



# CWE project

**PENTA SG1, December 5<sup>th</sup> 2013, Brussels**



# Agenda



## **1. Progress report on Flow Based Market Coupling Project (10h00 – 11h30)**

- a. Progress report by TSOs and power exchanges
- b. Outlook to go live date
- c. State of play of the regulatory approval process
- d. Status quo on inclusion of Switzerland in the coupling
- e. Improvements to stakeholder dialogue – MPP impression on Market Forum
- f. Discussion

## **2. State of play of the North West European intra-day project (11h30 – 12h15)**

## **3. Monitoring results ATC coupling (12h15 – 12h45)**

- a. Presentation of current results of ATC coupling
- b. Discussion

# 1 - Flow Based Market Coupling Project



## a) Progress report: Achievements

- ▶ During the last 6 months, Project Partners have intensified the relationship between the project and external stakeholders:
  - **Publication of public consultation document** in May giving further details about the final design and implementation of FB MC
  - **Organization of online survey** allowing market participants to provide their feedback on specific questions and to comment on the consultation document
  - **Submission of regulatory Approval Package** on August 1<sup>st</sup>, including main concerns raised by Market Participants during the public consultation
  - **Organization of Market Forum** on October, 10<sup>th</sup> answering MPs' questions within dedicated workshops

# 1 - Flow Based Market Coupling Project



## a) Progress report: Next steps

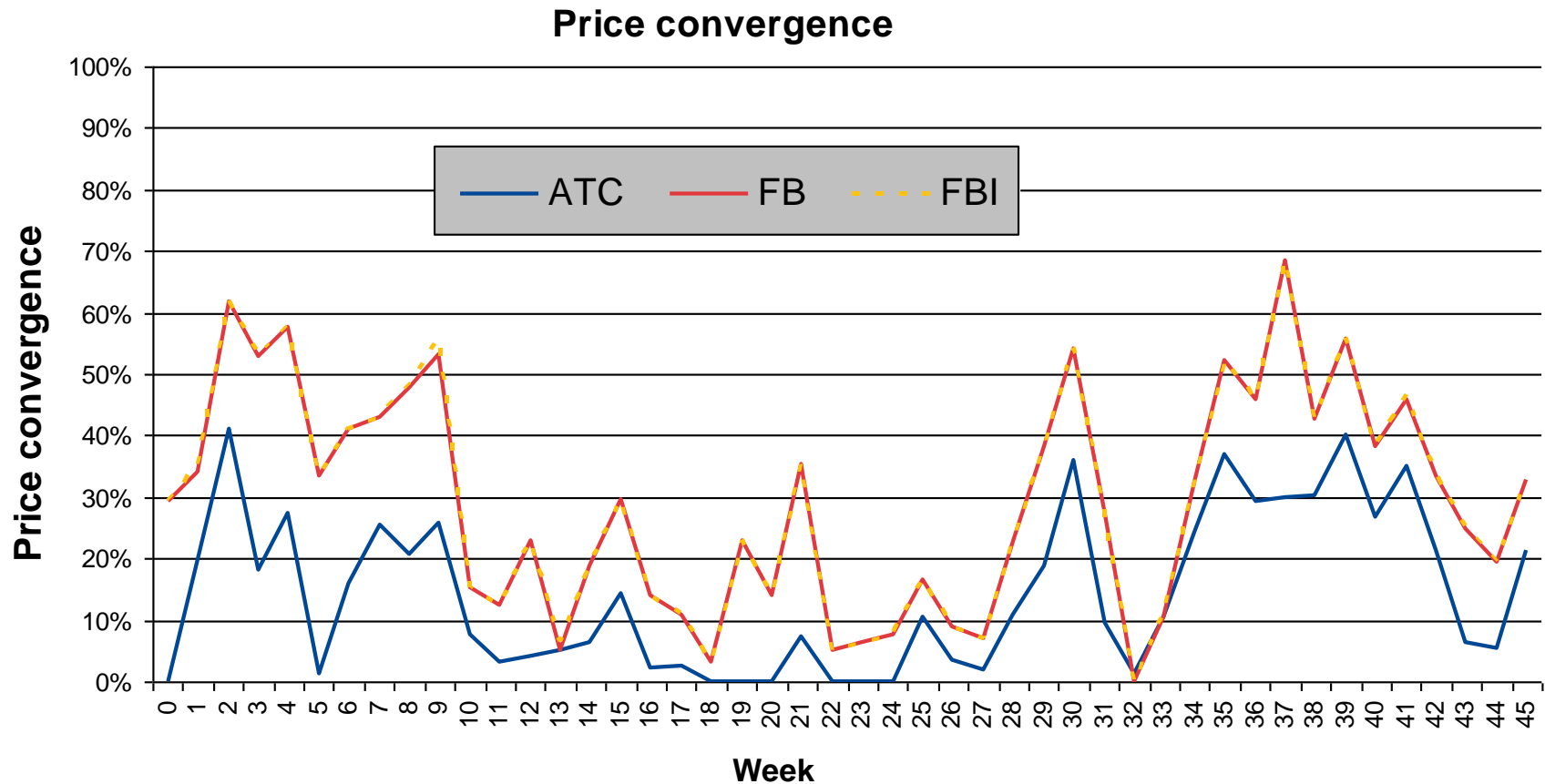
- ▶ In order to meet the next project milestones, Project Partners are putting all their effort to progress on following key topics:
  - Finalization of **business processes and procedures**
  - Securization of **IT System** delivery and operators' training
  - Launch of **daily parallel run** publication
  - Coordination of joint **testing activities** with PCR, NWE, SWE...
  - **Seamless transition between ATC based processes** (Yearly/Monthly auctions, Intraday) **and FB daily process**
  - **Compromise on transparency**

# 1 - Flow Based Market Coupling Project



## a) Progress report: Price convergence

- ▶ The price convergence overview shows almost a continuous **higher price convergence** under FB than under ATC (in most cases by more than 10%)

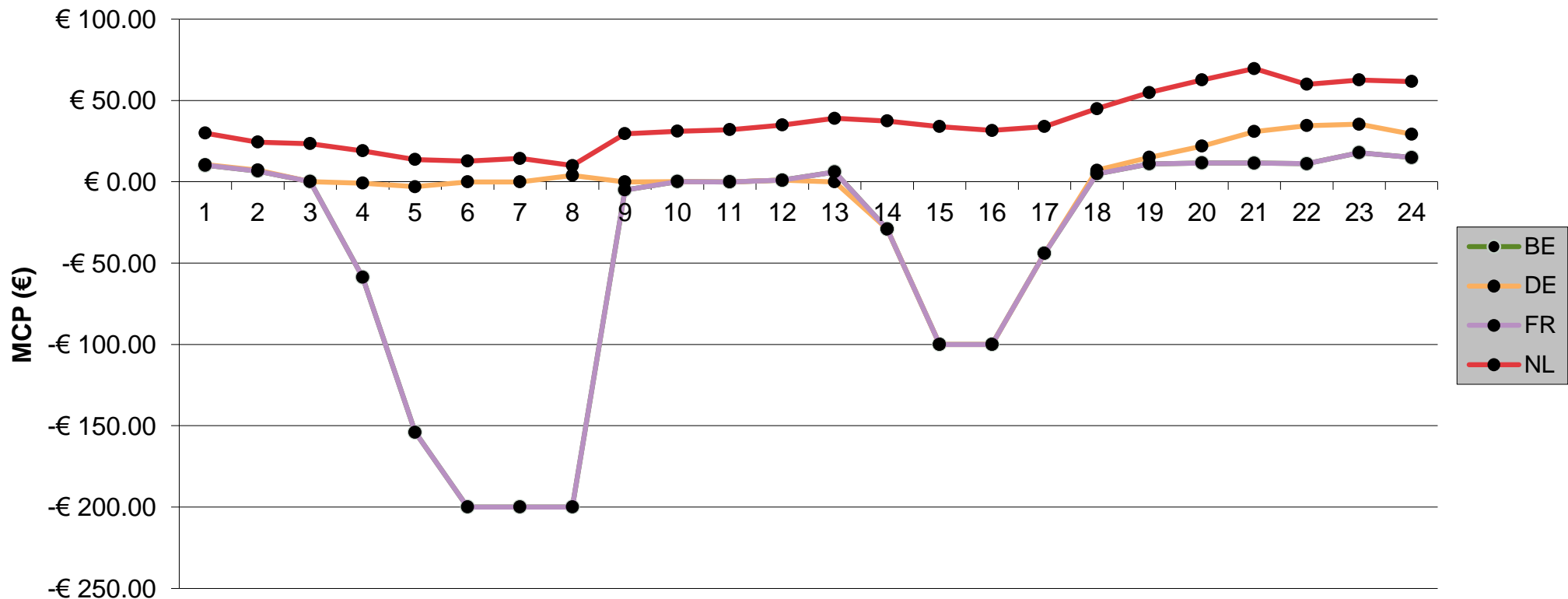


# 1 - Flow Based Market Coupling Project

## a) Progress report: Price convergence



### Results 16 June - ATC result



#### ► ATC result:

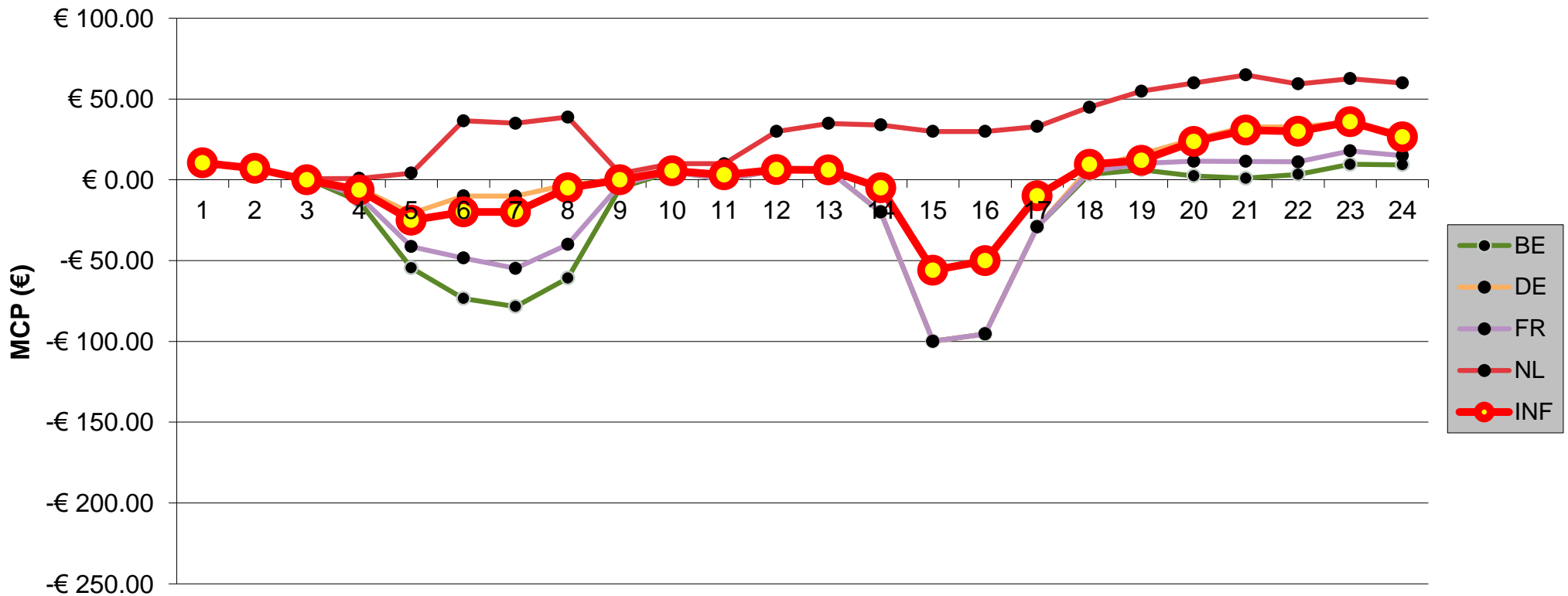
- Negative prices during early hours (up to negative 200) and in afternoon (up to negative 100)

# 1 - Flow Based Market Coupling Project

## a) Progress report: Price convergence



### Results 16 June - Flow based result



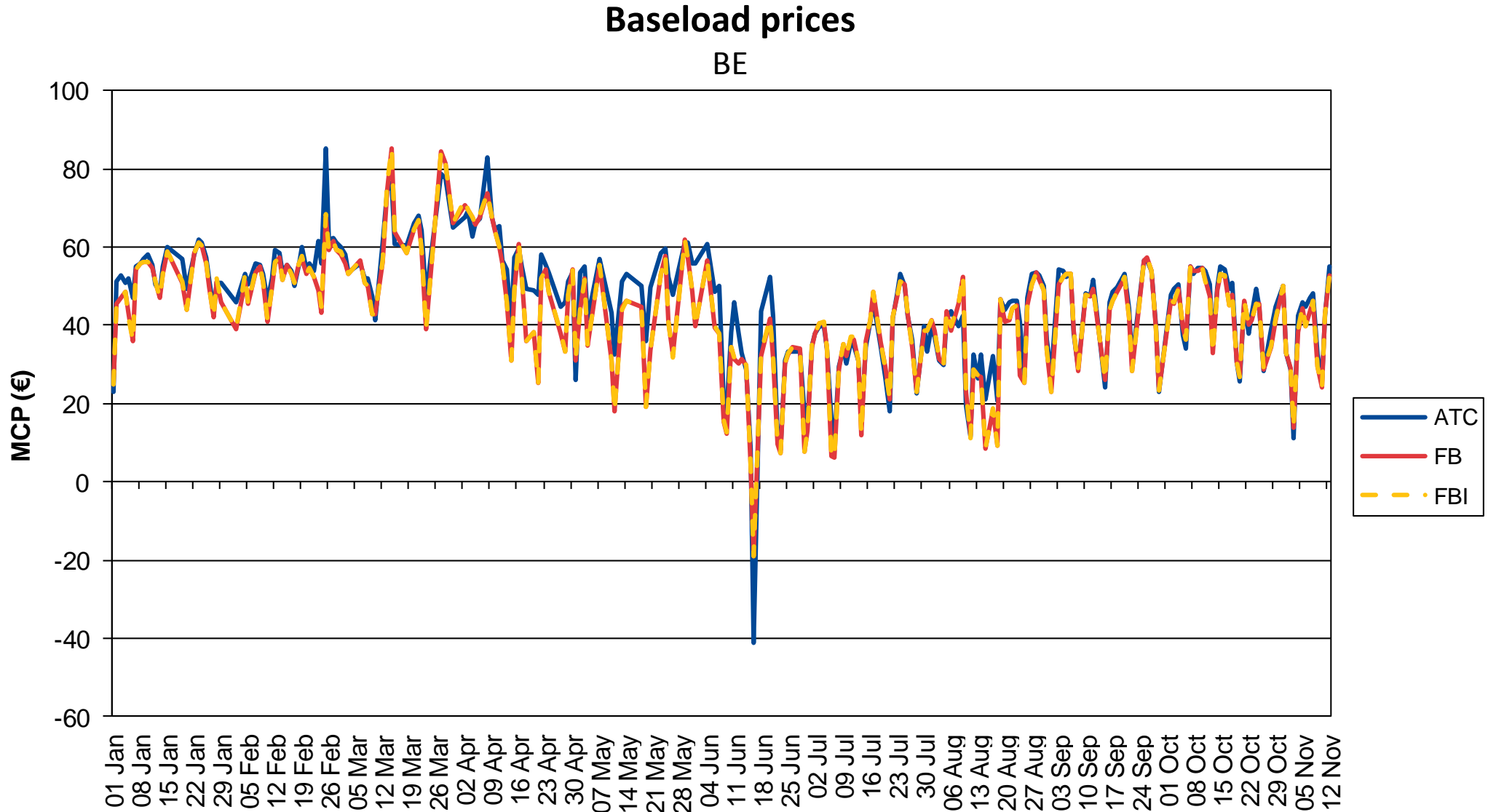
#### ► FB result:

- Negative prices during early hours less negative for FR and BE
- DE facilitates this: additional DE imports cause DE price to drop slightly to relieve over supply in FR and BE
- Counter intuitively the NL imports are reduced compared to the ATC situation, leading to higher NL prices
- Afternoon remains relatively unchanged, in part because market experiences stronger oversupply (cf. copperplate prices)

# 1 - Flow Based Market Coupling Project



## a) Progress report: Price convergence

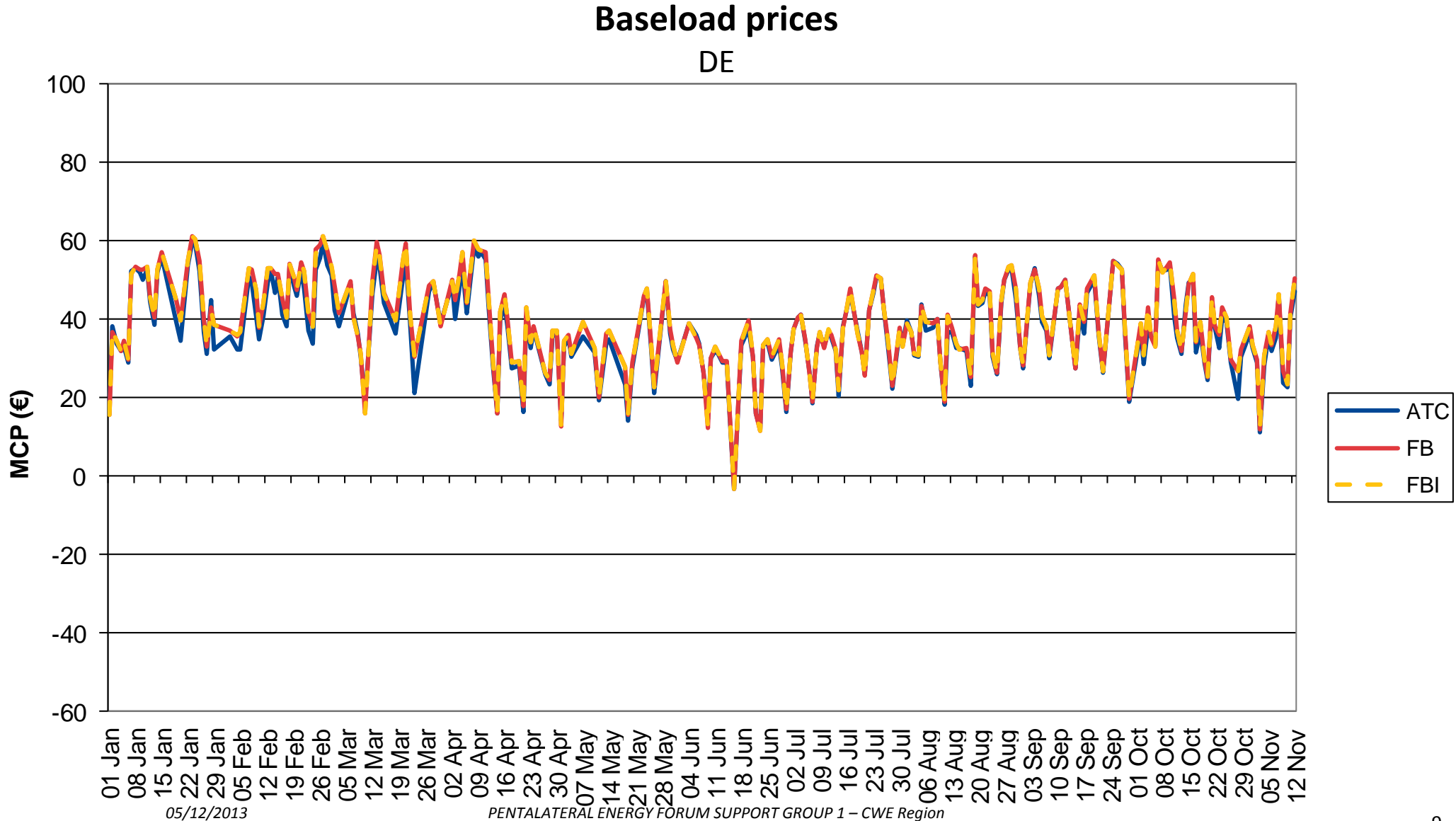




# 1 - Flow Based Market Coupling Project



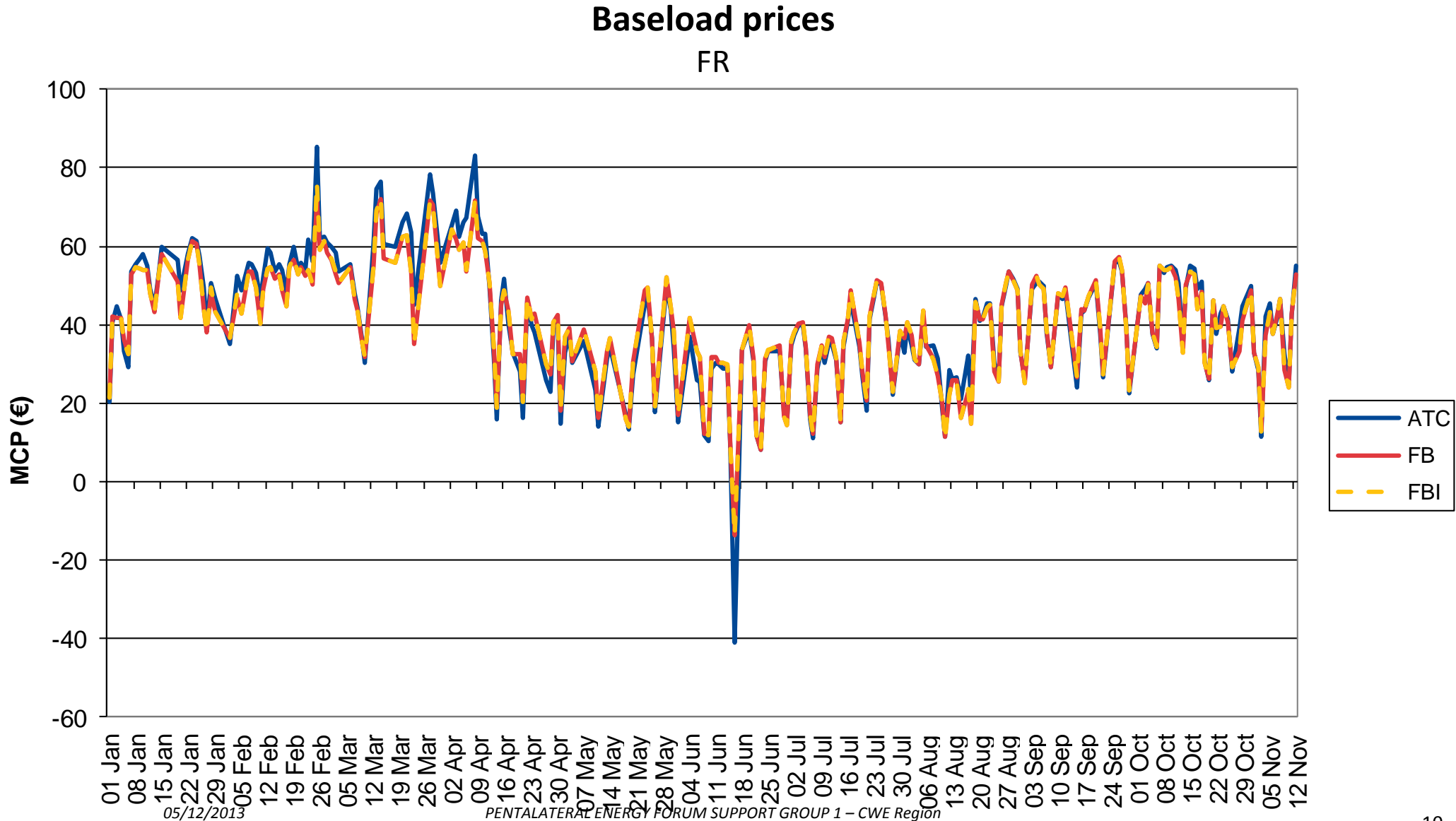
## a) Progress report: Price convergence



# 1 - Flow Based Market Coupling Project



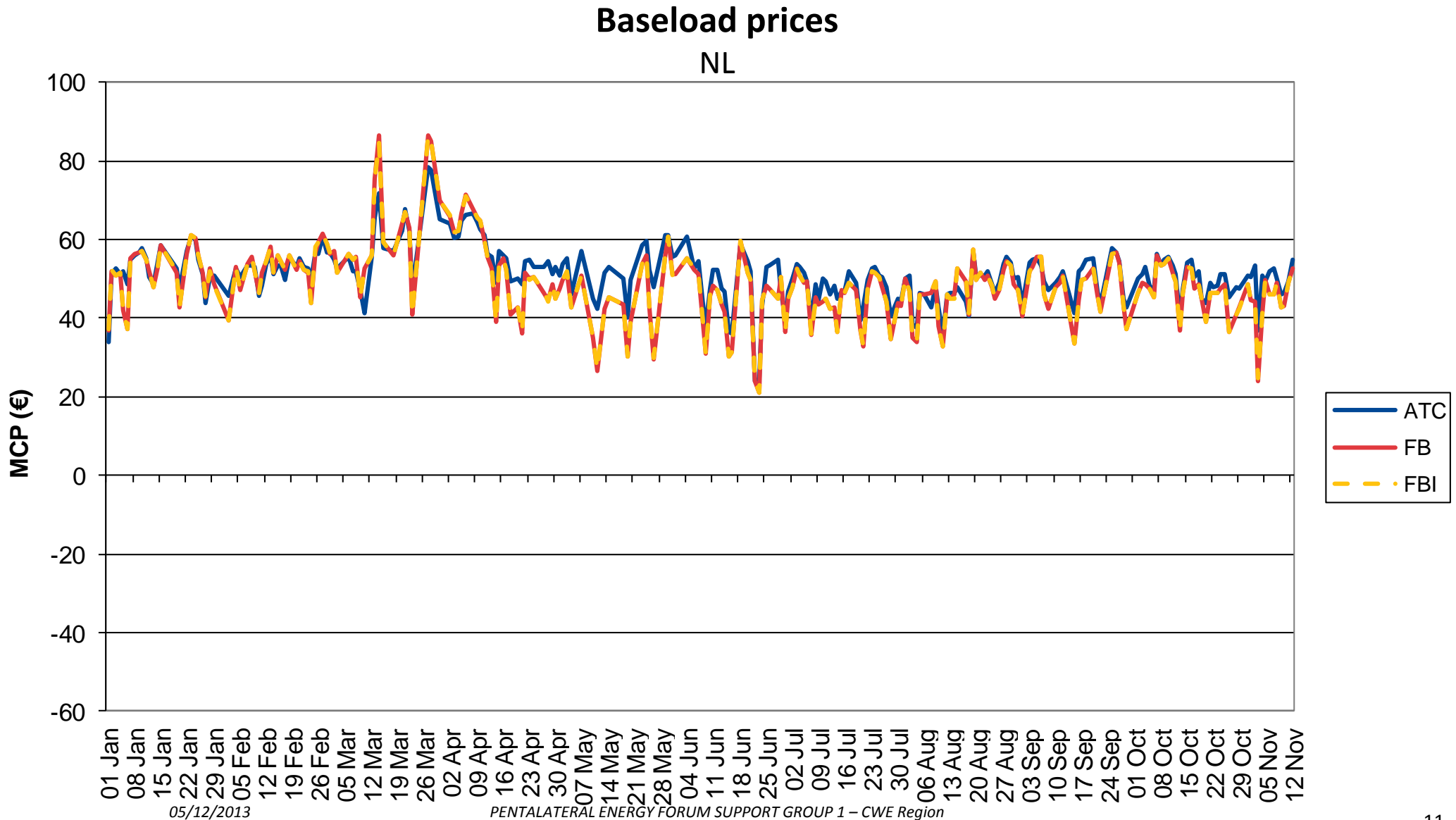
## a) Progress report: Price convergence



# 1 - Flow Based Market Coupling Project



## a) Progress report: Price convergence



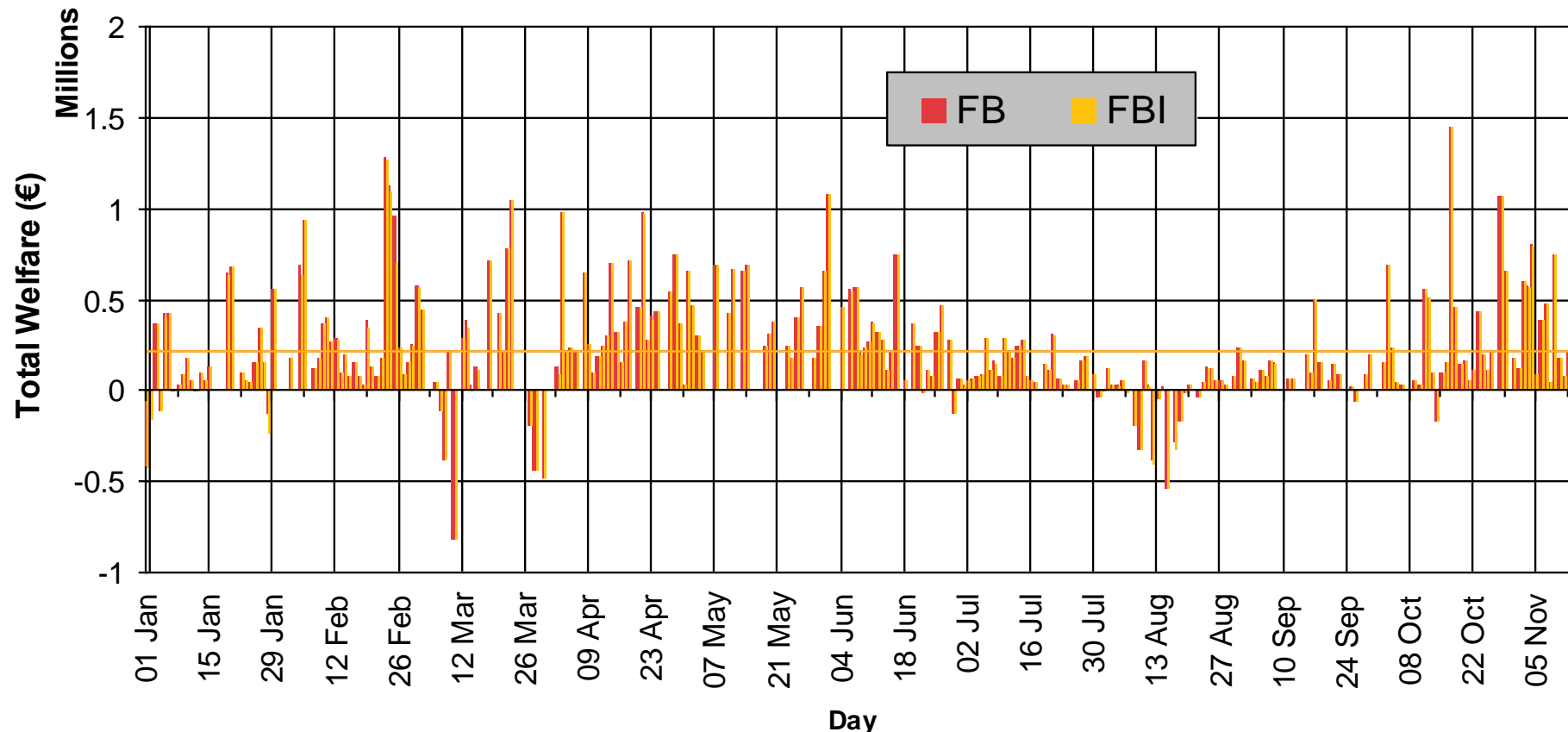
# 1 - Flow Based Market Coupling Project



## a) Progress report: Welfare overview

- ▶ The detailed **daily overview** shows a significant increase in DA market welfare under FB most of the days

Development of welfare (XX - ATC)



# 1 - Flow Based Market Coupling Project



## a) Progress report: Welfare overview

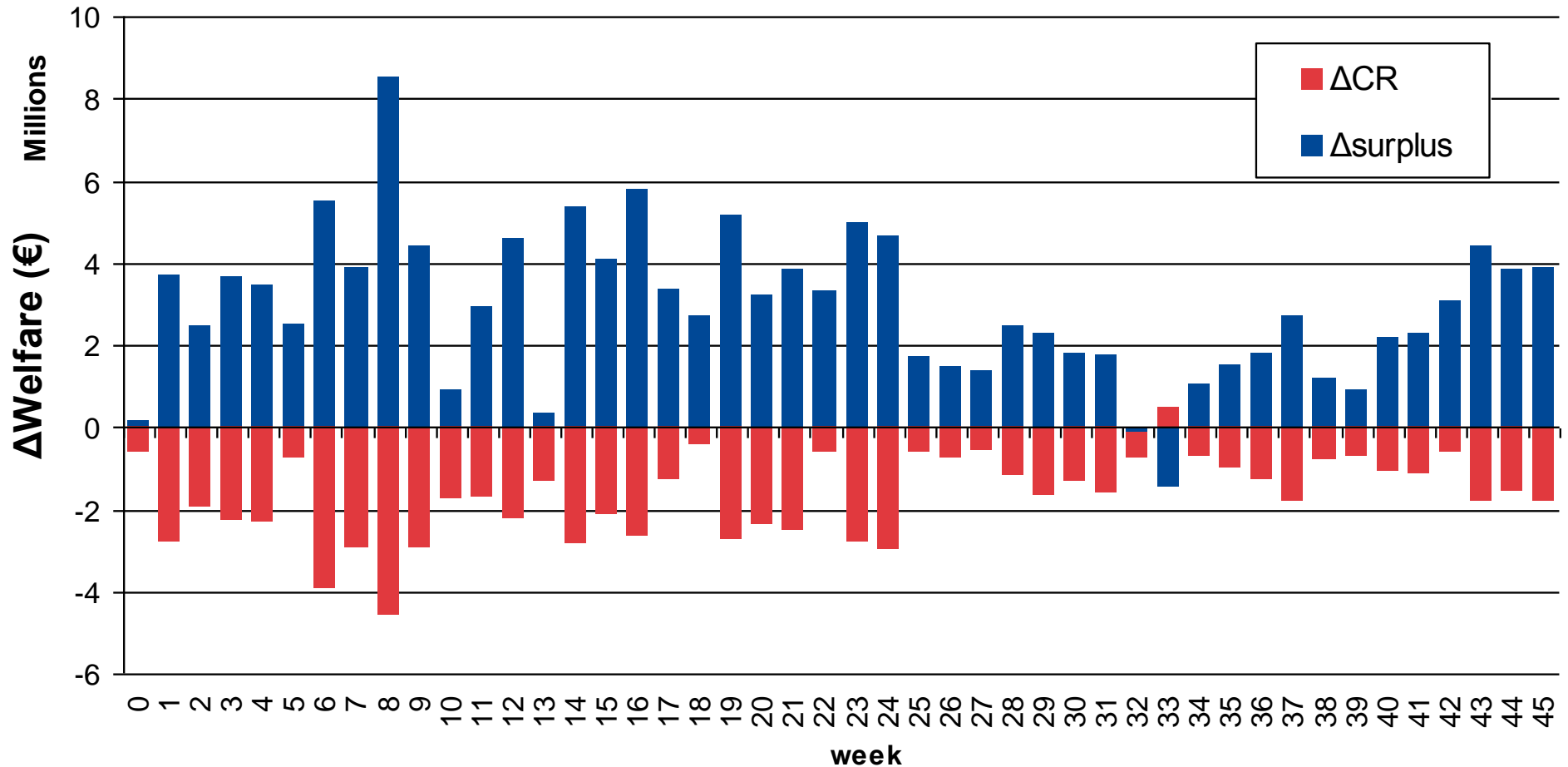
- ▶ Degradation of welfare as observed in week 32 and 33 can sometimes be explained by the fact that the **ATC clearing point is out of the FB domain** even if this observation does not automatically cause a welfare drop
- ▶ Missing coordination on some types of Remedial Actions in the currently semi-industrialized parallel run is the reason leading to an overconstraining FB domain
- ▶ The number of such cases is expected to decrease along the course of the parallel run thanks to
  - **Coordination on all type of topological remedial actions in FB**
  - **Proper coordination on pre-fault remedial actions**
  - **Continuous adjustment of the CB set**, as a normal aspect of the parallel run learning opportunity

# 1 - Flow Based Market Coupling Project



## a) Progress report: Welfare overview

- ▶ This overview shows the **gain in weekly DA market welfare** broken down in Congestion Rent and Surplus



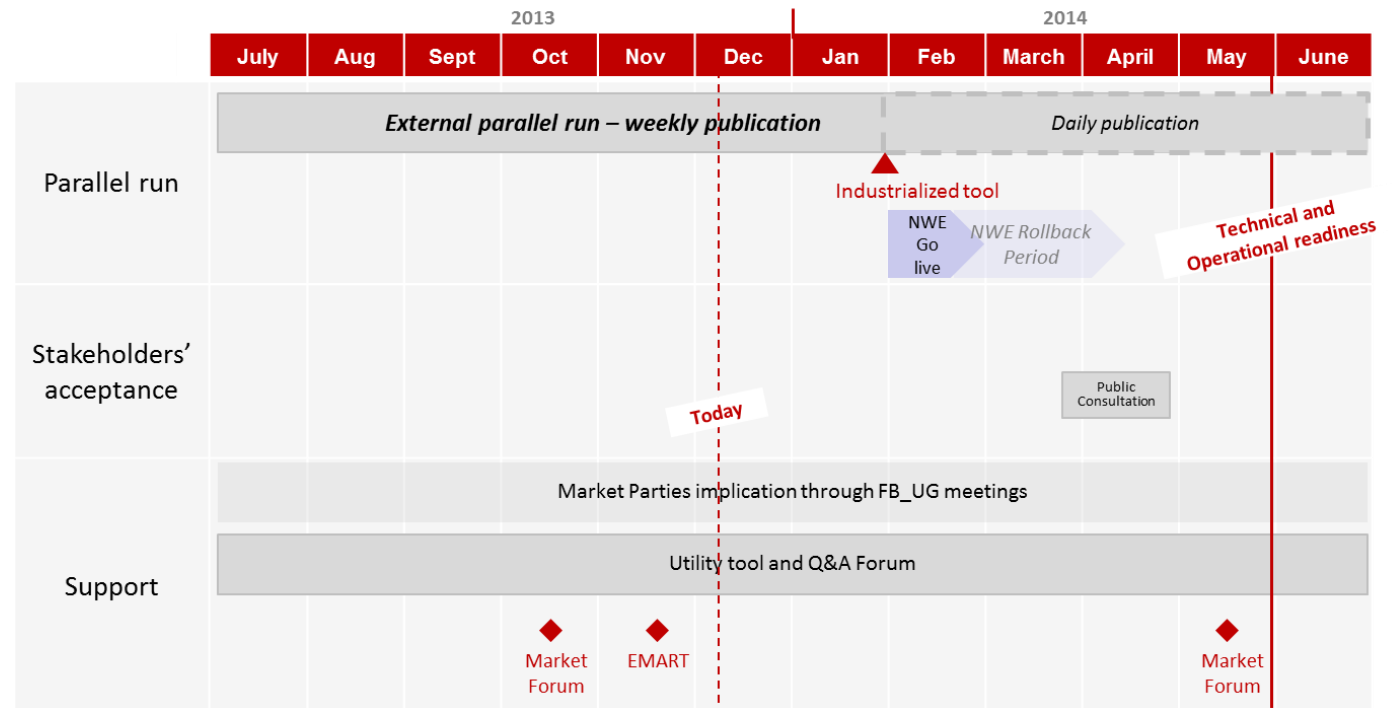
# 1 - Flow Based Market Coupling Project



## b) Outlook to go live date

- ▶ The postponement of the NWE Day-Ahead Project Go Live to February 2014 and some delays in the CWE IT deliveries lead to a **technical readiness by end of May**
- ▶ The **Go Live can be foreseen after summer** subject to the following dependencies:

- NWE Go Live Date
- Delivery of IT Systems
- Possible impact of NWE extensions
- Resources availability for testing



# 1 - Flow Based Market Coupling Project



## c) State of play of the regulatory approval process

- ▶ After the submission of the NRA approval package, **discussions with Regulators** on the CWE FB MC solution are ongoing and will be pursued during the next months
- ▶ Main comments and questions received so far concern further clarifications and details on the capacity calculation part which will be provided in the next NRA Expert Meetings
- ▶ Especially the **following key topics** are subject to further discussions with NRAs in the coming months:
  - **Compromise on transparency:** exchanges between Project Partners and NRAs and with Market Parties in Flow Based Users Group and via bilateral discussions with Project Partners in order to find an acceptable solution for all parties
  - **Decision to adopt FB vs. FB Intuitive:** based on discussions with NRAs and Market Parties, the Project aims at providing a recommendation to adopt FB or FB Intuitive
- ▶ In order to get Market Parties' feedback on the final proposal on the above mentioned points among other topics, and to assess their readiness, Project Partners will organize a **second brief public consultation** on remaining open points whose outcome will be included in the updated approval package



# 1 - Flow Based Market Coupling Project

d) Status quo on inclusion of Switzerland in the coupling



- ▶ See separated presentation provided by Swissgrid

# 1 - Flow Based Market Coupling Project



## e) Improvements to stakeholder dialogue

- ▶ A CWE Market Forum has been organized on October, 10<sup>th</sup> in order to provide Market Parties with further information and explanation on their main concerns raised during the public consultation which can be summarized as followed:

**FB compared to ATC**

Concerns on welfare losses, volatility of prices, timeframes

**X // run performance**

Dissatisfaction with results in terms of reliability and stability

**Allocation Principles**

Publication of the algorithm's functioning

**Operational process**

Request for knowledge of TSO harmonization

**Timings**

Worries regarding the tight deadlines

**Fairness**

Assessment of FB impact on smaller countries

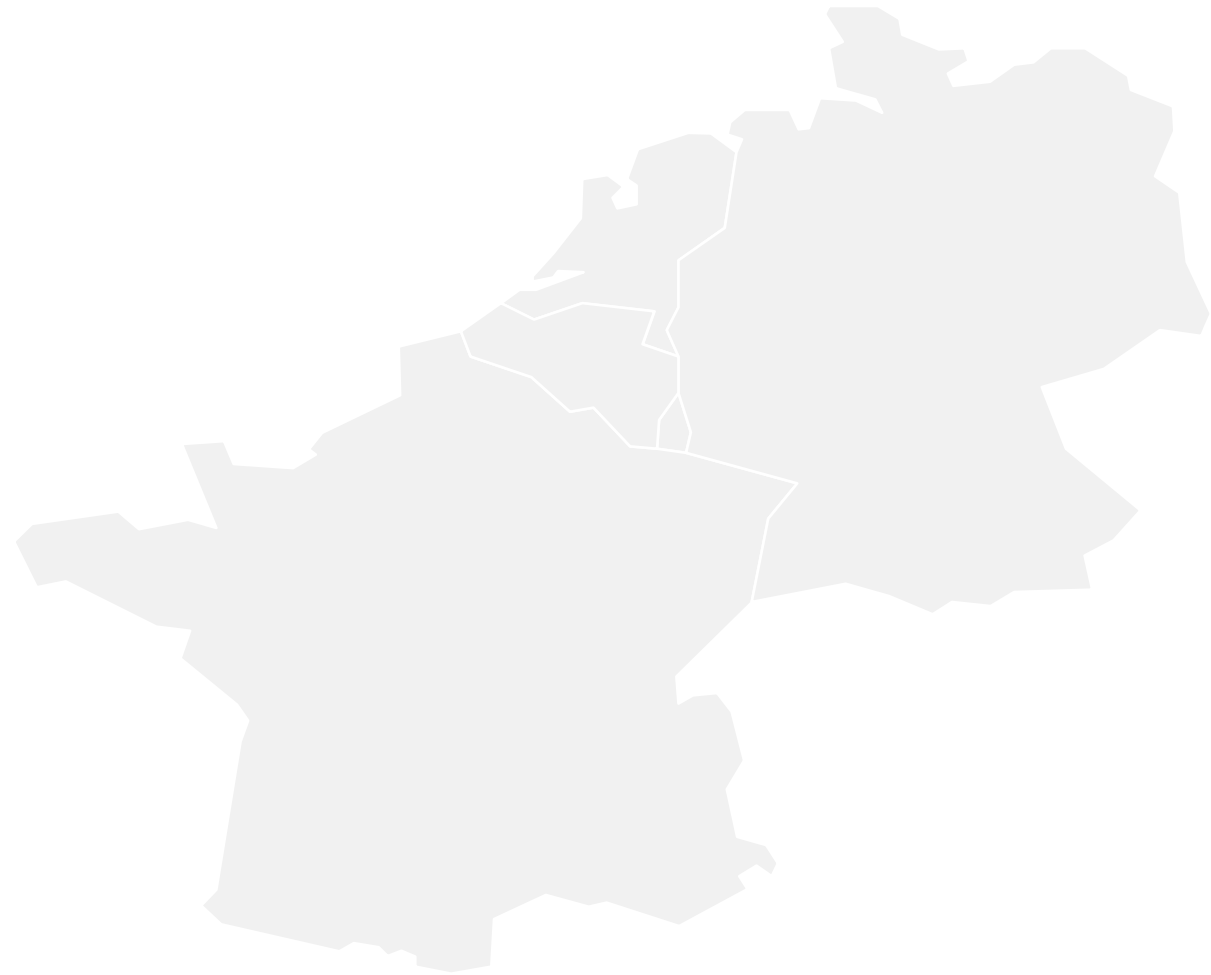
**Transparency**

Request for capacity calculation inputs for price predictability

# 1 - Flow Based Market Coupling Project

f) Discussion

Questions?



# Agenda



## **1. Progress report on Flow Based Market Coupling Project (10h00 – 11h30)**

- a. Progress report by TSOs and power exchanges
- b. Outlook to go live date
- c. State of play of the regulatory approval process
- d. Status quo on inclusion of Switzerland in the coupling
- e. Improvements to stakeholder dialogue – MPP impression on Market Forum
- f. Discussion

## **2. State of play of the North West European intra-day project (11h30 – 12h15)**

## **3. Monitoring results ATC coupling (12h15 – 12h45)**

- a. Presentation of current results of ATC coupling
- b. Discussion

# 2 - Monitoring results ATC coupling

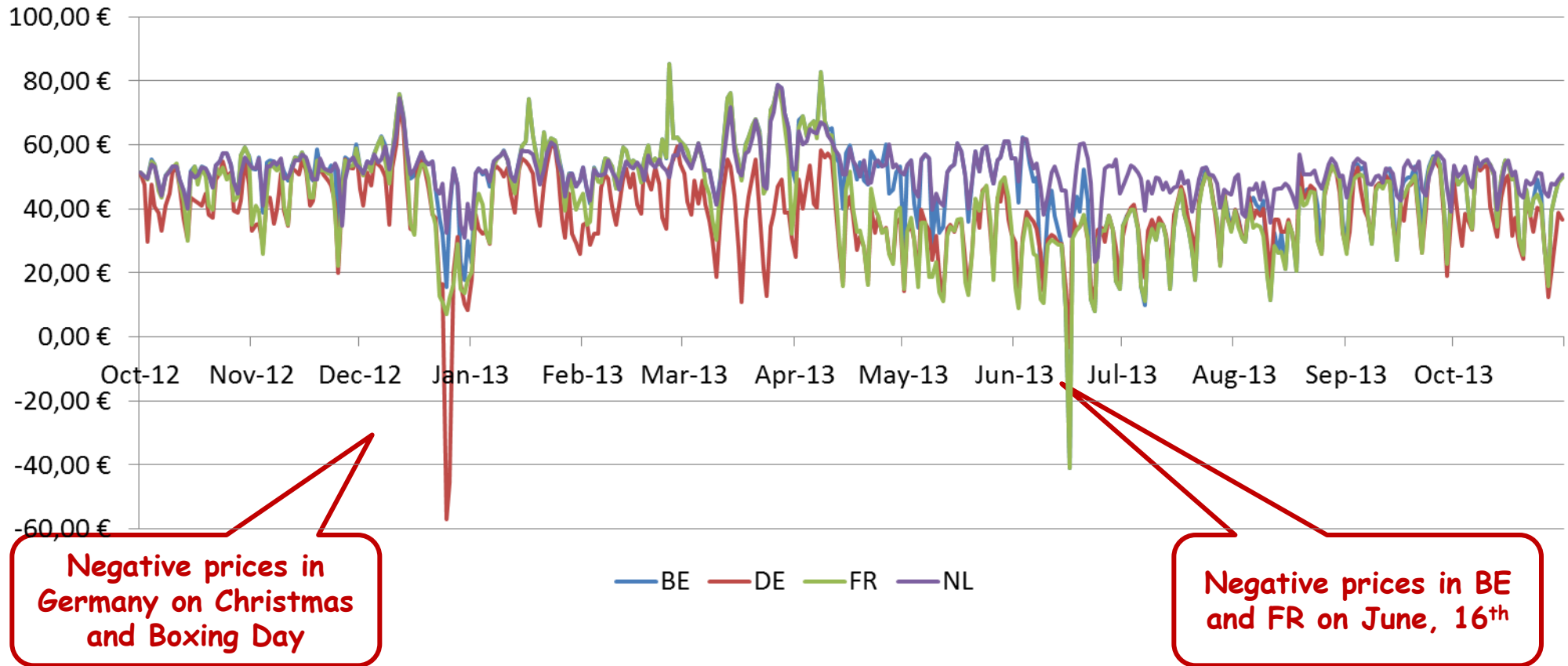
## a) Presentation of current results of ATC coupling



- ▶ **CWE Prices**
  - Oct 2012 to Oct 2013
  - Apr 2013 to Nov 2013
- ▶ **Price Convergence**
  - Average: Oct 2012 to Oct 2013
- ▶ **Price Volatility**
  - Oct 2012 to Oct 2013 per hub
  - Average: Oct 2012 to Oct 2013
- ▶ **ATC Utilization Rate**
  - Average: Oct 2012 to Oct 2013

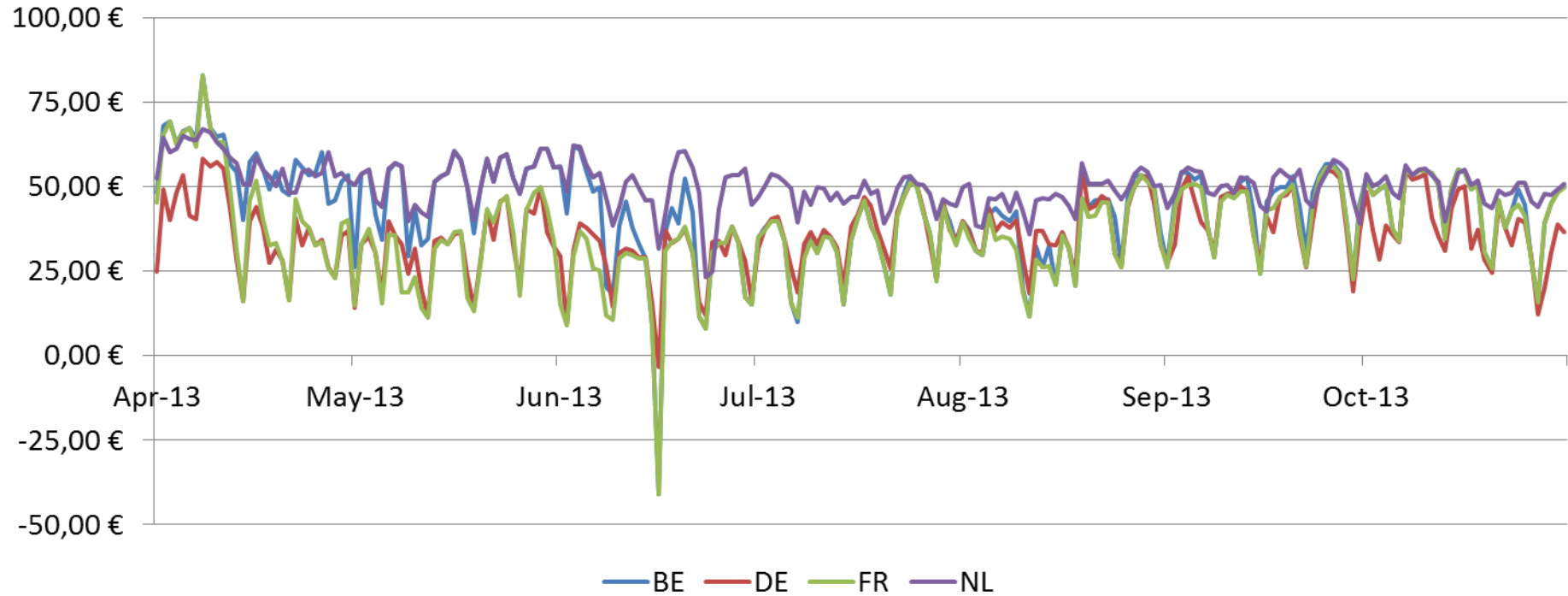
# CWE prices (daily baseload)

October 2012 to October 2013



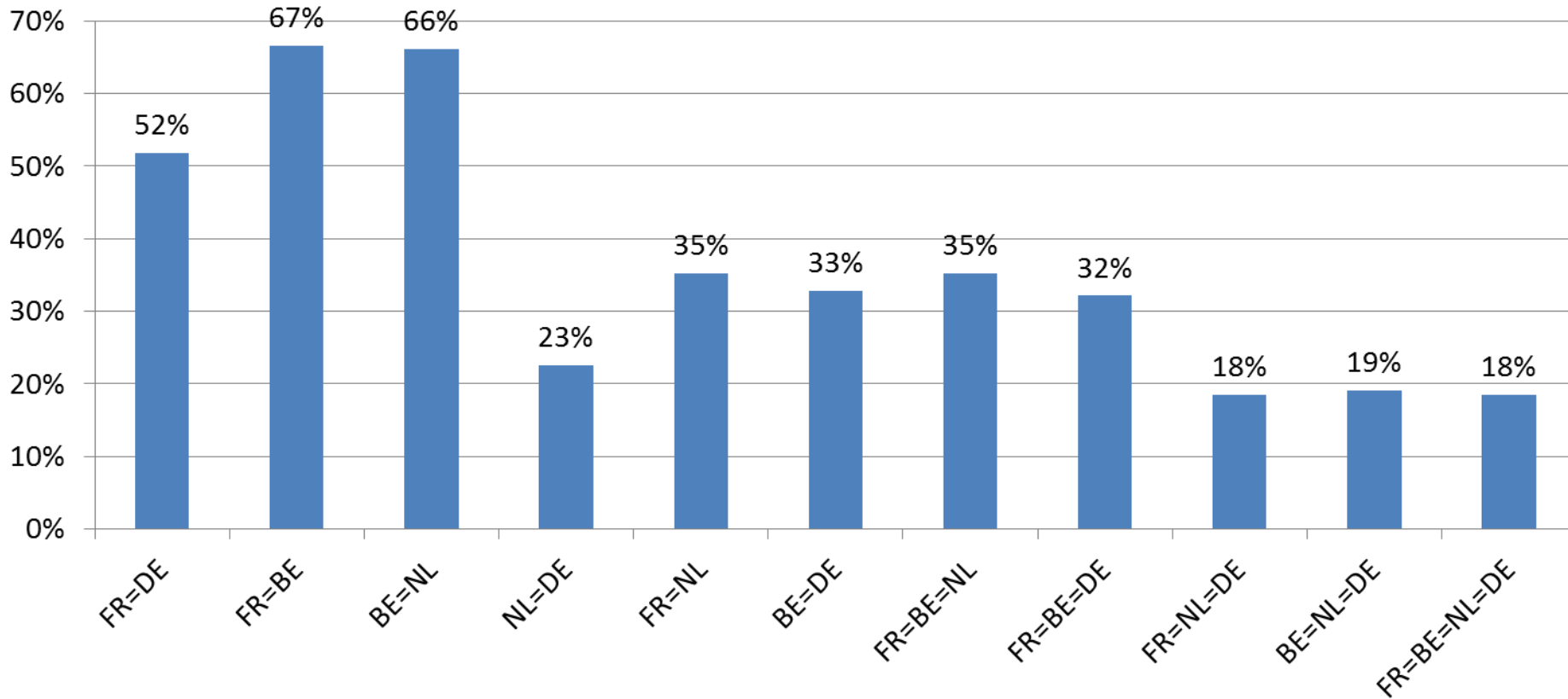
# CWE prices (daily baseload)

April 2013 to November 2013



# CWE Price Convergence

Average: October 2012 to October 2013

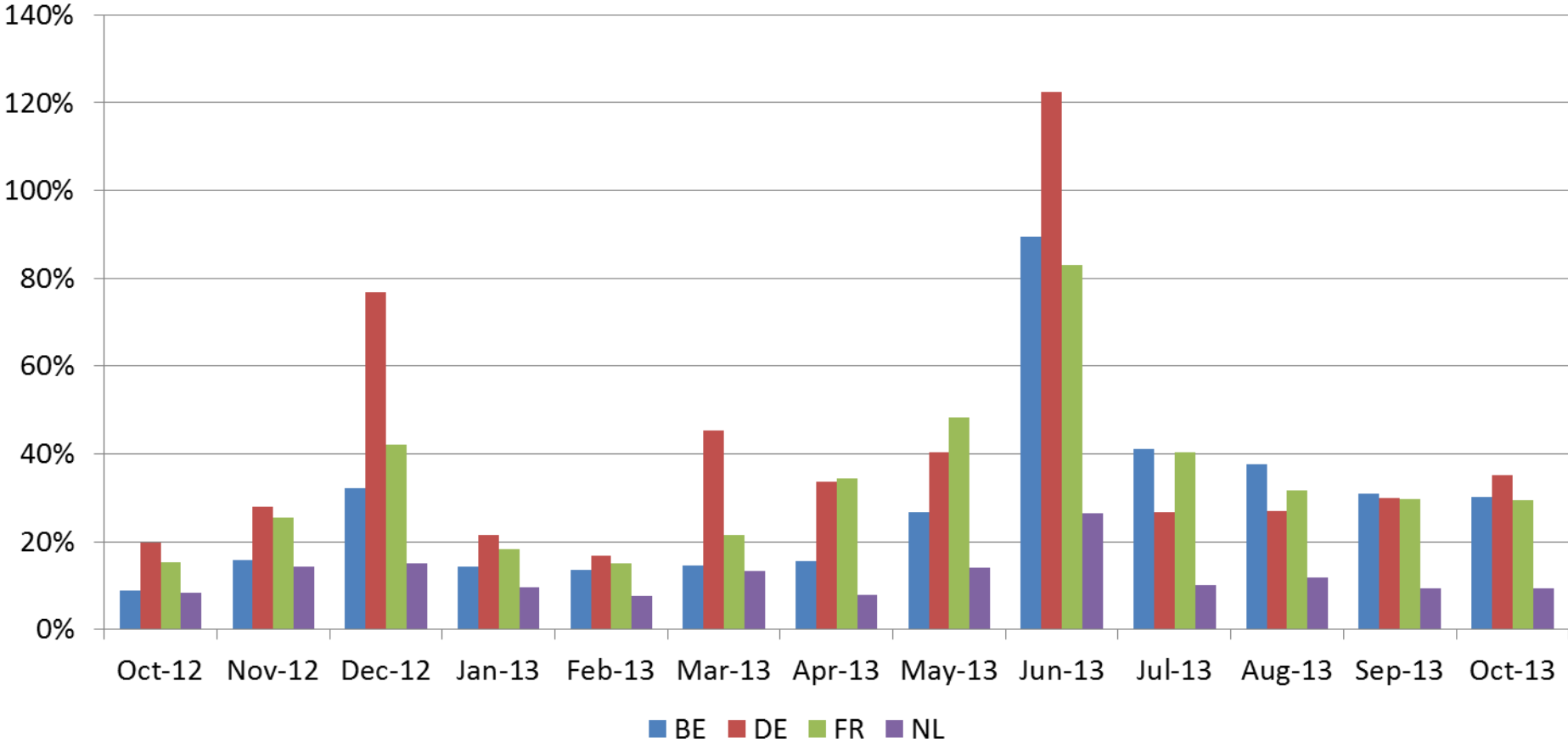


% of hours with convergence of prices (threshold is 0,005€)



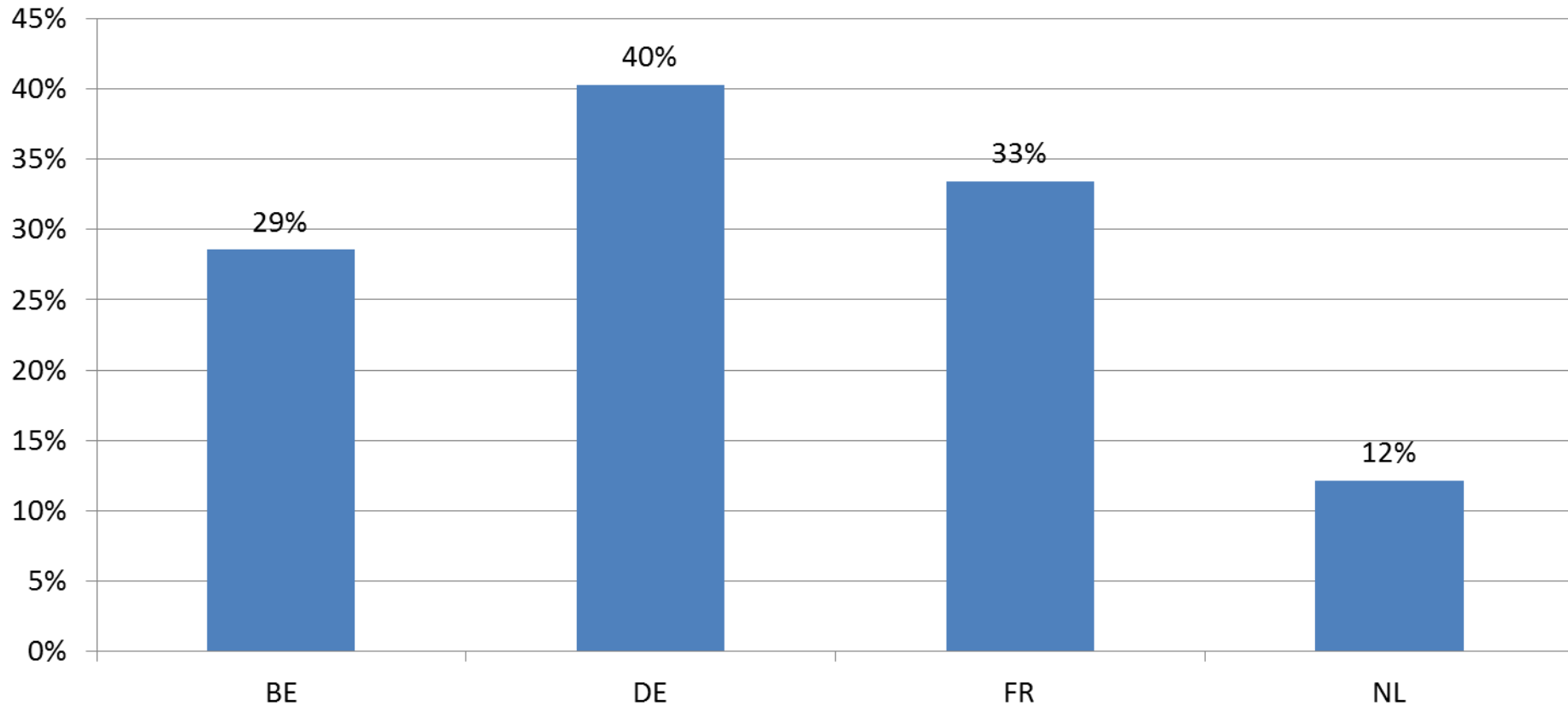
# CWE: Base Load Price Volatility

October 2012 to October 2013



# CWE: Base Load Price Volatility

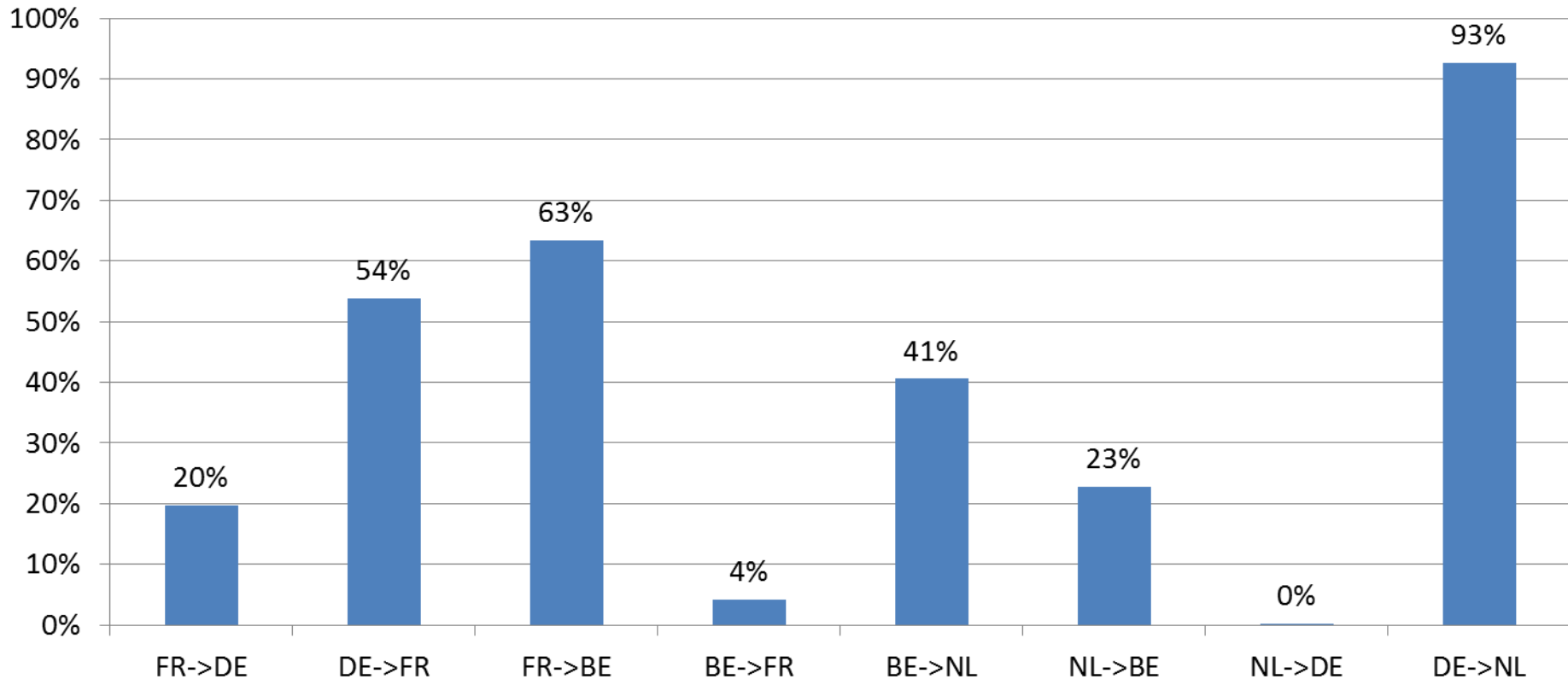
## Average: October 2012 to October 2013



Average of the standard deviation of the relative variation of daily prices

# CWE: ATC Utilization Rate

## Average: October 2012 to October 2013



Average utilization of CWE interconnectors = Cross Border Flow / Daily ATC on interconnector  
If ATC on interconnector = 0 → Utilization rate = 0%

## 2 - Monitoring results ATC coupling

b) Discussion

Questions?

