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Eurelectric's survey paper on TSOs' transparency on cross-zonal exchange capacities

MESC meeting 11/03/2020

(https://cdn.eurelectric.org/media/4226/eurelectric_transparency_of_system_operators_on_cross-border_exchange_capacities-2020-030-0137-01-e-h-B8DF125E.pdf)



^{*} The complete document is under Eurelectric's publication section

Transparency on cross-zonal exchange capacities is key for efficiency

- Eurelectric's survey paper addresses the market needs to increase efficiency in:
 - ➤ Price forecasting (by market participants or 3rd parties), which in return, allows market participants to improve :
 - Price reflective supply contracts
 - Operations : price forecasts are a key input in:
 - > the calculation of opportunity costs for energy and reserve pricing, and
 - ➤ the scheduling of maintenance
 - Investments:
 - > Price forecasts are a strong driver for investment decisions (new build, decommissioning or activity continuation)
- > Cross-zonal exchange capacities can vary over time with an order of magnitude of 1 GW. The level of cross-zonal capacities thus has a significant impact on wholesale prices!
- > Transparency is a legal obligation, but the paper does not address compliance issues. It focuses on best practices, and gives clear and pragmatic recommendations.
- > Eurelectric believes however that:
 - > Transparency by TSOs has little cost (both the information and the platforms are available today);
 - National regulators should endeavour to have their respective TSOs align on the most advanced practices.



European TSOs have different approaches of transparency

- For 6 dimensions of transparency, the survey highlighted a diversity of practices by the EU TSOs:
 - > Net transfer capacities (or net FB domain) at 8.00 DA
 - Most borders are already positively addressed (apart of CORE NTC borders)
 - Advanced practices include details of the capacity calculation process at CNE level
 - > ID evolutions of net transfer capacities (or net FB domain)
 - Not applied on every borders. Already some positive approaches of transparency (e.g. CWE, SWE)
 - > Provisional volumes of countertrading
 - Ex-post transparency as of today. Improvements are needed (even more with the 70% rule)
 - Provisional volumes of re-dispatching
 - Some positive approaches with ex-ante publication (e.g. GB, Germany)
 - But many TSOs have ex-post publication only
 - Provisional non-costly remedial actions
 - ➤ No EU TSO publishes the provisional settings for PST or HVDC links
 - > Net transfer capacities ahead of the DA time frame (up to 3 years before delivery)
 - Some good practices, in particular where NTC are very stable
 - A promising initiative (to generalize) : the SPAIC approach in CWE
 - ➤ A need for more details/explanations on the forecasts
 - Need for a systematic approach



Key recommendations

Key recommendation 1

- > Disclose all details related to DA and ID capacity calculation, and RD&CT:
 - For every CNEC and MTU: forecasted flow, Fmax, PTDF)
 - For every non-costly remedial action (incl. PST or HVDC): provisional setting
 - For every BZ and MTU: margin w.r.t. allocation constraints, GSK. Provisional volumes of redispatching & countertrading

Key recommendation 2

- > Publish forecasted NTC (or FB domain) ahead of the DA time frame, for a limited set of situations:
 - ➤ In a systematic way, with different time frames: D-7, M-1, M-3, M-12
 - and in case of significant change in context (SPAIC approach)

Key recommendation 3

- Advance towards input-based transparency approach (e.g. full disclosure of publication of CGMs used for coordinated capacity calculation and other coordinated operation at regional level)
 - Where grid models have been published, this has raised no security or market issues
- An additional role for regional coordination centres?
- Eurelectric warmly encourages/supports the most advanced TSOs in this matter and highlights that the CACM or SOGL could be updated in this regard.

Thank you for your attention!





