OPINION OF THE AGENCY FOR THE COOPERATION OF ENERGY REGULATORS No 04/2018

of 13 June 2018

ON THE SECOND UPDATE OF THE MANUAL OF PROCEDURES FOR THE ENTSO-E CENTRAL INFORMATION TRANSPARENCY PLATFORM

THE AGENCY FOR THE COOPERATION OF ENERGY REGULATORS,

HAVING REGARD to Commission Regulation (EU) No 543/2013 of 14 June 2013 on submission and publication of data in electricity markets and amending Annex 1 to Regulation (EC) No 714/2009 of the European Parliament and of the Council1, and, in particular, Article 5 thereof,

HAVING REGARD to Commission Regulation (EU) No 2017/2195 of 23 November 2017 establishing a guideline on electricity balancing2, and, in particular, Article 12(5) thereof,

WHEREAS:


(2) Article 5 of Regulation (EU) No 543/2013 tasks the Agency with providing an opinion on the draft MoP submitted by ENTSO-E, before its publishing or updating. Regulation (EU) No 543/2013 does not define specific criteria to be taken into account for the Agency’s opinion. However, points (a) to (d) of the first paragraph of Article 5 of Regulation (EU) No 543/2013 do specify which aspects the draft MoP should address. Therefore, these aspects are also relevant when assessing the changes included in the draft update of the MoP.

(3) Article 12(5) of Regulation (EU) No 2017/2195 requires ENTSO-E to update the MoP and calls on the Agency to provide an opinion on the update of the MoP.

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Regulation (EU) No 2017/2195 does not define specific criteria to be taken into account for the Agency’s opinion. However, paragraphs 3 and 5 of Article 12 of Regulation (EU) No 2017/2195 do specify which pieces of information have to be published by transmission system operators in a commonly agreed harmonised format, at least through the information transparency platform. Therefore, these provisions are also relevant when assessing the update of the MoP according to Article 12(5) Regulation (EU) No 2017/2195,

HAS ADOPTED THIS OPINION:

1. Introduction

The update of the MoP is required in order to incorporate the publication of information provided for in Article 12(3) of Regulation (EU) No 2017/2195.

The draft update of the MoP consists, as it was the case in the previous version, of a concise ‘basic document’ that refers to more detailed documents (referenced documents), such as the DDD document and the BRS document. Since these three documents are the basis used for the elaboration of the other implementation guides, which are mainly relevant for data providers, this Opinion focuses on the ‘basic document’, the DDD and the BRS documents.

2. Comments

As regards the ‘basic document’, the update is minor, reflecting mainly the necessary references to the additional information requirements imposed by Regulation (EU) No 2017/2195.

In that regard, the Agency has no specific comments.

As regards the DDD document, the update includes the introduction of the new data items required by Article 12(3) of Regulation (EU) No 2017/2195, with the necessary new definitions, the detailed description and the specification of calculations. It also includes amendments to the detailed definitions and to the specification of calculations in the section on ‘details and format of the submission of data’, with respect to the requirements of Regulation (EU) No 543/2013, which concern mainly the publication of information on balancing, included in Section 3.13 of the DDD document.

The Agency appreciates ENTSO-E’s efforts to integrate in the updated DDD document the new data requirements set by Regulation (EU) No 2017/2195 and the intention to assess thoroughly the informal input provided by the Agency during the drafting process, though this input, except for a minor part, has not been incorporated yet in the MoP.

However, in terms of the structure, the content and the definitions included in the updated DDD document, the Agency considers this document as not fully meeting the objective of Regulation (EU) No 543/2013 to ensure the provision of ‘clear and timely
information about balancing markets... in a comparable format across borders\textsuperscript{3}. The main concern of the Agency is the inconsistent and inefficient integration of the data requirements envisaged in Regulation (EU) No 2017/2195 and in Regulation (EU) No 543/2013. As explained in the Annex to this Opinion, the electricity balancing data items have been added as an annex to the DDD document. Consequently, the updated DDD document does not ensure the consistency of definitions, does not use the most up-to-date terms, does not group data items per topic and does not consider the removal of data items which seem no more applicable in light of Regulation (EU) No 2017/2195.

Therefore, in the Agency’s view, a significant restructuring and redrafting of the relevant sections of the DDD document would be necessary, and it seems not appropriate to present at this stage exhaustive comments on all details of the updated DDD document. However, various high-level recommendations, together with a number of detailed comments on the DDD document, are included in the Annex to this Opinion.

As regards the BRS document, the Agency has no specific comments at this stage, other than the high-level recommendations 2 to 4 included in the Annex to this Opinion, which are valid both for the DDD and the BRS documents.

Moreover, given the inclusion of a considerable amount of new data items pursuant to Regulation (EU) No 2017/2195, the Agency recommends to carry out a public consultation on the envisaged update of the MoP, as this would increase the transparency of the process and also be in the spirit of Regulation (EU) No 543/2013, which requires a public consultation for the initial draft of the MoP. The recommendation of carrying out a public consultation was already included in the Agency’s Opinion No 02/2017 of 8 February 2017 on the first update of the initial MoP.

As regards data quality, the Agency welcomes ENTSO-E’s improvements in this area, such as its intention to automate the generation of data completeness reports and send them to data providers.

However, the Agency remains concerned about the insufficient reference, both in the updated DDD document and in the updated BRS document, to well-defined procedures to address data quality issues. Whereas ensuring the quality of data to be published on the transparency platform is not an exclusive task of ENTSO-E, the Agency misses a more proactive role of ENTSO-E in this area and expects this role to be reflected in the relevant documents of the MoP.

In particular, the Agency is concerned about the lack of an efficient procedure to identify and address data quality issues stemming from diverging data providers’ interpretations of the data definitions and related calculation rules. For example, in the Agency’s Opinion No 02/2017 of 8 February 2017 on the first update of the initial MoP, the Agency highlighted the inconsistent use of units in different balancing data items, which were mainly caused by their ambiguous definition in the MoP. While this could have been addressed by the issuance of clearer instructions by ENTSO-E, the problem still

\textsuperscript{3} Recital 11 of Regulation (EU) No 543/2013.
remains today. As opposed to previous statements of ENTSO-E, claiming that data quality is the sole responsibility of data providers, this example illustrates the key role of ENTSO-E in ensuring data quality.

3. Conclusion

The Agency invites ENTSO-E to revise the MoP, subject to a public consultation, and to resubmit the draft revised MoP, for an Agency's opinion, within six months following the date of this Opinion. To facilitate this process, the Agency provides a number of high-level recommendations in the Annex to this Opinion, together with some more detailed comments.

Finally, to facilitate an efficient MoP drafting process, the Agency encourages ENTSO-E to maintain close contact with the Agency at working level during the period prior to resubmission. Given the recent assessments of the European Commission of the functioning of the Transparency Platform, the involvement of the European Commission is also advisable.

Done at Ljubljana on 13 June 2018.

For the Agency:

[Signature]

Alberto Pototschnig
Director

Annex:
High-level remarks and detailed comments to be considered for the resubmission of the MoP
ANNEX:

High-level remarks and detailed comments to be considered for the resubmission of the MoP

In the Agency’s view, the following high-level remarks and more detailed comments on specific data items should be taken into account when redrafting the MoP.

1. **Need to carry out a public consultation**

The Agency recommends carrying out a public consultation on the update of the MoP, as this would increase the transparency of the process and also be in the spirit of Regulation (EU) No 543/2013, which requires a public consultation for the initial draft of the MoP.

2. **Integration of data requirements of Regulation (EU) No 2017/2195 and Regulation (EU) No 543/2013**

Although there is a section ‘Balancing’ (Section 3.13) in the DDD document, the new balancing data items required by Regulation (EU) No 2017/2195 are not included in this section, but they are introduced in a separate annex.

The approach of not including the new balancing data in the ‘Balancing’ Section does not contribute to ensuring the consistent integration of the data requirements stemming from both Regulation (EU) No 2017/2195 and Regulation (EU) No 543/2013. Moreover, as the data displayed on the transparency platform website tends to reflect the structure of the DDD document, this approach is likely to make the link between data items of the same nature more difficult for market participants.

The Agency recommends that, given the interaction between Regulation (EU) No 2017/2195 and Regulation (EU) No 543/2013, the data items included in those Regulations are combined and grouped per topic (e.g. offered balancing energy, activated balancing energy, balancing energy prices, imbalances, etc.) rather than displayed according to the relevant article of the relevant Regulation. This recommendation should be considered not only when drafting the DDD document, the BRS document and other documents referenced in the MoP, but also when displaying the information in the transparency platform website.

Additionally, the entry into force of Regulation (EU) No 2017/2195 makes specific parts of Regulation (EU) No 543/2013 obsolete (e.g. Article 17(1)(j)). The need of keeping them in the MoP should be assessed and, in case they are not applicable, they should be removed in order to avoid any confusion to the users.
3. Definitions

The definitions and the way they are applied in the DDD document should establish a clear link between Regulation (EU) No 2017/2195 and Regulation (EU) No 543/2013. In general, the most accurate and up-to-date definitions provided by Regulation (EU) No 2017/2195 should be used. When a term currently used in the MoP does not exist in any relevant Regulation (e.g. Market Balance Area), it should be replaced with the more accurate term(s) included in the Regulations. When a term exists in Regulation (EU) No 543/2013 but more accurate terms have been included in Regulation (EU) No 2017/2195, the latter should replace the former or at least the link between the two should be made for all balancing data items. In particular:

- The term Balancing Time Unit (‘BTU’), which was introduced in Regulation (EU) No 543/2013, should be further specified per data item, to indicate whether it refers to a (balancing) Market Time Unit (‘MTU’), which is used in the publication requirements of Article 12(3) of Regulation (EU) No 2017/2195, or to an Imbalance Settlement Period (‘ISP’), in accordance with the definition in Article 2(10) of Regulation (EU) No 2017/2195.

- The term Market Balance Area, which is used in the MoP, is neither defined in Regulation (EU) No 543/2013 nor in Regulation (EU) No 2017/2195, and it does not directly correspond to any of the terms defined in these two Regulations. In Regulation (EU) No 543/2013, the term that is mainly used is ‘control area’, while in Regulation (EU) No 2017/2195 the main term is ‘scheduling area’, but also the terms ‘imbalance (price) area’ and ‘LFC area’ are used, depending on the processes. The definition of the balancing data items should be updated to replace the term ‘market balance area’ with the relevant terms ‘scheduling area’, ‘imbalance price area’ or ‘LFC area’ etc., depending on the data item.

- In several parts of the DDD document, the concept of ‘product category’ seems to be confused with ‘type of product’, which is used to indicate whether a product is standard or specific. The Agency recommends the careful use of the term ‘type of product’ only. Moreover, ‘product type’ is often used to refer to the ‘type of reserves’, potentially adding further confusion. The consistent use of all these terms should be ensured.

Apart from the main issue of consistency regarding the fulfilment of the requirements of Regulation (EU) No 2017/2195 and Regulation (EU) No 543/2013, the Agency identifies below some additional issues that are considered as critical and are expected to be addressed in the revised submission of the MoP.

4. Consistency of units

The consistency of units should be checked throughout the DDD document. Despite some efforts to standardise and clarify the units that are to be used, there is still room for ambiguity (just as an example, see below Point 6.a).
5. Data quality

As already indicated in the main body of the Opinion, there are concerns regarding how data quality can be assured. In the Agency’s view, there should be clear rules on how quality can be guaranteed for the various data items, as well as concrete procedures to identify and address data quality issues, in particular (but not limited to) those data quality problems caused by diverging data providers’ interpretations of the data definitions and related calculation rules. Although the assurance of data quality is not the sole responsibility of ENTSO-E, there is room further to specify in the MoP the role of ENTSO-E, including target response times when the underlying problem can indeed be addressed by ENTSO-E.

6. Comments on specific data items related to balancing

a. Prices of the reserved capacity of balancing reserves

Article 17(1)(c) of Regulation (EU) No 543/2013 requires that ‘Prices of the reserved capacity of balancing reserves’ be expressed in ‘currency/MW/BTU’. As mentioned above (in Point 3), the meaning of the term BTU should be further specified. In particular, it should be clarified that BTU cannot refer to the period of procurement, e.g. week, if the market time unit for the activation of energy is e.g. 15 minutes. Moreover, the BTU needs to be indicated together with the data, since users should not be required to infer from other documents or notes what the BTU for a given area is, as it currently seems to be the case in the Transparency Platform.

b. Current system balance

The data item ‘current system balance’ according to Article 12(3)(a) of Regulation (EU) No 2017/2195 cannot be considered the same as the ‘imbalance volumes’ according to Article 17(1)(h) of Regulation (EU) No 543/2013. There should be one value on ‘imbalance volumes’ (MWh) per market time unit and another value for ‘current system balance’ (MW), published with a much higher frequency, since Article 12(3)(a) of Regulation (EU) No 2017/2195 associates ‘current system balance’ with ‘real-time’. The Agency suggests that the frequency of the publication of current system balance to be every 1 minute with a delay of up to 30 minutes, in accordance with Article 12(3)(a) of Regulation (EU) No 2017/2195. However, the underlying definitions can be consistent, i.e. both data items can refer to the situation of the system before the activation of balancing energy (as this is understood to be already the case in the updated draft DDD document for the data item required by Article 17(1)(h) of Regulation (EU) No 543/2013).

c. Allocation of cross-zonal balancing capacity

Regarding the data item ‘Allocation of cross-zonal balancing capacity’, Article 12(3)(h)(iv) of Regulation (EU) No 2017/2195 requires that the detailed description make reference to ‘Market values’ (plural), as two market values should be taken into account for the allocation process, pursuant to Article 40(2) of Regulation (EU) No 2017/2195: ‘This methodology [Co-optimised allocation process] shall be based on
a comparison of the actual market value of cross-zonal capacity for the exchange of balancing capacity or sharing of reserves and the actual market value of cross-zonal capacity for the exchange of energy.'

Moreover, as already highlighted above (see Point 3), the BTU should be replaced by 'market time unit', while for market values the unit should be ‘currency/MW/market time unit’.

Finally, the items ‘Allocation of cross-zonal capacity’ and ‘Use of allocated cross-zonal capacity’ under Articles 12(3)(h) and 12(3)(i) of Regulation (EU) No 2017/2195 are clearly different data items, and the users should be able to track the different versions of these items separately. Therefore, the Agency recommends that both ex-ante and ex-post estimation of the values are stored and presented separately.

7. **Comments on specific data items related to other areas**

- Regarding the publication of the data item ‘Intraday offered cross-zonal capacity’ (Article 11(2) of Regulation (EU) No 543/2013), it is important to note that the available capacity shall not be overwritten, otherwise the last value would not reflect the overall available capacity in the intraday timeframe, but only the remaining capacity at a specific point in time or the ‘left-overs’ at the time of market closure.

  The Agency recommends that for every market time unit, the full history of the evolution of intraday cross-zonal capacity is stored, displayed and be downloadable by the users of the platform. In practice, this implies one value per border and direction (i.e. per combination of bidding zones as explained below) after each intraday capacity allocation resulting from a cross-zonal intraday trade.

  Moreover, with the go-live of the single intraday coupling, it is expected that intraday cross-border capacities be provided in the form of “Hub-To-Hub” matrix, where each hub is a bidding zone, as opposed to only one value per physical border and direction.

- Regarding the flow-based parameters, in the definition it is mentioned for column a: *column containing the anonymous designation of the critical branch / critical outage*; however, these elements should not be anonymous by default, but only if or when properly justified according to the specific Regulation.