

ENTSO-E MC Meeting

Date: Wednesday, 30 March 2022

Minutes

Approval of the agenda and Minutes

The MC Chair opens the meeting, welcomes the participants, and declares that the quorum has been met (95.50% of the MC members and 99.48% of All TSOs).

The Chair asks if there are comments concerning the minutes of the previous meeting and approves the agenda.

2. Update on internal/ external developments

The Secretariat explains:

- the discussions at the last Board and Resources committee. The Annual work program (AWP) 2023 and the budget planning are two separate but interdependent exercises. The AWP 2023 will be subject to Committee's commenting phase from 6 April 2022, the resource planning exercise will include an outlook to the envisaged secretariat and member resources. The conveners/project leaders are kindly asked to support the planning exercise.
- the status of Ukrenergo relations, namely the emergency synchronization, the ITC ongoing discussions, and the Observer Membership Agreements. Once the Observer membership would take effect, Ukrenergo will access the WGs, and the AWP 2022 will be reassessed. The MC and the conveners are kindly asked to assist on the process.
- the ongoing legislative process and the provisions of drafts legislation concerning the adoption of Network codes/clean energy package by the Energy Community, with special regards to the establishment of capacity calculation regions; ENTSO-E is to send its opinion to the EC.
- the Specialized Committee overseeing the implementation of the UK/EU Trade and Cooperation Agreement's energy title meets on the 30 March 2022. Should the TSOs receive any new tasks, the interconnected to UK TSOs will take the lead on it.

One MC member asks to take the balancing and taxation/customs questions on board when liaising with the institutions on the EnC legislation.

The Chair reports on the GEPeM meeting, the membership changes and the discussion at the Market Strategic Workshop.

2.8 The MC approves the nomination of WG AS Convener and WG AS Vice-Convener for the 2 years term.

2.9 The MC approves the outcome of the MC Strategic WS.

2.9.1 The MC approves the list of priorities for 2022.

2.9.3 The MC agrees to do the following 3 tasks in 2022:

- MIWG/MDRES in cooperation with SOC to reflect on long-term hedging opportunities
- MC to confirm the market-based approach as a starting point and ask WGAS to develop survey of the TSOs/countries who want to implement and apply the co-optimization and/or market-based and establish a process on resolving the cost sharing question for market-based application.
- WG EF to organize Workshop on Offshore cost sharing around summer in cooperation with Offshore group, and SDC (strategy group, experts on CBA...) for all MC members and any other Committee member interested.

2.9.4 The MC asks the Convenors to consider the following tasks and to inform the MC on potential actions (taken in consideration the results of the voting and the resources available):

- MDRES/MC to prepare external communication messages on high prices to defend market functioning
- MDRES (with 2050 Vision PT) to propose options for stronger long-term investment signal
- MIT to organise a survey for TSOs to share their level of ambition on transparency which could guide TP development.
- MC and MIT to prioritised User Friendliness of the data for the TP (e.g., data extraction, visual representation of the data)
- MIT to Invest the resources to the legally mandated tasks but also focus on what more data can be brought to TP. Having more data on TP should be justified and investigated on one-to-one case.

*Transparency platform architecture to be cancelled (moved to the new ICTC).

2.9.5 Develop a common strategy (sponsored by the Board) on the role of TSOs and ENTSO-E in the long term, specially on Market related aspects.

4. WG AS

4.1. RCC's tasks on reserve sizing and facilitation of BC procurement [for decision]

The WG AS Convener presents the proposed updated detailed project plan for RCC Procurement Proposal submission and asks for MC approval of this detailed project plan and an updated Project Initiation Document (PID).

A TSO asks whether RCCs should be involved in the entire process instead of just being consulted from time to time. The WG AS Convener responds that RCC representatives have been involved in the project team for a long time. Another TSO supplements that RCCs are in a more neutral position with respect to questions as forecasting and product buying.

A TSO asks whether the RCCs are active participants in the process or more observers. The WG AS Convener responds that they are engaged in the drafting, but TSOs lead the work. Another TSO notes that, as per its understanding, they are involved at this stage for efficiency reasons.

MC Vice-Chair adds that TSOs are in charge of the methodology drafting; however, RCCs will be in charge of specific tasks going forward. MC Chair confirms that MC approves the decisions as proposed.

4.1 The MC approves the proposed updated detailed project plan that ensures meeting the new agreed with ACER deadline for submission of the RCC Procurement Proposal of 17 March 2023.

4.2 The MC approves the proposed updated Project Initiation Document (PID) for submission of the RCC Procurement Proposal of 17 March 2023.

7. WG MD& RES

7.1 High Prices and Market Design

The WG MD&RES convener presents the main highlights of the EC Communication “RePower EU” from 10 March 2022 and the EC Communication on Security of Supply from 22 March 2022. He furthermore presents preliminary key messages on market design and high prices prepared by the WG MD&RES, insisting on the need to avoid market price distortions and for market design improvements to mainly target the gas market, while consumer protection should preferably be achieved via direct support. He finally proposes that, given the external policy discussions and new developments, the MC first approve by end-Q2 high-level messages on high prices and market design, while a more detailed analysis of market design options would require more time.

The vast majority of MC Members support the draft key messages while two members stress the need to be cautious in external communication with regards to national policy measures. The MC Chair will present the outcome of this MC discussion at the Assembly meeting asking for further guidance. WG MDRES will next take into account such Assembly guidance and the discussions at the Market Strategic Workshop focusing on the potential consequences on market functioning and on TSOs.

7.1 The MC takes note of the EC communication RePower EU, welcomes the preliminary key messages developed by the WG MDRES on market design and high prices, and asks the WG to further develop them taking into account the outcome of the MC strategy workshop discussions, the Assembly guidance, and focusing on the potential impact of regulatory interventions in wholesale markets, including capacity markets, system services...etc.

7.2 Internal position paper on Guarantees of Origin

The WG MD&RES Convener provides an overview of the latest version of the draft paper on Guarantees of Origin for MC validation. This internal paper would be followed by a shorter version for external use to be prepared in the next couple of months. Main messages still focus on the need to introduce both temporal granularity and location-based matching in the future market design for Guarantees of Origin. This latest version has been redrafted to take into account feedback from TSOs on locational matching.

He furthermore highlights the importance and added value of having this position approved by the MC in order to inform external policy discussions on renewable certification in the framework of the Renewable Energy Directive revision, as well as ongoing developments on Renewable Fuels of Non-Biological Origin (RFNBOs).

Two MC Members abstain.

7.2 The MC approves with Qualified Majority Voting the internal position paper on Guarantees of Origin and asks the WG MD RES to prepare an executive summary of it, for external publication and liaise with PCG to prepare an engagement plan.

9. WG RMI

9.2. 2022 Balancing report 2022 [for information]

The WG RMI Convener provides an update that the progress of the development of the Market Report 2022 and Balancing Report 2022 is generally on schedule. However, the WG RMI Convener notes that there is a delay in calculating the Balancing performance indicators, mainly because of 2 reasons. First, the resource shortage occurred due to one member of the Taskforce being affected by the war in Ukraine and a substitute needed to be found for him. The second reason is that the calculation of several PIs is being performed for the first time, and more time was required to locate the data on the Transparency Platform (TP).

The WG AS Vice Convener notes that, as a mitigation of the delay in the calculation of the Balancing PIs, the WG AS members are asked to thoroughly and timely review the Balancing PIs when requested. She adds that the MC members are also asked to reach out to their WG AS members to ensure a timely and thorough review of the calculated Balancing PIs and the data used for the calculations. In addition, the WG AS Vice Convener clarifies that the MC review and approval of the Balancing Report 2022 will be conducted in two phases – the majority of the Balancing Report 2022 in May and several outstanding PIs in June.

A TSO notes that an additional burden should not be put on the WG AS members since the methodology and data are clear enough without additional reviews. The WG AS Vice Convener replies that sometimes the data cannot be located on the TP because of the mismatch of the data labels. A TSO suggests that the team responsible for the Transparency Platform should help the team responsible for the calculation to locate the required data on the TP. MC Chair states that the additional WG AS review of the data is also a precautionary measure.

The WG RMI Convener states that, based on the last years' experience, it is clear that not all data on the TP is accurate. A TSO states that the lessons learnt should have been addressed already last year, but if they have not been, they should be addressed this year. Another TSO notes that the MIT WG members have already started the engagement last year with the WG RMI and WG AS members on the TP data accuracy.

The WG AS Vice Convener concludes that there are no decision items, and this information was mainly shared with MC members for their awareness.

10. WG MIT

10.1. Monitoring Report of the Transparency Platform 2021

The WG MIT convener presents the finalized Monitoring Report of the Transparency Platform 2021 edition based on 2020 data. He highlights the key findings and recommendations stemming from the report. He mentions that revision of the MoU was deemed important after having the findings on balancing data and the

introduction of new balancing publications stemming from the Balancing IFs. The WG MIT convener also presents the fixes implemented on the dashboards, mentions that the fixes are reviewed and approved by the WG MIT.

10.1 The MC approves the Monitoring Report of the Transparency Platform 2021 and asks the TSOs to take a detailed look into the findings related to their data.

10.2. TP Re-design

The WG MIT convener also presents updates on the TP Re-design project and the outcomes of the RFP process for IT supplier selection for the different LOTs of the TP developments. He provides a detailed explanation on the selection process including the steps taken as well as the assessment of the answers. Based on the outcome of the assessment it is recommended to select Unicorn which came out to offer the best product with competitive price. WG MIT convener conveys that the Digital committee also recommends selecting Unicorn for the work.

An MC representative mentions the importance of investigation by the Digital committee to map all the IT products of ENTSO-E. Another MC representative questions whether selecting a specific supplier is creating a vendor locking. The WG MIT convener highlights the vendor locking was one of the key requirements when setting the selection criteria. and was assessed during the RFP process. He also mentions that the implementation will be executed to enable any future candidate to participate in future implementation work. A third MC representative mentions that it might be valid to assess the potential change requests that might add up to the contract cost proposal from Unicorn. The MC Chair and an MC representative respond that the contract is under negotiation but putting a cap on change requests may result inflexibility for ENTSO-E.

10.2 Following the recommendations of the required bodies, the Market Committee approves the selection of Unicorn to:

- finalize the delivery of the new architecture for TP,
- start the migration of the existing data flows and data items to the new architecture,
- Implement the new publication layer (new GUI project).

10.3. Updated version of the FSKar MLA

10.3 The MC approves the “License and Services Agreement for FSKar Data Sharing on Transparency Platform Agreement” as amended by the “Amendment Agreement to the License and Services Agreement for FSKar Data Sharing on Transparency Platform”.

11. WG EF

11.1. Regulatory Factsheets 2021 Report

The WG EF Convener presents the Regulatory Factsheets 2021 Report for MC Validation. As done last year, slides were marked as “ok for external use” where deemed appropriate. He furthermore highlights the addition of new information in this year’s edition, namely on the effective tax rate and the treatment of ENTSO-E costs.

One MC Member asks that, for next year's report, information on the treatment of other European or regional costs also be included.

11.1 The MC approves with the Regulatory Factsheets 2021 Report.

12. ITC

12.1. Audit of Data Collection for 2022

The WG EF Convener presents an overview of recent developments for the 2022 ITC Audit and Losses Costs. He reminds MC Members of the deadline extension for the first phase of the Audit, which concerned 10 ITC Parties. Following the legal analysis carried out by the LRG Pool of Experts, and the complementary assessment by WG Economic Framework, 4 options had been identified for the validation of the 2022 ITC Audit. These options were presented and discussed at a preparatory call with MC Members on 21 March.

On 29 March, guidance was given by the President and Vice-President to further investigate all possible options for finding a compromise solution. This would mean that the formal approval of the ITC Audit results would be postponed by a few weeks until this further assessment has been carried out. Several MC Members support the proposal to extend the assessment of compromise options, while noting that a decision would need to be taken by end of April such that January 2022 Settlements can be computed. It is furthermore agreed to form an MC Sounding Board that would provide strategic guidance to the ongoing work carried out by WG EF.

Furthermore, the WG EF convener recalls recent exchanges which showed widespread support to investigate the possibility to agree on a common methodology for setting losses costs for ITC purposes. He however reminds MC Members that the scope for such a methodology would need, at least in a first stage, to remain within the current ITC Agreement without re-opening it. MC Members support the proposal, noting however that such an exercise will take some time. Priority ahead of next year's Audit should thus be to making the process as clear as possible for all ITC Parties.

12.1.1 The Market Committee asks the EF WG together with a MC Sounding Board and a Board Member to further investigate possible compromise solutions and to schedule an extraordinary MC call in the second half of April.

12.1.5 The Market Committee requests WG EF, with LRG's assistance, to elaborate a methodology on ITC losses costs.

12.2. UkrenergO Accession request to the ITC Mechanism

The WG EF Convener presents an overview of recent developments on UkrenergO's accession to the ITC Mechanism. Informal exchanges with UkrenergO and the Energy Community Secretariat which took place before the emergency synchronisation of Ukraine with Continental Europe, suggested at the time that, in view of the synchronisation planned in 2023, the entire Ukrainian system and not just Burshtyn Island was to be considered.

On 2 March 2022, the Energy Community sent ENTSO-E a letter, recommending inter alia the accession of UkrenergO to the ITC Mechanism. On 10 March 2022, the Board welcomed the initiative to re-initiate

discussions, but noted that synchronisation and ITC accession are separate processes, for which different conditions apply. The Board furthermore recommended that the MC and the Secretariat develop a roadmap for ITC accession.

On 11 March, ENTSO-E replied to the EnC letter, reflecting the abovementioned points.

12.2.1 The MC acknowledges the guidance from the Board and asks the EF WG, together with the LRG, Data Administrators and Secretariat to collaborate on the development of a roadmap for Ukrenergo's Accession to the ITC Mechanism.

12.2.2 The MC asks the EF WG and the Secretariat to keep it informed of relevant developments.

13 Offshore Development Core Group (ODCG)

13.1. Redistribution of congestion income in an Offshore Bidding Zone

The Secretariat presents an update on the ongoing assessment by the EC's consultant of possible options for re-allocating congestion income to offshore wind farms connected to a hybrid asset in an offshore bidding zone setup. He reminds MC Members of the initial proposals made by the consultant in an earlier workshop in late November 2021, to which ENTSO-E expressed some strong concerns. It had been agreed in the December MC extraordinary meeting that ENTSO-E would organise a stakeholder workshop on the impact of Advanced Hybrid Coupling in an offshore bidding zone. This workshop was organised in late February 2022 and was attended by over a hundred participants, including the EC and its consultant. The workshop's objective was to bring other stakeholders to a common understanding on the importance of taking into account the impact of Advanced Hybrid Coupling when estimating the redistributive effects of an offshore bidding zone setup and assessing possible tools to help de-risk investments in offshore renewables.

On 29 March, the EC's consultant organised a second workshop, during which a new proposal, labelled "Transmission Access Guarantee", was put forward. The ODCG, together the WG MD&RES and WG EF, will further analyse this new proposal and update the MC on future developments.

13.1 The MC takes note of the latest developments on congestion income in an Offshore Bidding Zone and asks the ODCG and the WG MDRES to keep it updated.

15 EG CIM

15.1 The MC approves the Common platform for Replacement Reserves IG v1.2 for publication subject to consistency and format changes.

15.2 The MC approves Capacity allocation configuration document UML model and schema v1.1, Configuration document UML model and schema v1.1, GLSK document UML model and schema v2.3, HVDC link document UML model and schema v1.1, Problem statement document UML model and schema v1.1, Reporting information document UML model and schema v1.2, Resource mapping document UML

model and schema v1.0, STA prognosis document UML model and schema v1.1, STA results document UML model and schema v1.1, Status request document UML model and schema v1.1, Activation document UML model and schema v1.2 for publication subject to consistency and format changes.

17 AOB

New Membership changes [no discussion]