



CWE FB MC project

PENTA SG1, February 25th 2014, Brussels



Agenda



1. Flow Based Market Coupling project (10h00 – 11h30)

- a. Progress report by TSOs and power exchanges
- b. Reactions from regulators, Market Parties Platform and ministries
- c. Discussion on remaining obstacles
- d. Next steps

1 - Flow Based Market Coupling Project



a) Progress report: general overview

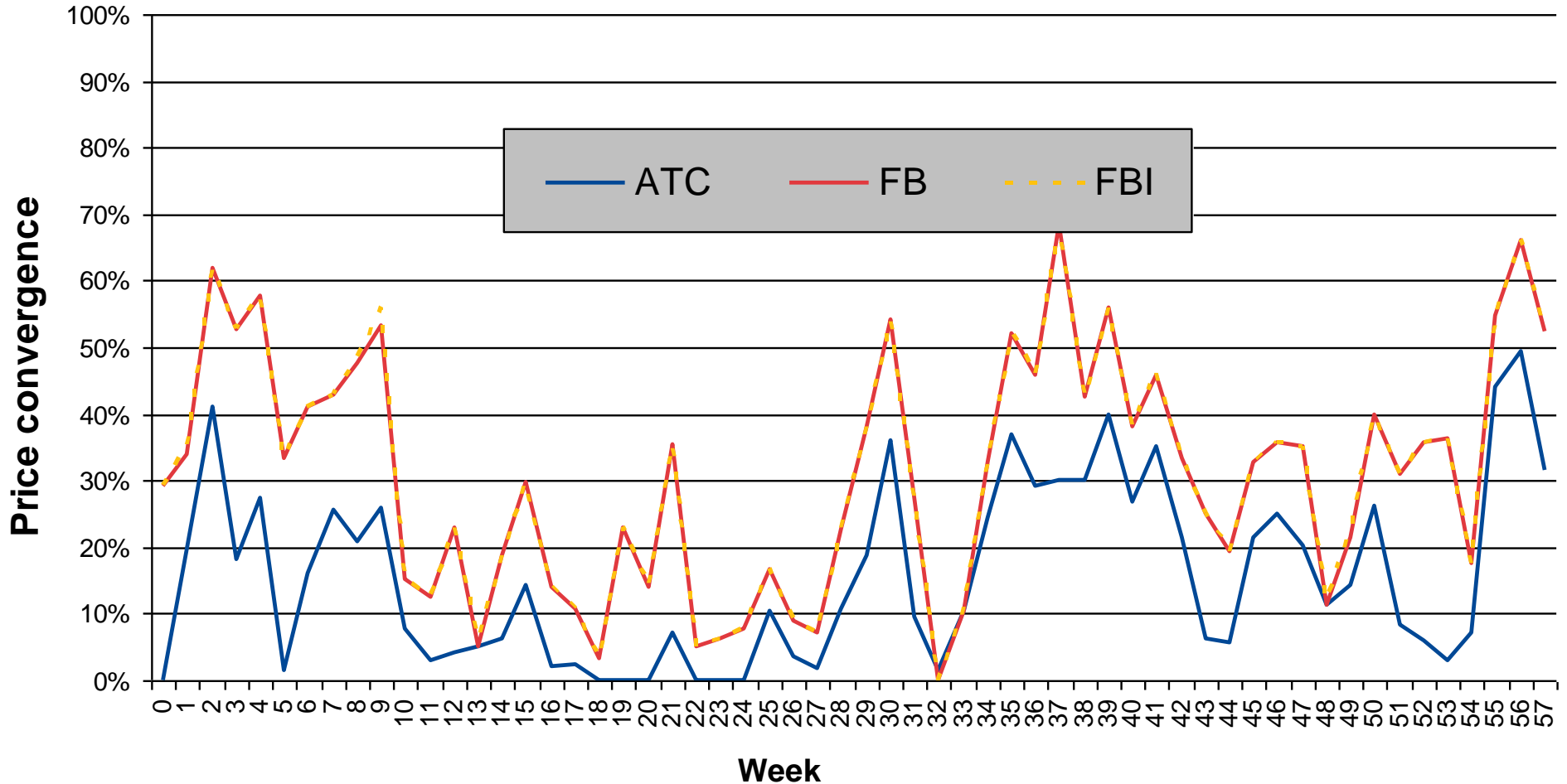
- ▶ Following last PLEF meeting, the weekly parallel run publication has been upgraded in December by
 - Publication of PTDFs on the ftp server
 - Indication of non-intuitive hours
- ▶ During the month of January, **bilateral meetings on transparency** took place with Market Participants
 - Projects partners are currently investigating on how to further support MPs in the switch to FB
- ▶ Launch of the **daily parallel run publication** on February, 24th

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a) Progress report: price convergence

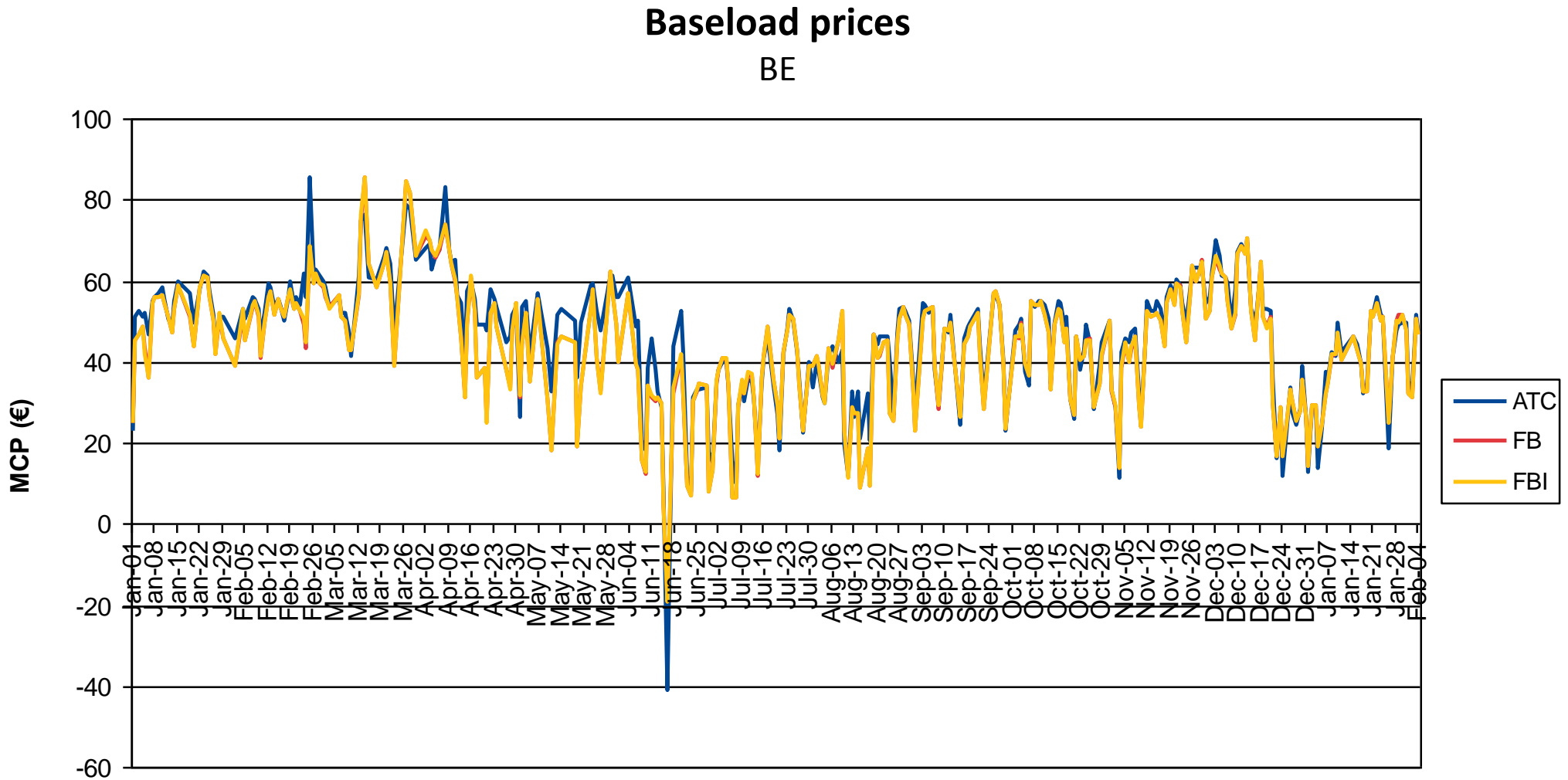
Price convergence (= percentage of time with single CWE price)



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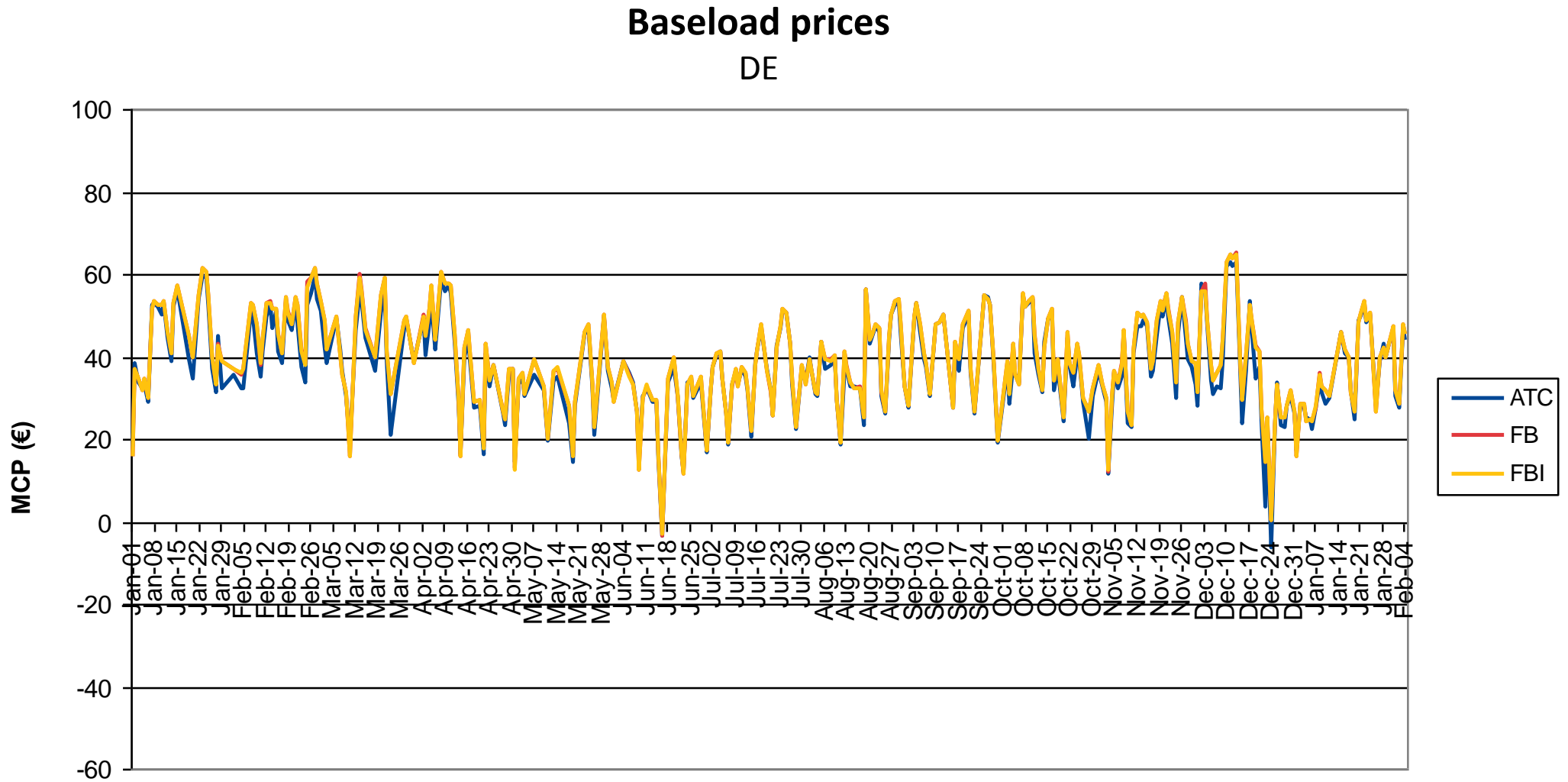
a) Progress report: baseload prices



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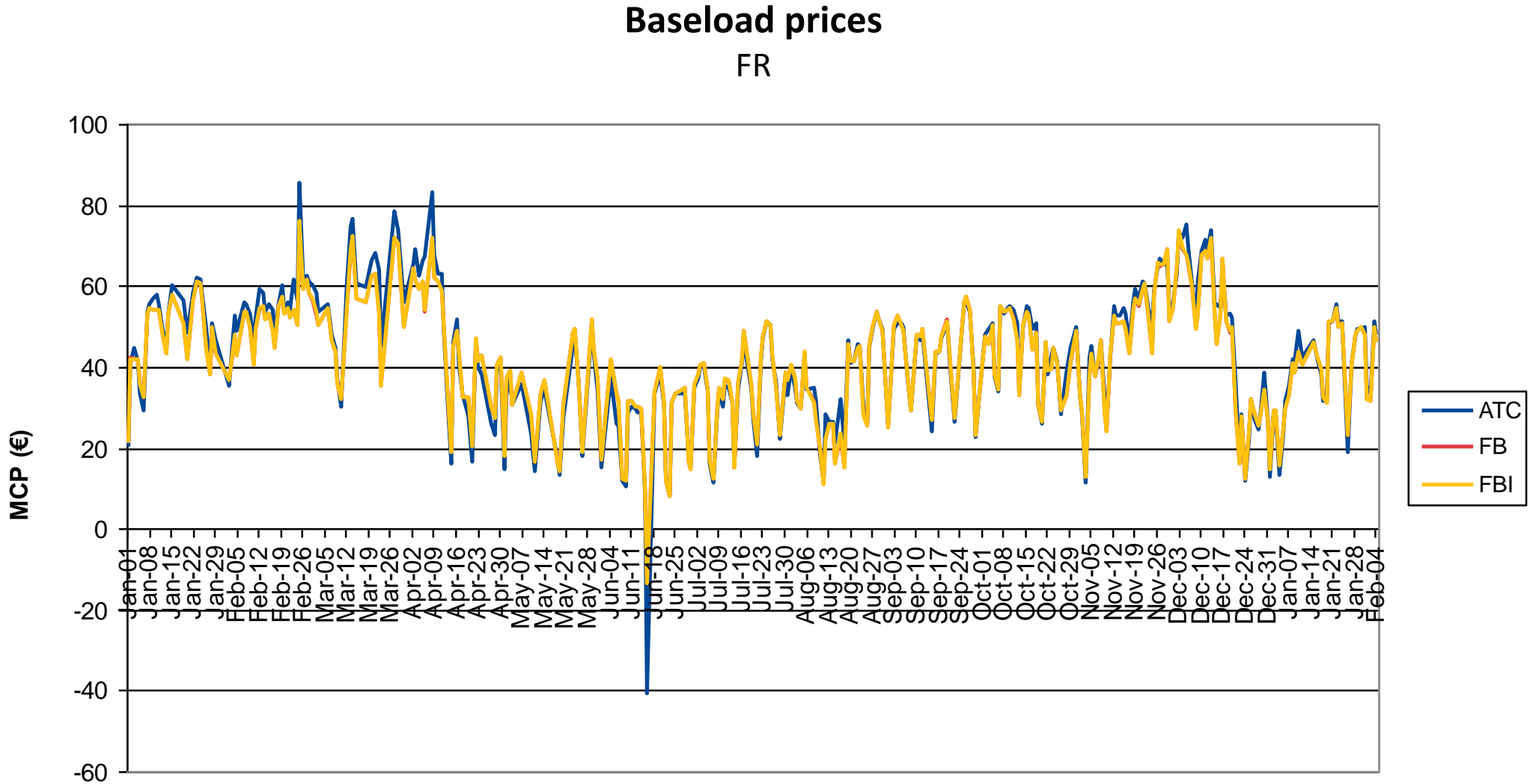
a) Progress report: baseload prices



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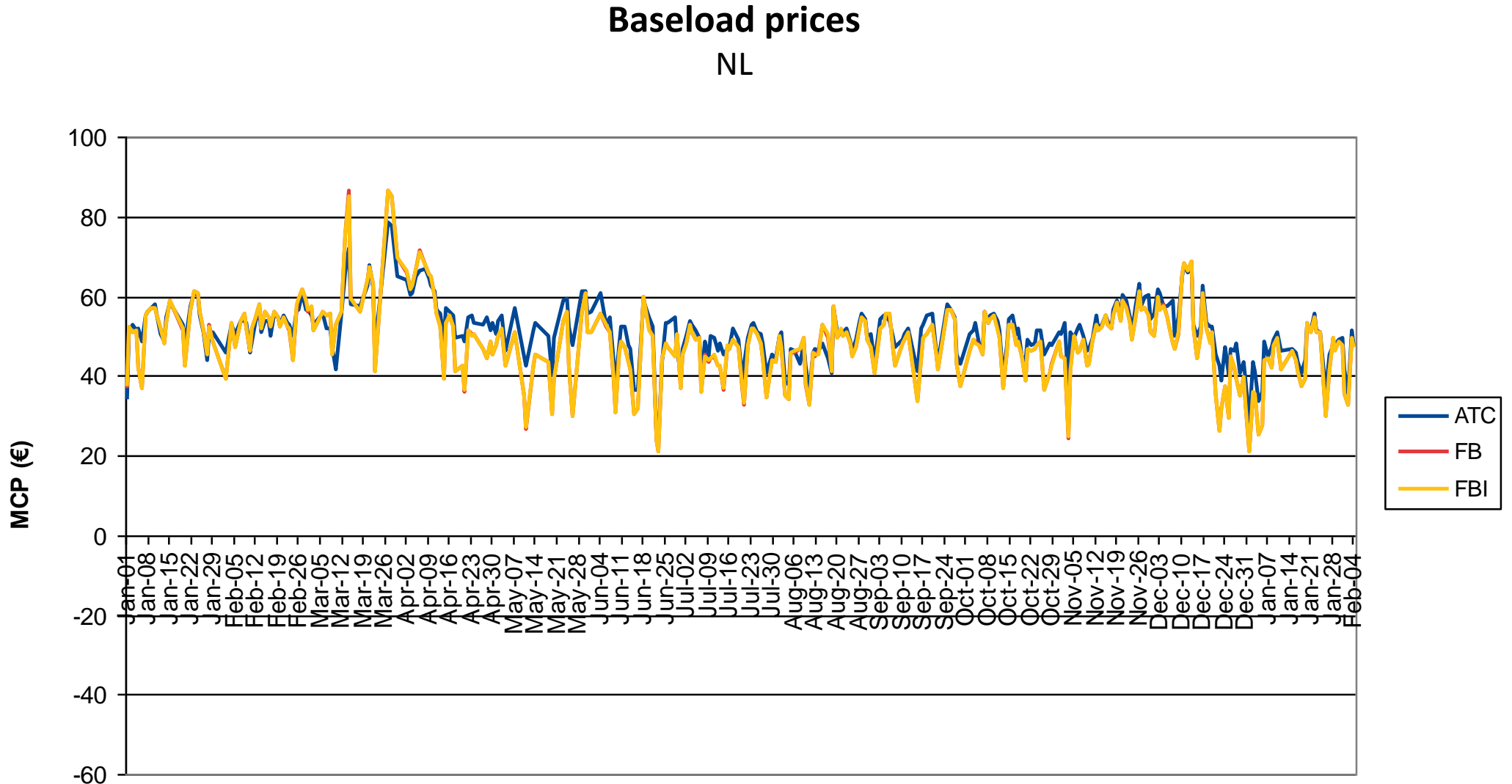
a) Progress report: baseload prices



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a) Progress report: baseload prices

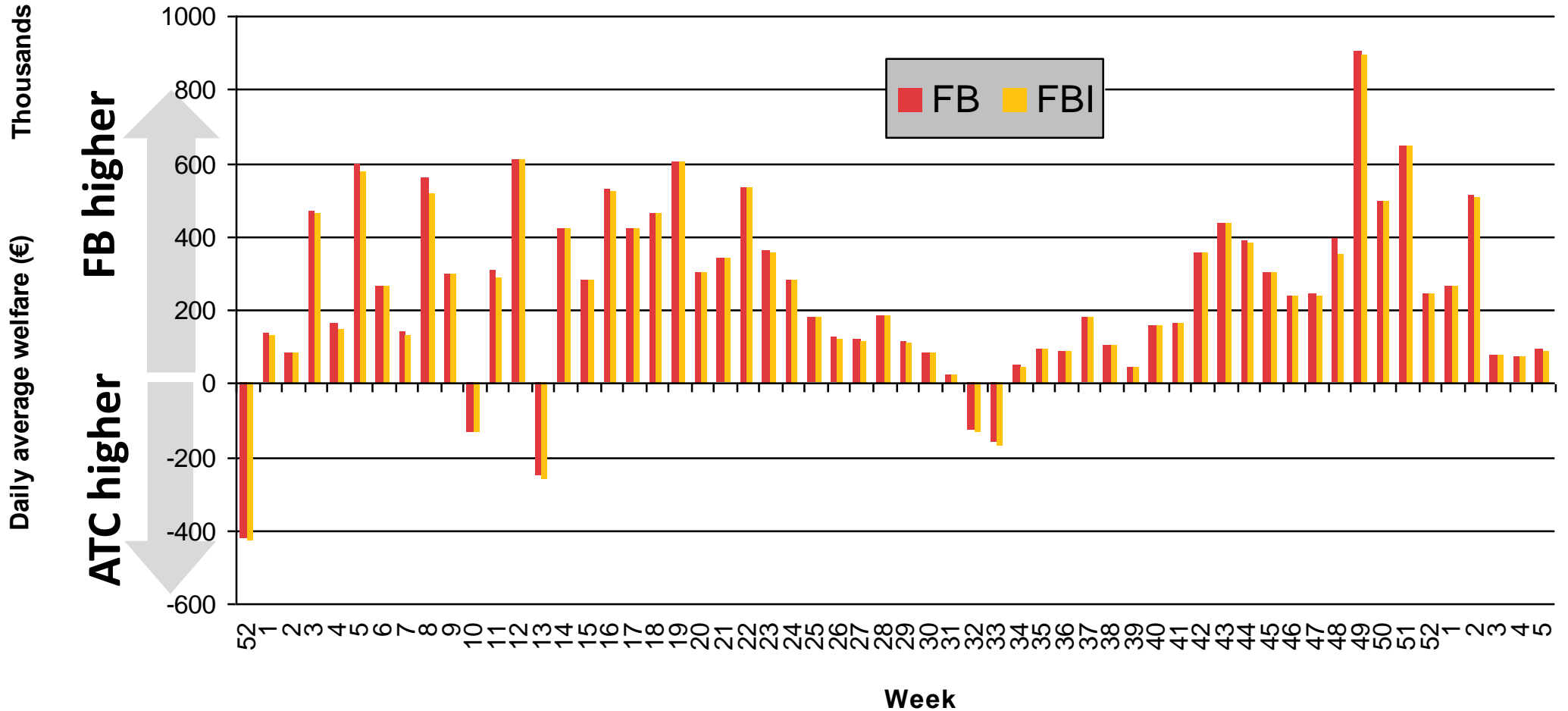


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a) Progress report: development of welfare

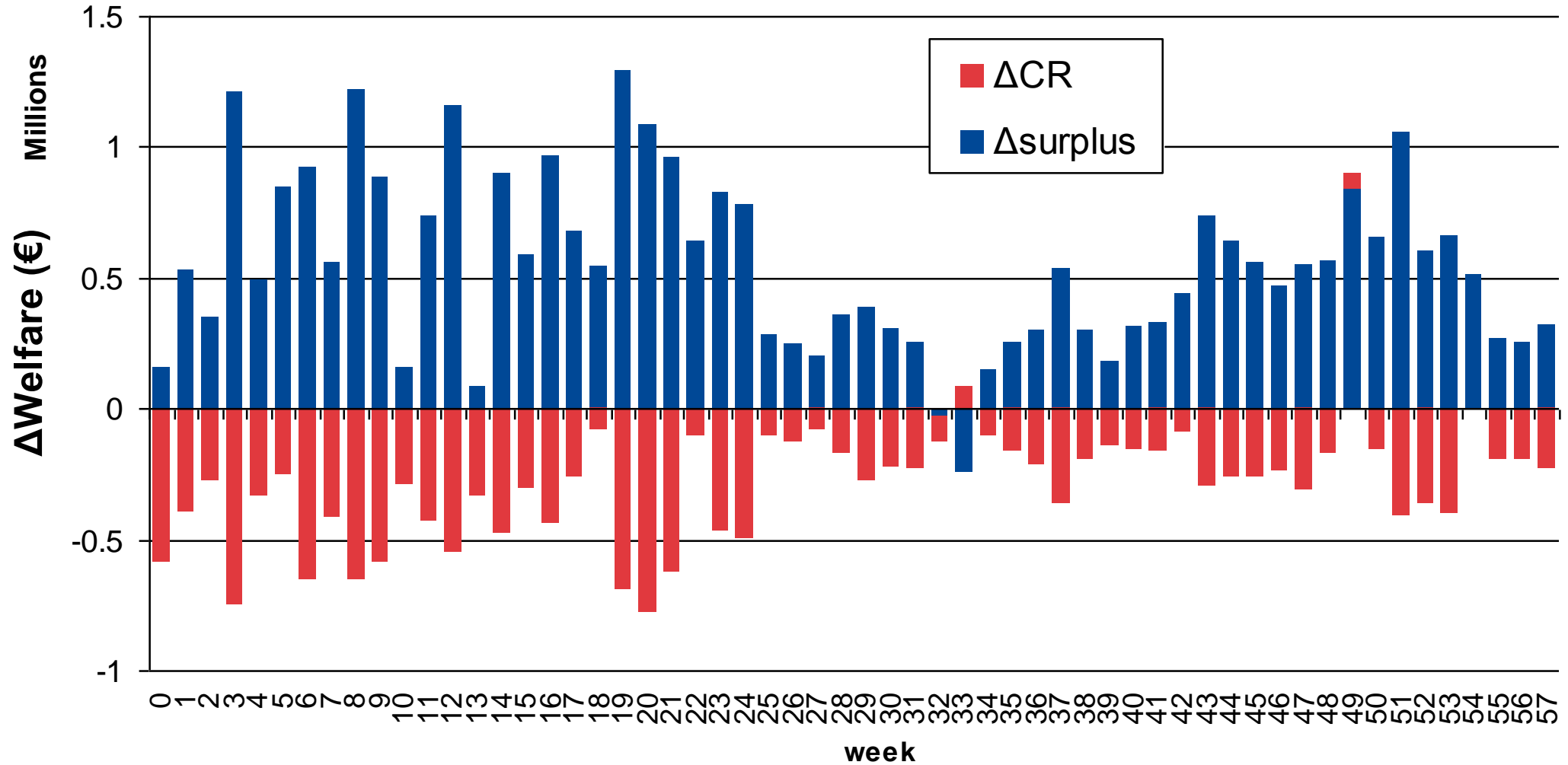
Development of welfare (XX - ATC) - daily average



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a) Progress report: welfare breakdown



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a) Progress report: Daily parallel run publication

- ▶ Launch of **daily parallel run on February 24th**
- ▶ As of this date, daily stable results can be expected
- ▶ Following publications will be available on a daily basis on CASC's website in order to further support MPs in their preparation of the CWE FB MC Go Live

INPUT DATA	CWE FB MC RESULTS	FB INTRADAY ATCs
<p>FLOW BASED PARAMETERS</p> <ul style="list-style-type: none">▪ Data: same report format as today▪ Start date of publication: February, 24th at 3 pm <p>SHADOW AUCTION ATCs</p> <ul style="list-style-type: none">▪ Data: ATCs derived from FB domain for Shadow Auctions purposes▪ Start date of publication: mid-March at 3 pm	<p>FB MC SIMULATION RESULTS</p> <ul style="list-style-type: none">▪ Data: same report format as today▪ Start date of publication: February, 24th at 5 - 6 pm <p>BIDDING CURVES</p> <ul style="list-style-type: none">▪ Data: 4 files per hub will be published (FB – FBI – ATC – INF)▪ Start date of publication: tbd	<ul style="list-style-type: none">▪ Regularly updated

- ▶ MPs are informed of the upcoming launch on February, 21st

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a) Progress report: Daily parallel run publication

- ▶ The first daily publication has been successfully performed yesterday afternoon
- ▶ Ex-post days for February, 19th – 24th will be published this morning

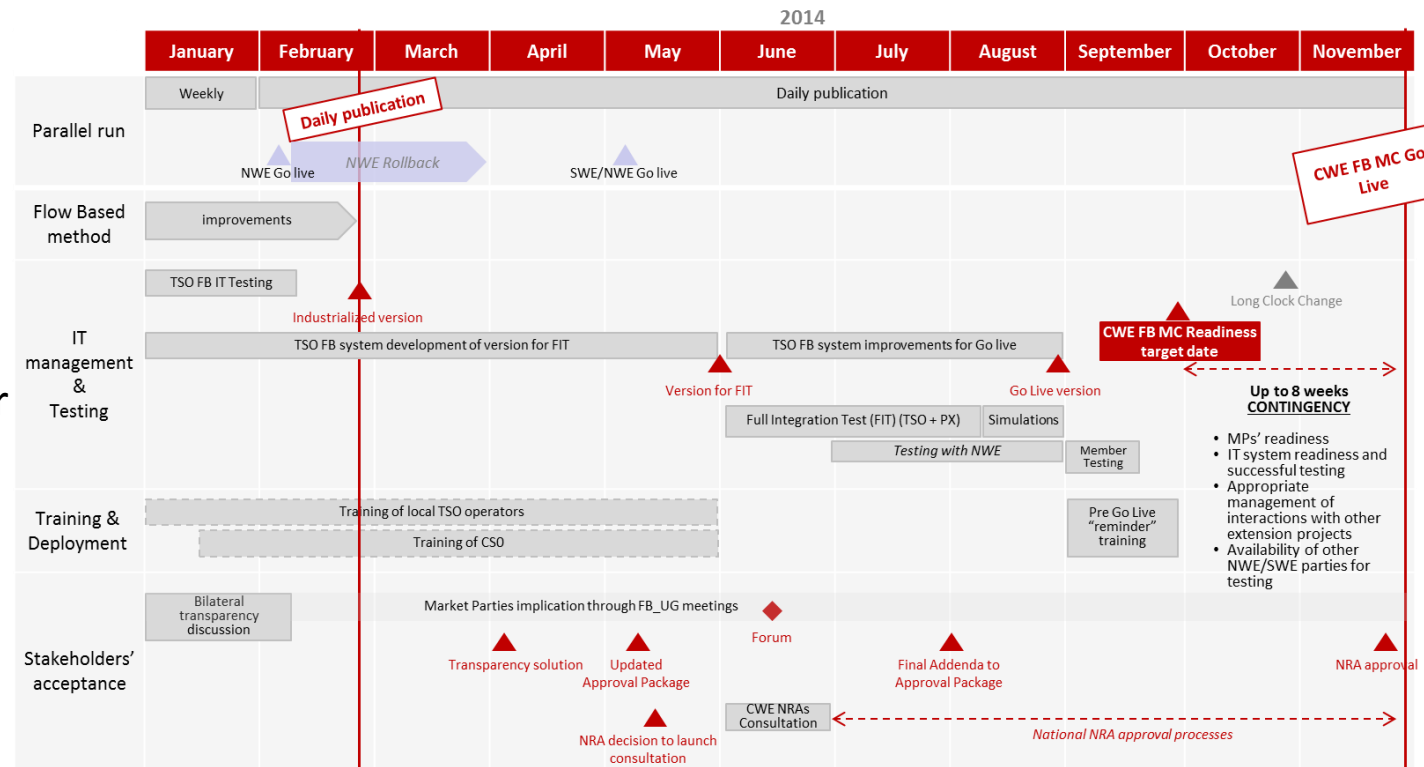
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a) Progress report: outlook to go live date and related uncertainties



- Project partners foresee a **readiness target date by the end of September** but a **contingency period** is needed in case of unforeseen issues related to:

- MPs' readiness
- IT system readiness and successful testing
- Appropriate management of interactions with other extension projects
- Availability of other NWE/SWE parties for testing



Note: delivery of industrialized version by end of May has no impact on the FB method; it only includes technical changes and improvements for operators

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b) Reactions from Market Parties: feedback of bilateral meetings

▶ Objective:

- Bilateral meetings with MPs to discuss their needs in terms of transparency and data publication

▶ Status:

- Bilateral meetings have been organized by the Project
- Bilateral discussions promoted by APX, Elia and TenneT BV at national level are currently taking place
- RTE also organized meetings on national level

▶ Summary of discussion:

- Some MPs are adapting their processes/systems to FB, others still maintain an ATC approach
- **MPs' main concern: predictability of prices over varying time horizons (from multi-yearly to daily)** for asset management, maintenance planning, investment decision, trading activities
- **MPs' main requests:**
 - Publication of aggregated PTDFs per border
 - Publication of LT nomination
 - Publication of FBP at 8am in D-1 before LT nominations adjustments
 - Fixed labeling of CBs ex-post
 - Impact of grid investment on FB Parameters
 - ...

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b) Reactions from Market Parties: feedback of bilateral meetings

- ▶ Most **promising identified measures** to further support MPs and currently being investigated by the Project are:
 - **Anticipated (before LT adjustment) publication of FB parameters at 8am** (subject to technical feasibility)
 - **Provision of “typical” FBP matrices**, on the basis of shared hypotheses with market parties
 - **Publication of fixed, anonymized CBs**, 2 days ex-post
 - **Publication of reference points for FB domain** optimization process during qualification phase
- ▶ Other requests will be investigated by the project in a second stage
- ▶ CWE Project Partners have now a better understanding what is needed in order to support MPs as best as they can in the switch from ATC to FB
- ▶ Next steps:
 - General outcome of bilateral discussions and concrete proposals on above mentioned aspects will be presented to MPs during FBUG meeting in March

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b) Reactions from regulators: state of play of the regulatory approval process

- ▶ Discussions with NRAs on specific methodological points as well as transparency are still ongoing
- ▶ Project partners intend to submit the **final approval package** in May containing
 - Final transparency proposal based on FBUG feedback
 - Proposal for either FB or FBI
- ▶ NRAs will organize a **public consultation in order to check MPs' confidence and readiness for FB** after sufficient stable daily parallel run results
 - Consultation to be organized in June (to be confirmed by NRAs in May)
 - Outcome will be important for NRAs' Go/No Go decision
- ▶ NRAs will provide a **common CWE NRA decision paper for FB approval** in addition to national approvals

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c) Discussion on remaining obstacles



Discussion

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d) Next steps



- ▶ In the short run, Project Partners aim at **securing the following important next steps:**
 - February, 24th: expected launch of daily parallel publication
 - Finalization of transparency compromise
 - Project recommendation on choice of FB vs. FBI
 - Joint Testing activities with PXs and TSOs in the full NWE scope