

26th Market European Stakeholder Committee (MESC)

Wednesday, 1 December 2021, 10:30-16:00
Online Meeting

Draft Minutes

Participating Members		
Christophe	Gence-Creux	ACER/Chair
Mathilde	Lallemand	EC
Rickard	Nilsson	Europex
Edmund	Beavor	Europex
Michael	Van Bossuyt	IFIEC
Helene	Robaye	Eurelectric
Marie	Bourrousse	Eurelectric
Abi Afthab	Olikathodi	Eurelectric
Charlotte	Renaud	Eurelectric
Jerome	Le Page	EFET
Valerie	Reif	FSR
Blandine	Malvault	WindEurope
Magnus	Thorstensson	GEODE
Gunnar	Kaestle	COGEN Europe
Naomi	Chevillard	SolarpowerEurope
NRAs/ NEMOs/ TSOs/ ACER/ ENTSO-E representatives		
Maarten	Klijn	ACM
Timon	Dubbeling	ACM
Sven	Kaiser	E-control
Lisa	Dallinger	BNetzA
Barbara	Zwinka	BNetzA
Rafael	Gómez-Elvira	All NEMO Committee Chairman
Miha	Pregl	All NEMOs Committee
Katrin Schmitz	Katrin Schmitz	Core TSOs
Andre	Estermann	Core TSOs
Peter	Scheerer	Core TSOs
Kilian	Kroger	Core TSOs
Michele	Dion-Demael	Core TSOs
Benjamin	Genêt	Core TSOs
Corné	Meeuwis	JAO
Mathieu	Fransen	ACER
Cristina	Vazquez Hernandez	ACER
Rafael	Muruais	ACER
Isaline	Court	ACER
Thomas	Querrioux	ACER
Martin	Viehhauser	ACER
Athina	Tellidou	ACER
Heni	Radanovic	ACER
Lisa-Marie	Mohr	ACER
Pavel	Svoboda	ACER

Participating Members		
Zoran	Vujasinovic	ACER
Guro	Grotterud	ACER
Zoltan	Gyulay	ENTSO-E
Volha	Veramyeva	ENTSO-E
Christophe	Cesson	ENTSO-E
Marta	Mendoza-Villamayor	ENTSO-E

1 Opening

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

The Chair welcomes the participants and asks whether there are comments on the agenda or on minutes of the last minutes. In the absence of comments, the agenda and the minutes of the last meeting are approved.

1.2 Update on recent developments

The Chair presents the recent developments:

- Publication of the [ACER Decision 14-2021 on the Long-Term Capacity Calculation Methodology of the Core Capacity Calculation Region](#). This decision has already triggered feedback from stakeholders.
- Publication of the [ACER Decision 15-2021 on the Harmonised Allocation Rules for Long-term Transmission Rights](#);
- ACER is finalising its analysis of the Congestion Income Distribution methodology
- The Agency is still finalising the decision about amending the CACM NC;
- ACER has received a formal request for Opinion from the Estonian and Finnish NRAs regarding the introduction of LT TRs on their border;
- Following the submission of the ERAA 2021 to ACER for a decision, ACER invites any stakeholder to provide comments on the submitted ERAA until 7 December. This comes on top of the ENTSO-E's public consultation, which lasts until 7 January 2022. Eurelectric expresses their surprise that ACER is not waiting for the results of the ENTSO-E consultation to start their analysis following their own consultation; and
- The Agency is also working on the note on market design to be sent by April to EC following the presentation done at the Energy Council about a suitable market design for European electricity markets. The note investigates about pros and cons of the current design and focuses on market-based tools to protect vulnerable consumers and hedge against volatility. On this topic, EFET has a presentation which will be displayed under AOB and Mathilde Lallemand (EC) indicates that the [ACER preliminary assessment on energy prices](#) will be discussed with MSs.

Peter Scheerer (ENTSO-E) informs that the [Bidding Zone Configuration Technical Report 2021](#) was published on 18 November.

Jerome Le Page (EFET) asks how this report and the LMP study fit together.

Peter Scheerer (ENTSO-E) answers that this report is based on actual data from 2018, 2019 and 2020 while the LMP study takes assumptions about the future grid and loads.

Marta Mendoza (ENTSO-E) informs also about the [BZ review process](#): although initially set on 31 October, ENTSO-E could not deliver [the LMP study](#) by that deadline due to the complexity of computations and the methodology to follow. The next deadline, set in coordination with ACER, is February 2022. Once ENTSO-E submits the LMP study, ACER must define reconfigurations of BZs within 3 months, following which, the BZ review is triggered, and ENTSO-E must perform the assessment of the current and alternative configurations. Regarding stakeholder involvement, one public consultation should be organised 6 months after the BZ review is triggered and informal consultations will also take place, likely through the BZ advisory group which will be revived for that purpose. EFET supports this revival.

Gunnar Kaestl (COGEN Europe) comments that when reviewing BZ, a grid issue must be solved with grid tools unlike what was done for the Germany-Austria border, where, according to him, a grid issue has been tentatively solved with market tools. The market and grid dimensions must be unbundled according to him.

2 CACM

2.1 Update on CACM 2.0

Mathieu Fransen (ACER) presents the process, planning for the [CACM 2.0 recommendation](#) as well as its main elements.

Jerome Le Page (EFET) notes that elements related to cost sharing are moved to SOGL. He would like to know whether at least principles about this cost sharing will remain within the CACM 2.0. Mathieu Fransen (ACER) considers that there is no change on this point, i.e., principles will stay within the CACM 2.0. But details will all be in the SO GL to avoid duplication.

On a question related to congestion management topics, Jerome Le Page (EFET) asks whether the basic principles still be in CACM 2.0?

Marrie Bourrousse (Eurelectric) agrees that at least the high level principles in CACM Art 35 should be kept in the CACM.

Mathieu Fransen (ACER) says he is not sure about this and needs to check.

Regarding stakeholder's involvement in the next steps, Mathieu Fransen (ACER) confirms that EC will receive several documents with the Recommendation, including the feedback from stakeholders submitted during the public consultation. EFET and Europex ask whether stakeholders will have the opportunity to look at the recommendation before sending it to the EC and comment on the new aspects. Mathieu Fransen (ACER) replies that it will be public only after submitted to EC. Mathilde Lallemand (EC) mentions that DG ENER will likely hold a public consultation (on DG ENER website) in the CACM review process, before the comitology process.

Marie Bourrousse (Eurelectric) asks whether ACER could organize a stakeholder workshop to share the recommendations. Mathieu Fransen (ACER) replies that it may be conducted.

Andre Estermann (ENSTO-E) asks Mathieu about the background about the discussion on cost recovery between ACER and NRAs, especially how cost will be recovered nationally. Mathieu Fransen (ACER) specifies that for MCO costs, there is a process to identify and report them at national level for reimbursement. There are still elements for EC to decide on, but the process should be similar to what is done today.

Marie Bourrousse (Eurelectric) presents [Eurelectric's considerations on MCO governance](#). She concludes that Eurelectric is happy to discuss further about market parties' involvement and participation in the MCO governance with NEMOs, TSOs and ACER in view of the CACM text.

Rafael Gomez Elvira (All NEMOs Committee) thanks Eurelectric for their support to the NEMOs and TSOs' proposal on the MCO governance and explains that this option foresees stakeholder involvement through a stakeholder forum / advisory committee. He is keen to further clarify this involvement to ease stakeholders' concerns as transparency is a key element of this option. Rafael asks ACER to present it transparently when submitting their Recommendation to the BoR.

Marie Bourrousse (Eurelectric) thanks Rafael for his offer and accepts to discuss further stakeholder involvement in this option. Jerome Le Page (EFET) and Rickard Nilsson (Europex) support Eurelectric's considerations.

Mathieu Fransen (ACER) mentions that a stakeholder forum is part of the proposal and in general there should be more stakeholder involvement with the new CACM. He also ensures that whatever changes are foreseen in the current CACM, nothing endangers the implementation of the ongoing projects. Changes to MCO governance should rather be seen as long-term target (2028). ACER wants to take the current opportunity to improve the current CACM as there is no visibility about the next possibility to do so.

2.2 Update on 70%

First, the Chair informs that ACER will publish an addendum to the ACER report on 70% around mid-December which covers Nordic borders. The ACER report related to the implementation of the 70% rule in 2021 will be published in June next year.

Jerome Le Page (EFET) presents the [EFET & IFIEC & Eurelectric's perspective on the application of the minimum 70% requirement](#).

The Chair fully shares the objective mentioned in the presentation to aim at one ACER & ENTSO-E report. This is for this reason that ACER published a [recommendation on its application](#) in 2019. The above-mentioned addendum reflects this recommendation. Although this guidance from ACER exists, NRAs and ENTSO-E can deviate. ACER is also open to consider any additional concrete guidance or improvement from the EC and/or stakeholders.

Katrin Schmitz (ENTSO-E) replies that Regulation 2019/943 Article 16 leaves room for interpretation on this requirement, therefore one single report on its application seems utopic. In addition, reporting is a national issue which is guided by local NRA. For one single report, ACER, NRAs and EC should agree together. The major difference between ACER and ENTSO-E reports is that ENTSO-E looks at the compliance compared to current national law or regulation while ACER looks at the ultimate 70% objective. The Chair mentions that the ACER report also gives a picture of the current situation and will continue to do so.

Mathilde Lallemand (EC) recalls that DG ENER supports more consistency, as explained during the 2021 Florence Forum, and is available to further discuss this topic. Besides, a Regulation cannot be as precise as a methodology. ACER has proposed one and ACER, NRAs and EC will discuss to ensure consistency.

The Chair reminds that there are clear and transparent divergences between ACER and some NRAs about the approach for applying and monitoring this requirement. There is a need for guidance from EC and/or stakeholders on these remaining open points to allow progress.

Jerome Le Page (EFET) asks for TSOs to be involved in this discussion as they report publically about this requirement. He also offers stakeholders' help to overcome current divergences.

Rickard Nilsson (Europex) supports EFET & IFIEC & Eurelectric's position.

2.3 ACER Electricity Wholesale chapter

Cristina Vázquez Hernández and Rafael Muruais-Garcia (ACER) presents [the ACER Electricity Wholesale Market](#), in particular the new chapter on barriers to efficient price formation, easy market entry, participation for new market entrants and smaller actors.

Gunnar Kaestl (COGEN Europe) disagrees with the conclusion that little rolling-out of smart metering would constitute a significant barrier. As an example, large consumers have in general access to smart metering, but they do not take advantage of it as no interesting offers are available. The problem may rather come from the offer side.

Peter Scheerer (ENTSO-E) reminds that in general network tariffs amount to about 1ct/kwh. It has little to no impact on energy prices. Therefore, it can hardly constitute a barrier. He also thanks ACER for this insight and mentions the need to investigate further. Regarding the 70%, he reminds that TSOs are bound by NRAs and he believes that TSOs will provide more capacity in the future. Regarding BZ, he asks to be more neutral and to stick to facts. He also mentions the issue with redispatch costs, especially to distinguish situations when one country is involved compared to the ones where a few are involved. Regarding balancing, PICASSO and MARI projects have greatly improved the market design and removed restrictions.

Jerome Le Page (EFET) agrees that balancing markets have improved, however there are growing divergences in the basic elements such as setting imbalance prices. Little has been done on imbalance price and settlement harmonisation. This may become critical as balancing or real-time markets develop.

Rickard Nilsson (Europex) asks the reason for considering wholesale markets instead of retail markets.

Cristina Vázquez Hernández (ACER) mentions that although not included in the presentation, issues with imbalances settlements are partly covered. Regarding smart meters, in some cases, it is correct that their roll-out is not a key point but in general, it is key for dynamic retail contract. And indeed, retail markets are more relevant than wholesale markets for dynamic prices.

Katrin Schmitz (ENTSO-E) asks what needs to be improved regarding transparency.

Cristina Vázquez Hernández and Rafael Muruais-Garcia (ACER) explain that their main finding is a diverse picture based on data published in the TP (some complying very well, others less), same for monitoring cross-zonal capacity (discrepancies in quality of data are observed) and how different CCMs include transparency requirements.

The Chair invites participants to contact directly ACER should they have further comments on the report and its findings.

2.4 Update on SDAC, including feedback analysis from the two incidents in September 2021 (algorithm could not find a solution within the normal deadline)

Miha Pregl (All NEMOs Committee) presents the latest developments on [SDAC](#), September incidents and a new proposed operational timing.

Jerome Le Page (EFET) mentions that it is the second time the proposal to remove the second auction (back-up) comes up but EFET still wants to know how the extra 20 minutes gained with the removal would reduce the risk of decoupling (full or partial) before getting rid of this useful back-up option.

Helene Robaye (Eurelectric) supports EFET's comment, and both ask for an impact assessment of such a removal. This would ensure proper transparency towards market participants about the decision taken by NEMOs.

Miha Pregl (All NEMOs Committee) explains that NEMOs keep the second auction. Only in case of full decoupling and the timing threshold is reached, then this second auction would be cancelled. This combination of events is extremely rare. To be clear, the calculation time would remain the same but the threshold for operation time limit would be moved to 2.20pm. These extra 20 minutes would allow operators to find a solution in the market coupling process and therefore avoid market decoupling. He also mentions that the concerned NEMOs organised discussions with market participants for feedback which was eventually positive. This is why StG SDAC approved this change. EFET and Eurelectric express their surprise that the change was indeed approved unannounced and without an impact assessment. They voice their disappointment about this process.

Miha also explains the complexity of quantifying this higher probability to avoid market decoupling since it has never happened. He agrees to provide more concrete elements and to bring EFET and Eurelectric's request to the SDAC StG.

The Chair concludes that now the decision has been taken by StG SDAC, it is now in the NRAs' hands.

2.5 Update on SIDC

Jean Verseille (SIDC Chair) presents an update on [SIDC](#) operations, roadmap for 2021-2023, status on R&D changes, geographical extension and transparency.

Marie Bourrousse (Eurelectric) requests more stakeholder involvement/visibility on the joint SDAC and SIDC market coupling steering committee starting 2022. She asks whether the minutes of SIDC Steering Committee meeting will be published and whether market participants could attend these meetings as observers. Jean Verseille (SIDC Chair) replies that the minutes are published on the [NEMO committee website](#). Market participants are currently not allowed in these meetings while EC and ACER are. He offers to mention this point to the Steering Committee to investigate how to involve market participants.

Jerome Le Page (EFET) notes that the timeline foresees a long period for testing of cross-product matching, possibly to align the go-live of this functionality on that of IDAs. He asks whether both elements could be decoupled and cross-product matching could go live at an earlier date.

Jean Verseille (SIDC Chair) indicates that these major changes require this long testing. Should they be decoupled, with first cross-product matching then IDAs, it would imply to delay IDAs by one year as all tests would need to be performed again.

2.6 Update on access to IT market for all market participants

Marco Pasquadibisceglie (ARERA) presents changes related to access to [Italian market with the XBID implementation](#) and timing for implementing new virtual units/zones.

Jerome Le Page (EFET) welcomes the mentioned steps, including the public consultation. Past experience shows that SDIC extension brings additional ID volume. However, this impact is relatively low for Italy. He asks how the current situation could be improved for both Italian and external market participants.

Marco Pasquadibisceglie (ARERA) replies that the Italian market is based on unit bidding instead of portfolio bids. Any change must be framed into a wider reform of the system.

Jerome Le Page (EFET) questions how other elements of the Italian ID market design, such as position limits, may affect XBID liquidity.

Marco Pasquadibisceglie (ARERA) considers that SDIC has just been implemented for a few months. Investigations with TERN will allow the situation to improve in a holistic manner.

3 FCA

3.1 Update on the Core LT CCM

The Chair reminds that ACER published recently the [ACER Decision 14-2021 on the Long-Term Capacity Calculation Methodology of the Core Capacity Calculation Region](#).

Helene Robaye (Eurelectric) presents the [EFET & Eurelectric's position related to this decision](#). EFET and Eurelectric oppose ACER decision on CORE LT CCM. They consider that it is a suboptimal decision taken with poor stakeholder engagement.

Michael Van Bossuyt (IFIEC) supports EFET & Eurelectric's position, in particular, the need to guarantee some level of allocated capacities.

Benjamin Genêt (ENTSO-E) is surprised about the complaints related to stakeholders' involvement as the topic has been presented several times in past years, including through public consultations. He regrets that stakeholders' arguments come so late. He is also surprised about the argument that the LT TRs pricing will be deteriorated with the inclusion of FB allocation.

Helene Robaye (Eurelectric) replies that option value of LT TRs is not considered in the ACER analysis of the value-added of FB allocation – the analysis is only based on the intrinsic value. Other options may solve these issues.

The Chair agrees with stakeholders regarding concerns about min-Ram. He also recalls efforts to prove benefits from the FB allocation.

The Chair proposes to have a dedicated workshop on this topic to discuss all raised points: stakeholders' engagement, level of allocation capacities including potential safeguards, benefits of FB (including assumptions about min-RAM), impact of FB allocation on other LT TRs projects as well as secondary trading.

3.2 Update on the technical incidents with the auction of LTTRs

Corné Meeuwis (JAO) presents the [operational incident](#) JAO experienced on 18/09/2021.

Jerome Le Page (EFET) thanks Corné for his presentation and reminds that EFET still expects efficient communication and more transparency about incidents on or linked to the JAO tool. Some PTDFs were not published on 10 November, and the responsibility for this missing publication is still to be identified. There must be more efficient channels to report problems and accountability, either from JAO or the TSOs. This should ensure that problems do not repeat.

Corné Meeuwis (JAO) indicates that the missing PTDFs are related to 10 November and that this was not an issue at JAO's side. JAO was informed that the TSOs will provide a report on this.

3.3 Ei's view on the hedging possibilities in the Nordic area

Johan Roupe (EI) presents [EI's views about hedging opportunities](#) on Swedish borders.

Jerome Le Page (EFET) asks whether TSOs are actually doing anything to think about alternatives to LT TRs, as that option was already put forward 4 years ago and no progress was made. With liquidity decreasing in forward and EPAD markets in Europe, he would like to know whether stakeholders will receive concrete proposals for discussion. Otherwise, Ei and other Nordic NRAs should seriously consider introducing LTTRs, as proposed by EFET for over a decade.

Johan Roupe (EI) reminds that the NordREG report published in 2016 shows enough liquidity. This explains what NRAs did not request TSOs to look for alternatives to LT TRs. Since the Finnish NRA claimed the lack of hedging options, discussions within the Nordic region had taken place to discuss how to improve the current markets. The purpose is to find efficient solutions at the best cost.

Jerome Le Page (EFET) considers that LT TRs would at least help hedging the price difference between the Nordic region and other regions. He is willing to keep discussing this topic.

The Chair is looking forward to a joint view from Swedish & Finnish NRAs and asks how much time it would take to reach such an agreement and to present it at a coming MESC meeting.

Johan Roupe (EI) mentioned that Swedish & Finnish NRAs have reached a compromise on a consultancy procurement. The Finnish NRA would send the results to ACER by late February, early March.

4. Balancing

4.1 Update on the EB developments (IF amendments and go-live planning of the platforms in the first half of next year)

Michele Dion-Demaël (ENTSO-E) presents the [latest developments on Electricity Balancing](#): rules for governance and operation of the European platforms, designation of the entity that will perform the CMF, technical amendments of the mFRRIF, and the go-live of PICASSO and MARI projects.

The Chair proposes to organise a Balancing Stakeholders Group meeting during the first quarter of 2022 to go further into these developments.

5. AOB

- Update on the BZR planning

This [update](#) is indicated above under the “update on recent developments”.

- Update on DSF

Athina Tellidou (ACER) presents [an update on DSF](#): process for establishing a new NC, in particular Article 59 of the Electricity Regulation, main tasks for ACER, external expert group, content of the scoping exercise, scoping exercise and finding the right level of harmonisation.

Peter Scheerer (ENTSO-E) asks whether the need for a new NC has already been decided. To him, it seems there is already many elements already defined in the existing regulation. He asks to carefully assess whether there are enough new elements to be defined to draft a new NC.

Athina Tellidou (ACER) replies that the current question is about which new rules are needed. After the expert group comes up to a conclusion, it will be up to EC to take a decision about a new NC.

Michael Van Bossuyt (IFIEC) asks what kind of discussions take place within the expert group.

Athina Tellidou (ACER) explains that the expert group is discussing about potential required changes in the current DSF regulation. Scoping should remain high-level, but some elements are more detailed to check whether new rules are needed. This scoping exercise is a very preliminary step.

Mathilde Lallemand (EC) mentions that different options are on the table. EC is waiting for the outcome of the scoping exercise. The choice between a new NC and amendments of the current regulation will be decided later. Both options have their pros and cons that need to be assessed.

- Update on the EC’s request to ACER regarding the suitability of the electricity market design

This update is indicated above under the “update on recent developments”.

- Panorama of the measures taken at national level to mitigate high price increases (EFET’s slides)

Jerome Le Page (EFET) presents [EFET’s views related to current high prices](#).

The Chair indicates that a recent communication prepared by 9 MSs contains elements similar to the ones mentioned by EFET.

Marie Bourrousse (Eurelectric) asks what is meant with a liquidity up to 15 years.

Jerome Le Page (EFET) indicates that an objective must be to help foster liquidity up to that extent. It should be one of the first area for research.

- Offshore RES

This point was skipped.

- Update on ERAA 2021

This update is indicated above under the “update on recent developments”.

Meetings 2022

The Chair asks the MESC members to come back to him before the end of the week, in case there are problems with the proposed dates for meetings in 2022.

Meetings planning in 2022:

- 9 March 2022
- 1 June 2022
- 14 September 2022
- 7 December 2022