

21st meeting of the ACER Stakeholders Advisory Group

Wednesday 9 July 2014 from 10:30 to 17:00

CEER, Cours Saint-Michel 30a, 1040 Brussels

MINUTES (v2)

Participants			
Christophe	GENCE-CREUX	ACER	Chair
Marie	MONTIGNY	ACER	
Domitille	BONNEFOI	ACER	
Zeljka	KOESSLDORFER	ACER	
Johan	ROUPE	ACER	
Salvatore	LANZA	ACER	
Clemence	MARCELIS	ACER	
Matthias	RUETZEL	ACER	
Mercedes	CANSECO	ACER	
Timo	PARTANEN	ACER	
Mathieu	FRANSEN	ACER	
Sonia	SALY	EFET	
Nicolas	BARBANNAUD	EFET	
Cornelia	KAWANN	EICom	
Jean	VERSEILLE	ENTSO-E	
Maria Luisa	LLORENS	ENTSO-E	
Gert	SCHWARZBACH	ENTSO-E	
Corne	MEEUWIS	ENTSO-E	
David	MYSKA	ENTSO-E	
Peter	CAMPBELL	ENTSO-E	
Marta	MENDOZA	ENTSO-E	
Ruud	OTTER	EURELECTRIC	
Marcel	CAILLIAU	EURELECTRIC	
Gunnar	LORENZ	EURELECTRIC	
Andrew	CLAXTON	Europex	
Jose	GONZALEZ	Europex	
David	ASSAAD	Europex	

Participants			
Hans	RANDEN	Europex	
Peter	CLAES	IFIEC	
Matti	SUPPONEN	European Commission	
Lauren	MURPHY	CEER Secretariat	

1 Opening

1.1 Approval of the agenda

The agenda of the 21st AESAG meeting was approved. [D-090714-01](#)

1.2 Approval of the minutes

The minutes of the 20th AESAG meeting were approved. [D-090714-02](#)

1.3 Update on recent developments

The Chair reported on developments since the last AESAG meeting, most notably the successful extension of the NWE DA coupling project to the SWE region.

The group was informed that there was an intention to hold a short consultation on the continuation and scope of the AESAG beyond 2014; however, given the recent developments concerning the CACM NC / Guidelines, it is not yet clear how the Stakeholder Committee as provisioned for in the CACM will supersede the AESAG or require its' coordinative role. In this regard, the European Commission (EC) updated on CACM; Mr Supponen noted his hopes that the draft will be submitted to comitology committee in September, reminded participants that the EC legal service considered the code foresaw too many subsequent regulatory approvals and therefore should be submitted as a guideline. He commented that the order of the text has been revised and so the previous Article numbers are not necessarily still in place but the overall document should be more consistent and coherent. He informed that the legal service considered the inclusion of "committees" in the text implies a formal body under the EC and they are not keen to give scope for this in the guideline; the EC are trying to find a better wording to suit the intended functioning of the provisioned committees in the text.

Members questioned what the implications are for upcoming codes (e.g. FCA and EB). Mr Supponen explained that the EC considers that some codes (indeed FCA and EB) look at present like they would be considered as guidelines, rather than codes.

Mr Claxton questioned whether the governance structures provisioned for in the text will change and if there would be consultation with the interested parties concerning changes to decision-making; Mr Supponen informed that the general structure and process for governance and decision-making would generally remain the same, albeit if the committee provisions change.

Mr Roupe noted that the Regulation states that should the EC not adopt a code recommended by ACER then a formal response should be issued; Mr Supponen explained this is an issue to be

discussed with the lawyers.

It was also explained that the same process for amendments of codes will be applied to the guidelines. Mr Claxton questioned the detail and how the amendment process will involve stakeholders; Mr Supponen noted that the overall requirement throughout the text is to engage with stakeholders in the majority of provisions processes and the same principle would apply for amendment procedures.

2 Cross-regional roadmap for day-ahead coupling

Update on Multi-Regional Coupling (MRC) project:

Mr Meeuwis informed that following the extension from NWE to SWE, the project groups decided to change the overall name to Multi-Regional Coupling (MRC) project.

The ENTOS-E Transparency Platform will eventually provide a forum for sharing project information / coupling results; Mr Meeuwis noted that the project attempted to establish an interim solution (the Platform will not be available until early 2015), however the final decision was to keep the existing approach for publishing the results on the current relevant websites. He noted that the time and resources implied for providing an interim solution would take as much time as it would to wait for the enduring solution. The relevant websites were provided in the presentation given by Mr Meeuwis, he also noted that the local project websites will also provide the coupling results.

The Chair asked for clarification whether the data / indicators requested by market parties were already covered by the Transparency Regulation. Mr Meeuwis noted that the Transparency guidelines had provisioned for this platform and sharing of information, and while as much information will be shared as possible, the data requested by stakeholders (e.g. losses and prices) may technically not be feasible. Nevertheless, he considered that the platform will not be static and should allow for changes where other data are required (if feasible).

Mr Claes noted that the current information available on the europeanpricecoupling.eu site for CWE would be welcomed from all regions; if there is more additional information required then that is for discussion but the data already planned for is what many market stakeholders want and need. Both EURELECTRIC and EFET echoed these comments; comply with the guidelines and re-consider at a later stage where further data may be needed.

Mr Meeuwis presented a report on the running of the project since go-live.

In general, the operational organisation is working well; there have been few incidents – it was clarified that these situations would only be reported to the concerned regulators where there are serious implications for the market and not the smaller more easily reparable issues which arise. Mr Reutzel noted that regulators are involved and received reports of incidents; where these incidents bring about changes to the market then the relevant regulators will have to approve certain measures. Mr Claxton clarified that principally the MRC is running with the PCR algorithm and all parties have full communication tools available under that process in order to react quickly (both between PXs and TSOs) to resolve any potential issues; he gave a report on the incidents which have occurred since the go-live. He also informed that there is research underway concerning performance of the Euphemia algorithm and possible changes in the CWE region to reduce the risk of results being cancelled once published.

PCR project:

Mr Claxton provided an update on the PCR project including an overview of the procedures and reported on the results of these processes / algorithm runs.

He also reported on the governance discussions on-going between PCR parties; there are some amendments to the cooperation and co-ownership agreements required to refine the text according to the real functioning and situation of the project, including the participation of serviced PXs.

Mr Supponen questioned whether the project is moving towards the current CACM provisions on cost-sharing arrangements, or will there be changes needed once the guideline is adopted? Mr Claxton noted that since the revisions of the CACM text, the project parties have not continued to analyse the PCR arrangements compared to the provisions, having preferred to wait for a more robust version of the draft CACM (particularly regarding the functioning of NEMOs, MCOs and so on); nevertheless, he raised concerns that the changing guideline could potentially diverge from what has been implemented for PCR/MRC. The Chair invited the EC to make a final reality-check of the CACM Guideline to make sure that it will facilitate – rather than hinder – the ongoing developments.

Mr Claxton noted that the Euphemia algorithm is placed under greater computational stress than predicted due to changing / new data (e.g. more block orders) being inputted compared to test scenarios ran prior the go-live; new functionalities are also being tested. The project parties are working with the provider to deliver a revised run of the algorithm to try to refine these technical matters. There was some discussion on the issue of paradoxically rejected block orders more specifically and whether this is a consequence of the order book, rather than the algorithm itself or shortage of processing time. There were some concerns raised as to the seeming constraints of the algorithm to meet the potential market requirements (i.e. order types, specific matching rules and geographic scope).

EURELECTRIC mentioned that in some markets indeed more PRB are observed and this leads to not very well understood rejections of power plant biddings in the market, which are actually curtailments of these power plants due to “algorithm iteration topics”.

PCR parties did not agree with the statement and indicated that PRBs will always exist, under any situation or algorithm, since they are a logic consequence of some of the bidding possibilities used by participants.

EFET noted that taking a few additional minutes is not the problem and will not even be noticed (discussions on fall back situations were referring to several hours...), but that limiting the market is not the way forward: the coupling solution should adapt to market evolutions, increase its computer power if needed, work on reducing inefficient delays / interfaces, etc... this will also increase robustness, decrease operational risks and improve the ability to cope with difficult situations and fall back scenarios.

MRC extension projects:

4MMC – there will be an update provided at the next meeting.

Italian borders – there will be a dedicated forum for discussion on the Italian borders situation in Rome on 16 July. Mr Lanza informed the AESAG that the previous problems concerning settlement dates (m+2 to d+2) have been resolved and a proposal to the Ministry is being finalised along the lines of the approach for the coupling of the Italian-Slovenian border. Mr Barbannaud asked for clarification on the change of gate closure times and the go-live date for the extension of market coupling to Italy; he urged for the project parties to announce the gate closure time change only when the final Go-live date of market coupling is confirmed and to ensure that this change is simultaneous or as close as possible to the Go-Live date in order to allow for a smooth transition without inefficiency at the border.

The relevant NRAs expressed their readiness to couple on the Italian borders when the necessary agreements are in place; nevertheless, Mr Verseille noted there remain some technical aspects which need to be solved on the Italian side and reminded that the expected go-live date for this project might conflict with the expected go-live date for the CWE FBMC project. Mr. Lanza updated that, based on the information provided very recently by the Italian TSO, Terna, to the Italian Authority, no technical obstacle from the Italian side is envisaged to launch the coupling by December 2014.

Swiss borders – Mr Verseille presented an update on recent developments on the Swiss borders and preparation for coupling, giving an overview of the milestones (both achieved and upcoming).

Ms Montigny noted that the Swiss border is in the same situation as for the Italian borders whereby technically market coupling is fully ready to go-live by the end of the year, but the political agreements are not in place and it is difficult to estimate when this will be achieved. There is no guarantee that the Swiss will join the coupling formally and therefore the Swiss borders were not included in the current consultation on harmonised auction rules. The EC noted that the discussion with Switzerland on the energy market is being included under the umbrella of the institutional negotiations. Ms Kawann confirmed that technical compatibility is nearly ready but it is now left to political level decisions; however, for the project it would have been a positive sign to integrate these possible adaptations in the auction rules.

There were concerns raised that integration of Switzerland into the coupling may have implications for the whole region and participants urged that adequate testing be conducted soon in order to avoid complicated delays and technical repercussions. Mr Assaad answered that the Swiss borders parties have already planned adequate testing phases, in coordination with the Italian borders project.

It was questioned whether there was a solution for long-term contracts; Mr Verseille informed that there was a solution proposed and an approach for implementation is under discussion in order to make the long-term contracts ready at the same time as coupling.

It was agreed to add an update on this for the September AESAG meeting.

3 Cross-regional roadmap for flow-based allocation

Update on CWE region

Mr Verseille reported on the project status and continued timeline, noting that there was a recent public consultation on the regulatory Approval Package. He also presented recent results from the parallel runs, noting that there was a situation where 13 days saw negative welfare.

Comments were made regarding transparency over the project and some participants noted that at the forum, there were legal matters over transparency and they called for clarity; Mr Verseille informed that these issues are being investigated, namely on publication of information on critical infrastructures. Mr Barbannaud commented that clear liabilities need to be established when dealing with errors. Also, most of the concerns listed in slide 4 are not just additional concerns for comfort, they are must-haves / minimum requirements for the go-live (especially for additional Transparency requirements compared to what the project considers as “in line with MP’s requests” in slide 2).

Next steps for the project include continuing discussion with the NRAs following the public consultation to identify key issues to be tackled before go-live, and to provide an analysis / feedback of the consultation. A Stakeholder Committee was requested by market parties and the project parties will consider how to approach this. There will also be a report provided on the next parallel run.

Mr Claes commented on the slides presenting results; he noted that the price convergence data is disappointing and does not represent market integration as was hoped for, albeit a good step in the right direction.

Mr Reutzel gave a first feedback from the NRA public consultation. 16 responses were received in total and the feedback is being analysed with a view to providing formal response in August. He noted that the legal question raised by Mr Otter before will form a formal request from NRAs so that TSOs are mandated to provide a response.

The Chair questioned the need for a stakeholder committee as requested by market parties, in addition to the existing user group. EFET mentioned that market participants have not seen the promised transparency yet and that more dialogue is needed before and after go-live (also to deal with changes, errors, adaptation needs etc...): EFET did not see an appropriate level of interface between TSOs and market participants in FB yet. Also FB is more difficult to monitor and errors are more difficult to detect than in ATC mode: this will need some specific control processes so that TSOs are able to detect and correct errors before publication: it will not be possible to change prices once published. EFET stressed the need for a firm stakeholder committee to allow for the finalisation of discussions before go-live and follow up of this complex project and discussions on operations and changes after go-live. It was considered that this committee would have a more permanent advisory role and that different people would be needed compared to other Stakeholder Committees such as CEE FB or Intraday. Again, it was noted that once there is a clearer idea of the text in CACM, the discussion on stakeholder committees and overarching coordination should come back to the table.

There will be an update of the CWE FBMC project for the next AESAG meeting.

Update on CEE region

Mr Schwarzbach presented an update on the NWE-CEE FB MC project; an MoU was signed in February by TSOs, PXs, NRAs of the region and ACER, for the implementation of DA FB coupling in CEE that would be compatible with the CWE FBMC and the MRC coupling projects. He provided a preliminary timeline for the project which is expected to take 27 months (after signature of the MoU); a taskforce was established to revise the preliminary roadmap / timeline. There will be an external company employed as a Project Management Office and a Request for Proposals is being prepared.

It was clarified that the FB method will try to address the loop flows by limiting the flows between Germany and Austria (using a similar approach as the one (i.e. virtual phase shifter) implemented on the German-Polish border).

EFET commented that Transparency and consultation will also be needed on the proposed methodology. ACER (E-Control) confirmed that market participants will be consulted in due time on this project.

Mr Claxton commented that while this covers potential flows, it doesn't contribute to solving loop flows that already exist in the system and there may be limited significant advantage compared to the ATC approach. The Chair re-asserted that this project is primarily to try mitigate loop flows, rather than to solve / stop occurrences. Mr Schwarzbach referred to grid development measures such as phase shifter installation and new lines.

Ms Saly questioned why there will be a one-step approach for implementation of the FB approach and coupling. Mr Schwarzbach noted that investigation and implementation of a coordinated ATC approach would be comparably difficult for the CEE region. and hence the decision for FB and coupling. The FB approach is based on former developments for the region that failed to be implemented because of the loop flow issue. Hence, the decision for FB and coupling in one single step was foreseen in the MoU. Mr Supponen supported a one-step approach.

4 Balancing

Mr Campbell gave an update on the pilot projects and the established stakeholder group. He noted that the Imbalance Netting (IN) projects are providing more quantifiable results as they are generally more mature / developed. He also informed the AESAG that some existing projects have looked to merge pilots together.

Mr Fransen wished to clarify (for Pilot 5) that the Dutch system does allow for the exportation of balancing but only in certain circumstances.

The next stakeholder group meeting will be held on 11 September; the discussion will focus on mFRR.

Ms Saly asked for information on the exchange between projects; she noted that it seems the pilots are advancing well but how do they coordinate flow of information? Mr Campbell explained that there is not only a stakeholder group for dissemination of information, but also an ENTSO-E coordination group to ensure a high-level of information sharing. He commented that once the EB NC is more concrete, there will be a need to check that the projects continue to fall within the scope of the code, but this was a prerequisite for the selection of projects (based on the daft code at the time of decision).

Ms Llorens announced that the go-live of cross-border balancing in the SWE region was successful and explained the details / features of the new services. Ms Montigny congratulated TSOs on the project and reiterated comments she had made before concerning the option for replacing the previously considered enduring solution with the TERRE project on the basis of a cost-benefit analysis; she stressed that the NRAs are still expecting to see such an analysis.

EURELECTRIC asked whether the TERRE project is in line with the target model (TSO-TSO with a CMO); Ms Llorens explained that TERRE is still in the design phase and highlighted that, as shown in the case of BALIT where cross-border exchanges within SWE are being strongly influenced by the very limited FR-ES transmission capacity, a Common Merit Order is useless unless there is a relevant transmission capacity. EURELECTRIC also noted that, apart from one, all pilot projects are still closed shops of TSOs and regulators without any local involvement of stakeholders.

There were some questions posed as to the relation of the project to the wider roadmaps; was this balancing or did it better fit to the processes for ID, for example. Ms Llorens stressed that the balancing services focus on ensuring the system balance and the security of supply by actions performed by the TSOs after the schedule adjustments through the participation of market parties in the ID market. The interaction with other projects needs to be discussed.

5 Cross-regional roadmap for continuous implicit intraday trade

TSO/PXs update on Intraday (ID)

Mr Verseille updated on recent developments towards delivery of the detailed project planning and material from the platform provider and gave an overview of the project timeline, including development and testing phases.

He informed the AESAG that a dedicated Communications Task Force will be established to ensure transparency and facilitate stakeholder engagement. In this regard, the overall governance structure has been adapted to better organise the different task forces in line with the project specificities and requirements.

With regard to the shipping issue, Mr Verseille noted that the different options have been discussed and 3 potential solutions have been identified; it will be considered whether there is one solution that can be adopted or if interim steps need to be taken until the correct approach can be determined.

He also noted that there could be a risk at the local implementation level in terms of a lack of adequate planning and coordination which may lead to delayed go-live dates.

Mr Partanen questioned what would be tested on during the summer if the development phase of the software is only considered after the summer (September)? Mr Claxton noted that the software already exists so technical testing can already be conducted to gain an understanding of the real performance of the system. It is hoped that the testing phase will help refine the software (as the Request for Offers was not as clear on real situational performance – e.g. definition of “peak”, mix of orders, definition of “transaction”, etc.) to meet the requirements / demand. It was explained that the test would provide for one hour, with several types of bid and different peaks in order to cover different parameters / scenarios.

There were concerns raised as to the need for refining the requirements and specificities of the system; some participants were worried that should the system eventually not meet the requirements (as outlined in the letter of comfort from NRAs) then the project would almost be back to the selection phase again. Mr Barbannaud welcomed the presentation and noted the increased level of transparency over the details of the project, but urged that the overall goal focus on benefitting the market. He also highlighted that market participants might be better placed than NRAs to assess the performance of the software.

Mr Barbannaud welcomed the presentation and the possibility for market participants to be involved in these discussions, with the increased level of transparency over the details of the project, but urged Project Parties to focus their discussions and efforts on delivering a platform that really meets the market needs and that will benefit the market. He questioned the need for ultra-high performance (100 transactions per second is probably exceeding the reality of the market: this can easily be checked through transaction reporting analysis) and mentioned that service interruptions for maintenance or other reasons (without fall back) are much more impacting for the market. He also highlighted that market participants might be better placed than NRAs to assess market needs and performance requirements.

Ms Saly questioned if there was a back-up plan established if there will be serious problems in the next step. Mr Verseille explained that there was no formal coherent back-up plan but some interim solutions have been considered for “quick-wins” but not to provide an enduring solution; he reiterated that TSOs and PXs are dedicated to the project.

It was clarified that the performance tests are planned now, but in the project planning (slide 7) the “Test” stage will focus on the technical acceptance and operation of the system overall.

The Chair requested that potential quick-wins be considered at the next AESAG meeting as part of the update.

6 Cross-regional roadmap for a single European platform

Update on harmonisation of long-term auction rules

Mr Myska gave an update on the draft principles and recommendations for harmonised auction rules, giving an overview of the different proposals.

Consultation on the draft rules is foreseen in Spring 2015, with a stakeholder advisory group to be established next year also.

Mr Assaad asked for clarification over the scope of application of these rules; the rules should apply to all borders in the future regardless of the presence of a single allocation office, or not. It is expected that the detail (e.g. nomination deadlines) may be harmonised if required but the focus at this stage is on the overarching allocation rules.

Mr Barbannaud stressed that the some slides seem to miss past discussion and decisions which he considers essential to keep in the overall planning to take into account the work already done. He noted that EFET sent a letter to ACER regarding the early implementation of the FCA NC firmness provisions (circulated to participants); ACER will issue a response to this letter as soon as possible. Several members commented that that positions have been made clear in the past and there is now full reflection of this in the current proposed recommendations.

Mr Claxton commented that under the proposed curtailment rules, there seems to be some potential discrimination / difference of treatment between nominated rights vs rights being used as a financial hedge; he raised concerns that that this would have an impact on the decision to nominate capacity and hence have an impact on the price coupling.

Ms Montigny stressed the need to use FCA NC as a basis for moving forward on these issues.

The Chair requested an update at the next AESAG meeting on the CASC-CAO project and single allocation platform progress.

7 Loop flows, redispatching and bidding zones

Update on bidding zones review

Ms Mendoza informed the AESAG that a kick-off meeting of the stakeholder group was held in June where the possible scenarios for the review were discussed. The final report is hoped to be ready by Q3 2015; there will be two public workshops in the meantime and the stakeholder group will continue to facilitate engagement. The Chair stressed the need for more consultation with stakeholders on the scenarios before the study is launched.

Ms Mendoza stressed that the study seeks to add to early implementation of CACM.

8 Any other business

There was no other business.

9 Next meetings

The next meeting will be held on 2 September 2014.

Summary of decisions

Decision	Description
D-090714-01	The draft agenda of the 21 st AESAG meeting was approved.
D-090714-02	Minutes of the 20 th AESAG meeting were approved.