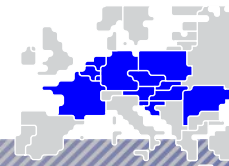


Core Consultative Group meeting

Final version

28th of February 2017
 Sheraton Hotel, Brussels airport

	Company	Country	
Market Participant / Association	Verbund Trading GmbH	Austria	
	ANODE	Belgium	
	FEBELIEC / IFIEC	Belgium / Europe	
	HEP - TRGOVINA d.o.o.	Croatia	
	ČEZ, a. s. - Trading	Czech Republic	
	EFET Czech Republic	Czech Republic	
	Ezpada s.r.o.	Czech Republic	Joint via conference call
	EDF	France	
	Engie	France	
	EnBW	Germany	
	Uniper	Germany	
	Hungarian Energy Traders' Association	Hungary	
	ENCEVO Luxembourg	Luxembourg	Joint via conference call
	EFET	Netherlands	
	Vattenfal	Netherlands	
	Towarzystwo Obrotu Energią -Toe Association	Poland	Physical presence and via conference call
	PGE	Poland	
	ACUE-Utility companies association	Romania	Joint via conference call
	Slovenské Elektrárne	Slovakia	Joint via conference call
	BKW Energie AG	Switzerland	
Axpo Trading AG	Switzerland		
Market Parties Platform (MPP)	CWE countries		
Citadel	Global		
NEMOs	EPEX		
	Nord Pool		
	OTE		Physical presence and via conference call
NRAs	E-Control	Austria	
	CREG	Belgium	
	Bundesnetzagentur	Germany	
	CRE	France	
	Slovenian Regulatory Authority	Slovenia	
ENTSO-e	ENTSO-e	Europe	
Core TSOs	RTE	France	
	TenneT GmbH	Germany	
	TenneT B.V.	Netherlands	
	Transelectrica	Romania	



1. Welcome and introduction

C.PFLANZ, chairman of the TSOs SG on behalf of all Core TSOs, opened the meeting and welcomed all participants. A short round of introduction was done. C.PFLANZ informed the Core CG participants on the objective of the meeting:

- To ensure alignment on expectations and timelines between TSOs and market participants
- To continue the positive exchanges between all parties concerned as experienced in the CWE Consultative Group over the past years

Core TSOs highly appreciate the presence of so many representatives of market parties (MPs), associations and NRAs from all over the Core region. Exchanges at an early stage on all Core deliverables are needed. Participants are invited to take actively part in the discussions and to also provide proactively input for next meetings.

C.PFLANZ further explained that due to the large number of countries involved in the Core project, it was proposed to limit the number of participants (one representative per organization per country) in the meeting to secure constructive and effective discussions.

MPP (The Netherlands) asked what the relation is between the Core CG and the CWE CG. C.PFLANZ explained that these will remain two separate meetings given the differences in the projects. In a certain moment in time, when Flow-based (FB) comes operational in Core, the two meetings will be combined. For the time being, it is the aim to organize both meetings on the same location and consecutively in order to use synergies. In the Core CG meeting, not only flow-based topics but also other topics deriving from the Network Codes and Guidelines will be discussed.

Governance

C.PFLANZ explained that the Core CG is not a forum where binding decisions are taken. MPP asked whether it is the intention to make it an advisory forum. This is confirmed; all feedback will be forwarded and considered in the TSO Core Steering Group (Core SG). It was stressed however, that regulators have the final decision.

Practical organization

C.PFLANZ further presented a summary of the Terms of Reference (ToR) for the Core CG. It was indicated that the minutes of the meeting will be published on ENTSO-e website (see link on slide 15 of the meeting document). FEBELIEC/IFIEC (Belgium/Europe) would like to know if it is possible to add organizations and countries to the minutes to know which organization asked which question. It was agreed to do this, the ToR will be updated and the minutes will be drafted accordingly.

ACTION Core TSOs:

- Core TSOs to update the ToR on mentioning organization name and country in the minutes of meeting – before next Core CG

Chairmen

Based on the CWE experiences, it is proposed to have two chairmen for the meeting, one representing TSOs and the other MPs / Associations. H el ene ROBAYE (ENGIE), the co-chair for the CWE Consultative Group Meeting is accepting to be the Core co-chair as well, but of course other volunteers are possible as well.

ACTION Core MPs:

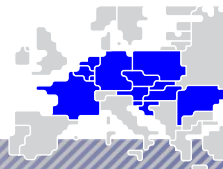
- Inform C.PFLANZ via email on which to volunteer for co-chairing role or on opposing the nomination of H.ROBAYE – 17/03/2017

The question was asked if there will always be Core SG representation in the Core CG meeting. C.PFLANZ confirmed that a reliable representation of TSOs will be ensured. In any case the chairman of the Core SG will participate to these meetings as well as representatives of the NRAs.

Decision: taking into account the small amendment requested, all participants approved the Terms of Reference.

2. ACER decision on CCR proposition: highlights and next steps (presented by Core NRAs)

Core NRAs – represented by Z.K OSSLDORFER and N. SCHOUTTEET – presented the highlights and next steps related to the ACER decision on the CCR proposition. An overview of the most urgent CACM deliverables was provided. Furthermore, the submission of the ALL TSOs Proposal and the preference of ACER and all regulators for a direct merge



into one region was shortly addressed. It was indicated that the ACER decision leaves room for continuation of local projects in the CWE and CEE 'sub-regions'. Related to the projects in the Core CCR, Core NRAs are in favor of a one-step approach, meaning all Core Bidding Zone-borders need to be included in the proposals being developed.

The CACM process for consultation and approval was presented:

- Public consultation: this is a prerequisite, all stakeholders need to have the possibility to provide feedback on proposed methodologies. Core NRAs will also provide their view in a so called 'shadow-opinion'
- Submission final methodology:
 - If all NRAs approve the proposal (unanimous approval), regulators need to formulate a national decision.
 - If there is no common position, or no decision after six months after submission, ACER will take the final decision (lead-time is 6 months, no national decision per TSO required).
- Amended methodology: regulators can ask for a Request for Amendment (RfA). All TSOs are to amend the proposal on national level (lead-time 2 months). Regulators have 2 months to assess the amendment submitted. This process can be repeated until there is a proposition that can be unanimously approved or otherwise will be escalated to ACER.

N.SCHOUTTEET indicated that CREG (Belgian regulator) and E-Control (Austrian regulator) are the central contact parties (SPOCs). MPP asks if this is also the case for stakeholders. It was answered that this depends, if it is a topic concerning the entire region than yes, if it is a local matter, stakeholders are asked to align with their local regulators. C.PFLANZ add that it is one of the objectives of the Core CG meetings to discuss and align on Core CCR concerns & issues with all parties involved.

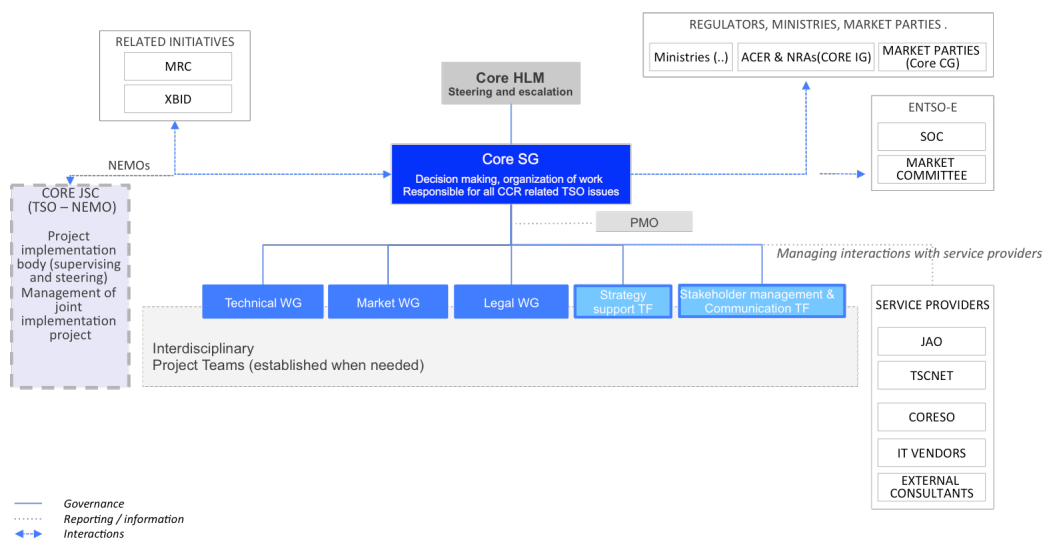
3. CORE CCR

Time line establishment Core CCR

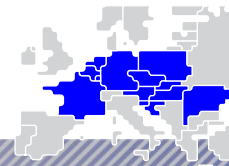
C.PFLANZ presented the time line of the establishment of the Core CCR. In 2015, the ALL TSOs Proposal was submitted. He informed that it was quit challenging to align amongst all TSOs. After the submission of the ALL TSOs

Proposal for a merge of the CWE and CEE regions at a later stage, the common CEWE project was initiated, with the signing of a Memorandum of Understanding (MoU) in March 2016. As known, ACER took the decision on the 17th of November 2016 to have one Core CCR. TSOs continue the work to secure the deliverables, in January 2017 a Core SG was formally established to secure the delivery of all Core CCR obligations. The Core TSOs aim to reach the set deadlines, however, these time lines are challenging and there is a lot of pressure to develop the requested methodologies. Participants are invited to provide feedback on the developments to make sure relevant suggestions are taken into account.

Intended Core CCR governance



The governance structure for the Core CCR was explained. It was highlighted that TSOs have several links to the different countries, associations and service providers involved. A Core Joint Steering Committee (JSC) is to be established as a link to the NEMOs and joint initiatives. The Core HLM is the escalation forum for the Core CCR program. The program



includes several projects being executed in parallel with a lot of people representing all TSOs involved, working on these projects.

MPP asked how interaction with surrounding CCRs is taken into account. C.PFLANZ answered that this is secured via the individual TSOs / NRAs as well as the experts involved in not only Core projects but also active in multiple CCR projects. Also, there is regular alignment and monitoring via ENTSO-E.

Roadmap & upcoming activities

A roadmap reflecting all Core CCR obligations was presented. This overview clearly shows the challenges the Core program faces. A lot of activities need to be performed in parallel. It should be taken into account that there is of course a difference in complexity and difficulty of the different projects.

Public consultations

CACM and FCA describe the obligation for TSOs to consult their stakeholders for submitting proposals for terms and conditions or methodologies or their amendments. It was explained to the participants how the consultations for Core activities will be organized. Dates for the launch of the consultations for Design of Long Term Transmission Rights and Fall Back procedures for FB DA MC will be communicated sufficiently in advance.

Engie (France) asked if a method for Long Term capacity calculation will be developed on short term. TSOs respond this is foreseen for 2018. MPP asked if the work for FB IDCC has already been initiated. TSOs answered that in a FB IDCC method will be developed according to the deadlines set in the CACM Guideline.

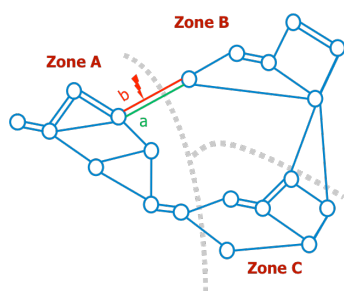
4. Core FB DA solution in short

C.PFLANZ introduced D.GARREC, the convener of the TSO Flow-based Experts Working Group. D.GARREC explained in more detail the Core FB DA solution currently being developed. It is based on CWE systems and tools. The Core project is re-using as much as possible, also given the tight deadlines. However, if feasible within the set time-lines, improvements will be taken into account. TSOs expect to launch the public consultation for the FB DA methodology in June or July.

Engie asked whether several solutions will be included in the proposed methodology, specifically in relation to the current CBCO threshold. Moreover, Engie asked whether the LTA inclusion algorithm will remain in the Core region. D.GARREC answered that the LTA inclusion is an open topic and informed the participants that the issue of congestion in one part of Europe constraining the other part of Europe is being discussed amongst FB experts. In the current method, one PTDF matrix is created for the whole region. Adjusting the 5% CBCO threshold is being analysed. C.PFLANZ complemented by stating that it is the aim to have one matrix for the whole region to be able to have a region wide capacity calculation.

Critical Network Element with a Contingency (CNEC)

D.GARREC shortly explained some important FB parameters in more detail. TSOs define the elements of the grid they would like to monitor since they are significantly impacted by cross-border trades: Critical Network Elements (CNE). CNEs can be interconnectors or internal lines and can be monitored in a 'N situation' but also under outage scenario's 'N-1'. In the picture, the small 'b' is the CNE and the green 'a' the Contingency (C). The circles are nodes and the straight lines are the TSOs overhead lines.



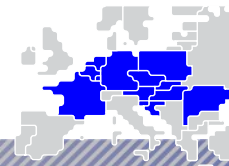
Furthermore, the notion of RAM was introduced: RAM is the Remaining Available Margin (RAM) for cross-border exchanges for a specific CNEC. RAM is the number of MWs that can be used by the trades, on other words, the remaining margin on a CNE for FB allocation in DA.

Generation Shift Key (GSK)

The Generation Shift Key (GSK) defines how a change in net position is mapped to the generating units in a bidding area. It contains the relation between the change in net position of the market area and the change in output of every generating unit inside the same market area. A GSK represents a constant value per calculation but can vary for every hour. Each node has one GSK that can simulate the exchanges expected.

Power Transfer Distribution Factor (PTDF)

The elements of the PTDF matrix represent the influence of a commercial exchange between bidding zones on power flows on the considered combinations of CNEs and contingencies. The calculation of the PTDFs matrix is performed on the basis of the Common Grid Model (CGM) and the GSK.



D. GARREC explained that the difference of FB compared to NTC is the PTDF. Flows can be simulated and calculated, taking into account the sensitivities of each CNE. The output from the calculation will be given to the allocation platform (Zonal PTDF).

C.PFLANZ indicated that it has to be recognized there are differences in the Core region related to the knowledge of FB. Not only between TSOs, but also amongst MPs. Therefore, MPs are asked to provide feedback on what information they would like to be presented during next meeting

ACTION Core MPs:

- Align with MPs co-chair on agenda for next Core CG – prior to next Core CG

Questions & answers session

MPP wanted to know if a parallel run will be performed. C.PFLANZ answered that this will not be done prior to consultation of the FB methodology foreseen later this year due to time constraints. However, TSOs will perform a test/parallel run. Core NRAs added that TSOs are obliged to do a parallel run six months before implementation. D.GARREC confirmed this will be the case. Also, experimentation phases are scheduled, but these are difficult to align with the legal obligations. C.PFLANZ stated that the duration of the parallel run will be aligned with NRAs and communicated to the Core CG.

Engie proposed to present slides used in CWE in next Core CG to explain MPs reserves related to the parallel run and the respective requirements. For MPs it is not possible to assess the parallel run results unless information on grid elements is missing. MPP indicated that full transparency is very important. TSOs will take this back. Furthermore, C.PFLANZ asked MPs to share ideas on parallel run. TSOs will also prepare a short presentation on the parallel run ideas for the next Core CG, but it is stressed that for the moment, the focus is on the development of the methodology.

ACTION Core TSOs:

- Provide more details on parallel run – next Core CG

ACTION Core MPs:

- Provide feedback / ideas on how parallel run should be performed – next Core CG

EDF (France) asked if TSOs plan to move directly from explicit allocation to implicit FB allocation. TSOs answered this is the case for all Core Bidding Zones borders between the countries. The aim is to implement FB DA on one moment for the whole region. Verbund Trading (Germany) indicated this to be very challenging. Anode (Belgium) added that there will not only be impact on capacity, but also on prices, especially in the smaller regions. C.PFLANZ acknowledged this and stated that go-live criteria need to be discussed.

Nord Pool (NEMO) asked if the project will impact the implementation of Multiple Nemo Arrangements (MNA). C.PFLANZ answered that hopefully, MNA is implemented before the go-live of Core FB DA in the respective sub-regional activities.

MPP would like to be informed in next Core CG on the SPAIC process currently being used in CWE to assess significant changes. D.GARREC explains that the SPAIC process is used for changes in operations. It could probably be used in Core in the future as well. Engie asked if a SPAIC will be performed in CWE to assess the impact of Core FB DA on CWE FB MC. It was indicated that this is not known yet, but the impact of Core will of course be investigated.

HEP - TRGOVINA d.o.o. asked whether the long term capacities between Slovenia and Croatia will be reduced with the introduction of Flow-Based. C.PFLANZ explained that the long term capacities will be assessed in the framework of FCA thus it will depend on the long term capacity calculation methodology and not on the flow-based day-ahead capacity calculation.

5. Communication channels

C.PFLANZ informed the participants on the channels Core TSOs will use to communicate with the Market. Periodic updates will be published on the Core CCRs dedicated webpage on ENTO-e platform. Public consultation will also be launched via ENTSO-E. Feedback and questions can be submitted via email (coreinfo@entsoe.eu). Answers to the questions received via email will be published directly on the Core CCR website.

Furthermore, the Core CG meeting will be scheduled twice a year or more often if required. The question was raised if JAO will be used as a communications platform as well, as it is now for CWE. TSOs responded that this has not been decided yet.