

25th Market European Stakeholder Committee (MESC)

Thursday, 29 September 2021, 10:30-16:00
Online Meeting

Draft Minutes

Participating Members		
Christophe	Gence-Creux	ACER/Chair
Rickard	Nilsson	Europex
Valerie	Reif	Florence School of Regulation
Mathilde	Lallemand	EC
Mathilde	Carbannelle	EC
Elaine	O'Connell	EC
Yannick	Phulpin	Eurelectric
Helene	Robaye	Eurelectric
Abi	Afthab Olikathodi	Eurelectric
Edmund	Beavor	Europex
Michaël	Van Bossuyt	IFIEC
Jérôme	Le Page	EFET
Sonia	Saly	EFET
Johannes	Schulz	EFET
Lorenzo	Biglia	EFET
NRAs/ NEMOs/ TSOs/ ACER/ ENTSO-E representatives		
Maarten	Klijn	ACM
Julio	Quintela Casal	CRE
Zeljka	Kössldorfer	E-control
Sven	Kaiser	E-control
Lisa	Dallinger	BNetzA
Barbara	Zwinka	BNetzA
Rafael	Gómez-Elvira	All NEMO Committee Chairman
Miha	Pregl	All NEMOs Committee
Jean	Verseille	SIDC SC Chair
Marco	Pasquadibisceglie	ARERA
Tore	Granli	SDAC SC
Javier	Barrantes Egaña	Core TSOs
Kilian	Kröger	Core TSOs
Andre	Estermann	Core TSOs
Jori	Jori Sääntti	Energy Authority
Mathieu	Fransen	ACER
Athina	Tellidou	ACER
Martin	Viehhauser	ACER
Rafael	Muruais	ACER
Zoran	Vujasinovic	ACER
Heni	Radanovic	ACER
Zoltan	Gyulay	ENTSO-E
Volha	Veramyeva	ENTSO-E
Christophe	Cesson	ENTSO-E

Participating Members		
Marta	Mendoza	ENTSO-E
Kjell	Arne Barmsnes	ENTSO-E/ Core TSOs (MC Chair)

1 Opening

1.1. Welcoming address + Approval of minutes + Draft Agenda (Christophe Gence-Creux, ACER)

The Chair welcomes the participants. All approve the [agenda](#) and the [minutes](#) of the last meeting.

1.2 Update on recent developments (recent decisions, appeals, etc.)

The Chair updates on recent developments:

- ACER decisions have been taken and they will be discussed later during the meeting;
- Following the ACER Board of Appeal's decision to dismiss the appeal against the Methodology for Coordinated Redispatching and Countertrading for the Core Capacity Calculation Region, the appellants have brought the case to the EU court of justice. It may take several months/years before the ruling;
- The 3rd wave go-live has successfully integrated Italy into the Single Intraday Coupling (SIDC) since 21st September;
- High gas prices and subsequently rising electricity prices in Europe have triggered several mitigation measures in some MSs as well as initiatives from several governments or ministers which may seriously impact the future of the Internal Energy Market (IEM). The Chair informs that the ACER director has been invited to give a presentation on this topic at the Eurogroup in Luxembourg.

Given the importance of the last point, the Chair proposes to have a discussion on this issue.

Eurelectric informs the participants that some generators sent a letter to the Spanish government following the measures to cap prices. NEMO (Rafael Gomez Elvira) reminds the long history about the IEM and the MSs' approval through the Clean Energy Package (CEP). It seems at odds to complain about it only when it generates high prices. ENTSO-E (Zoltan Gyulay) highlights that the situation would have been worse without market coupling in EU, which is at the core of the IEM and wonders if it would be within MESC mandates to commonly say so. EFET (Jerome Le Page) mentions the lack of rationality in these last minutes measures and wonders whether they are allowed by the EU treaties. EC (Mathilde Lallemand) indicates that the EC is monitoring the current developments, recognize the benefits brought by the IEM and mentions that the EC is working on a toolbox (i.e., a set of measures) that may help to handle the current situation. The EC should communicate about it very soon. Eurelectric (Yannick Phulpin) agrees that any new measure should not distort the market and asks if the main issue could be linked to long-term markets: these high prices have come as a surprise because long-term markets did not anticipate them. This situation did not allow consumers to be prepared for it. Prices go up and down without much notice, so it does not give incentives to consumers. There is a need to work on long-term timeframes. IFIEC (Michael Van Bossuyt) indicates that IFIEC has published a press release related to the observed high prices. The Chair says that a MESC statement may be unusual, but the benefits of the IEM may justify it. He asks for a draft to be circulated for comments asap.

MESC members agree to work on a statement acknowledging the current price developments, the need for measures to mitigate them, whilst preserving all the good work done so far in terms of market integration.

2 CACM

2.1 Update on the aggregated curves and the SDAC status

All NEMOs Committee Chair (Miha Pregl) presents the status of the go-live for the publication of the aggregated curves and additional functionalities. The go live was foreseen back in July, and is now foreseen, if all goes as planned, on 14 October 2021.

EURELECTRIC (Helene Robaye) asks if block orders will be part of this go live, and the All NEMOs Chair confirms that the block orders will be part of it, but the order execution statuses will not. They will be part of the following release.

EFET asks when this second release will happen and if all their request will be included. The All NEMOs Chair answers that there is no date yet for the second release but expects all requests communicated to be part of it.

EURELECTRIC (Yannik Phulphin) thanks All NEMOs Committee for this development longer waited by Market parties. He does not see it as a successful story as it took two years and half to complete it and to improve the efficiency of the process.

The All NEMOs Chair agrees that the process took too long but explained that there are 18 NEMOs in EU with different needs and interests that need to agree on the details. He also sees space for improvement on the collection of requirements.

EFET (Lorenzo Biglia) asks the All NEMOs Chair if any new requirement will be implemented before CORE FB project go live. The All NEMOs Chair confirms that there could not be further implementations before CORE FB and explains that after the CORE FB go-live, there is a period of 6 weeks of role back, no changes are foreseen in this period. Moreover, there are also other requirements and implementations to be considered, as 15 mn project support. The All NEMOs Chair (Miha Pregl) presents an update on the SDAC on behalf of NEMOs and TSOs. He presents the upcoming extensions of SDAC after the successful interim coupling go live. The next one, foreseen in October, is the implementation of the operation of the Bulgarian-Roumanian border. The Croatian-Hungarian border will be the following one expected by February 2022.

Next common testing for Market participants will take place in the beginning of November. Market stakeholders support the organisation of these tests and the All NEMOs Chair confirms that the practice of organising test will continue in the next years.

He finally updates on the incidents faced in the last few weeks, 13 and 16 september. Decoupling had not taken place but problems with the calculations happened. Around 21 minutes were needed for the algorithm to find a solution in the first incident and half an hour on the second one. The report will be available soon.

2.2 Update on CACM 2.0

ACER (Mathieu Fransen) [presents](#) an update on the process and planning for CACM 2.0, recent developments, the ACER recommendation, the impact assessment on MCO governance as well as some other topics (capacity calculation (CC), bidding-zone (BZ) review (BZR) and system operation).

EFET (Jerome Le Page) asks about the fast-track process to split one BZ within one country and how the impacts on neighbour BZ would be assessed. He highlights the need to look at market impacts on top of the network impacts.

ACER (Mathieu Fransen) does not have clear answers for the time being.

TGE (Maciej Olejniczak) asks whether ACER intends to change the Multi Nemos arrangement (MNA) model. ACER (Mathieu Fransen) indicates that the idea is to internalise this model within the design and that there is no intention to remove the option of a monopolistic status.

Europex (Rickard Nilsson) makes several comments: first, he complains about the lack of stakeholders' involvement in the current discussions unlike what happened for the initial version of the CACM. He also mentions that since the EU regulation does not distinguish between timeframes, the 70% rule clearly applies to both day-ahead (DA) and intraday (ID). Regarding the fast-track process, he asks why it should only apply when splitting a BZ and not also when merging BZs.

EC (Mathilde Lallemand) mentions that once the EC receives the ACER recommendation, further stakeholders' involvement may take place.

ACER (Mathieu Fransen) indicates that ACER is looking for further transparency on data to monitor compliance with the 70% rule.

EFET (Sonia Saly) asks what a quicker process means.

ACER (Mathieu Fransen) answers that if a MS identifies a structural congestion, it could change one BZ and this process would allow for a fast change in case needed but this is still under review by ACER and NRAs.

NEMO (Rafael Gomez Elvira) and ENTSO-E (Tore Granli) [presents](#) their general view about the goal of the current CACM amendments, i.e., an evolution rather than a revolution, and a comparison of the options on the MCO governance.

ACER promises a sound impact assessment of the different options so that the best one emerges. All pros and cons of the selected option will be indicated in the recommendation to EC.

Eurelectric (Yannick Phulpin) mentions a lack of transparency in general. Regardless of the options, there are other elements to consider such as the deadlines for implementation. He considers that the sooner there are, the more it may impact the current implementation. He also raises the question of the budget.

2.3 Update on Brexit (CBA LVMC)

EC (Mathilde Carbonnelle) reminds that the EU-UK Trade and cooperation agreement tasks TSOs to develop new procedures for trading over interconnectors with the UK (and subject to the Opinion of ACER). EU and UK TSOs carried out a cost-benefit analysis (CBA) which was further submitted to EC and the UK government. One proposed option meets the set requirements but has a negative assessment as it is prone to manipulations. The second proposed solution does not meet the requirements. As of today, there is no clear way forward, but a Union position is being formed. Minutes of the discussion will be published on the EC website.

EFET (Jerome Le Page) reminds that it took two months for the specialised committee to publish the minutes of the last meeting. Since time is running out, he asks which timelines EC has in mind.

EC (Mathilde Carbonnelle) explains that a Union position must be formed before engaging with stakeholders.

2.4 Update on the BZR process

ACER (Rafael Muruais) [presents](#) an update on the BZR.

NEMO (Rafael Gomez Elvira) asks about the process and the ACER decision.

ACER (Rafael Muruais) indicates that TSOs are working on delivering the Local Marginal Prices (LMPs). TSOs have worked to comply with ACER requirements. He notes that this work is relevant for the current steps of the process but also for the future ones. He acknowledges TSOs' efforts on the deliverable as well as on the data sharing which should be done once the last security problems are solved.

EFET (Jerome Le Page) asks whether the feedback from the public consultation will figure in the ACER decision as well as the way ACER took it into account.

ACER (Rafael Muruais) replies that the outcome of the public consultation as well as the way ACER considered it will be in the ACER decision.

2.5 Update on SIDC

NEMOs and TSOs (Jean Verseille) [present](#) an update on SIDC: the successful 3rd wave go-live, elements about current operations and the coming SIDC & Single Day-Ahead Coupling (SDAC) joint governance, the complex R&D changes and the SIDC roadmap.

EFET (Jerome Le Page) asks when options about the trading times related to the coming elements to be implemented such as intraday auctions (IDAs) may be presented to stakeholders.

NEMOs and TSOs (Jean Verseille) reminds that IDAs implies first to stop the continuous trading, then extract data for running IDAs and once outcome is out, bring back data for the continuous trading to resume. This is a complex process which is being discussed with the service provider. There is no visibility about performance for the time being as well as the issue of working with very short time periods to move from auctions to continuous trading and the other way around. There is also the question of the products to be considered in IDAs. There are still too many questions at stake to share options with stakeholders.

EFET (Jerome Le Page) would like to avoid experiencing a situation similar to the one with bid-offer curve and invites NEMOs and TSOs to involve stakeholders as soon as possible. He also asks for the reasons to have a specific go-live for the Slovakia – Poland border.

NEMOs and TSOs (Jean Verseille) takes notes of the request to involve stakeholders. Regarding the go-live for the Slovakia – Poland border, Jean Verseille replies¹ that the connection of Slovakia to SIDC through Czech and Hungarian borders is planned by end of 2022; the activation of the Polish border is scheduled in Q2 2023. This is due to the overlap of shifted LIP17 go-live date with the Polish Balancing Market Reform which limits testing possibilities between October 2022 and January 2023.

¹ Those elements were provided after the meeting.

Europex (Rickard Nilsson) asks whether there are statistics about the cross-border capacity available at the start of the intraday.

NEMOs and TSOs (Jean Verseille) replies that there are SDIC monthly reports which contain data about the use of the cross-border capacity (but not about the available value at the start of intra-day).

The chair mentions that this information may be published on the Transparency platform.

2.6 Update on the access to the ID Italian markets

ARERA (Marco Pasquadibisceglie) orally updates about the discussion related to the access to the ID Italian markets for non-Italian market participants without physical assets. He indicates that ARERA has exchanged with ACER and EC over the summer. There are internal discussions to find a solution, but it seems that it would necessarily imply changing the Italian law which would take time. ARERA may provide additional details at the December meeting as other topics have had priority such as current high energy prices. He reminds that this situation is not the outcome of the extension of SIDC to Italy as physical requirements have existed for a long time.

EFET (Jerome Le Page) reminds that the problem already indicated the problem at the last meeting and explained the worsened access to the Italian market. He appreciates that the problem is discussed internally, and he is looking forward to actions and timelines, e.g., the law or grid code or market rules that need to be changed, planning for such changes... He invites ARERA to provide an update before the December meeting.

ARERA (Marco Pasquadibisceglie) is open to dialogue with stakeholders and indicates that any solution will be publically consulted. However, he cannot indicate any timelines for the time being. Should any planning come available before the next MESC meeting, he would share it.

CRE (Julio Quintela) supports ARERA constructive approach, and he is looking forward to solving this issue as soon as possible.

EC (Mathilde Carbonelle) welcomes ARERA's efforts and reaffirms that traders without assets should have access to the Italian market.

2.7 Update on Congestion income distribution methodology (CACM Art. 73)

The Chair informed that the hearing phase will start shortly in October.

3 FCA

3.1 Update on the Core LT CCM

ACER (Zoran Vujasinovic) [provides](#) an update Core Long Term Capacity Calculation Methodology (LT CCM) where he points at elements related to the selection of critical network elements (CNEC) (which should be consistent with the DA CNEC list), scenarios and capacity calculation outputs. In addition, he presents an ACER experimentation simulating the yearly LT Flow Based (LT FB).

Eurelectric (Yannick Phulpin) is surprised by the outcome and wonders about the impact on total congestion income (CI) for TSOs as the more capacity is allocated in the LT auctions, the less TSOs collect CI though the DA allocation (as a larger part of the DA CI is used to pay LT TRs holders).

ENTSO-E (Andre Estermann) mentions that although these results need to be further assessed, at first sight, they seem optimistic. He then asks about the expected timing to implement FB for the LT auctions in the CORE region.

ACER (Zoran Vujasinovic) replies that considering the main milestones, i.e., ACER's request to finish the amendments by June 2022, plus one year for JAO to adapt the IT systems, then 6 months for TSOs and JAO to finalise the testing, plus 6 months for market participants to adapt, this would lead to a go-live in the second half of 2024. Any delay would jeopardise the regulatory deadline. ACER and NRAs want to keep this planning.

ENTSO-E (Andre Estermann) asks ACER to share their planning and assumptions. ACER's planning raises questions such as the need for a resubmission of Harmonised Allocation Rules (HAR) before auctions take place. ENTSO-E is also working on a bottom-up planning.

ACER (Zoran Vujasinovic) admits it is a complex project which should not be rushed but progress is needed.

EFET (Jerome Le Page) agrees that there is no need to rush. He asks what the reasons are to implement FB in LT since the FCA GL sets the NTC CC methodology as the default option and FB CC methodology may be implemented only in case it proves beneficial. He is also concerned about the outcome of the ACER experimentation which indicates lower allocated capacity with FB compared to NTC. He reminds that there is an ACER commitment to maintain the same level of capacity as today. He notes that there is a link with the discussion about high energy prices where market participants should be able to hedge against sudden price changes.

ACER (Zoran Vujasinovic) agrees that the experimentation indicates less allocated capacity compared to NTC. This means that there is more capacity allocated on the borders which have the highest values for market participants at the expense of the other borders with less value. All in all, the welfare is higher while less capacity is allocated.

The Chair also indicates that this is the total offered capacity which matters rather than the total allocated capacity.

Eurelectric (Helene Robaye) indicates that taking actual bids from JAO does not reflect the conditions under which bids will be submitted in case of FB allocation. In particular, auctions happen on different times or days while there would be only one with FB. Actual bids reflect price evolution from one day to another which may have led the experimentation to improperly favour some borders over other.

ACER (Zoran Vujasinovic) disagrees that a few days difference between auctions would impact bids such that it disqualifies the outcome of the experimentation. However, he acknowledges that bidding strategies may change with FB and that this cannot be captured by this experimentation. He also notes that there is an incentive for TSOs to take a lower minRAM to increase security while market participants would prefer a higher one to have more offered capacity.

Europex (Rickard Nilsson) thanks ACER for the study and invites to take into account the limitations expressed by different participants.

ACER (Zoran Vujasinovic) indicates that raw data will be shared NRAs and TSOs while results can be shared with market participants.

EFET (Jerome Le Page) invites ACER to share the study as soon as possible especially if there is only a short timeframe to provide comments.

3.2 Update on HAR (FCA Art. 51)

ACER (Pavel Svoboda) [presents](#) an update on HAR which includes a decision timeline, the legal background regarding the question of cap for remuneration and a summary of TSOs' arguments for such a cap.

According to ACER, the FCA GL clearly and explicitly indicates that the compensation, also in case of decoupling, must be at market spread.

3.3 Update on the issuance of transmission rights (Derogations to FCA Art.30)

Energy Authority (Jori Sääntti) [presents](#) decisions related to FCA article 30 for the Finland – Estonia border and the Baltic CCR decisions. He reminds the task under FCA article 30 which is to decide about the needs for additional hedging opportunities and the way to assess this need, the assessment done by NordREG and Energy Authority and the outcome which is that Finnish and Estonian TSOs are asked to issue transmission rights for the Finland – Estonia border. He mentions some of the issues for this implementation such as the need to be coherent with the capacity calculation methodology while there is no LT CCM in the Baltic CCR until the BRELL (agreements with Russia) come to an end. He also presents the situation in the other borders in the Baltic CCR and on the Finland – Sweden border.

The Chair asks when LT TRs could be implemented.

Energy Authority (Jori Sääntti) replies that there is no date for the time being due to the problems with current laws. But it should be done as soon as possible.

EFET (Jerome Le Page) thanks for the stakeholders' involvement and welcomes the allocation of LT TRs. He also mentions that a revision of the decision on Nordic borders should also occur. Studies have circulated but there has been no communication with the market participants. Is there any update regarding a decision for the other Nordic borders?

Energy Authority (Jori Sääntti) replies that he cannot provide any information as these are bilateral discussions where Energy Authority is not involved.

EFET (Jerome Le Page) asks feedback about the discussion with Swedish NRA regarding Finland – Sweden border.

Energy Authority (Jori Sääntti) indicates that the discussion is about how to solve the issue as there is an indication of an issue. The Swedish NRA does not seem worried, but the discussion is about issuing LT TRs or improving forward markets.

ENTSO-E (Andre Estermann) asks whether there is any discussion about how to improve EPAD markets.

Energy Authority (Jori Sääntti) replies that it is more difficult to act on EPAD markets as it is not regulated.

Europex (Rickard Nilsson) notes that the Nordic market is different than the rest of Europe: many BZs covering four countries, the use of a system price... The assessment should be about hedging energy and not about hedging a BZ border. Such a hedging may better take place with products than LT TRs which is only a BZ border product.

Energy Authority (Jori Sääntti) answers that the FCA regulation is about hedging on a border basis. The introduction of LT TRs would increase hedging options even if he admits that may not be the best solution.

The Chair proposes to invite the Swedish NRA at the next meeting to hear their views on this topic.

EFET (Jerome Le Page) agrees with this proposal and thanks Energy Authority for sharing their views.

4. Balancing

4.1 Update on the EB developments

ACER (Athina Tellidou) [updates](#) the participants about the ACER decisions on market based cross-zonal capacity allocation (MB CZCA) for CORE and Baltic CCRs linked to the referrals due to non-agreement among NRAs and withdrawals by the TSOs of Hansa MB CZCA and CORE economic efficiency CZCA. She also shares elements and the planning for the ACER decision on pricing methodology amendment.

EFET (Jerome Le Page) asks about the meaning of the withdrawals.

ACER (Athina Tellidou) explains that TSOs' proposals were only voluntary. This kind of proposals may occur when TSOs implement elements ahead of the mandated deadline. In those cases, it eventually appears that it was not needed.

EFET (Jerome Le Page) is looking forward the public consultation on pricing methodology. He asks whether there is a link between the technical limits and the VoLL.

ACER (Heni Radanovic) indicates that there are still internal discussions with NRAs on one side, and TSOs on the other on this topic.

Eurelectric (Yannick Phulpin) raises questions he would like to be addressed during the ACER workshop to come: What is ENTSO-E's proposal for the minimum price limit in terms of adjustment? Does it make sense to have different values for minimum and maximum like in day-ahead?

5. AoB

- ENTSO-E: Status update on the Shadow Auction econometric assessment (as requested by All NRAs in the framework of the discussion of the LTTRs remuneration in case of decoupling) & feedback on the trial process requesting market participants to update the shadow auctions bids.

ENTSO-E (Andre Estermann) summarises the main elements of the [presentation](#) which is partially displayed due to the lack of time. He briefly updates about the two initiatives requested by NRAs, i.e., an econometric-based assessment of Shadow Auctions and, in parallel, a trial process requesting market participants to update the Shadow Auction bids daily. On the latter, he explains that daily notifications to market participants have had little positive impact. He indicates that this may be linked to market participants' benefit in the current compensation in case of decoupling.

EFET (Jerome Le Page) notes that no information about this lack of participation was shared with market participants' associations and he asks to refrain before concluding on market participants' lack of interest to help TSOs.

Eurelectric (Helene Robaye) supports EFET's comment.

ENTSO-E (Andre Estermann) recalls that the trial was already discussed at the last MESC meeting. He invites associations to inform their members about updating bids for the Shadow Auctions even when there is no decoupling alert.

Eurelectric (Yannick Phulpin) indicates that market participants are ready to update their bids but that a daily update (i.e., without a decoupling alert) is costly. Bidding in Shadow Auctions has a cost which explains a lower participation than in a normal day-ahead capacity allocation. He suggests that when decoupling occurs because of one party's wrongdoing, its responsibility should be involved, including for the compensation instead of trying to limit firmness and lower LT TRs' value.

Europex (Rickard Nilsson) asks why TSOs expect that additional participation into Shadow Auctions would raise prices up.

ENTSO-E (Andre Estermann) replies that this is based on NRAs' assumption. He also mentions that more training can be organised if it helps the participation in Shadow Auctions.

- EC: Update from the EC on its work plan to prepare regulation amendments enabling a fair compensation of generation/storage/demand asset owners in offshore bidding zones

EC (Elaine O'Connell) indicates the ongoing activities related to offshore: a conference on 12 October for MSs, the creation of an offshore working group under the Clean Energy Industrial forum which will focus on supply chain issues to reach 2030 and 2050 goals (first meeting on October 13) and under research and innovation, a working group about HVDC issues is created. On the regulation side, the TEN-E regulation is being revised and a first vote within the ITRE committee already occurred. When we have the final report from the Parliament, then the trialogue between MSs, EC and the Parliament begins. Regarding congestion income, its distribution and offshore BZ, EC envisages that the offshore grid should be dimensioned to accommodate the power produced offshore. Should there be congestion, as it impacts business plans, market solutions should be provided. EC is currently looking with consultants in different options. A stakeholder workshop on this topic will take place before Christmas. Under the Grid Connection Electricity Stakeholder Committee, there is the creation of an expert group looking at possible amendments to the current NCs to facilitate the deployment of offshore renewable energy.

- EFET: 70% compliance

Due to the lack of time, the Chair proposes to organise a separate call with ENTSO-E, NRAs and ACER to discuss the next steps on the topic. The outcome will be shared at the next MESC meeting. The Chair adds that he broadly agrees with [EFET's views on this topic](#).

ENTSO-E (Zoltan Guylay) agrees to keep discussing on this topic with ACER and NRAs to find an efficient way forward.

6. Meetings 2021

Next meeting:

- 1 December