



For the attention of:
Mr Alberto Pototschnig
Director
ACER
Trg republike 3
1000 Ljubljana
Slovenia

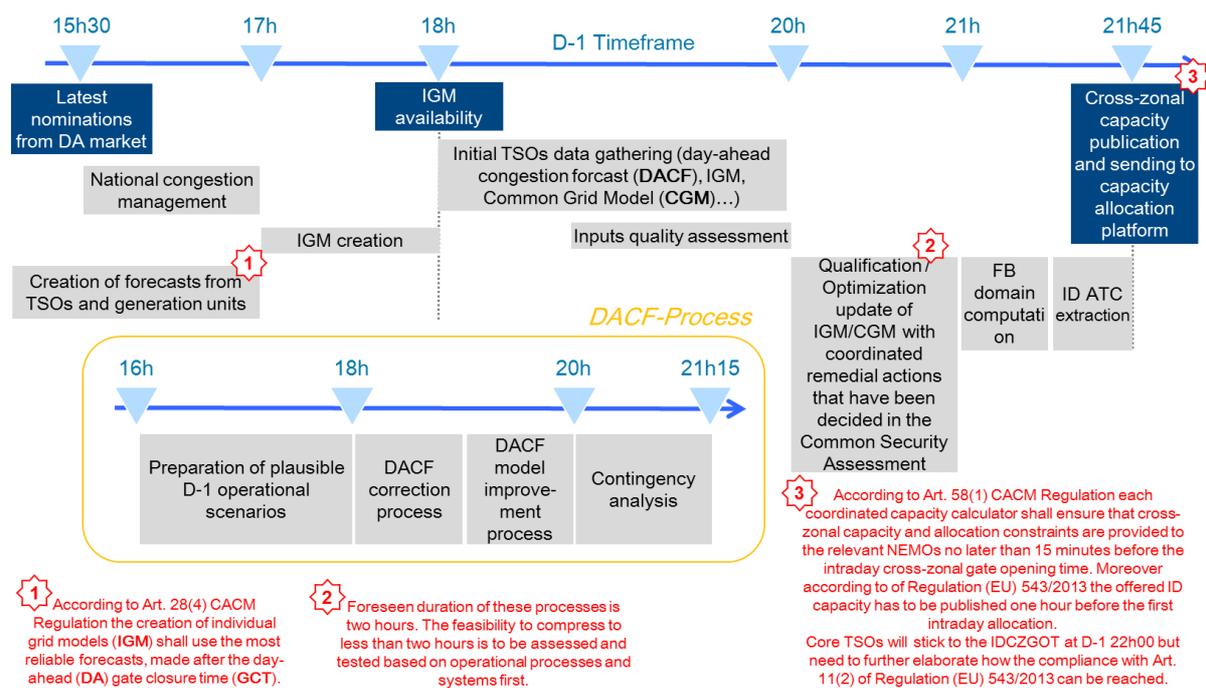
Subject: Consultation on the cross-zonal intraday gate opening and gate closure times

Dear Mr Pototschnig,

Core TSOs hereby refer to ACERs' public consultation 'on the cross-zonal gate opening and gate closure times for intraday coupling' (PC_2018_E_01) and want to share with you our deep concerns on the intention of European NRAs and ACER to implement a harmonised intraday cross-zonal gate opening time (IDCZGOT) across Europe at D-1 15h00.

Core TSOs understand and support the aim of the NRAs and ACER to facilitate as much as possible the implementation of the CACM Regulation, but the sole focus on market facilitation may expose the meshed electricity grids of continental Europe's TSOs to serious system security risks. When implementing measures to improve European electricity markets, it should not be forgotten that the aim must always be to supply European citizens with electric power efficiently, sustainably and securely. As Core TSOs are responsible to secure the steady supply of around 280 million European citizens in their respective control areas and of course beyond, in one of the most meshed electricity grids in the world, under the current circumstances, they strictly object to have an IDCZGOT before D-1 22h00. Having a look at the all TSOs' IDCZGT proposal, this stands not only for Core TSOs, but for almost all TSOs of continental Europe. Our position is underlined by the following reasons:

First, due to the explicit target model for the Core CCR TSOs to implement flow-based capacity calculation for the day-ahead and intraday timeframes, the foreseen coordinated intraday capacity calculation process shall to be taken into account. This process has to be finished before any capacity can be offered to the intraday market. The reasoning originates from the strong interdependencies of the power flows in the highly meshed transmission grid in CCR Core. In order to respect these interdependencies and keep the system in a secure state at all times, the Core TSOs perform several coordinated system security process steps that strongly interact with each other. The intraday capacity calculation is one of these steps. To achieve plausible results, it is necessary to work with a common basis (i.e. the common grid model (CGM) with fixed market results as it is required for an efficient Coordinated Security Analysis). The CGM includes all the scheduled exchanges from the DA market and the planned necessary costly and non-costly remedial actions. The process chain and timings of these processes followed by TSOs are presented in a simplified manner below:



The same timing restrictions can already be monitored for today's ID capacity calculation processes within the Core CCR and will become even more challenging with all methodologies and tools to be further developed in addition under the framework of the GL CACM, GL SO, GL EB and Transparency Regulations.

For instance, in the former CEE region TSOs' ID CC process begins at D-1 16h00 with the preparation of plausible D-1 operational scenarios in accordance with the methodology based on Art. 70 GL SO GL for building day-ahead and intraday common grid models. This usually lasts until D-1 18h00 when DACF (day ahead congestion forecast) process starts, directly followed by the DACF correction processes which last until D-1 19h00. Starting at D-1 19h00 until 20h00 the DACF model improvement process follows which should include the already decided remedial Actions used to secure the grid. Further on, a contingency analysis begins at D-1 20h00 and regularly ends at D-1 21h15 (but sometimes much later) that has to be in line with the transparency regulations' offered capacity publication requirement as well, which is more than challenging. The goal of these processes is to coordinate and align on the implementation of necessary remedial actions in order to solve grid congestions detected based on day ahead market results. If TSOs will be forced to set IDCZGOT before D-1 22h00, it will increase the level of uncertainty about the generation and load patterns. Considering network security reasons and firmness obligations based on CACM Art. 71, TSOs would have to be more conservative on the capacity calculation, which in the end is also not in the interest of the market itself.

In that sense, forcing the Core TSOs to run ID capacity calculation to use outdated (or in case of market decoupling situation potentially non-existent) market information (in fact at this stage only the D-2 models could be used), what would be the case with the first trade after an IDCZGOT at D-1 15h00 (cf. Art. 71 CACM)), could be questionable in terms of CACM compliance. Article 28(4) CACM requires TSOs to calculate ID capacities on the basis of the latest information. ID capacities are calculated reflecting the DA MC results. Opening up a cross-border ID market before the coordinated intraday capacity calculation has been completed, might lead to changes of the net positions of the bidding zones within CCR Core during the calculation process. Hence if allocation takes place during ID capacity calculation, ID capacities are not calculated anymore in an optimal way since uncertainty regarding the already conducted trades has to be taken into account and will imply some less

secured Coordinated Security Analysis. This uncertainty cannot be reasonably estimated. Such approach would undermine the European D-1 CGM / grid security process and render the intraday capacity calculation process useless combined with capacity reduction effects to be expected.

Further, the provision of left-over capacity would imply that capacity is made available in a market direction which is not interesting for the market (in any case of congestion). The aim of the ID calculation is to secure the grid operation at the DA MC point and to extend the capacities around this point as much as possible. This implies that there will be a trade-off between capacity around the MC clearing point and capacity in the direction against the DA market by selecting the most optimal Remedial Actions for each objective. Furthermore, the potential application of LTA inclusion and a minimum RAM would imply that capacities for the DA market are provided beyond the technical capabilities of the grid (both in the likely and non-likely market direction), as a result the ID CC should start by securing the DA market point. This action could require additional remedial actions (costly and non-costly) which would impact the 'left-over' capacity even further. In this context it has to be noted that internal ID trading would not change the net positions of a bidding zone and hence not impact the optimization of ID capacities around the DA MC point. In contrast, cross-zonal ID trading would impact the net positions of the respective bidding zones and compromise the ID capacity calculation if run in parallel with cross-zonal capacity allocation.

That all this is not an easy task to manage can be seen as well, when recapitulating the argumentation of obviously less risk-averse TSOs advocating for an IDCZGOT at D-1 15h00. It will be realised that they admit they believe, but do not to know exactly, whether they can hold to meet these timings once the capacity calculation and transparency target models are implemented even for their less meshed and complex grids compared to the Core CCR or even continental Europe.

Finally, setting the IDCZGOT at D-1 15h00 would mean that ID trading would start before day-ahead matching processes in the Core CCR will not be finished (D-1 day-ahead matching processes is set to 15h30 or, in case of incidents, even later. This holds as well for some Core TSOs (e.g. Croatia, Romania or Hungary) that have borders with non-EU Member States (e.g. Bosnia-Herzegovina, Serbia) which have explicit DA&ID allocations and DA cross-border schedules matching from D-1 14h30 till 15h30. So basically there will not be even a theoretical possibility for Core TSOs to open the intraday market in a harmonised way at D-1 15h00 while the matching cycle for DA cross-border exchanges is still ongoing.

We hope to have shown the basis for Core TSOs' and obviously all other continental Europe's TSOs' concerns towards an IDCZGOT before D-1 22h00, and especially at D-1 15h00, and remain open for further discussion on this sensitive topic.

Besides our strong objection of the proposed IDCZGOT, Core TSOs support the Intraday Cross-Zonal Gate Closure Time to be set to 60 minutes before the start of the respective intraday market time unit as reasonable and stress further that this time is the minimum that is needed to run all necessary subsequent processes, e. g. like balancing.

Yours sincerely,