

## CWE Consultative Group

### Meeting minutes, 10<sup>th</sup> of April 2018, Munich airport

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<b>Date</b>	10-04-2018		
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<b>Name</b>	<b>Company</b>	<b>attendees</b>	<b>Excused</b>
<b>MARKET PARTICIPANTS</b>			
SCHUMACHER Mathias	AXPO Trading	X	
STEINBACH Marcel	BDEW	X (conference call)	
ZELENAY Marek	CEZ	X	
VU DAC Olivier	Citadel	X	
TIMMER Roderick	Cross Options		X
PIROVANO Filippo	EDF Trading	X	
LE PAGE Jérôme	EFET	X	
LEFEVRE Eric	ENGIE	X	
<b>ROBAYE Hélène</b>	<b>ENGIE / CCG co-chair</b>	X	
MAURICE-VALLEREY Laurent	GAZPROM	X	
VAN BOSSUYT Michaël	IFIEC	X	
SALLEE Patrick	Mercuria	X	
KEYSERLINGK Konrad	RWE	X	
ISLEI Olaf	Shell	X	
MESSA Silvia	Statkraft	X	
PHULPIN Yannick	UFE	X (conference call)	
BONDE Michael	Uniper Global Commodities	X	
STANCHEV Georgi	Vattenfall	X (conference call)	
MANDIC Regina	Verbund Trading	X	
<b>NRAs / Logarithmo / E-Bridge</b>			
RÜTZEL Matthias	BNetzA	X (conference call)	
TUETTMANN Ramona	BNetzA	X (conference call)	
MONTIGNY Marie	CRE	X (conference call)	
SCHOUTTEET Nico	CREG	X (conference call)	
VERHELST Clara	CREG	X (conference call)	
KÖSSLDORFER Zeljka	E-CONTROL	X (conference call)	
BEUNE René	E-Bridge	X	
MÜLLER Sven Christian	Logarithmo	X	
<b>CWE PARTNERS</b>			
BUCKSTEEG Michael	AMPRION	X (conference call)	
JACHMANN Christoph	APG	X	
GREUNSVEN Joost	TENNET NL	X (conference call)	
LIEBELT Bastian	TENNET DE	FB expert	X
PFLANZ Carsten	TENNET DE	Core CCR chair	X
TARNAI Sylvie	EPEX SPOT	NEMO	X (Conference call)
SCHNEIDER Rudolf	EXAA	NEMO	X
KUNZE Birgit	NORD POOL	NEMO	X
<b>SEMMIG Andreas</b>	<b>TRANSNET BW</b>	<b>CCG Co-chair</b>	X
BOYER Karel	Eurogroup CS	PMO	X
WILLEMSEN Nynke	Magnus Red	PMO	X

Agenda of the meeting:

1. **CWE Day-Ahead Capacity Calculation**
2. **Status on transparency framework within CWE region**
3. **DE-AT BZB split project status**
4. **NRAs presentation (FFC study)**

Summary of discussions of the CWE Consultative Group session

In this CWE Consultative Group meeting, CWE Partners and Market Participants focused their discussions on the measures studied to improve available day-ahead capacities and on the efforts needed to further improve transparency for the market. Furthermore, the next steps of the DE-AT BZB split project have been introduced next to the results of the Flow-Factor Competition (FFC) study.

CWE TSOs explained the upcoming modifications aiming at optimizing the available capacities for the day-ahead timeframe. Before the implementation of long-term and structural improvements, CWE NRAs asked the TSOs to implement a 20%minRAM process by end of April and perform a CNEC (also known as 'CBCO') selection study in CWE. Market Participants strongly underlined the importance of being transparent towards the market for such important methodological changes. CWE TSOs indicated that due to the challenging deadline to implement the measure, it was not possible to inform MPs more in advance. Market Participants requested TSOs and the regulators to provide as soon as possible a detailed description of the 20% minRAM application process and explain the situations for which the process will not be applied (justifications). MPs also ask that a process for ensuring daily publication of data is put in place

Further to the recent discussions with a group of representatives of Market Participants, CWE TSOs will organize a call in the coming weeks to complete and prioritize MPs transparency requests list. Based on this list, TSOs will be able to assess the efforts needed for implementation of these measures and define the next steps to improve the clarity and robustness of the information provided.

The main conclusions of the Flow-Factor Competition FFC study requested by the CWE NRAs have been presented to the Market Participants. Its results will be thoroughly analyzed by the regulators to identify possible improvements of the Flow-Based methodology. Beyond the findings of the study, the Market Participants are particularly concerned about the data access provided to the consultant to model its web-based CWE monitoring tool and request for clarity. The NRAs and the consultant indicated that the tool has been built based only on publicly available data.

Lastly, DE-AT TSOs developed the coming steps of the DE-AT BZB project. CWE FB approval documents will be submitted to CWE NRAs on 1st of June with a target go-live expected in October 2018. A Market Parties conference is scheduled on June 5<sup>th</sup> to present a detailed status of the project and address Market Participants' questions regarding the external SPAIC results and the parallel run preparation.

Market Participants will be continuously informed of the developments in the CWE region through the CWE Consultative Group mailing list and publication on JAO website. The next meeting should be planned by the end of 2018.

## CWE Consultative Group session

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### 1 CWE Day-Ahead Capacity Calculation

#### Improvements of Flow-Based Day-Ahead Capacities

- CWE TSOs remind the main challenges they are facing with the available capacities. Most of these challenges are structural and not linked to the Flow-Based methodology. Long-term evolutions are being investigated to mitigate these issues and to allow for more capacity exchanges.
- TSOs have already implemented operational improvements in Q3 and Q4 2017 such as:
  - Additional coordination for existing remedial actions (RAs) in the Day-Ahead process;
  - Extension of the list of non-costly remedial actions for coordination in the Day-Ahead process.
- Market Participants consider that the Flow-Based methodology does not work as expected given its recent results and the frequent application of the LTA coverage process.
- In January 2018, NRAs have requested the following two measures from TSOs in January 2018:
  - Performance of a CNEC selection study for CWE (former called CBCO selection study);
  - Implementation of a 20% minRAM patch by the end of April 2018. This process would take place after completion of the remedial action coordination and before the LTA coverage process. However, in specific cases in which the system security is at risk (e.g. maintenance planned on a line, insufficient RD available), TSOs will still have the possibility to exclude specific lines from the process or to suspend the whole patch to ensure security of supply (“emergency exit”).

#### 20%min RAM process

- An analysis has been performed by CWE TSOs to assess the potential impact of the 20% minRAM implementation. The results of this study will be also published on JAO website. Based on the 15 days analyzed, Flow-Based experts concluded that the implementation of the patch would lead to:
  - A larger Flow-Based domain and more trading possibilities, in particular during winter time in day ahead;
  - DE Export and FR Import Net Position (NP) are significantly higher in winter;
  - NL CWE NP increases and decreases in winter, the BE CWE NP is hardly affected;
  - Additional capacity has to be safeguarded by additional costly RAs in real time. To ensure security of supply, CWE TSOs will check technical feasibility for each business day;
  - The minimum RAM has on average a downward effect on prices in Belgium and France and an upward effect on prices in DE;
  - The minimum RAM has for most days a significant positive impact on CWE Social Welfare. However, additional costs for redispatching have not been taken into account.
- Market Participants want to highlight that they are in principle in favor of such measure. However, they have been surprised by the short notice information close to implementation of this measure. TSOs referred to NRAs, as they have requested the implementation as soon as possible.
- For Market Participants it is also of utmost importance to bring transparency on the methodological change and the description of the situations for which the 20%minRAM process will not be applied. MPs consider that given the price sensitivity, full transparency on how the decision to not grant 20% RAM is taken should be granted. TSOs consider when there are no other solutions then to not grant the 20% minRAM. MPs ask if there are procedures in place at TSOs side to make such decision. TSOs answer that each TSO has its own procedure in place. MPs ask to have transparency (ie publication) on these procedures. In addition, MPs consider that on a daily basis, the publication of FB parameters should include information on the CNE for which the min RAM could not be applied. .
- CWE TSOs and NRAs understand Market Participants concerns and take very seriously their request concerning transparency. They will inform the market about the possible foreseen change regarding the minRAM process via an update of the CWE FB MC approval document and JAO.
- Question from MPs: Market Participants have the feeling that the measures implemented will help to solve issues faced today but not anticipate future developments of the network and markets. How do TSOs intend to deal with these coming developments?

- CWE Partners answer: TSOs are implementing these measures on request of CWE NRAs to increase the capacities available for the market. Based on the results observed, TSOs will consider studying additional measures in case future developments require this.
- Question from MPs: Will this important change in the methodology be described and communicated to the market? Market Participants highlight that such a change should be communicated in advance to the market, even if it leads to a positive outcome regarding the available capacities.
- CWE Partners answer: The description of the methodological evolution will be described in the next version of the Flow-Based MC Approval Package.
- CWE NRAs answer: NRAs have requested TSOs to implement the 20%minRAM process. However, NRAs see this implementation as an intermediate step.
- Question from MPs: It looks like there are several situations for which TSOs will not apply the 20%minRAM process to guarantee security of supply. Is there a list of criteria available describing these situations and the different steps TSOs intend to take once the lines are excluded from the process? MPs want to understand how the mechanism works and want to know when a CBCO is excluded. The methodology should define when the 20% minRAM is applied and what exceptional situations are.
- CWE Partners answer: TSOs have to introduce the 20%minRAM process without any possibility to test the process during a parallel run period. That is why it is important for TSOs to have the possibility to suspend the application of minRAM in order to ensure security of supply (“emergency exit”). TSOs are currently – in alignment with CWE NRAs – defining the transparency required to inform the market about situations when the 20% minRAM patch is not applied.
- Question from MPs: On which basis did NRAs decide to apply a 20%minRAM process (instead of 10% or 30% for instance)?
- CWE NRAs answer: CWE NRAs consider the 20% as a reasonable and feasible first step. If the results are satisfactory and depending on the conclusions of the CNEC selection study, the regulators will further discuss possible improvements with the TSOs.
- Question from MPs: Regarding the analysis of 12 historical days as chosen by TSOs: it would be interesting to evaluate the marginal impact of the 20%min RAM process next to the other changes already implemented (e.g. change in Fmax of Amprion)?
- CWE Partners answer: TSOs take note of the question however, given the limited time available to assess the impact of implementation of 20% minRAM before the end of April, no changes in the scope of the analysis will be included.

**Action CWE Partners: Inform MPs on the methodological changes related to the 20% minRAM implementation, including a description of exceptional situations (as will be included in the updated CWE FB MC approval document)**

## 2 Status on transparency framework within CWE region

### Progress on pending transparency propositions

- As discussed in the last CWE Consultative Group meeting (September 28<sup>th</sup> 2017), inconsistencies and missing data have been identified in the daily publication of information  
*Post meeting information: TSOs are working on solutions to improve and harmonize the quality of the data published.*
- TSOs organized a conference call with representatives of MPs on April 6<sup>th</sup> to further discuss transparency needs in order to comply with transparency obligations and, in a later stage to define a pragmatic way forward to comply with the transparency standards. Market Participants participating to the meeting have indicated their main priorities regarding transparency:
  - Transparency on CBCOs: improvement of data completeness and accuracy (not satisfactory today), clear process on how to deal with CO and CB combinations, provision of historical data detailed breakdown of RAM (1);
  - Explanation on how LTA patch works: raw data of FB domain with and without LTA, description of the algorithm and parameters TSOs use (2);
  - Transparency on use of Remedial Actions (3).
- MPs ask TSOs to schedule a second call to (i) obtain clear answers and feedback on the identified needs, questions and suggestions, and to further discuss the transparency needs & priorities. TSOs will assess MPs transparency requests in terms of efforts and share this assessment as soon as available. As a first step, TSOs will update incomplete information already published.
- In addition, TSOs propose to use the call to also discuss with MPs their needs with regards to publication of SPAIC information such as changes foreseen and earlier publication of SPAIC results.
- Question from MPs: Market Participants find it difficult to collect information regarding maintenance works. Would it be possible to centralize this information on one single platform (e.g. JAO website)?

- CWE Partners answer: This topic was already raised during the conference call of April 6<sup>th</sup> and will be further analyzed by CWE TSOs. Helene Robaye suggests the market participant to check if his point is correctly reflected in the support document from the telco and to possibly amend it if not.

**Action CWE Partners (after the respective meeting to be planned in the upcoming weeks):**

- Assess MPs transparency priorities list in terms of efforts needed for implementation and propose next steps to MPs – prior to the second call on transparency
- Schedule second call on transparency – June

**SPAIC: Nemo cable**

- *Given the limited time available, the topic has not been addressed during the session. Market Participants are invited to indicate their possible questions directly to the Nemo Link project (Nemo Link website).*

### 3 DE-AT BZB split project status (DE-AT project parties)

- DE-AT project reports that CWE NRAs agreed that Flow-Based should be the target methodology for DE-AT BZB capacity calculation. The go-live is on October 1<sup>st</sup>, after an approval period between June and September 2018. The CWE FBMC approval documents will be adapted for the DE-AT BZB go-live, including the results of the ongoing DE-AT BZB External SPAIC. This version will also take into account the change foreseen with the 20%minRAM process.
- The external parallel run will take place between June and September 2018. During this period, Market Participants will be invited to send their orders regarding the area of their physical fulfillment (DE/LU or AT).
- A Market Parties conference on DE-AT BZB split will be organized on June 5<sup>th</sup> in Berlin to inform about the progress of the project and most particularly the results of the SPAIC analysis and the preparation of the parallel run.
- There is a section on JAO website dedicated to the DE-AT BZB split project where Market Participants can find more information, including a Q/A section. They can also submit questions to the email address indicated on the website. .
- As indicated in the previous CWE Consultative Group meeting, DE-AT project parties confirm it was decided to start with 4.9 GW of minimum long term capacity. Long term capacity for this border will be taken into account during the CWE flow based process in the same way as for all other borders.
- Market Participants already indicate they would like to receive information about the following topics:
  - DE and AT external constraints values
  - New CBs that would be monitored with the introduction of the DE-AT BZB split
  - Future reserves foreseen after the DE-AT BZB split
  - Possible adaptation of the GSK values in all CWE bidding zones.
- Question from MPs: What is the final solution agreed regarding capacities on the DE-AT border to be used for balancing purposes?
- CWE Partners / DE-AT BZB Project answer: There is a consultation process ongoing regarding the balancing cooperation between DE and AT. The implementation of this solution, incl. the allocation of capacity for balancing purposes, is subject to regulatory approval.

### 4 NRAs presentation

**Outlines of the Flow-Factor Competition study (E-Bridge and Logarithmo)**

- E-Bridge and Logarithmo have been selected by CWE NRAs to perform the Flow-Factor Competition study. This study was composed of two main tasks: one regarding the analysis of the current FFC phenomenon in CWE and the other concerning the evaluation of the fairness of competition in comparison to alternative design policies for FBMC. The final reports of the study are now available on JAO website. It should be also noted that the results of the study have not yet been reviewed by CWE TSOs.
- The main conclusions of the task 1 are presented during the session:
  - Based on the data analyzed, Amprion is the TSO of the CWE region with the constraints most frequently impacting the market outcome.
  - There are important differences between TSOs regarding their modelling of FRM.

- There are also significant deviations between D2CF forecasts and DACF.
- E-Bridge and Logarithmo also provided the outcomes of the task 2:
  - The consultant defined two benchmarks based on a Nodal optimal Power-Flow for the first one and on a 'Reference PTDF' scenario for the second one. Then, market simulations have been performed to evaluate 6 alternative policies based on 6 selected days.
  - It appeared that the LTA inclusion patch and also the FBI patch can be considered as potential drivers of unfairness.
  - Policies enlarging the FB domain led to an increase of fairness indicators. Furthermore, it has been observed a general increase of fairness in the scenario 'seasonal Fmax' and 'alternative CBCO selection'.
  - The Nodal OPF model allows for higher exchanges and net positions than the current FBMC given the same CBCO constraints.
- On top of this analysis, the consultant developed a web-based CWE monitoring tool which gives various possibilities of indicators visualizations and monitoring. This tool is built based on the collection of public information from JAO and ENTSO-E websites. A version could be further made available to Market Participants.
- Question from MPs: Market participants are strongly surprised about the indicators modelled by E-Bridge / Logarithmo since stakeholders have been requesting access to this information for years. Market Participants request clarifications regarding availability and confidentiality of the data used.
- E-Bridge / Logarithmo answer: The monitoring tool is only based on public available data from JAO and ENTSO-E websites. If needed, the consultant could further explain the assumptions and model developed to process this tool. Besides, E-Bridge and Logarithmo guarantee the confidentiality of the data used to perform the FFC study.
- CWE NRAs answer: the regulators confirm that the web monitoring tool has been developed based on public available data.
- Question from MPs: Will the study be performed on a regular basis to monitor the FFC phenomenon?
- CWE NRAs answer: As a first step, NRAs will analyze the results of the study to define possible next steps to take with regards to FBMC methodology. NRAs invite Market Participants to review the study published on JAO website and provide their feedback via the CREG.

**Action CWE NRAs: clarify the scope of the data used to develop the CWE web-based monitoring tool and inform MPs on short notice**

**Next steps regarding FBP vs FBI methodology**

- *Given the limited time available, the topic has not been addressed during the session.*

***The next CWE Consultative Group meeting will be planned before the end of 2018 at the same time of the Core Consultative Group. Market participants will be informed on the date and agenda of the meeting as soon as decided.***