

32nd ad-hoc Market European Stakeholder Committee (MESC)

Wednesday, 10 May 2023, 09:00-11:00
Online Meeting

Draft Minutes

Participating Members		
Christophe	Gence-Creux	ACER/Chair
Paula	Ceballos Coloma	EC
Rickard	Nilsson	Europex
Michele	Stretti	Europex
Marie	Bourrousse	Eurelectric
Helene	Robaye	Eurelectric
Donia	Peerhossaini	Eurelectric
Lorenzo	Biglia	EFET
Sonia	Sally	EFET
Valerie	Reif	FSR
NRAs/ NEMOs/ACER/ ENTSO-E representatives		
Zeljka	Kössldorfer	E-Control
Barbara	Zwinka	BNetzA
Maarten	Klijn	ACM
Salauze	Amaury	CRE
Clement	Poet	CRE
Rafael	Gómez-Elvira	All NEMO Committee Chairman
Tore	Granli	ENTSO-E
Rodrigo	Escobar Rodríguez	All NEMOs Committee
Viktoria	Sipos	JAO
Andre	Estermann	MCSC TSO Co-Chair
Thomas	Kawam	CREG
Ondrei	Maca	OTE
Ruud	Otter	ENTSO-E
Tore	Granli	ENTSO-E
Jim	Villson	ENTSO-E
Peter	Scheerer	ENTSO-E
Kjell	Barmsnes	ENTSO-E
Pavlos	Natsis	ENTSO-E
Volha	Veramyeva	ENTSO-E
Marta	Mendoza-Villamayor	ENTSO-E
Kristine	Marcina	ENTSO-E
Mario	Turcik	ENTSO-E
Javier	Barrantes	ENTSO-E
Thomas	Van den Broucke	ENTSO-E
Marie Hjorth	Slattebrekk	ACER
Mathieu	Fransen	ACER
Marie Hjorth	Slattebrekk	ACER
Thomas	Kawam	ACER
Martin	Povh	ACER

1. Opening

Welcoming address + Draft Agenda

The meeting was called to order by the Chair, who welcomed all the participants. The purpose of the meeting was to discuss the prioritisation of projects. The Chair informed the attendees that there would be a total of three presentations. The presentations were scheduled to take place consecutively, and the participants were requested to wait until the end of all the presentations before initiating the discussion.

2. Presentation by TSOs-NEMOs on prioritisation and planning

Andre Estermann (MCSC TSO co-Chair) presents the slides on prioritisation and planning.

Ondrej Maca (OTE) continues with presenting the second part of the slides on prioritisation and planning.

The Chair thanks for the presentation and proposes to move to the presentation prepared by the market participants.

3. Short presentation by MPs on prioritisation

Lorenzo Biglia (EFET) expressed gratitude for organizing the ad-hoc meeting and presents the slides on the update on the prioritisation of main projects. He mentions that those who missed the discussion in March were briefed on the Eurelectric presentation. He highlighted the importance of project prioritisation and mentioned that some of the topics discussed in the presentation had already made an impact. He also emphasized the need for impact assessment and the importance of not taking steps backward for market participants. He suggested that these points should serve as a starting point for discussions between ACER and market participants before the methodology is approved. He also stressed the significance of market participant engagement to avoid future delays at Core, Nordic and Italy north. He raised questions regarding governance and reporting in the MESC.

The Chair thanks Lorenzo for the clear messages and proposes to move on to the last presentation from Thomas Kawam (CREG)

4. Presentation by ACER/NRAs

Thomas Kawam (CREG) presents the slides on project prioritisation framework and its first outcomes. He notes that the need for a clear project prioritisation exercise was first discussed during the MESC meeting in December. Subsequently, internal discussions within the NRA community led to a decision to focus on CACM (Capacity Allocation and Congestion Management) projects. This decision directly addresses one of Lorenzo's points. He stresses that the purpose of this exercise is not to revisit existing legal deadlines and challenge ongoing implementations, but also not to add new projects to the pipeline.

Lorenzo Biglia (EFET) asks about the meaning of the percentages on slide 4.

Thomas Kawam (CREG) clarifies that it refers to how much work has been done already compared to the work that needs to be done.

4.1. Objective, approach, outcome of the exercise

Thomas Kawam (CREG) moves on to present the outcome of the work.

Lorenzo Biglia (EFET) expresses the importance of including R&D in the prioritisation exercise, citing the example of 15-minute products that typically involve R&D before implementation. He emphasizes the need for R&D to be considered from the beginning of the prioritisation process.

Thomas Kawam (CREG) notes the comment and suggests creating a new pipeline specifically for R&D and identifying priorities within that pipeline. While this action was not implemented in this presentation, he proposes as a potential outcome of the ongoing discussion.

Marie Bourrousse (Eurelectric) raises a question regarding the possibility of having a negative rating as mentioned on slide 7. She seeks clarification on how it could be possible to have such a rating and requests further details and context regarding the negative rating. She then suggests identifying the projects with potential negative criteria.

Thomas Kawam (CREG) explains that for each of the six objectives presented on slide 8, there is a rating ranging from plus two to minus two, which is equivalent to a qualitative rating used in other processes. If there are more minus ratings than plus ratings, it results in a negative score. The overall range of scores is between minus two and plus two, which represents an average of all the individual contributions to the objectives. He also suggests that ACER is willing to share the excel sheet used to build this method where the rating on every project can be found.

Tore Granli (ENTSO-E) asks how ACER can estimate the time it takes to implement a project, considering dependencies within intraday and day ahead as well as linking balancing projects. He also mentions that this estimation requires understanding the dependencies between two projects, noting that it can go beyond the scope of CACM and other guidelines. There are dependencies across Regulations.

The Chair states that ACER is seeking input from market parties, NEMOs and TSOs to assess this aspect. Additionally, he mentions the possibility of seeking external support from a consultant to evaluate this matter.

Thomas Kawam (CREG) complements that if there is no congestion in certain pipelines, prioritisation may not be necessary. ACER and NRAs indicate that, based on their initial assessment, congestion is observed in the CACM projects, but not specifically in the balancing projects. If a project from the balancing timeframe has an impact on the pipeline ACER will consider it.

Mathieu Fransen (ACER) mentions that the starting point is not identifying all the interdependencies but being able to deliver the congested projects.

Ondrej Maca (OTE) expresses a stronger inclination towards assigning different weighting scores to individual criteria, emphasizing the need for reshuffling them to avoid complete equality. He highlights the importance of criterion #4 and suggests that other criteria may also warrant different weightings. He asks if there is openness to further discuss the varying weighting of the criteria.

The Chair replies that this is a point for the discussion that will follow in the end.

André Estermann (MCSC TSO co-Chair) expresses the understanding that the EC rating is not set in stone and acknowledges the need for a specific application in this context. He suggests that a general framework may not be suitable for everything and that it could potentially complicate matters. He mentions Marie's previous question about avoiding overly complex formulas and emphasizes the importance of not overcomplicating the process. They propose the possibility of simplification, considering that there is a common understanding of most items. He concludes by stating that the entire discussion is open for further exploration in the upcoming session and beyond.

Thomas Kawam (CREG) responds that it might look intimidating, but ACER tries to keep the method as simple as possible and is open for discussion.

Mathieu Fransen (ACER) explains that the first four objectives align with the framework guidelines and the older market integration framework. He clarifies that these objectives are legally established and used consistently across various assessments, such as the CACM impact assessment and the FCA impact assessment. He emphasizes the importance of understanding these objectives, which include overall cost and efficiency considerations, as well as the broader framework provided by the Commission's guidelines on impact assessment.

Marie Bourrousse (Eurelectric) reacts by stating that she supports the criteria that have been presented by the Market Coupling Steering Committee. She emphasizes the importance of differentiating certain criteria and adding new ones, specifically focusing on the market participants' assessment of the need and the topic of stepping back. She also highlights the importance of not neglecting regional projects and emphasizes the need to consider them independently, as Thomas previously mentioned. She suggests that the focus should not be solely on pan-European initiatives, but also on regional projects for a comprehensive evaluation. Marie points out that there is existing feedback from the public consultation on these topics, making it easy to understand the market participants' point of view. She suggests that if figures are required, obtaining them would be a straightforward process.

The Chair thanks her and states that this comment is more on the content and will be discussed later. He has noted a few points including the scope of the exercise, the list of criteria, the weighting of criteria and the need to formalise.

Thomas Kawam (CREG) continues with the presentation and clarifies that "light grey" is a project that has already a fixed implementation deadline in a methodology or Regulation. "Not relevant" is a project on which ACER will not provide input because there is no power to decide or not on the implementation.

Andre Estermann (MCSC), similar to Marie and Lorenzo's statements, emphasizes that the MCSC focuses on the pan-European projects and will not engage in regional discussions, such as core flow-based intraday or mergers of CCRs. These topics are considered out of scope and are placed on the right side, indicating their lack of relevance to the discussion. Andre also states that discussions regarding joint project support or any related specifications should not consume excessive time. Instead, the emphasis should be on progressing in terms of grading and rating.

5. Discussion

The Chair opens the floor to the discussion. The first point is the definition of criteria and how to weight them, the second point, the scope of the exercise (whether focusing on the congested timeline), and the third point is the next steps in formalising this methodology as proposed by TSOs and NEMOs.

Ondrej Maca (OTE) raises a question on whether ACER (the Agency for the Cooperation of Energy Regulators) would be open to discussing and assessing different weights and scoring metrics for the criteria used in evaluating future projects and cooperation. He expresses the view that not all criteria are equal and suggests that a discussion should be held to determine which criteria have higher relevance for future projects. He argues that minor improvements related to new borders may not necessarily benefit the EU market as a whole. Therefore, he proposes considering different weights for the criteria to reflect their varying importance. The question concludes in whether ACER is willing to engage in this discussion and be open to assessing different weights for the criteria.

Mathieu Fransen (ACER) explains that they started with a qualitative assessment but eventually require a methodology to make the assessment visible. He discusses the need for weighting and calculations, initially considering equal weights but acknowledging individual opinions may differ. He then asks if there are specific examples that could significantly alter the priority list, as it would be valuable information.

Ondrej Maca (OTE) doesn't have a specific example but suggests splitting the criteria list with equal weights on a different list. He inquires about the fixed nature of the criteria and proposes discussing the weights instead. He also mentions the importance of considering priorities based on market participants' views and expresses openness to a flexible approach with two levels of weights.

Marie Bourrousse (Eurelectric) expresses the difficulty of precisely weighting and incorporating complexity into the formula. She highlights two main points: firstly, if the criteria cover too many interconnected aspects, it may be beneficial to split them into two dimensions, as suggested by Ondrej. Secondly, she mentions the absence of a criterion related to market participants' appetite and consensus on a project. She suggests incorporating public consultations to gather opinions. She mentions additional criteria proposed by MCSC and emphasizes the significance of flexibility and market participants' eagerness towards projects. She defers to Lorenzo for further input.

Lorenzo Biglia (EFET) suggests that there is a possibility for an improvement by incorporating the criteria proposed by the MCSC. He acknowledges their effort to build upon the criteria presented at the MESC earlier in March and their own criteria. Lorenzo mentions the addition of a sixth criterion, marked as a sub bullet, and highlights the importance of not completely excluding it from the discussion.

Andre Estermann (MCSC TSO co-Chair) welcomes the fact that they are aligned on the projects and the need for streamlining the methodology. He anticipates further discussions to approve the applied formula or methodology. He highlights the importance of visibility and operational awareness, suggesting the opportunity to modify the methodology while considering risk. He expresses optimism and requests minor adjustments to the criteria. Andre also seeks clarification on the process going forward, including formalization and establishing a timeline.

The Chair thinks there is the need for further discussion with the NRAs (National Regulatory Authorities). He expresses that this specific point can be addressed in the next meeting, emphasizing that it is not a major issue and stating that everything else is already in place, with just a need for clarification on the criteria.

Mathieu Fransen (ACER) asks Marie/Lorenzo to elaborate a bit more on their points regarding the additional criterion.

Marie Bourrousse (Eurelectric) replies that level of interest in certain projects is closely tied to the functionality of the markets. She emphasizes the importance of considering the practical impact of these projects and asks Helene to support.

Helene Robaye (Eurelectric) points out that the answers received during consultations can provide insights into market interest. She mentions the example of flow-based allocation of FTRs, which had low market interest according to Eurelectric's answers. She emphasizes the importance of linking these aspects with the discussion on the project's scope, whether it should be limited to intraday orders or extended to include congestion. Helene suggests that by alleviating workload in certain areas, resources can be dedicated to other projects. While there is no precise mathematical formula to measure market appetite, she highlights the distinction between projects that are needed and requested by the market versus those with little interest. She suggests allocating more time and resources to projects perceived as priorities.

Mathieu Fransen (ACER) responds that they need to look into this. He suggests that the discussion on cost efficiency assessment and cost benefits indicates a consideration of both implementation efforts by TSOS and NEMOS, as well as the broader impacts in terms of cost changes. He mentions the split of six or seven in the MCSC slides, which reflects the inclusion of costs when assessing benefits. He emphasizes the need to look into the costs on the market participants' side when evaluating the benefits for the entire market.

Thomas van den Broucke (Elia) emphasizes the importance of making the process a joint exercise and reaching a common understanding and agreement. He believes that it is crucial to avoid developing a methodology without consensus. He mentions the need for further rounds of discussions to ensure a common outcome. Thomas acknowledges that there is a positive direction and common views, which he considers valuable based on internal discussions and conversations with market parties.

The Chair suggests moving to the second point, the scope of the exercise. It was not clear between the different positions whether we should be focusing only on the new projects, the future projects or the existing ones.

Ondrej Maca (OTE) clarifies that the intention is not to revisit everything every year. Valuable lessons learned from analysis and development will be valuable input for future decisions. Ongoing topics, like intra-day auctions, should maintain their priority to avoid wasting resources. The focus is on alignment and incorporating lessons learned for future planning.

Thomas Kawam (CREG) reacts on a statement on the links between the different timeframes. One statement was referring to the fact that there is a link in terms of resources between balancing projects, forward projects, and CACM projects. However, he questions the extent of the dependency and whether it is a concrete or minimal change. He emphasizes that most dependencies are related to implementation time and sees them as mostly independent. Thomas raises the question of how the long-term implementation of flow-based measures truly impacts the CACM projects being discussed

Helene Robaye (Eurelectric) emphasizes the link between different projects at the market participant level, particularly regarding the readiness for unique flow-based auctions for FTRs and the accession stream by TSOs, as well as intra-day auctions. Delays or changes in deadlines for these projects can have significant resource impacts on market participants, affecting their ability to prepare. She mentions the example of collateral issues related to flow-based allocation of FTRs and zero allocation volumes at certain borders, highlighting the need for solutions and mitigation measures. Helene advocates for the flexibility to discuss priorities regularly and address unforeseen negative impacts or the need for additional time to implement decisions properly, even if there are legal deadlines.

The Chair summarizes that the list of criteria discussed can serve two purposes. Firstly, it can be used for annual stakeholder consultations to determine future priorities and major projects. It can also provide input in setting priorities for future network codes and guidelines. Secondly, the criteria can be considered by ACER when defining implementation deadlines. However, he states that due to time constraints, formal stakeholder consultations on the assessment may not always be feasible. Nevertheless, the criteria will be considered when taking the final decisions.

Andre Estermann (MCSC TSO co-Chair) emphasizes the need for a realistic approach, considering the complexity of the current projects and network codes. He mentions the challenges of managing multiple codes and projects simultaneously and suggests focusing on the existing network code as a priority. He highlights the importance of making progress in the ongoing discussions and suggests that addressing additional aspects can be seen as an added benefit rather than a requirement. The focus should be on materializing the progress made so far while being realistic about what is feasible.

The Chair agrees with Andre.

Ondrej Maca (OTE) agrees to keep regional projects out of the exercise at this moment. While he agrees with the idea of splitting the prioritisation, he highlights the need to be aware that the projects are not completely isolated and suggests collaborating or coordinating the approval process between the CACM and regional projects.

Lorenzo Biglia (EFET) states there is wide convergence and agreement on these. The focus should primarily be on addressing governance and reporting concerns. Overall, Lorenzo expressed satisfaction with the presented proposals and confirmed agreement with them.

The Chair moves to the final point, the formalisation of the process. He suggests that an endorsement by the MESC meeting and a commitment to using the methodology for future discussions and decision-making would be sufficient. He emphasizes the importance of aligning values and using the methodology during priority setting and decision-making processes, without engaging in extensive discussions about formalization. He also replies to Maries's question about the input to the EC that the outcome of this consultation could be used by the Commission to define the 'list of priorities'.

Ondrej Maca (OTE) notes two elements. First is the need for a rule book/joint paper or a similar document to be adopted by the MESC. Second, he questions whether agreement on prioritisation at the MESC level would be sufficient to change

the deadlines outlined in the methodology. This is a key question because relaxing certain deadlines could facilitate the implementation of higher-priority projects. Ondrej highlights the importance of not completely discarding projects based solely on the decision of the Market Coupling Steering Committee, as resources have already been allocated to them. The link between relaxing deadlines and project prioritisation is seen as beneficial, which is why the methodology aspect was introduced as a potential bridge for postponing deadlines.

Thomas Kawam (CREG) replies that the objective is not to reopen every methodology and change the fixed plans up to 2025, as those are already defined legal deadlines. The focus of the discussion is on what comes after those deadlines and how to prioritize future projects. He mentions that having a formal methodology for project prioritisation is not necessary for the process of defining individual legal deadlines. He suggests that a document approved at MESC is sufficient to feed the decision-making process for each project.

The Chair confirms that the purpose of the process is not to reopen what has already been agreed upon in terms of implementation. The aim is to commit on using the agreed criteria for defining new project deadlines. He hopes for broad agreement on the methodology in the next meeting. He concludes that if losses for the intraday, as Ondrej mentions, is the only issue there will be further discussion but emphasizes the importance of not questioning existing deadlines. He suggests having internal discussions to determine if the topic is considered a non-priority and explore potential alternative approaches.

6. AOB

The Chair asks if there are any other questions and thanks the participants. He looks forward to the next MESC meeting.

7. Next meetings dates:

- 5th July (physical, ENTSO-E's premises)
- 18th October (online)
- 7th December (online)