to be submitted by the end of September

- Under the LTFBA approach in the LT timeframe, a **solution better reflecting congestions in the grid** was desired;
- Thus, TSOs decided to move away from distribution based on long-term auction results;
- A new Article 4 has been drafted to develop the sharing of remuneration costs of eligible LTTRs among BZBs of Long-Term flow-based CCRs;
- The proposal:
  1. **Aggregates the costs** incurred to ensure firmness and remuneration of LTTRs at CCR level;
  2. **Details how to cover the costs**, following the order from previous ACER's Decision:
    - Firstly, using the **day-ahead CI** of the CCR;
    - Secondly, using the **long-term CI** of the CCR;
    - Thirdly, using any other CI or financial resource.
- Some additional amendments of the Whereas and other general improvements of wordings have been included.

# 5.1 Harmonised Allocation Rules (HAR) planning

## Timeline proposed



## 5.2 Harmonised Allocation Rules (HAR) key topics

### Main changes foreseen

- The TSOs, together with JAO, are assessing the [latest version of the HAR](#), as part of the biennial review required in the HAR, but also as part of ACER's request to update the FCA methodologies in light of the LTFBA adoption in Core and Nordic CCRs.
- **The main topics identified are the following:**

#### General updates

- Sanctioning, suspension and unused LT capacity
- Payment incidents
- Corporate account
- Amendment article
- Applicability of the HAR
- Termination of participation agreement due to inactivity
- References
- Process for Border Specific Annexes

#### LTFBA-related changes

- Liability
- Credit limit and collaterals + Bid submission
- Auction specification
- Auction results determination
- Return
- Invoicing and payment
- Reason for cancelling auction

**Any question?**

# EFET

European Federation  
of Energy Traders



## Views on JAO's LTFBA bid prioritisation proposal and informal SAP proposal

3rd ACER - ENTSO-E Public Workshop on the Long Term Flow-Based  
Allocation  
29 September 2022

# Informal SAP proposal

- We welcome the publication of the document that describes how the LTFBA should work, as explained in the May workshop
- We hoped to have a more “open” objective function allowing to consider better the risk premium paid by market participants (instead of only the full intrinsic + risk premium value)
- **We recommend monitoring of capacity volumes made available to the market**

**Coffee break**

# Agenda

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# 7. Alignment with market participants

## Interactions with market participants

- **27/01:** [1<sup>st</sup> LTFBA Workshop](#)
- **28/03-15/04:** JAO's survey on potential eCAT changes
- **24/05:** [2<sup>nd</sup> LTFBA Workshop](#)
- **01/07:** Publication of [SAP draft proposal for amendments](#) in ENTSO-E's website
- **17/06-15/07:** JAO's survey regarding the Credit limit and Bid prioritization in the context of LTFBA.
  - 1<sup>st</sup> alignment with market participants. The [outcome](#) was:
    - Majority of participants wish to see no changes as of today;
    - Alternatives to be found with a better involvement of MPs.
- **08/08:** JAO publishes the outcome of the survey on [this website](#):
- **29/09:** 3<sup>rd</sup> LTFBA Workshop
- **??/11 and/or 12:** LTFBA Workshop
- **??/12-15/01 (approx.):** HAR public consultation

### EFET/Eurelectric provided feedback that:

- 1.- Topic not announced in May's workshop → **TSOs & JAO's discussions triggered soon after**
- 2.- Lack of sufficient time → **The survey was extended for a month**
- 3.- Lack of market participants' involvement → **Follow-ups were already planned for Sept. and Dec. 2022 (very first approach)**

## 7. Alignment with market participants

While JAO deals mainly with operational aspects related to the market participants' day-to-day...

- JAO counts with a dedicated section already on their website for their LTFBA stakeholder management - [link](#)
- JAO involves market participants via 2 types of **surveys** performed throughout the whole year:
  - 1.- Surveys for **operational matters** (i.e. eCAT User Interface);
  - 2.- Surveys for **topics related with FCA methodologies and that impact market participants** (i.e. HAR): These should always be considered as a **first alignment JAO-market participants**.
- JAO helps with the organisation of the LTFBA workshops co-organised by ENTSO-E & ACER, and in the HAR update.

...ENTSO-E deals mainly with regulatory aspects (i.e. methodologies) which affect the TSOs' operations (i.e. CID or FRC) or that have an impact on JAO or on market participants (i.e. SAP or HAR)

- ENTSO-E maintains more high-level discussions specially focused on the (FCA) methodologies;
- ENTSO-E involves market participants via **workshops** (i.e. LTFBA or MESOC) or **public consultations** related to (FCA) methodologies.

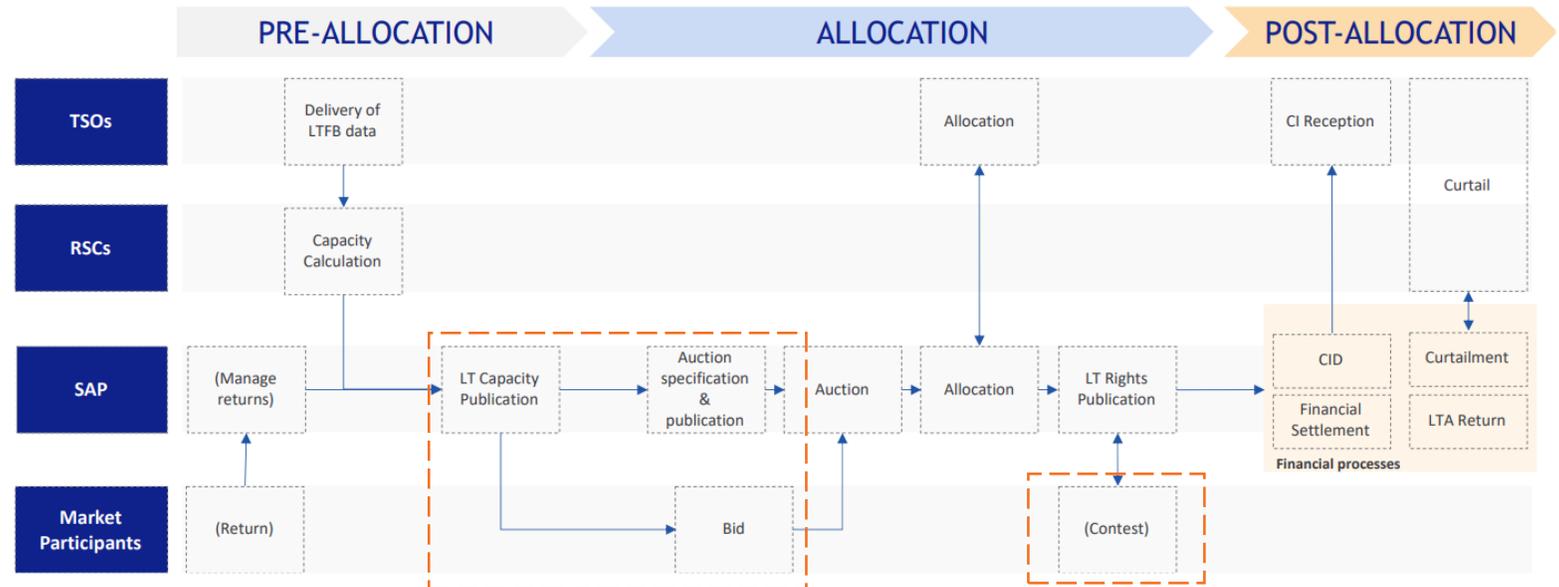
While JAO usually addresses more day-to-day/operational matters,  
ENTSO-E addresses more high-level/regulatory matters.  
Therefore, the target audience does not always coincide.

# 7. Alignment with market participants

## Possible changes and impact from the LTFBA adoption

The TSOs and JAO have identified some modifications needed for some key processes that will imply impacts into market participants' current operations.

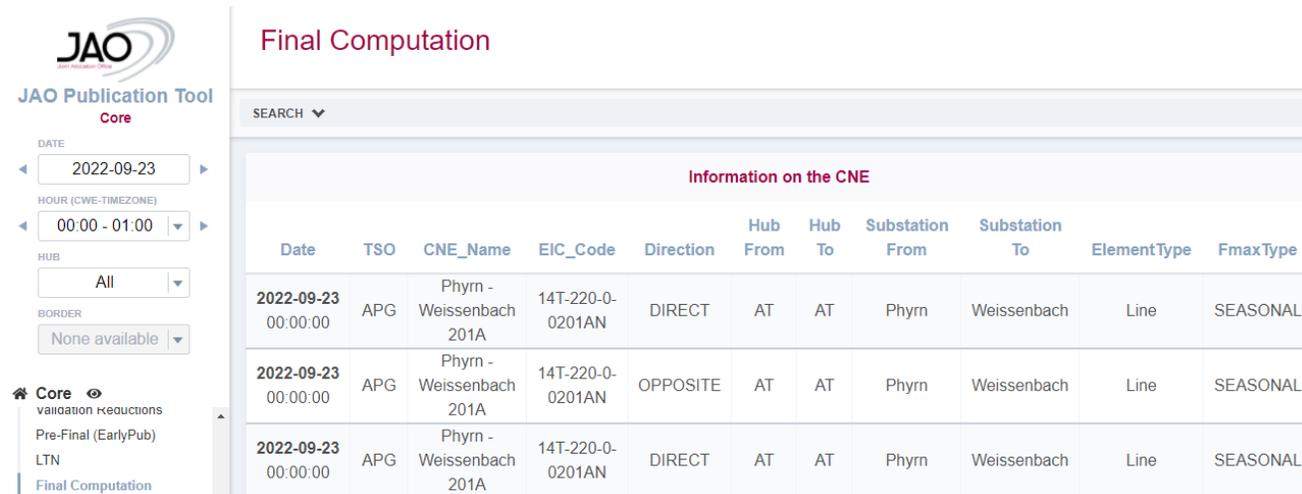
- **Topic 1:** Auction and capacity calculation publication
- **Topic 2:** Impact of the FB allocation process on auction timings
- **Topic 3:** Auction evaluation
- **Topic 4:** Bid Prioritisation - Credit Limit & Bid Submission



# 7.1 - Topic 1: Auction and capacity calculation publication

## Background

- TSOs plan to publish LTCC data & LT FBA data on a Publication Tool developed by JAO.
- This tool would display CC information similar as for the Core DA [PuTo](#) and allocation data similar to the [Auction Publication tool](#)



The screenshot displays the 'JAO Publication Tool Core' interface. On the left, there are filters for DATE (2022-09-23), HOUR (00:00 - 01:00), HUB (All), and BORDER (None available). The main content area is titled 'Final Computation' and contains a table with the following data:

Information on the CNE											
Date	TSO	CNE_Name	EIC_Code	Direction	Hub From	Hub To	Substation From	Substation To	ElementType	FmaxType	
2022-09-23 00:00:00	APG	Phym - Weissenbach 201A	14T-220-0-0201AN	DIRECT	AT	AT	Phym	Weissenbach	Line	SEASONAL	
2022-09-23 00:00:00	APG	Phym - Weissenbach 201A	14T-220-0-0201AN	OPPOSITE	AT	AT	Phym	Weissenbach	Line	SEASONAL	
2022-09-23 00:00:00	APG	Phym - Weissenbach 201A	14T-220-0-0201AN	DIRECT	AT	AT	Phym	Weissenbach	Line	SEASONAL	

- Please find in the 3 next slides the list of data that TSOs will publish for allocation, Core capacity publication, Nordics
- The publication requirements are described in Art 19 [Core LTCC Methodology](#), Art

# 7.1 - Topic 1: LT FB allocation data

Type of data	Output	Définition
Allocated flow per CNEC	<u>JAO publication database</u> : Flow Based Domain Document containing CNEC ID, allocated flow(MW).	Computation of the Allocated flow for each CNEC based on the allocation algorithm outputs.
CNECs with shadow price	<u>JAO publication database</u> : Flow Based Domain Document containing CNEC ID, with shadow price (ID and €/MW).	
Price per directional border	<u>JAO publication database</u> : one table where all directional borders are at one place (€/MW)	Computation of the the allocation results after the auction evaluation is complete.
Allocated LTTRs for all directional borders	<u>JAO publication database</u> : one table where all directional borders are at one place (MW)	The data is published on the JAO Website as soon as the results are available.
Bid curves download	<u>JAO publication database</u> : bids for all directional borders downloadable in one file	
Allocation constraints value (MW)	<u>JAO publication database</u> : table with import and export allocation constraints applied per border.	Upon receiving the flow-based domain parameters for each auction, the Auction Tool forwards the file to the JAO.
Result of optimization function (welfare) (€)	<u>JAO Publication database</u> : Flow Based Results document based on the DA design (F399)	The Auction Tool publishes the allocation results after the auction evaluation is complete.
Returned LTTRs (Y->M)	<u>JAO Publication database</u> : one table where all directional borders are at one place (MW) contains the returned values.	After each return is accepted and as long as the LT Return gate for the corresponding auction is still open, the Auction Tool forwards every accepted return to the separate Publication tool.
Curtailed LTTRs	<u>JAO Publication database</u> : one table with all NTC values where all borders are at one place (MW)	The reduced NTC file is forwarded (as received) without modifications to the Publication tool after processing in the Auction tool.
Congestion income per TSO (brutto and netto – i.e. after deduction of returns) (€)	<u>JAO Publication database</u> : Table contains Net Congestion Income per Hub and per TSO.	After the monthly settlement process in JAO CRDS is completed, the congestion income per TSO and Border is summed up and sent to the Publication tool.
Curtailement costs (€)	<u>JAO Publication database</u> : To be determined base on the ENTSO-E CIM format.	D+2 (D-delivery day) the Auction Tool calculates the compensation due for the curtailment for each TSO and each border.

# 7.1 - Topic 1: Capacity Calculation data - Core

## LTCC published information on Capacity calculation

### 1. Reduction made during validation: For each reduced CNEC

1. Name
2. Location
3. [Amount of reduction](#)
4. Reason

#### Validation Reductions

Download

Date	CNEC Name	TSO Name	Returned Branch	CVA (MW)	IVA (MW)	Justification
2022-09-22 00:00:00	MIKULOWA AT2 / MIKULOWA AT1	Pse	✘		1	IVA applied due to unsolvable overloads
2022-09-22 00:00:00	MIKULOWA AT1 / MIKULOWA AT2	Pse	✘		1	IVA applied due to unsolvable overloads
2022-09-22 00:00:00	KROSNO ISKRZYANIA - RZESZOW / KROSNO ISKRZYANIA - TARNOW	Pse	✘		3	IVA applied due to unsolvable overloads
2022-09-22 01:00:00	MIKULOWA AT2 / MIKULOWA AT1	Pse	✘		2	IVA applied due to unsolvable overloads
2022-09-22 01:00:00	MIKULOWA AT1 / MIKULOWA AT2	Pse	✘		1	IVA applied due to unsolvable overloads
2022-09-22 01:00:00	KROSNO ISKRZYANIA - RZESZOW / KROSNO ISKRZYANIA - TARNOW	Pse	✘		4	IVA applied due to unsolvable overloads
2022-09-22 03:00:00	PEHLIN - DIVACA / MELINA - DIVACA 400 KV DIVACA - MELINA	Hops	✘		1	IVA applied due to unsolvable overloads
2022-09-22 03:00:00	L 400KV NO 1 AVELIN-MASTAING / L 400KV NO 2 AVELIN - MASTAING	Rte	✘		17	IVA applied due to security assesment on vertex 576

### 2. Validation Yearly Report

1. Identification of the CNEC
2. Volume of change of RAM value
3. Reason for reduction
4. Operational Security Limit violated without reduction
5. Circumstances of the violation
6. Statistics on the estimated loss of economic surplus of applied validation reductions
7. General measures to avoid validation reductions in the future

## 7.1 - Topic 1: Capacity Calculation data - Core

Most of the data publication will be gathered into the actual CORE PuTo

LTCC published information on Capacity calculation

### 3. Computation data

1. CNEC (Name & EIC)
  2. CNEC is redundant or not (same as pre-final [computation section on JAO publication tool](#)), including the information on a CGM
  3. GSK relative weights among the TSOs belonging to the same bidding zone
  4. detailed breakdown of the final computation with all FB parameters per CNEC (see [JAO Publication tool Final Computation](#))
  5. external constraints including their calculation details (reasoning, methodology and results), so the import and export limits expressed in MW
  6. flow-based parameters applied in case of activation of the fallback procedure
  7. maximum non-simultaneous bilateral exchanges on Core bidding zone borders
4. NTC values in case of activation of the fallback procedure in accordance with Article 16(3)

# 7.1 - Topic 1: Capacity Calculation data - Nordic

Nordics published information on Capacity calculation as described

1. Final flow-based parameters for each scenario (the 8 scenarios)
2. In case of application of transitional solution pursuant to Article 19 for each scenario the ATC values for all bidding zone borders in Nordic CCR
3. The following additional information for each scenario:
  - a) maximum and minimum possible net position of each bidding zone;
  - b) maximum possible bilateral exchanges on all Nordic bidding zone borders;
  - c) names of CNECs (with geographical names of substations where relevant and separately for CNE and contingency) and combined dynamic constraints of the final flow-based parameters and the TSO defining them;
  - d) for each CNEC of the final flow-based parameters, the EIC code of CNE and Contingency;
  - e) for each CNEC of the final flow-based parameters, the method for determining  $I_{max}$  in accordance with Article 5(3);
  - f) detailed breakdown of  $RAM$  for each CNEC of the final flow-based parameters: final  $I_{max}$ ,  $U$ ,  $F_{max}$ ,  $F_{ra}$ ,  $F_{rm}$ ,  $F_{ref}$ ,  $F_0$ ,  $F_{aac}$  and  $IVA$ ;
  - g) detailed breakdown of the  $RAM$  for each combined dynamic constraint:  $F_{max}$ ,  $F_{ra}$ ,  $F_{rm}$ ,  $F_{ref}$ ,  $F_0$ ,  $F_{aac}$  and  $IVA$
4. information about the individual validation reductions:
  - a) the identification of the CNEC;
  - b) in case of reduction due to individual validation, the TSO invoking the reduction;
  - c) the volume of reduction ( $IVA$ );
  - d) the detailed reason(s) for reduction, including the operational security limit(s) that would have been violated without reductions, and under which circumstances they would have been violated;
5. for each RA taken into account in long-term capacity calculation:
  - a) type of RA;
  - b) location of RA;
  - c) whether the RA was curative or preventive;
  - d) if the RA was curative, a list of CNEC identifiers describing the CNECs to which the RA was associated;
  - e) the provided minimum  $F_{min}$  pursuant Article 8(5) including the underlying statistics;
6. the forecast information contained in the CGM:
  - a) vertical load for each Nordic bidding zone and each TSO;
  - b) production for each Nordic bidding zone and each TSO;
  - c) for each Nordic bidding zone and each TSO;
7. reference net positions of all bidding zones in the synchronous area Nordic and reference exchanges for all HVDC network elements within the synchronous area Nordic and other synchronous areas.

## 7.2 - Topic 2: Impact of the FB allocation process on auction timings

### Background

- The Flow-based capacity calculation and allocation processes will require a **longer time** than the previous ATC process which will have various impacts on the auctions.
- **Additional planning constraints will be introduced in December**, when both the yearly and the monthly auctions have to be run together (period further impacted by the Christmas holiday period).
- In case of a **valid Market Participant contestation** or **major unexpected failure** of allocation process, the auctions would need to be rerun which would then also impact the timeline of auctions.

### The following impacts on auction planning that have been identified so far:

- I. **For all months throughout the year** : End of return period will be further from the opening of the Monthly auction and will be shorter than today.
  - II. **In December**: Shorter bidding periods will be defined for both the yearly and monthly auctions than throughout the year. This means that **bidding periods will have to be shortened by a few hours**, but in worse case maybe even day(s).
- In case the yearly auction has to be re-run, then the monthly auction for January market period cannot be **fully** run in December.
  - If the monthly January has to be re-run then that can also not be done in December.
  - **For both scenarios** TSOs are assessing that in this situation the monthly auctions for January are run in January (just with limited number of days that could be made available once the process has been completed). The exact number of days that could be auctioned off, the technical and procedural impacts are now under investigation. The process will also be defined in the HAR.

## 7.3 - Topic 3: Auction evaluation

### Current constraints

- For LT ATC auctions, certain limitations already exist on the timings of auction evaluations. Auction evaluation for Long-term auctions should not happen before 14:00 in order to avoid any technical issues that could arise from concurrent process, as well as to allow JAO Operators to have full focus on any issues that might appear. These constraints will also remain in Flow-based auctions.

### Flow-based introduction constraints

- Within the FB world, since all the borders in a CCR are linked together and run as one auction, the consequences of an incorrectly evaluated auction are much higher. If there is an issue even on one border, that will result in the re-running of the auction also for the borders that have been correctly allocated.
- Therefore, more time will be required by JAO to complete the auction evaluation phase in order to allow enough time for verification of the results.
- **As part of the future, normal process, the auction evaluation phase (taking place between Bidding closure and sending of the Provisional Auction results) will be two hours long, with the possibility of extending it up to eight hours, if during the auction evaluation phase JAO identifies the need. This is to be handled as a back-up process and not something that is foreseen to be utilized frequently.**
- The auction evaluation gate timing is already included in the auction specification that in the future would also include this extended timing. If the timing is to be extended, it will be ensured that the Market Participants are informed in a timely manner.

## 7.3 - High-Level timeline for the end of year auction process

In order to better visualize the constraints, please see below an indicative timeline regarding the end of year auction process:

- **D** - JAO receives the FB domain for the yearly auction- Earliest this can be provided to JAO are the last days of November
- **D+5 WD** - Yearly auction- Normally should be 7 days long, will likely be shortened with a few hours, depending on when the FB parameters arrive
- **On D+5 WD afternoon** - Auction evaluation – from 2 (normal process) to 8 hours (absolute maximum)
- **D+5 WD - D+7 WD** Dispute period for the yearly auction - 2 WDs
- **D+7WD- D+ 9WD-** Dispute evaluation – 2 WDs
- **D+ 9 WD- D+11 WD** - Return- Has to be sent to the RSCs latest 4 WDs before they can provide the FB parameters
- **D+15 WD-** JAO receives the FB domain for the monthly auction
- **D+16 WD- D+17WD** - Monthly auction- Normally it is 2 WDs long, will likely be shortened with a few hours
- **On D+17 WD afternoon-** Auction evaluation
- **D+18 WD-** Dispute period- is 1 WD , usually 2 WDs, but 1 is also in line with the HAR
- **25th-26th of December-** Happens around the dispute periods (might be mid dispute evaluation for example)
- **D+18WD- D+ 20 WD** Dispute evaluation – 2 WDs
- **30th of December-** First Programing Authorization files are to be sent

## 7.4 - Topic 4: Bid prioritisation - Credit Limit & Bid Submission

As anticipated in the [High-Level Market Design document](#), a significant impact is expected on the credit limit calculation and verification. The TSOs and JAO have identified the main issues that LTFBA will imply:

Process	ATC	LTFB	Consequences	Impact
Auctioning	20+ auctions (spread over time)	1 simultaneous central auction per CCR	No possibility to reutilize <b>non-blocked</b> collaterals for other borders	Increase of the overall collateral requirements
Credit limit check (Ongoing impact assessment)	<p><b>Before bidding gate closure:</b> A warning is sent to MPs, if credit limit is not sufficient; <b>After bidding gate closure:</b> Bids outside credit limit will be rejected based on lowest bid price</p> <p>Liability calculated for the submitted bids</p> <p>ATC Potential liabilities = sum of values of bids based on the <b>Bid price</b> (Auction price not available before auction evaluation gate closure)</p>	<p>Assessment to have same process as ATC + <b>Bid prioritisation (new)</b></p> <p>Liability calculated for the submitted bids</p> <p>LTFB Potential liabilities = sum of values of bids based on the <b>Bid price</b> (Auction price not available before auction evaluation gate closure)</p>	<p>Complexities to assess bids against the available credit limit</p> <p>Collaterals based on Bid prices for all bids</p>	<p><b>Smarter use of the overall collaterals</b> → <b>Bid prioritization (very useful)</b> (see next slide)</p>

The TSOs and JAO, for the long-term flow-based allocation project:

- are aware of the relevance of this topic to market participants;
- are currently focused on assessing the impact/risks at both technical and financial level as well as market participants' counter proposal to reduce collaterals;
- expect, in cooperation with market participants and ACER/NRAs, to find possible solutions to better manage it.

## 7.4 - Topic 4: Bid prioritisation - Credit Limit & Bid Submission

Work in progress

While discussions to better manage the increase of the collateral requirements will take place in the upcoming months, TSOs and JAO, together with market participants, need to find an approach to allow the prioritization of the bids for some first IT assessments.

Three options have been identified to assess bid rejection for credit limit reasons:

- **Option 1** - Priority as bid component
- **Option 2** - Priority as a parameter
- **Option 3** - Priority as a bid flag

Market participants' feedback needed



None of the proposals change the allocation algorithm – this only applies to bid rejection for credit limit reasons.

# 7.4 - Topic 4: Bid prioritisation - Credit Limit & Bid Submission

Work in progress

## Option 1 - Priority as bid component

- Bid XSD is extended to include third component: priority
- Priority is mandatory and unique for each bid
- Priority is auto-allocated by bid order on the Web UI
- PROs:
  - Always up to date
  - Faster to update in Web UI with drag and drop
  - More granular
- CONs:
  - Development for WS clients required
  - More effort for MPs for each bid
  - Updated XSD for Bid document

### Sample Bid document:

```
<Period>
  <TimeInterval v="2022-06-03T22:00Z/2022-06-05T22:00Z"/>
  <Resolution v="P1Y"/>
  <Interval>
    <Pos v="1"/>
    <Qty v="1.0"/>
    <PriceAmount v="27.22"/>
    <Priority v="1"/>
  </Interval>
</Period>
```

### Drag and drop in Web UI:

Border	AT-DE			AT-CZ			XX-YY		
	Quantity	Price	Priority	Quantity	Price	Priority	Quantity	Price	Priority
Bid 1	20	2,1	1	11	4,5	7	1	0,8	13
Bid 2	30	1,8	2	22	4,3	8	2	0,7	14
Bid 3	40	1,7	3	33	3,9	9	3	0,6	15
Bid 4	50	1,6	4	44	2,7	10	4	0,5	16
Bid 5	60	1,5	5	55	2,5	11	5	0,4	17
Bid 6	70	1,4	6	66	2,3	12	6	0,3	18

# 7.4 - Topic 4: Bid prioritisation - Credit Limit & Bid Submission

Work in progress

## Option 2 - Priority as parameter

- Priority is assigned to border per horizon in Web UI as a standing parameter
  - Priority is not at bid level, but border level
  - If not filled out, a default ranking needs to be applied
- PROs:
    - Set once and forget
    - No change in Bid XSD
    - Less input required
    - If default ranking is acceptable, additional input is not required
  - CONS:
    - Granularity is lost
    - Risk of MPs not updating it: default ranking required
    - New, additional xml document to be designed for webservice submission of priority

File	Auction	Bid	Capacity right	Secondary market	PAs	Settlement	Bulletin board	Priority	Options
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Horizon: Monthly  
Auction: CORE--M-BASE-----250301-01

Border	Priority
AT-CZ	1
AT-DE	5
DE-CZ	2

# 7.4 - Topic 4: Bid prioritisation - Credit Limit & Bid Submission

Work in progress

## Option 3 - Priority as bid flag

- Bids are marked as fixed and optional
- Optional bids are rejected based on bid price first and only after that, the rejection of the Fixed bids is started based on bid price.

### • PROs:

- Less input required
- If rejecting based on bid price is acceptable, additional input is not required

### • CONs:

- Change in XSD and WS clients required
- Optional bids are still rejected on existing parameters (lowest bid price or bid value first)

## Sample Bid document:

```
<Period>
  <TimeInterval v="2022-05-31T22:00Z/2022-06-30T22:00Z"/>
  <Resolution v="P1M"/>
  <Fixed v="A01"/>
  <Interval>
    <Pos v="1"/>
    <Qty v="200.0"/>
    <PriceAmount v="0.0"/>
  </Interval>
</Period>
```

## Selection interface in Web UI:

Border	AT-DE			AT-CZ		
	Quantity	Price	Fixed	Quantity	Price	Fixed
Bid 1	20	2,1	<input checked="" type="checkbox"/>	11	4,5	
Bid 2	30	1,8	<input checked="" type="checkbox"/>	22	4,3	
Bid 3	40	1,7		33	3,9	<input checked="" type="checkbox"/>
Bid 4	50	1,6		44	2,7	<input checked="" type="checkbox"/>

**Any question?**

# EFET

European Federation  
of Energy Traders



## Views on JAO's LTFBA bid prioritisation proposal and informal SAP proposal

3rd ACER - ENTSO-E Public Workshop on the Long Term Flow-Based  
Allocation  
29 September 2022

# JAO's LTFBA proposal (credit limit and bid prioritisation)

- ❖ Existing JAO standards miss basic explanations about collateral requirements
- ❖ We should take a step back and assess what exactly is at stake
- ❖ On bid prioritisation, none of the solutions presented by JAO are satisfactory
- ❖ Risk of de-optimisation of LTTRs allocation for collateral reasons, because of market design choice to go for pan-EU flow-based auction
- ❖ If no option available, a reconsideration of the pan-EU flow-based auction becomes necessary
- ❖ **Counterproposal: lower collaterals to 1 month out of 12 for yearly auction**

**Thank you!**