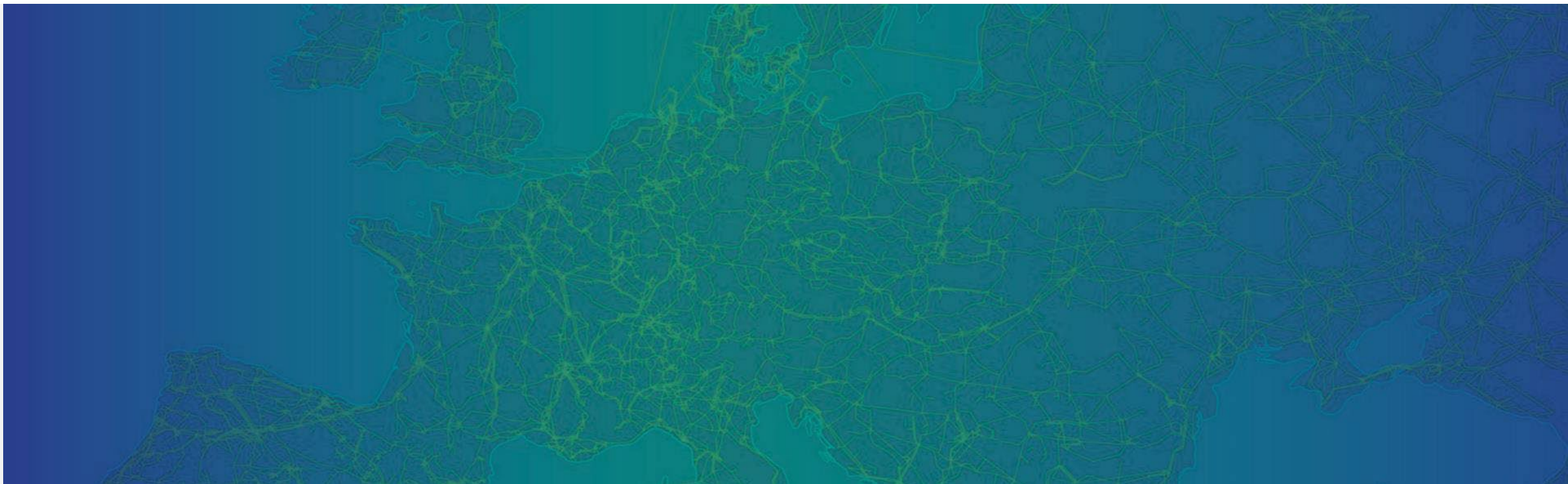


EMD Reform: ENTSO-E Views

MESC Meeting, 5 July 2023



ENTSO-E views on latest updates on market design & REMIT reform

- ❑ **Capacity Mechanisms:** support EP and Council proposals to facilitate and speeding up CM introduction without removing necessary checks and balances. EC proposals presented at Florence Forum welcomed
- ❑ **Flexibility Needs Assessment:** welcome possibility for MS to appoint entity in charge of national assessment; concerns remain on scope of the assessment going beyond technology-neutral system needs
- ❑ **XZ Intraday GCT:** we note partial improvements with the possibility of derogations and longer deadlines based on impact assessment; remaining concerns that derogation periods are fixed regardless of the results of impact assessment and may be too short for some MS/TSOs
- ❑ **Use of congestion Income / TAG:** while we still believe there are more efficient & effective instruments to address volume risk of offshore RES, we appreciate efforts to clarify the scope of TAG's application; need to ensure link to capacity calculation rules (70% & exemptions) & reference period (MTU)
- ❑ **REMIT:** new monitoring obligations of Inside Information publication on PPAET inefficient & impractical
- ❑ **2-way CfDs:** welcome new provisions requiring CfDs design to limit distortions on operation, dispatch, maintenance, and bidding in spot & balancing markets; concerns in case of long transitional periods
- ❑ **Peak-Shaving product:** concerns on activation rules in Council text distorting DA markets
- ❑ **Regional Virtual Hubs:** *see next slide...*

ENTSO-E views on latest updates on market design & REMIT reform

- ❑ **Regional Virtual Hubs:** welcome the introduction of an Impact Assessment led by the Commission which may be followed by a legislative proposal. We appreciate as well the proposal to assess other practical solutions for forward markets, given the remaining concerns on Regional Virtual Hubs, namely:
 - The practicalities are still unknown to TSOs (despite being the ones to implement it) and to market participants (despite being the main users);
 - From the only public explanation (i.e. ACER's policy paper), the model proposes to concentrate forward markets around TSOs/SAP, which can prevent competitive forward markets & possibly 'kill' current market liquidity;
 - Locking in a primary regulation an untested model with unknown consequences could lead to worsening already a weak market;

- ❑ TSOs are currently involved in discussions with ACER to better understand the proposed model and its implications.

- ❑ TSOs recommend to involve all relevant stakeholders including market parties in any kind of assessment.