
CWE – 3rd study of zones meeting

15 June 2012 from 10:30 – 16:00

CREG premises, Rue de l'Industrie 26-38, 1040 Brussels

DRAFT MINUTES

Participants		
Yves	Langer	Belpex
Benoît	Serrier	RTE
Victor	Saenz de Miera	Elia
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René	Beune	TenneT
Pieter	Schavemaker	Eurogroup Consulting
Robert	Wand	TenneT GmbH
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Patrick	Luickx	CREG
Alain	Marien	CREG
Zeljka	Koessldorfer	E-Control

1 Introduction and tour-de-table

2 Update by CREG

CREG sent a letter to BNetzA, informing them of the importance of the study of zones, referring to:

- Article 1.7 of the Congestion Management Guidelines (Annex 1 to (EC) Regulation 714/2009)
- The 2007 CWE Action Plan and its Orientation Study
- The CWE Memorandum of Understanding, signed in June 2007, where the Orientation Study of the regulator's Action Plan is explicitly mentioned.
- Capacity Allocation and Congestion Management Framework Guidelines (CACM FG)
- The cross-regional roadmap on capacity calculation

The content of the letter will be sent around (NRA action)

3 Presentation by CWE Price Zone Study (PZS) Task Force

3.1 Summary of the report on the initiation phase

A presentation is made by the PZS task force convenor..

It is up to the NRAs to decide whether or not to publish the initiation phase report ([NRA action](#))

The setup of the initiation report and main conclusions are presented.

The PZS task force started the initiation report from a common understanding on the bidding zone delineation issue comprising the following elements:

- The delineation of bidding zones is one method of congestion management among other measures
- There are different systems of zone delineations in Europe and the world
- European regulation foresees that when assessing bidding zones, TSO should take account of overall market efficiency and shall base the analysis on costs of redispatch/countertrade as well as structural congestion
- The flows in an AC power system fan out in accordance to Kirchoff's laws, as such loop flows are inevitable as they follow the law of physics
- Loop flows can have both a restraining as well as a relieving effect on the grid

The reasons to apply a market split, and to make additional exchanges subject to an allocation mechanism, the PZS task force has identified so far are in order to:

- (1) manage inner-country congestions, by applying the split at the place of the congestion;
- (2) manage congestions that are expected in the future, due to shortage of energy stock;
- (3) manage a congestion in a bidding area caused by loop flows, by applying a market split in a neighbouring bidding area at the path of the exchange.

Application of the third function of market split requires extensive assessment and potentially also coordination over the whole congestion management chain beyond the scope of CWE alone.

The difference between loop flows (underlying commercial exchanges not part of allocation process) and transit flows (underlying commercial exchange following allocation process) is explained.

The PZS task force underlines that this initiation report is not exhaustive. Indeed, there are many ways to deal with congestions. The main objective of this initiation phase was to gather materials, studies, and experiences, such in order to establish a proper basis for the qualitative analysis.

3.2 Overview of the elements prepared for the qualitative analysis

The way to tackle the qualitative report as defined by the PZS task force is presented.

In order to find relevant congestions, all CWE TSOs and adjacent zones data are needed. Moreover, a common understanding of relevant congestion indicators/keys in the CWE region and beyond is considered important. Drafting a list of possible countermeasures can be done regardless of the TSOs participating. This could speed up the process, but could also affect acceptance if the study should be extended beyond the scope of CWE. Thus, going fully forward with the remaining TF does not make much sense on the long run.

The study so far has been useful in the way that it provided better common understanding of the issue.

4 Discussion on way forward

CEE TSOs' high-level meeting (HLM) (May 24, 2012) asked the Facilitating Party to contact the CWE TSO Steering Committee with the invitation to perform a common CEE-CWE early trial implementation study of the draft NC CACM provisions on bidding zones as stated by the ENTSO-E Markets Committee. Moreover, the HLM asked the Central Allocation Office to work on a concrete proposal on how to perform the study, possibly together with CWE.. Apart from this, the EC is also preparing a study on loop flows that will cover a wider continental Europe.

The situation where different parties follow different paths should be avoided.

There is an opportunity to begin right away with full CWE-CEE involvement. Other countries such as Switzerland and Italy might have to be included.

In the CEE region, a Joint Declaration among CEE NRAs and ACER was signed on 26 March, where CEE TSOs and Power Exchanges got the task to develop the CEE Target Model Implementation Roadmap (should be ready in June-July). At some point coordination with CWE will be necessary. The implementation of the target model has a very high priority in the CEE region. In parallel to CEE Target Model implementation, European Commission (DG ENER) with the assistance from ACER will initiate a wider continental-Europe study on the efficient management of unscheduled flows and price zones considerations. Referring to this and CEE-CWE TSOs study, E-Control remarked that, for the sake of efficiency, wider studies on the unscheduled and loop flows / price zones shall be coordinated and, where possible, it should be avoided to initiate several studies on the same topics in parallel. TenneT GmbH shared E-Control's view to streamline parallel studies in a common, cross-regional study that should cover continental Europe.

The CWE PZS initiation report and planning for the next phase that has already been done can be shared with the other parties and could serve as a starting point for a further cross-regional/continental European study on price zone delimitation.

A workshop could be organised to bring all interested parties around the table and look for a common project. Which members are to be invited to such a workshop needs to be clearly defined.

There is an opportunity to streamline all the different topics and initiatives related to capacity calculation, zone delimitation and loop flows (coming from NRAs, ACER, TSOs or EC). A common approach might take some time to start but can help streamlining.

According to present TSOs, ENTSOE has asked CEE TSOs for a proposal for a study. ENTSOE will discuss the proposal of CEE TSOs and the way forward on 28/06/2012.

TSOs will keep us informed on new developments on TSO-TSO discussions for loop flow discussions or zone delimitation issues.

One of the issues that need to be kept in mind in future work is that the quality of data needs to be ensured.

5 Alternative measures to zone delimitation

During the Florence Forum (22-23 May 2012), coordinated crossborder redispatching and minimum capacities were brought up by some parties during the discussions as alternatives to zone splitting.

Is there a good solution for sharing the cost of redispatching?

The congestion needs to be perceived as a shared problem before a shared solution such as cross-border redispatching can be applied and the costs can be shared.

If the problem is not shared, a TSO experiencing congestions due to loop flows, will not have access to solutions that require a common approach and sharing of costs.

ENTSOE stated at the Florence Forum that cost sharing for coordinated redispatching is really difficult to define.

6 Actions

NRAs will coordinate on which steps to follow:

- status of the initiation report and its publication or sharing
- discussion and decision on proceeding of the work with a limited scope of the qualitative analysis
- contacting BNetzA
- contacting CEE NRAs on their opinions and possible ways to jointly study the issue

The CWE TF could work on the following limited scope for the qualitative phase, if requested to do so by the NRAs.

- Define congestions management measures and discuss their effects
- Define evaluation criteria for these congestions management measures