

27th Market European Stakeholder Committee (MESC)

Wednesday, 9 March 2022, 10:30-16:00
Online Meeting

Draft Minutes

Participating Members		
Christophe	Gence-Creux	ACER/Chair
Mathilde	Lallemand	EC
Rickard	Nilsson	Europex
Christian	Baer	Europex
Michael	Van Bossuyt	IFIEC
Helene	Robaye	Eurelectric
Marie	Bourrousse	Eurelectric
Abi Afthab	Olikathodi	Eurelectric
Lorenzo	Bigilia	EFET
Sonia	Saly	EFET
Jack	Presley Abbott	EFET
Magnus	Thorstensson	GEODE
Gunnar	Kaestle	COGEN Europe
Naomi	Chevillard	SolarpowerEurope
Eleni	Diamantopoulou	Client Earth
NRAs/ NEMOs/ACER/ ENTSO-E representatives		
Maarten	Klijn	ACM
Fabien	Monti	CRE
Lisa	Dallinger	BNetzA
Barbara	Zwinka	BNetzA
Rafael	Gómez-Elvira	All NEMO Committee Chairman
Miha	Pregl	All NEMOs Committee
Kata	Feher	All NEMOs Committee
Tore	Granli	All NEMOs Committee
Rodrigo	Escobar Rodríguez	All NEMOs Committee
Katrin	Schmitz	ENTSO-E
Andre	Estermann	ENTSO-E
Peter	Scheerer	ENTSO-E
Lena	Witt	ENTSO-E
Benjamin	Genêt	ENTSO-E
Ruud	Otter	ENTSO-E
Jerome	De Haan	ENTSO-E
Jean	Versaille	ENTSO-E
Klaas	Hommes	ENTSOE
Frederik	Johnsen	JAO
Mathieu	Fransen	ACER
Martin	Povh	ACER
Rafael	Muruais	ACER
Isaline	Court	ACER
Marco	Pavesi	ACER

Participating Members		
Heni	Radanovic	ACER
Zoran	Vujasinovic	ACER
Martin	Viehhauser	ACER
Volha	Veramyeva	ENTSO-E
Pilar	Munoz-Elena	ENTSO-E
Marta	Mendoza-Villamayor	ENTSO-E
Kristine	Marcina	ENTSO-E

1 Opening

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

The Chair proposes one minute of silence in solidarity with our ukrainian neighbours.

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

Gunnar Kaestle (COGEN Europe) requests to add the topic on Deterministic Frequency Deviations under AoB.

1.2. Update on recent developments

The Chair presents the recent developments:

- Recent workshops held on CACM 2.0 and Long-Term Flow Based Methodology.
- Recently issued a legal opinion on the introduction of long-term transmission rights on the Finish – Estonian border. It will be soon available on the [website](#).
- Core Intraday capacity calculation methodology aims to be approved by 13th April to avoid impact on the go live of the Core FB Day ahead project. The issue tackles how to make the best use of the leftovers of DA allocation in a secure way in the ID. It does not touch upon splitting capacity between time frames.
- One referral about the Swedish and Finnish disagreement on introduction of LTTRs on SI-FI border. Consultation in April. Decision by 3 September.

1.3. Update from the EC Communication on the Communication of 8 March on Energy prices

Mathilde Lallemand (EC) explains that the EC released on 8 March a Communication (“REPowerEU”).

The plan focuses on:

- replenishing EU gas stocks for next winter;
- making Europe independent from Russian fossil fuels and diversify its gas supplies; and
- transitioning to renewable gases and accelerating the European Green Deal. As well as scaling up renewables, it will also boost energy efficiency, increase electrification and address infrastructure bottlenecks.

The plan also contains measures to respond to soaring energy prices. It includes guidance for Member States on regulating retail prices in exceptional circumstances, as well as redistributing revenues from high-energy sector profits and emissions trading to consumers. Indeed, to finance measures mitigating retail prices and supporting heavily exposed companies, Member States may exceptionally consider adopting temporary tax measures on windfall profits. The Communication gives concrete guidance to the application of such a measure, in order to limit negative consequences. The guidance specifies that these measures would need to be technology-neutral, proportionate and limited in time, so that they avoid undue market distortions and that they benefit final consumers and investments in renewables.

The Communication also states that the Commission will look into options for emergency measures to limit the effect of high gas prices in the electricity prices, such as temporary price limits.

Moreover, the Commission will assess options to optimize the electricity market design to reap the benefits from low-cost energy, based in particular on ACER’s final assessment to come in April 2022.

In this context, concerned actors will be consulted as a matter of urgency.

https://ec.europa.eu/commission/presscorner/detail/en/IP_22_1511

An update will be given in the June MESC on the offshore and the MRLVC topics.

- Lorenzo Biglia (EFET): is there any update on the Union position on MRLVC?

- Mathilde Lallemand (EC): the specialised committee on energy will take place on March 30th. The Commission will discuss with Member States before. We therefore cannot give any message now on the Union position.

2.1 Update on CACM 2.0

Mathilde Lallemand (EC) explains that the EC is reviewing ACER's proposal submitted in December. The Public Consultation will come out in the coming days, it will last 6 weeks. The consultation will have targeted questions, based on ACER's proposal. The aim is to start comitology after the summer.

Rafael Gomez Elvira (All NEMOs Committee) asks to the EC if the public consultation is a copy paste of ACER's proposal.

Mathilde Lallemand (EC) explains that ACER proposal is the reference document, but the public consultation includes targeted questions, related for example to offshore or third countries that are not in ACER's proposal. The Commission will then build its own proposals.

2.2 Update on [NEMO-TSO Joint Governance](#)

As general remark, Rafael Gomez Elvira (All NEMOs Committee) expresses the willingness of the NEMOs to be available to test measures at EU wide level in reference to the package released by the EC as explained in 1.3. Peter Scheerer (ENTSO-E) highlights that the TSOs are providing the highest priority to the emergency synchronisation request by Ukraine with rather technical questions in focus for the moment.

Rafael Gomez Elvira (All NEMOs Committee) explains that a [press release](#) went out from TSOs and NEMOs to explain the new Joint Governance for the Market Coupling ID and DA Steering committees.

Peter Scheerer (ENTSO-E) explains that the implementation of Qualified Majority voting (QMV) will speed up the decision making and the implementation. It is still pending to discuss on several points where QMV will apply. Terms of reference (ToR) of the stakeholders' group called "Consultative Group" will be approved by the 6-7 April. The ToRs will explain the governance, how meetings will be organized and chaired. Before the technical start of the group, however, the framework will be discussed with stakeholders. The focus of the group is the exchange with market parties.

Helene Robaye (EURELECTRIC) and Sonia Saly (EFET) welcome the stakeholders' involvement and urge the organisation of a meeting as soon as possible to have more information for ID auctions. Peter Scheerer (ENTSO-E) notes Eurelectric's and EFET's request.

Mathilde Lallemand (EC) asks to which decisions qualified majority voting (QMV) will apply. Rafael Gomez Elvira (All NEMOs Committee) explains that QMV applies as a basic principle. We need revising the contracts, but the decision is now firm. Peter Scheerer (ENTSO-E) confirms that QMV is applied since years by the TSOs on All TSOs decisions. The basic commitment for common QMV decisions is clear, even detail principles are still in discussion.

Rafael Gomez Elvira (All NEMOs Committee) expresses his personal discomfort with the current CACM 2.0 process.

Eurelectric: what is the intention of the ToR?

TSOs: it will be on organisation (i.e. Chairs). We will share it in a separate meeting. The focus is really to include market participants and not to duplicate the MESC.

2.3 [Update on SDAC & SIDC](#)

Mihai Pregl (SDAC Chair) presents the developments on SDAC.

Marie Bourrousse (Eurelectric) questions the need of new operational timing in SDAC and the lack of transparency on the impact assessment.

Mihai Pregl (SDAC Chair) explains that the impact assessment has been done in 2 levels: after the summer each NEMO asked their market participants and all NEMOs came back with the positive feedback from market participants for this approach; for the second level, NEMOs and TSOs assessed different possibilities for robust operations and provided more time to the algorithm and this option presented was the most promising one.

Regarding the question on how this additional time - 20 min - will be used, it will be used to resolve any issue that comes from the Market coupling operation.

Lorenzo Bigilia (EFET) is in general ok with the proposed way forward but shares Eurelectric's concern on the transparency and asks for the impact assessment to be published and for a clear definition of the criteria to cancel the second auction. Is the execution status of the blocks still foreseen for next Euphemia release?

Mihai Pregl (SDAC Chair) explains that the steering committee is studying if making the impact assessment public and will report back on this in the next MESC meeting. Core postponement pushed execution status later around the summer. We will come with an update at the next MESC. Cross-product matching creates virtual orders (2x15 min) in order to match with 30-minute orders. Virtual order could be possible to match with "n" min order. This caused some delays and it will be discussed. Decision on CPM in June (7 weeks delay). The online user group could be part of the stakeholder group discussed above. Testing approach is under review with SDAC.

Jean Versaille (SIDC Chair) presents the status of operations and the geographical extension and the developments on SIDC.

Marie Bourrousse (Eurelectric) asks about the interruption duration of the continuous trading by the IDAs. Jean Versaille (SIDC Chair) explains that in the algorithm methodology ACER defines this time (20 min before the IDA and go after 20 min after). This is the objective of the test. Maria Bourrousse (Eurelectric) also asks whether the cross-product matching will continue after 2024.

Jean Versaille (SIDC Chair) explains that the Market Parties shall think, if 30 min and 1-hour products will still exist after 15 min products will be implemented everywhere. This information is key to decide if cross border matching 15 min ISP will be needed after 2025. All parties agreed on the need to follow up on this topic.

Marie Bourrousse (Eurelectric) asks also about the improvements in PUN for SDAC (mentioned on the slides). SDAC chair answers this is about the deletion of the PUN from SDAC. Lorenzo Bigilia (EFET) confirms that there will be consultation to remove PUN in the long term. how about the workshop in May before the development phase on CPM starts in June? Jean Versaille (SIDC Chair) explains that there will be a Workshop in May-June to exchange on this topic before taking any decision.

2.4 Update on 70%, including NRAs' update on derogation requests

Isaline Court (ACER) presents the current work on the harmonisation of the 70% reporting done by ACER. ACER explains that the bottleneck at this point is rather the disagreement among NRAs on harmonisation and not on the report itself. When discrepancies can not be overcome, several graphs will be presented, and the differences will be clearly reported.

As a result of this work, a short document is currently being drafted and will be shortly shared with TSOs. It will also provide an overview on the derogations and action plans. As a general remark, the number of action plans seems to be increasing. On the opposite direction, the number of derogations seems to be decreasing in the last years.

Katrin Schmitz (ENTSO-E) welcomes the steps toward the alignment of ACER and NRAs but is surprised that TSOs had not been invited to the process, as they are in the center of it. TSOs have the technical expertise and deliver the data requested by ACER. Thus, TSOs should be involved in the discussions.

Rafael Muruais (ACER) explains that it is not any more about technical issue but a matter of choices. There are still 1 or 2 countries where discrepancies have not been solved.

Helene Robaye (Eurelectric), Lorenzo Biglia (EFET) and (Michael Van Bossuyt) IFIEC welcome the initiative and asks for transparency.

The Chair confirms that the publication will be done in June and the outcome will be communicated as soon as possible, so the TSOs can align the approach with their own NRAs and find a way to communicate it to stakeholders.

Abi Aftab Olikathodi (Eurelectric) explains that he saw on the ACER website that this year there will not be dedicated Market Monitoring report but only brief overviews like the one published recently. He asks if this is going to be the practice for the coming years. He also asks about the discrepancy of TP and Eurostat.

The Chair explains that it is specific for this year, and that ACER's intention is to publish by theme 70%, adequacy, use of interconnection etc. in different reports and one summarizing all. The question on TP will be followed up bilaterally.

3 FCA

3.1 Update on FB allocation following the workshop (next steps)

Andre Estermann (ENTSO-E) updates on the developments after last workshops. We went back to the drawing board and we included feedback from market participants in the high-level market design document that will be published in April.

Lorenzo Bigilia (EFET) appreciates the work but questions the interaction with Market participants. We would propose another workshop to tackle all the issues at once in the summer.

Helene Robaye (Eurelectric) appreciates more practical workshops so that practical questions and concerns are tackled in a better way.

All parties agree on the approach of organising more workshops with practical approach.

Rickard Nilsson (Europex) asks TSOs and ACER to consider the opportunity to establish a Stakeholder group for FCA, evolving in long-term framework. The Chair will further discuss this idea with ENTSO-E.

3.2 Discussion on responsibility and accountability of TSOs and JAO for the problems experienced in the past years

Lorenzo Bigilia (EFET) provides a [presentation](#) on the topic, and requests more transparency on the incident reports, so the public can have confidence in the system again.

Frederik Johnsen (JAO) ([slides](#)) proposes to increase dialogue with Market parties to understand the priorities.

Andre Estermann (ENTSO-E) explains that All TSOs in the Market report present 3 KPIs, and that satisfaction seems to be improving over the years.

Lorenzo Bigilia (EFET) we also monitor the KPIs presented in the ENTISOE report but still see room for improvements and expresses EFET's willingness to engage in further discussions. KPIs should be developed with market participants.

The Chair states that he also sees room for improvement in the short term. He explains that he is open to consider responsibility and accountability issues when FCA amendments will be prepared.

3.3 Update on hedging possibilities in the Nordic area

Johan Roupe (EI) presents an update on the Swedish-Finish border hedging. The decision has been passed to ACER as NRAs could not agree on the way forward. Finish NRA wants to introduce long-term transmission rights and Swedish NRA to strengthen the current instruments available already in the market. At the same time, a consultancy firm is looking into 3 possible way forwards. [The report](#) will be also forwarded to ACER and (probably) published.

4. Balancing

4.1 Update on the EB developments (pricing decision)

Heni Radanovic (ACER) provides [a presentation](#) on the topic.

Peter Scheerer (ENTSO-E) welcomes ACER decision on pricing even if the reasons of it had been different than the ones presented by the TSOs.

Lorenzo Bigilia (EFET) asks for some clarification about intraday adjustments.

Heni Radanovic (ACER) yes. Intraday also increases if the ID limit is reached according to Electricity regulation. She thanks ENTSO-E and all stakeholders, while encouraging all to keep on working during these three years and come with the best long-term solution.

Rickard Nilsson (Europex) asks for clarification on whether 15k€ or 99k€ will be applied during the transitional period.

The Chair confirms that a transitory energy price cap of 15k€ will be applied.

4.2. Short oral update on the accession roadmaps for MARI and PICASSO and on the FCR cooperation

Klaas Hommes (ENTSO-E) provides [an update to the topic](#). TSOs ask for derogations to their NRAs. New accession roadmap for MARI and PICASSO will be available in April.

He also explains that MARI can be affected by the current European situation as Unicorn software developers are located in Ukraine (no impact expected for PICASSO).

A Balancing stakeholder meeting will take place soon. The information about it will be published and shared with this group.

As requested by Marie Bourrousse (Eurelectric), more information on the market-based reservation of cross-zonal capacity for balancing purposes will be provided at the next balancing stakeholder group.

5. AOB

- **Update on BZR by ENTSO-E (data delivery & scheduled dates for BZ stakeholder group meetings) & ACER (next steps)**

Marta Mendoza (ENTSO-E) presents the stakeholders plan for the [BZ review](#).

Michael Van Bossuyt (IFIEC) asks how the call for nominations will be organised.

Marta Mendoza (ENTSO-E) explains that the purpose is to keep the balance to allow different associations and regions to be represented but limit the group to around 25 people. An email will be sent to MESC, and the nomination process will be also published on ENTSO-E website.

Marie Bourrousse (Eurelectric) asks about the regional organisation and if there are national implications envisaged.

Marta Mendoza (ENTSO-E) explains that public workshops will be organised where everybody can participate, and there will be also regional workshops. The consultative group will be common for all the regions. Discussion at regional level may happen but we will keep a format that will allow everybody to follow the discussions.

Marie Bourrousse (Eurelectric) asks about the the liquidity study.

Marta Mendoza (ENTSO-E) explains that following ACER methodology, at least two studies shall be done at Pan EU level – one on liquidity and one on transition costs. To organise this work, ENTSO-E has hired a consultant and the work will shortly start.

Jack Presley Abbott (EFET) A question is raised about the end date to define the new zones.

Marta Mendoza (ENTSO-E) explains how the process looks like, now the work is in ACER «hands» to define the alternative configurations. This work is expected to finish by July, when the Bidding zones Review process will be triggered. This process takes one year, and after that Member States will have to take a decision to amend or not the BZ.

Rickard Nilsson (Europex) asks about the transparency on potential new configurations to be assessed.

Marta Mendoza (ENTSO-E) explains that All TSOs had delivered LMP results that are the input to define alternative configurations. ACER has now limited time to define these configurations.

The Chair explains that they were very transparent on the methodology for the alternative BZ configurations, and that they are under very tight time constraints, so there is no time to involve stakeholders in the decision-making process.

Marie Bourrousse (Eurelectric) asks about the consultation from ACER last summer on high level approach for configurations, number of configurations, and asks if feedback will be provided on this basis.

The Chair confirms that when they will issue a decision on alternative configurations, also an annex with the comments received and how they have been addressed will be included.

- **Update on ENTSO-E's work on market suspensions (see ACER's letter to ENTSO-E about ENTSO-E's WP)**

The Chair explains that following the Report published by ENTSO-E in November 2020, following the legal obligation under Emergency and Restoration network Code, further room from harmonisation has been found and it was asked via letter to ENTSO-E to planify further work, following the areas identified in the ENTSO-E report. He explains that ACER has not found this task in ENTSO-E Annual Work Program 2022 and asks for further clarifications on the next steps.

Marta Mendoza (ENTSO-E) explains that bilateral exchanges had started with ACER, and that TSOs have a commitment to start the work this year. The timeline for this work will be presented in the next MESC.

- **Deterministic Frequency Deviations**

Gunnar Kaestle (COGEN Europe) asks about the status of the 15 min settlement periods in the context of the deterministic frequency deviations.

The Chair explains that according to Article 8 of the electricity regulation, there exist possibilities for derogation until the end of 2024.

Mathieu Fransen (ACER) highlights that there are still countries that request derogations. The whole process is different in different Member States. Consistency is difficult to follow.

Lorenzo Bigilia (EFET) explains that the legal deadline is December 2024. This topic is critical and shall be discussed in the next Balancing stakeholders' group.

The Chair suggests discussing with ENTSO-E what can be done before the balancing stakeholder group meeting.

Next meetings:

- 1 June 2022 – next meeting still online
- 14 September 2022 - a short survey on further MESC meetings organisation is available [here](#) do decide on the format (physical/ online or hybrid)
- 7 December 2022