

## CWE Consultative Group

### Meeting minutes, 28<sup>th</sup> of February 2017, Brussels airport

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<b>Date</b>	28-02-2017		
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<b>Name</b>	<b>Company</b>	<b>attendees</b>	<b>Excused</b>
<b>MARKET PARTICIPANTS</b>			
JONG Dieter	ANODE	X	
SCHONENBERGER Yves	AXPO Trading	X	
TUPAK Andreas	BKW	X	
PIROVANO Filippo	EDF Trading	X	
VISCOR Martin	CEZ	X	
BALDOVIN Pietro	EFET	X	
KALISCH Frieder	EnBW	X	
LEFEVRE Eric	ENGIE	X	
ROBAYE H��l��ne	ENGIE / CCG co-chair	X	
OTTER Ruud	MPP	X	
VAN BOSSUYT Micha��l	FEBELIEC / IFIEC Europe	X	
PESCHKE Martin	Statkraft	X	
BONDE Michael	Uniper Global Commodities	X	
STANCHEV Georgi	Vattenfall	X	
MANDIC Regina	Verbund Trading	X	
<b>NRAs</b>			
R��TZEL Matthias	BNetzA	X	
MORANGE Laureline	CRE	X	
MARIEN Alain	CREG	X	
SCHOUTTET Nico	CREG	X	
K��SSLDORFER Zeljka	E-CONTROL	X	
<b>NEMOs</b>			
BELTRACCHI Michela	Nord Pool	X	
<b>CWE PARTNERS</b>			
PINK Florian	APG	FB expert	X
DETRAZ Fran��ois-Xavier	CORESO	FB expert	X
MESTDAG Christophe	ELIA	FB expert	X
DJABALI Rouquia	EPEX SPOT	FB expert	X
FEDIUC Luiza (Agenda Point 6 only)	EPEX SPOT	FB expert	X
LANTRAIN Aurore	EPEX SPOT	FB expert	X
WEISS Arnold	EPEX SPOT	FB expert	X
GARREC Damien	RTE	FB expert	X
GREUNSVEN Joost	TENNET	FB expert	X
SEMMIG Andreas	TRANSNET BW	CCG Co-chair	X
BOYER Karel	Eurogroup CS	PMO	X
WILLEMSEN Nynke	Magnus Red	PMO	X

**Agenda of the meeting:****I – CWE Consultative Group session**

1. Review of last Flow-Based Day-Ahead market results
2. Status on transparency framework within CWE region
3. Status on Flow-Based Intraday Capacity Calculation
4. Capacity Calculation improvements
5. Conclusions on Flow-Based Intuitive and Flow-Based Plain comparison analysis
6. Regional coupling situation
6. Update on CCR decision and post Flow-Based NRAs deliverables

**II – Status on Euphemia algorithm developments - *Due to lack of time, this item has not been developed during the meeting***

**SUMMARY OF DISCUSSIONS of the CWE Consultative Group session**

CWE Partners and Market Participants have discussed the current and future achievements of Flow-Based Market Coupling in this fifth CWE Consultative Group meeting.

From May 2017 onwards, all CWE TSOs will publish the requested information on CBCOs and RAM on a daily basis. Market Participants acknowledged this improvement but asked for significant improvements in the quality and consistency of the data provided. Besides, EFET considers that there is no general common approach in CWE region regarding transparency and suggests that TSOs agree on the same standards of publication of data.

Flow-Based experts have thoroughly analyzed market trends after the much stressed situation of the past months. Measures have already been taken by TSOs to strengthen the security of supply and increase the capacities available for the market (review of FRM and PST coordination). Furthermore, most of Market Participants expressed the need for a public consultation regarding NRAs' decision on the Flow-Based methodology (Intuitive or Plain) and look for the results on the Flow-Factor Competition study.

Eurelectric and MPP consider that the cross-border capacities available to the market are far from its possible optimum due to the management of congestion issues. Market Participants recommend (1) that internal redispatching and cross-border capacity reduction are considered on an equal footing when doing the capacity calculation and (2) to implement a cost sharing methodology to deal with cross-border capacity redispatching between the CWE TSOs.

As concerns the intraday timeframe developments, TSOs and Market Participants have discussed the process that enables to increase initial ID ATC after Flow-Based Market Coupling for all CWE borders. Market Participants pointed out that the monitoring indicator proposed by the TSOs is misleading and suggest implementing a proxy indicator instead. TSOs are now focusing their efforts to develop and implement a Flow-Based Intraday Capacity Calculation by the end of 2018. In that sense, TSOs tried to answer Market Participants concerns through regular information and dedicated meetings. Market Participants still expressed questions on the methodology proposed and require for more time to respond to the public consultation.

Market Participants will be continuously informed of the developments in the CWE region through the CWE Consultative Group mailing list and publication on JAO website. The next meeting will be organized around September 2017.

## I – CWE Consultative Group session

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### 1 Review of last Flow-Based Day-Ahead market results

#### Flow-Based market results

- Market observations since September 2016 are reviewed in the meeting. As a consequence of the stressed supply-demand situation end of 2016, Flow-Based experts have noted :
  - A significant increase of price spreads and a decrease of full price convergence;
  - Important difference in welfare results between Flow-Based Plain and Flow-Based Intuitive.
- CWE experts indicate that the publication of block order information for all CWE markets is now available to MPs as of January 25<sup>th</sup> 2017.
- MPs point out that they would be interested if CWE FB experts also propose a welfare social indicator (including costs of RAs) in the coming CWE Consultative Group meetings to make relevant comparison.

**Action CWE Partners: Explore the possibility to set up a new welfare social indicator (including costs of RAs)**

#### Status on the Day-Ahead price spikes situation

- CWE FB experts and the NRAs have thoroughly analyzed the determination of the FB parameters for specific hours of specific days (selection by NRAs based on high prices) from past autumn / winter period. The results outlined that the important decrease of the nuclear availability was one of the main triggers of this exceptional situation:
  - Capacity calculation: the base-case was highly congested which resulted in lot of FB DA empty domains. As a consequence, the LTA inclusion process has been activated to increase the capacity provided to the market.
  - Capacity allocation: the market coupling mechanisms behaved as expected, but it should be noted that the intuitive patch has been activated for some hours in the cases observed.
  - Market tendencies: the low supply and high demand situation over this period lead to price level around 39,4 €/MWh in France and around 132,0 €/MWh in Belgium (compared to 33,0 €/MWh in France and 36,2 €/MWh in Belgium on average for the so called 'Normal days' analyzed in the FBP vs FBI comparison study).
- The TSOs present the measures already taken to strengthen the security of supply and to further increases the capacities available for the Day-Ahead market. Some of its measures have been applied by all CWE TSOs – like the decision not to implement new FRM values in December 2016 – and some others are proposed by individual TSOs. For instance, Elia has decided to apply a Dynamic Line Rating in order to increase FMax values of the CBCOs up to 5%.
- The NRAs confirm that they have asked CWE TSOs to analyze this period of price spikes business days in order to check if the limits applied to transmission capacities were duly justified. The objective is that TSOs provide as much possible capacities to the market as possible. MPs indicated that NRAs should do this analysis and not ask TSOs to do this.
- Question from MPs: Are you performing analysis to investigate possibilities to develop redispatching measures in order to avoid this kind of market outcomes?
- Project Answer: TSOs are analyzing and discussing this option with CWE NRAs. Results of the analysis will be shared with the CCG participants as well in due time.
- Question from MPs: To what extent could you use the measures applied in normal operation to enable bigger FB DA domains and avoid activation of the LTA inclusion process?
- Project Answer: TSOs cannot anticipate all measures otherwise there will be no possibility to apply additional actions in the real time operation. However, TSOs are currently investigating what is possible to increase the domain.

**Action CWE Partners: investigate other possible measures that could be taken in order to increase the FB DA domain and limit the activation of the LTA inclusion process**

## 2 Status on transparency framework within CWE region

### Progress on pending transparency propositions

- Following the development of new transparency measures as presented in the last CWE Consultative Group meeting on in September 2016, CWE TSOs have planned to publish the names and detailed breakdown of RAM (including EIC codes) from next May 26th 2017. This change will be included with the release of an updated version of the FBCE system and will be provided on a daily basis via the Utility Tool.
- All CWE TSOs will publish the information with the release of this new FBCE system. The German TSOs position is subject to one final verification.
- The “human readable” translation table between fixed labels and a name of CBCOs has been already published on the JAO website. Due to the technical IT issues some of the codes cannot be properly translated into readable names. This issue is currently being analyzed by CWE TSOs and will be soon corrected into the tool. Market Parties are complaining about this, and in particular, about the fact that they perceive a different treatment between transparency measures to be applied to them and transparency measures to be applied to TSOs.
- CWE TSOs would like to remind that any questions regarding the interpretation of the new data disclosed will be collected from the Q/A Forum and answered on a structured basis in an annual report communicated through the CWE Consultative Group meetings. If the number of question is limited, there will be directly addressed on the Q/A Forum.
- Question from MPs: With the introduction of this new release, will you also be able to publish the detailed breakdown of RAM for the historical data?
- Project Answer: TSOs have to check the technical feasibility of this request and will then provide feedback to the MPs.

### Action CWE Partners:

- **Correct the translation issue on the CBCOs names identified in the current version of the “human readable” translation table**
- **Provide feedback on the feasibility to publish detailed breakdown of RAM for the historical data.**

### EFET presentation on CWE FBMC transparency: status and further room for improvement

- Next to the daily publication of non-anonymous CBCOs and detailed breakdown of RAM by all CWE TSOs, EFET underlines that there should consider as priority the improvement of the quality and consistency of the data published. For instance, it has been observed that only 7% of the CBCOs are properly translated in ‘human readable’ names in the tool provided. This issue will be soon corrected by CWE TSOs (see above).
- EFET points out that there is no general common approach in CWE region regarding transparency and the association suggests that TSOs agree on the same standards of publication of data. According to EFET, it seems that TSOs do not share the same view on the possible impact of internal lines outages on cross-border trading. As a general recommendation, EFET promotes the approach of full transparency (i.e. no interpretation of what should be published or not) so that MPs can individually make their own analysis and forecast based on the data provided.
- Regarding the recent publication, MPs think that the information between RAs and CBCOs should be clearly separated in order to facilitate the understanding of link between a specific RAs and its impact on grid assets. Therefore, the association request for more transparency in the use of RAs.
- CWE TSOs take note of the recommendations proposed by EFET and will examine them individually. At this stage, TSOs can already provide the following feedback:
  - The quality of the data should be significantly improved with the update of the “human readable” translation table and the daily publication of additional transparency measures for all CWE TSOs from May 26<sup>th</sup> 2017.
  - The consistency of the approach towards transparency should also be improved from May 26<sup>th</sup> 2017 thanks to the alignment between CWE TSOs on the data to be provided. CWE experts would also like to point out that more and more RAs are being used in a coordinated approach between all CWE TSOs.
  - The possible impact of internal lines outages on cross-border trade is currently being discussed with CWE NRAs, but that will also be developed for the CORE region. The current rule applied to select CBCOs is when a CB maximum CWE zone-to-zone PTDf is larger than a threshold value that is currently set at 5%. CBCO threshold is being discussed in Core region
  - Regarding the data published in the translation table concerning APG, CWE experts specify that initially only 3 lines were considered as relevant. That is why some IDs number were not available for CBs.
- NRAs welcome the foreseen transparency measures in May 2017 and have asked German TSOs to follow the other CWE TSOs. Besides, NRA state they are in favor of continuous development of the transparency framework in the CWE region.
- Question from MPs: Is the introduction of new CBCOs validated by CWE NRAs?

- Project Answer: As agreed with MPs, when high impact is expected, a SPAIC (Standard Process for Assessing Impact of significant Changes) needs to be performed. New CBs and new COs can be added without validation by NRAs.

**Action CWE Partners:**

- Analyse EFET recommendations and look for measures to further improve the quality and the consistency of the data published

### 3 Status on Flow-Based Intraday capacity calculation

**Intraday developments in CWE**

- CWE TSOs took note of the MPP letter on the development of a coordinated FB ID in the CWE region and tried to answer MPs concerns through various efforts: explanation of the step-wise approach on capacity calculation methods for Intraday, regular updates on the developments of FB Intraday during previous CCG meetings or informal conference calls.
- In addition, in order to ensure a solid response to market participants, CWE TSOs organized a dedicated workshop with MPs on February 27<sup>th</sup> 2017 where they explain the concept, methodology and challenges foreseen with the implementation of FB ID Capacity Calculation. For instance, MPs have been informed that one FB recomputation is foreseen for FB ID. Further documentation and planning about the methodology is now also available for MPs.
- The public consultation period will start from March 1<sup>st</sup> 2017 for a period of 2 weeks. Then, TSOs will analyze the feedback received and consolidated all views in a dedicated consultation report.
- CWE TSOs inform that the go-live of the FB IDCC methodology is foreseen around Q3-Q4 2018, after a period of parallel run that should start beginning 2018.
- Question from MPs: Do you use the market outcome of DA as an input for FB ID CC?
- Project Answer: The method guarantees the Day Ahead Market Clearing Point and takes into account the latest information for recomputation.

**ID ATC after FBMC**

- As presented in the last CWE Consultative Group meeting, CWE TSOs have implemented on March 30<sup>th</sup> 2016 a new process to allow the possibility to increase initial ID ATCs after FBMC for all CWE borders.
- TSOs and MPs have discussed the added value of the process. The social welfare indicator requested by the MPs cannot be implemented for the ID ATC process due to the lack of market clearing point and the continuous intraday trading mechanism. However, CWE TSOs have tried to illustrate the results of the new ID ATC process after FB MC through a statistical evaluation table and graphs showing the market use of the additional capacities provided. MPs have challenged the indicator presented by TSOs. Even if not all capacity provided by the TSOs is used it can be seen as an “option” that MP take into account when optimizing their portfolio.
- It is suggested to set up a proxy indicator instead, based on the DA spreads and the additional cross-border capacities provided. Furthermore, MPs would appreciate to have a view on the amount of initial ID ATCs (the left-overs from FB DA) before the increase /decrease process is applied. CWE TSOs inform MPs on the availability of this data via the JAO website (<http://utilitytool.casc.eu/>).

**Action CWE Partners: based on MPs suggestions, try to set up a new proxy indicator to evaluate the performance of the new ID ATC after FB MC process**

### 4 Capacity calculation improvements

**Flow-Based Day Ahead pre-congested capacities**

- CWE TSOs have performed a SPAIC (Standard Process for Assessing Impact of significant Changes) to understand and analyze differences in available capacities between 2015 and 2016. Main conclusions of this analysis and indicators observed are made available for MPs in session file of the CWE Consultative Group meeting.

**Eurelectric-MPP presentation on capacity calculation**

- Eurelectric and MPP consider that the cross-border capacities available to the market are far from the optimum due to the TSOs' management of congestion issues: according to the associations, the TSOs have no incentive to make the correct arbitrage between preventively reducing cross-border capacities and using redispatching actions.

- The associations' requests for more transparency from the TSOs to understand network mechanisms but also request that internal redispatching and cross-border capacity reduction are considered on an equal footing when it comes to congestion issues. They explain that this cannot be done without implementing a cost sharing methodology to deal with the proper allocation of redispatching costs between the different TSOs.
- The regulators remind that TSOs have an obligation in CACM to propose a common methodology for redispatching and countertrading cost sharing.
- TSOs answer that this proposition will be developed in the new CORE CCR.
- Question from MPs: Are there possibilities for the TSOs to implement measures in the CWE Region to improve the management of cross-border capacities?
- Project Answer: CWE TSOs will take into consideration MPs' suggestions and investigate if there is any room for improvements in the CWE region.

**Action CWE Partners: Investigate possible improvements in the management of cross-border capacities in the CWE region.**

## 5 Conclusions on Flow-Based Intuitive and Flow-Based Plain comparison analysis

- As requested by the CWE NRAs in their "Position Paper on Flow-Based Market Coupling" (March 2015), FB experts have completed an analysis to compare Flow-Based Intuitive (FBI) and Flow-Based Plain (FBP) methodology after more than one year experience in operation. The objective of this study is to provide all the relevant information to CWE NRAs to consider if a change towards the other version of the methodology (FBP) is relevant and justified.
- The outcomes of this analysis are included in a report that was published on JAO website on January 27<sup>th</sup> 2017. From the indicators analyzed, CWE FB experts have observed that the two methodologies provide comparable performance on 'Normal days' situations. The conclusions are different on exceptional market conditions for which FBP and FBI modes produce more contrasted indicators. CWE Partners now expect MPs and NRAs feedback before taking any further action.
- NRAs remind that this request was addressed to the CWE Partners in the "Position Paper on Flow-Based Market Coupling" following the decision to go live with Flow-Based Intuitive. The regulators await MPs feedback and the conclusions of the so-called "Flow-Factor Competition study" in order to have a comprehensive view and understanding of the issue.
- Most of MPs express the need to launch a formal consultation process regarding this topic to facilitate the discussions and decision. MPs also foresee political issues that might arise with FBP in case of "counter-flows" between countries.

**Action CWE NRAs: Initiate public consultation on FBP and FBI methodologies**

## 6 Regional coupling situation

- Reminder from last CWE Consultative Group meeting: In the current situation, a technical issue of a PX outside CWE would lead to a full decoupling of CWE. The geographic extension of PCR/MRC tends to increase the risk of technical problems resulting in MRC decoupling. Therefore, CWE Participants proposed to introduce a regional coupling solution for CWE markets (plus BritNed) in case of a MRC full decoupling. The main objective is to keep the CWE region coupled in case such situations occur (technical issue outside CWE-BN).
- The regional coupling solution has been finally implemented on January 24<sup>th</sup> after the postponement of the Go-Live date due to IT migration constraints. MPs have access to detailed documentation (typology of incidents, corresponding market messages) about the regional coupling solution via EPEX website (<https://www.epexspot.com/document/36907/DayAhead%20Timings%20and%20Market%20Messages>).

## 7 Update on post Flow-Based Day-Ahead go-live NRAs deliverables

### Impact of CCR decision on CWE roadmap

- After consideration of ACER decision on the "All TSOs' proposal for the determination of CCRS" and discussions with CWE NRAs on the priority actions for the CWE region, TSOs have decided to assess the work currently being performed in the region. The roadmap of CWE is updated accordingly.
  - The development of FB IDCC will be continued in the CWE region, as agreed with CWE NRAs.
  - However activities related to LTCC will be transferred to the CORE region to free up resources for CORE implementation and other ongoing projects.

- Question from MPs: Could you provide more information concerning the 'FB DA Optimizations: EDGES and XBCO' and the status of "FB method for ALEGrO" project mentioned in the CWE TSOs roadmap?
- Project Answer: The EDGES and XBCO action refers to possible improvements of FB DA operation in order to better select the direction in which the domain should be optimized. The ALEGrO project will enable the implementation of a new interconnection between Belgium and Germany. A SPAIC analysis should be performed to assess the impact of this new line on the market results.

## 8 AOB

- Question from MPs: hat is the status is of capacity allocation on DE/AT borders?
- The German regulator responds that the details are still under discussion. German TSOs are asked to prepare capacity allocation on DE/AT border. The German regulator will organize a workshop in Bonn with MPs to further discuss the topic. After the workshop, MPs will be further informed during Core and CWE Consultative Groups.

**The next CWE Consultative Group meeting will be scheduled around September 2017. Market participants will be informed of the date and agenda of the meeting as soon as decided.**