

## CWE FB MC – Flow Based Users Group

Meeting minutes, 2<sup>nd</sup> of February 2015

<b>Version</b>	0.1		
<b>Date</b>	02-02-2015		
<b>Author</b>			
<b>Name</b>	<b>Company</b>	<b>attendees</b>	<b>excused</b>
<b>MARKET PARTIES</b>			
ROBERT Hervé	Alpiq		X
JONG Dieter	Anode		X
SCHOENENBERG Yves-Denis	AXPO	X	
VRAZDA Bohdan	CEZ Trading	X	
AMSELLEM Benjamin	Citadel	X	
SALLEE Patrick	EDF Trading	X	
PIROVANO Filippo	EDF Trading	X	
KALISCH Frieder	EnBW	X	
ZENGERER Halyna	EnBW	X	
VISSER Vincent	Eneco	X	
PICHLER Michael	Ext Vienna	X	
OTTER Ruud	MPP / Energie-Nederland	X	
BONDE Michael	EON	X	
MCQUISTAN Sean	Gazprom	X	
LANDENNE Guillaume	GDF Suez	X	
ROBAYE H��l��ne	GDF Suez		X
DE VIGAN Emeric	Mercuria	X	
LEFEVRE Eric	Noble Europe	X	
KLEVER Michiel	Priogen		X
MEHL Chrisitan	Rhein-Energie	X	
BERNARD Ryan	RWE	X	
KEYSERLINGK Konrad	RWE	X	
MESSA Silvia	Statkraft	X	
RINKE Thomas	Statkraft	X	
BARTH Ruediger	Steag	X	
ANDERSEN Thorbjornvest	Vattenfall	X	
LEYKAM Kilian	Vattenfall	X	
HARTWEGER Guenter	Verbund Trading		X
MANDIC Regina	Verbund Trading		X
<b>NRAs</b>			
DE KONING Joran	ACM		X
VAN DER DRIFT Youri	ACM		X
R��TZEL Matthias	BNetzA	X	
<b>CWE PARTNERS</b>			
BECK Dietmar	Amprion	Regulators referent	X
HOEKSEMA Jo��l	APX	FB expert	X
SCHAVEMAKER Pieter	e-bridge	FB expert	X
BOURGEOIS Rapha��l	Elia	FB Expert	X
VASSILOPOULOS Philippe	EPEX SPOT	Head of product design	X
TARNAI Sylvie	EPEX SPOT	Market Communication TF Leader	X
NOURY Philippe	RTE	FB expert	X
DONDERS Thomas	Tennet		X
LAZRAK Zineb	Eurogroup	PMO	X
MEUTGEERT Gertjan	Eurogroup	IT PMO	X
BOYER Karel	Eurogroup	PMO	X

**Agenda:**

1. **CWE Project Status**
2. **Simulation results and general conclusions**
3. **Transparency framework**
4. **Follow-up of adequacy study recommendations**
5. **Data publication framework from Go-Live**
6. **Meeting organization after Go-Live: CWE Consultative Group**
7. **FTR and LTA+ in CWE region**

## 1 **CWE Project Status**

*In introduction to the meeting, CWE NRAs informed CWE Project Parties and Market Participants that the final approval of the CWE Flow-Based methodology by all CWE-NRAs is now foreseen for the 23rd of April 2015. NRAs explained that the adequacy study for Belgium and the mitigation measures are very important and crucial for the NRA approval. Therefore, they need some time to discuss the results of the adequacy study after its final publication by Project Parties planned for 27<sup>th</sup> February.*

*Market Participants expressed their concern about this new shift of the CWE FB Market Coupling and questioned this target NRA approval date. NRAs stressed the fact that given the first results of the adequacy study and the Go Live criteria that need to be fulfilled, they are positive to commit on April, 23<sup>rd</sup>.*

Request from MPs: Market Participants were quite concerned by the communication process regarding this NRAs' decision and asked to have a proper communication towards all Market Parties not only the FBUG members.

NRAs answer: it is not planned to send a press release.

Project answer: Project parties always kept in mind to communicate planning related information in a non-discriminatory way to the Market. The Project will take the NRAs' decision into account to reassess the project planning and will decide about best way to communicate towards the Market.

**Project Partners will internally assess the impact of this decision regarding CWE project planning and provide Market Parties with feedback as soon as possible.**

Request from MPs: Are there any impact on systems because of the shift of the CWE FB MC especially considering the IBWT Go Live?

Project answer: Systems are configurable to handle the process including coupling of Italian borders. Therefore, there is no impact on the systems.

### **Latest achievements**

- **CWE Project Partners informed FBUG members on latest achievements since the last FBUG meeting**
  - Florence forum participants fully supported CWE project to continue the project and achieve go-live in spring 2015.
  - Project partners will provide to NRAs the solution on Adequacy study for week 8 of this year.
  - The objectives and scope of the CWE consultative group, was presented during the last AESAG meeting on January 7<sup>th</sup>. This new meeting will start a few months after go-live and will replace the FBUG meeting.
  - Several studies have been published by CWE Project Partners lately. The latest report on the Adequacy study is available on CASC website (<http://www.casc.eu/en/Resource-center/CWE-Flow-Based-MC/Public-Consultation>). This report studies if a link exists between market coupling under Flow-Based and short term generation adequacy, and it especially focuses on the Belgian market and its ability to import.
  - The complete report on parallel run performance is also available on CASC website, including detailed investigation on negative/positive welfare situations. This topic will also be further discussed during next Market Forum, scheduled on March, 6<sup>th</sup>.
  - CWE Project Partners inform Market Parties that they have already published fixed labelling of pre-solved CBCOs and of all CBCOs on the ftp server since July 2013..

**Time planning until go-live**

- CWE Project Partners confirmed that CWE FB Market Coupling project is technically ready since November, though solution and operational improvements are foreseen in the coming months. For instance, TSO CS v1.2 will be released mid-February to take into account Italian borders.
- Despite latest NRAs information regarding their approval process, the Project reminded that the readiness for go-live objective is still planned on April, 1<sup>st</sup>. At this stage, the Project will keep their work plan on each project workstream and the related planning will remain unchanged.
- The Project would like to underline that NRAs approval, especially on adequacy study final conclusions, is considered as a prerequisite to move to the Go-Live step.
- Despite the NRAs latest decision, the Market Forum will be maintained on March, 6<sup>th</sup> and will be held in Paris. The invitation including the agenda will be communicated to participants on February, 6<sup>th</sup>.
- The external parallel run process will be stopped just before the go-live date due to technical constraints. Indeed, several connectivity migration tasks to switch systems from test to production environment need to be performed before the Go Live date. The Project is currently investigating how to minimize this period to meet with Market Parties request.

Request from MPs: Would it be feasible to have a continuation of the parallel run process as close to go-live as possible and to maintain the publication of results? In particular, Market Parties would like to have the practiced external //run as close to go live as possible.

Project Answer: The Project takes note of Market Parties' request and will provide them with a proposal that balances the technical constraints and the MPs needs.

**Member testing**

- A full member testing phase with dedicated orders will be organized during 3 days beginning of March 2015 (March, 3<sup>rd</sup>, 4<sup>th</sup> and 5<sup>th</sup>). The test will cover nearly the entire process from pre-coupling to post-coupling activities and will involve all interconnectors.
- The member test invitations will be sent to participants on March, 6<sup>th</sup>. CWE Project Partners kindly ask Market Parties to return invitations by February, 24<sup>th</sup> the latest.

**End of parallel run**

- The simulation data from the two years of external parallel run will still be available after go-live on the dedicated page of the CASC website for a period of at least sixth months.

**NRAs acceptance**

- CWE Projects Partners presented to Market Parties the main pending NRAs requests to be investigated before go-live :
  - The most important topic is related to the **Adequacy study** conclusions: the Project will submit to NRAs on the week 8 its final recommendations regarding the different options investigated.
  - **Back-ups / Fallbacks + Re-computation missed days** data will be published for the end of the month, in accordance with NRAs' request.
  - The Project should start publishing the daily **aggregated D2CF information one month before Go Live the latest**
  - NRA requested feedback on intraday processes on each border in Flow based compared to current situation. The feedback will be provided that the same recomputation processes will be available with Flow based go live
  - NRA Report is provided to NRAs with requested information, but all indicators also have to be available in xls-format. The updated format of monitoring reports will be communicated to regulators
  - NRAs also requested CWE FB MC Project to proceed to a specification of the approval document related to paragraph 10.4 ("Publication of aggregated information related to the D-2 common grid model")
  - Other requests of a minor priority have also been raised by NRAs and should be addressed progressively after Go-Live.

Request from MPs: Could you provide Market Parties with a detailed list of less priority NRAs requests and the resolution date for each item? Maybe the list of open NRAs requests/future improvements can be presented during the next Forum.

Project Answer: The Project Parties will first have to discuss and align with NRAs on all these requests especially as some of these requests may have already been tackled or should be resolved in a next CWE FB CS version release. Then, the Project Parties will discuss with NRAs whether this overview can be communicated to MPs.

Project Partners will discuss with NRAs the NRAs request status and check with them the communication channel for this material.

## 2 Simulation results and general conclusions

### General parallel run performance

- CWE Project Partners presented during the session the latest results related to the parallel run performance. Days marked in green (p.13 of the presentation) represent successful days and days marked in orange underlines situation were an issue occurred, such as January 25th.
- The weekly day ahead market Welfare graph illustrate that Flow-Based solution provides a higher welfare than in ATC. Furthermore, the daily welfare graph also demonstrates that Flow-Based solution provides a higher welfare than in ATC on a daily basis. For some specific days (end December 2014, early January 2015), the Flow-Based solution even demonstrates extreme positive welfare situations. Besides, a negative welfare peak can be registered for January, 25<sup>th</sup> the day where an issue occurred and default FBPs had to be used.
- The multiple comparisons between ATC and Flow-Based systems lead also consistently to higher price convergence under Flow-Based. Indeed, indicators monitored for the past 2 years (how frequent parallel run leads to price convergence results) shows that Flow-Based outperforms ATC. The price spread tends to be higher in Flow-Based than in ATC. After go-live, “non-intuitive hours” (as percentage of congested hours) will be used monthly as one of the main indicators to monitor Flow-Based performance results.

### Explanation January 25<sup>th</sup>

- On last January 25<sup>th</sup>, a rare issue affected the quality of the Danish DACF due to technical incompatibility between two datasets (CWE and non-CWE): the merged D2CF could not be produced. As a consequence, the default parameters had to be triggered and the situation resulted in a decrease of welfare. Following that situation, the Project decided to start implementation of mitigations after investigations in order to improve their process and robustness D2CF towards non-CWE inputs.

Request from MPs: Is it possible to know the effect on this date (January, 25th) for the price compared to days with normal Flow based parameters?

Project Answer: It is not possible to compile ex-post the FBPs, and obtain the simulation results. However the project will simulate results using FBPs for some successful days. For these days MC results with successful FB domain and results with fallback parameters hence are available, and allow for a direct comparison.

Request from MPs: If a similar issue occurs after Go-Live, what is the process to deal with this kind of issue and how Market Parties will be informed? When Fallback FBP are produced, a market message should be sent and if possible the FBP should be flagged accordingly.

Project Answer: Even if this is an extremely rare situation, the standard process will end up with the publication of the Default FB Parameters (Default FB Parameters will be flagged) and a communication to Market Parties during the day.

Project Partners will provide an overview on how the publication of Default FB parameters will look like after Go Live (how they will be flagged).

Request from MPs: how much was the x/y value (LTA+x/y) on 25/12?

Project Partners will investigate if the values used for this day can be published on CASC website

### LTA inclusion monitoring and ATC clearing point

- CWE Project Partners presented the two key indicators used to monitor parallel run Flow-Based domain:
  - LTA inclusion monitoring: this internal indicator is regularly shared with NRAs to illustrate Flow-Based reliability. It shows for the likely corners the hours for which the LTA was not covered by the initial Flow-Based domain. The unlikely corners that are frequently outside the FB domain are not in the scope of the LTA inclusion monitoring.
  - ATC clearing point: this is a dispersion indicator which provides for each Critical Branch (CB) if the ATC coupling results is inside or outside the Flow-Based domain. The comparison of the two systems indicates in most cases that the ATC clearing point is inside the Flow-Based domain and does not violate the Critical Branch. Since this indicator is based on ATC results, it will consequently stop after go-live.
    - The indicator showed one outlier, for which the FR external constraint was erroneously too limiting.

Request from MPs: Does the LTA domain generally contain the FB domain? Would it be possible to send a market message when the FB domain is initially not covered in the LTA domain?

Project Answer: The LTA domain does not generally contain the FB domain otherwise LTA inclusion would not be used.

Request from MPs: How will MPs be informed for incidents such as the erroneous external constraints?

Project Answer: This specific incident is now known, and will be prevented in the future. More generically such incidents are only identified ex-post, so no means to provide early warning to MPs

### 3 Transparency framework

#### Reminder on the labelling of the fixed anonymous CB (coding)

- The Project presented the labelling of the two types of the CBCOs (pre-solved anonymized and all anonymized CBCOs) available on the ftp server following Market Parties' request.

Request from MPs: Would it be possible to publish CBCOs with fixed labeling up to February 2015? They were only published until 04/11/14.

Project Answer: The Project foresees to publish new data shortly on the ftp. (Additional data until end of January was published following the FBUG meeting on 05/02). After mid-February, they should be published in D+2 as it will be the case after go-live.

Request from MPs: Where will the net positions and the flows between hubs be published? For MPs, a clearer publication framework would be needed: EMFIP net positions combine the DA+ID timeframes, whereas there is a need for DA net positions.

Project answer: Concerning net positions values, Project Partners indicate that they will only publish CWE net positions. The flows are already available on the EMFIP platform (ex. nominations values). However, Project Parties will also publish relevant schedules on CASC-website.

#### Typical winter scenarios

- Following last FBUG and Market Parties' request, CWE Project Partners presented two sets of Flow-Based parameters winter cases for one specific day February 9<sup>th</sup>, hour 19) with a focus on one hour: a first case with high load and wind, and a second case with high load and no wind. For this second case, three nuclear units in Belgium were not available.
- The findings suggest that more exchanges are feasible under Flow-Based than under ATC system. For this particular day with tensed situation in BE+FR, the results unsurprisingly show that Germany and the Netherlands cleared with lower prices than France and Belgium. We can also note that Belgium's position (-1963) remains unchanged under the three systems due to the elasticity of its market.
- Project Parties also decided to analyze how market would behave in case of curtailment situations (i.e. situation where price taking demand can only be partially met). The results show that ATC system leads more quickly to curtailments than Flow-Based with additional load. This is explained by the fact that Flow-Based allow more energy-exchanges than ATC. Furthermore, the findings demonstrate that Belgium load under Flow-Based increases both French and Belgium prices.

Request from MPs: It seems that the impact on welfare can be important in case of extreme situation; FB plain performs better in terms of welfare than FBI in a stressed situation. What is NRAs reaction to these results? In light of the tight winter foreseen for next year, might it be revised?

NRAs' Answer: Many others impacts were taken into consideration when it was decided to start with FBI. Besides, the results will be monitored and the solution is configurable and could lead to a reassessment if the results seem more positive with FB plain.

Request from MPs: Would it be possible to simulate forecasted scenarios to help Market Parties anticipating trend changes for the coming seasons (ex. summer simulations published in winter) and reflect the changes on the grid (lines, etc.) for the coming season? The idea would be to have 2 typical day scenario (2 per season) for which forecasted assumptions are shared with the Market and also 2 different grid situation scenarios. The market would need to know the impact of any grid related changes, additional lines as well as changes in % CB constraints.

Project Answer: CWE Project Partners reminded that the initial idea was to focus on winter days according to market request. However, Project Parties will take into consideration this new request and will further provide feedback on the possibility to publish such forecast after go-live.

**Project Partners will assess whether it is feasible to provide 2 typical day scenario per year (1 per season) and also 2 different grid situation scenarios. However as prerequisites and basis the Project needs detailed feedback on the provided scenarios.**

The raw data (PTDFs) corresponding to case A (typical winter day) and case B (stressed winter day) will also be published on the Ftp server: <ftp://ftp.cwe-sf2.com/2015/>

### Re-computation missed days and simulations based on default Flow-Based Parameters

- CWE Projects Partners presented during the session the missed days of the parallel run that have been recently re-computed and published on the ftp server. All the issues encountered during these days have been investigated and mitigated, thus such situations should not happen again.
- Moreover, additional simulations have been published on the ftp server (windy day, average day) to illustrate a case of Fallback solution: <ftp://ftp.cwe-sf2.com/2014/>

### Publication of aggregated data on D2CF assumptions

- Markets Parties previously expressed the need to have insight in TSOs forecast for analysis and to build models. As a consequence, TSOs worked on aggregated data from D2CF and build several indicators (ex. vertical load, generation, Net positions best forecast) that will be published on CASC website on a daily basis (D+2). This information will be available on the website end of February for each border. Since the assumptions of non-CWE borders (i.e. refprog) are not based on best forecast, this information will be published separately on the CASC website.
- The bilateral exchanges (schedules) will be published border by border.

Request from MPs: Would it be possible to have an overview of how it will look like in order to be sure that it will meet our need? Would it be possible to also have the historical aggregated D2CF data for the parallel run period and not only from February 2015?

Project Answer: As the tool is implemented in February, an example could be then communicated in February to Market Participants.

**Project Partners will provide an overview of the Market Forum and discuss the option to publish also historical data for aggregated D2CF.**

- This data should provide sufficient information to Market Parties in order to build forecast model and improve their decision-making process.

## 4 Follow-up of adequacy study recommendations

### Adequacy study status

- Following a report on Adequacy published by the Project on November 2014, suggesting that “flow factor competition” may lead to situations where one market that clears below the maximum price may force a curtailment situation in another market, regulators challenged the Project to propose a mitigation that would prevent such undesirable scenarios. Indeed, if some markets make some assumptions on the price of its neighbors, this could lead to a curtailment situation in another market.
- The Project investigated several possible options to mitigate these situations, but only two options appeared as concretely feasible within project constraints.
  - Option 1 – Raise maximum price: If we chose to raise the price sufficiently high for all markets, the true cost of lost load could be reflected in the bids. In this case, flow factor competition would no longer be an issue; a market can only be denied its import if its clearing price exceeds the cost of lost load. Nevertheless, this solution looks less feasible as it would request input from all involved parties to raise the price for the whole MRC region.
  - Option 3 – Patch in matching algorithm Euphemia: the second option would be to try to prevent flow factor competition for price taking orders directly by acting on Euphemia. Concretely, Project Partners propose to artificially lift the price of price taking orders. If these orders become marginal, the final clearing price will be set to 3000€/MWh. In this option, since the lift of price is artificial, we get away with non-realistic values (ex. 1M€/MWh) and this would effectively absolve price taking orders from flow factor competition. This solution seems more feasible than the previous one, even if it raises some pending questions regarding some other requirements (losses and ramping situations, FB “plain” scenario), which could entail situations where congestion revenues on some lines become negative.

**CWE Project Partners are currently investigating these options and will provide NRAs with a detailed proposal solution in week 8.**

- Option 2 is a variant of Option 3 tackled outside the Euphemia Algorithm which is not feasible because of block orders. Therefore, option 2 is discarded.

- CWE Project Partners presented during the session an example illustrating a curtailment situation for two markets (France and Belgium). In this case, you could end up with 3 different scenarios and no clear preferable solution (welfare maximizing solution vs more fair solution).
- The option 3 can be considered as mathematically equivalent to penalizing the non-acceptance of price taking orders in the objective function of the algorithm. This would lead to two distinct penalty functions that could be implemented as mitigation measures :
  - Either a linear penalty function: this solution prevents “flow factor competition” between PTOs and non-PTOs. Nonetheless, it would allow sharing of curtailments between markets.
  - Or quadratic penalties function: this solution also prevents “flow factor competition” between PTOs and non-PTOs. However, it allows sharing of curtailments between markets.
- These two different solutions will be further investigated and discussed with NRAs in order to identify which would be the most preferable scenario for the markets.

Request from MPs: Considering that regulators will approve one of the solutions proposed by the Project, are there any risks that NRAs will raise additional concern triggering new consultation and delaying NRAs approval date?

NRAs Answer: Regulators asked for this study especially considering that these curtailment situations appear to be more frequent in Belgium, under strong assumptions on prices in France. Provided that one of the solutions proposed will be accepted by regulators, no further request should have an impact on the NRAs’ approval process.

- Request from MPs: Should only Belgium have a consultation on the adequacy study results?
- NRAs Answer: Belgium is mandatory to have a consultation that will be held as soon as they have the results will be delivered by the Project end of February
- Request from MPs: How do you deal when there is Congestion rent in a price hub? Are there measures for this winter proposed by TSOs? Is re-dispatching can be considered?
- NRAs Answer: For Amprion and Transnet BW (at least), re-dispatching is not allowed to allocate more energy. Re-dispatching is a matter discussed at CACM level.

MPs remarks: The algorithm needs to be “bullet proof” as it has a huge impact on balancing and financials of market participants. One MP raised the issue of curtailment sharing and question of what is a fair sharing considering that French market is for instance bigger than the Belgian one in terms of number of consumers. This topic and possible future changes in the algorithm bring regulatory uncertainty to the market which is a dangerous path. MPs expressed their concerns in the view of proposed solution.

- Regulators are positive that the proposal that will be provided by the Project should allow concluding the NRAs approval process. The Project will continue to mobilize their efforts in order to improve the CWE Flow-Based Common System with new system releases after go-live, but these future changes will not necessarily need NRAs approval, as long as it will respect European regulations.
- As next steps, the Project will perform simulations to assess the effectiveness of the solutions proposed and will then submit these results to NRAs in the approval package. The assessment of the mitigation options will be mostly based on their effectiveness (the option should mitigate the problem) and their manageability (any adverse consequences associated to the mitigation option should either be mitigated itself or be accepted).

## 5 Data publication framework from Go-Live

### Current status

- CWE Project Partners presented the two main data publication platforms that will be available for Market Parties:
  - For CASC: publication directly on the website and via the “extended” Utility tool and website.
  - For PXs: publication on PXs website which will be similar to what is done in ATC
- Project Parties also presented all the data and where the data will be published after Go Live.
- The latest version of Utility tool is an extended Utility Tool will allow the users to extract and manipulate data locally, but will also include web services to retrieve specific publication data, which can also be used separately by Market Parties to create automated interfaces. The tool is currently under development and testing until mid-February 2015.

Request from MPs: Would it be possible to communicate to Market Parties documentation about the final data publication framework (list of data, services description, date of availability, etc.) prior to go-live and have a demonstration of the foreseen publication platform for the Market Forum? Moreover, will the final Utility Tool will be available for testing in the coming weeks?

Project Answer: The Project confirmed that it is foreseen to communicate an Utility tool documentation prior to go-live, but cannot commit on a specific date at this stage. More details about the Utility tool demonstration will be presented to Markets Parties in the next Market Forum (scope, data, documentation, demonstration live of the target tool).

Request from MPs: Regarding the publication of “simulations for FB vs FBI vs infinite capacity vs reference NTC”, would it be feasible to compare these values with the current monthly ATC values?

Project Answer: This item is still under discussion with regulators and will be soon clarified. The Project will however take into consideration Market Parties requests and will provide them with further feedback.

Request from MPs: Will net flows per region/bilateral exchanges per border be published

Project Answer: The bilateral exchanges are planned to be published after Go Live especially for the post-coupling process but Project Parties stressed the fact the use of this data by the Market Parties can be questionable as the data does not represent exactly the same in Flow based compared to ATC.

Request from MPs: Is it possible to have the publication platform available several weeks in advance? Moreover, would it be feasible to publish historical data on the platform? For MPs it is important to anticipate the data retrieval and therefore have the platforms already operational.

Project Answer: The publication platform should be available to Market Parties several weeks in advance, providing the latest test results. Nonetheless, the Project cannot confirm that historical data will be published on the platform and will need first to investigate this request.

**The Project will discuss internally all Market Parties’ requests and will provide feedback during the next Market Forum.**

## 6 Meeting organization after Go-Live: CWE Consultative Group

### CWE Consultative Group

- CWE Projects Partners presented the CWE Consultative Group to Market Parties: this new committee will replace the FBUG meeting a few months after Go-Live in order to inform and consult all CWE stakeholders about any relevant topic. In particular, CWE Consultative Group objectives are to:
  - Provide information to stakeholders about FB performance and market outcomes
  - Provide information to stakeholders on upcoming changes in the CWE region (when applicable)
  - Consult Stakeholders about the allocation method’s efficiency and potential impact of changes
  - Coordinate evolutions with the Market for an improved efficiency of the allocation method
- The participants of this meeting will be at least the CWE TSOs, PXs, FB User Group members but also a larger scope including institutional stakeholders (NRAs and associations). If Flow-Based Market Coupling is extended outside of the CWE region, further participants representing those areas might join the Committee.

**The Project will soon contact FBUG members and associations in order to nominate a delegate or representative which will be joining this committee.**

## 7 FTR and LTA+ in CWE region

### Current status

- CWE Project Partners are currently investigating the possibility to implement FTRs, and as a temporary solution “LTA+” mitigation measure, in order to free more capacity for the Day-Ahead Market Coupling (DA MC) and therefore limit the risks of market failure (insufficient capacity)..
- As a matter of fact, the Flow-Based parallel run has shown that sometimes not all Long Term allocated capacity rights of all borders were initially covered by the Flow-Based domain. As a result, less capacity is made available to the DA MC (on some borders, in some directions, for some timestamps). However, efficient price formation on the day-ahead market is proven as essential to guarantee a level playing field between Market Participants, to reduce the risk of market abuse and to ensure reliable and transparent prices for contract indexation and settlement.
- The implementation of FTRs should mitigate the risks mentioned above and will also guarantee that a capacity at least equal to the allocated long term capacity rights will be available for the DA MC. Since FTRs cannot be implemented before January, 1<sup>st</sup> 2016 and will be submitted to NRAs’ approval, Project Partners propose to implement first “LTA+” solution. This temporary solution should at least safeguard minimum level of day-ahead capacity on particular borders.



Request from MPs: In order to help us investigate Project Parties' proposal and give our position regarding the implementation of LTA+ / FTRs, could you provide to Market Parties concrete examples illustrating the fact that FTRs can help in case of increase of long term nominations?

Project Answer: Project Parties highlighted that they cannot foresee market behavior after go-live, but previous analysis and observations on parallel run has shown that Flow-Based could trigger such undesirable situations that can be prevented with implementation of LTA+ / FTRs.

**The Project would like Market Parties to discussed internally this proposal and clarify their position to the Project.**