Eurelectric‘s survey paper on TSOs‘ transparency on cross-zonal exchange capacities

MESC meeting 11/03/2020

* The complete document is under Eurelectric’s publication section (https://cdn.eurelectric.org/media/4226/eurelectric_transparency_of_system_operators_on_cross-border_exchange_capacities-2020-030-0137-01-e-h-B8DF125E.pdf)

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Transparency on cross-zonal exchange capacities is key for efficiency

- Eurelectric's survey paper addresses the **market needs to increase efficiency** in:
  - Price forecasting (by market participants or 3rd parties), which in return, allows market participants to improve :
    - Price reflective supply contracts
    - Operations : price forecasts are a key input in:
      - the calculation of opportunity costs for energy and reserve pricing, and
      - the scheduling of maintenance
    - Investments:
      - Price forecasts are a strong driver for investment decisions (new build, decommissioning or activity continuation)

- Cross-zonal exchange capacities can vary over time with an order of magnitude of 1 GW. The level of cross-zonal capacities thus has a **significant impact on wholesale prices !**

- Transparency is a legal obligation, but **the paper does not address compliance issues. It focuses on best practices, and gives clear and pragmatic recommendations.**

- Eurelectric believes however that:
  - Transparency by TSOs has little cost (both the information and the platforms are available today);
  - National regulators should endeavour to have their respective TSOs align on the most advanced practices.

European TSOs have different approaches of transparency

- For 6 dimensions of transparency, the survey highlighted a diversity of practices by the EU TSOs:
  - **Net transfer capacities (or net FB domain) at 8.00 DA**
    - Most borders are already positively addressed (apart of CORE NTC borders)
    - Advanced practices include details of the capacity calculation process at CNE level
  - **ID evolutions of net transfer capacities (or net FB domain)**
    - Not applied on every borders. Already some positive approaches of transparency (e.g. CWE, SWE)
  - **Provisional volumes of countertrading**
    - Ex-post transparency as of today. Improvements are needed (even more with the 70% rule)
  - **Provisional volumes of re-dispatching**
    - Some positive approaches with ex-ante publication (e.g. GB, Germany)
    - But many TSOs have ex-post publication only
  - **Provisional non-costly remedial actions**
    - No EU TSO publishes the provisional settings for PST or HVDC links
  - **Net transfer capacities ahead of the DA time frame (up to 3 years before delivery)**
    - Some good practices, in particular where NTC are very stable
    - A promising initiative (to generalize) : the SPAIC approach in CWE
    - A need for more details/explanations on the forecasts
    - Need for a systematic approach

Key recommendations

- **Key recommendation 1**
  - Disclose all details related to DA and ID capacity calculation, and RD&CT:
    - For every CNEC and MTU : forecasted flow, Fmax, PTDF)
    - For every non-costly remedial action (incl. PST or HVDC) : provisional setting
    - For every BZ and MTU: margin w.r.t. allocation constraints, GSK. Provisional volumes of redispatching & countertrading

- **Key recommendation 2**
  - Publish forecasted NTC (or FB domain) ahead of the DA time frame, for a limited set of situations:
    - In a systematic way, with different time frames: D-7, M-1, M-3, M-12
    - and in case of significant change in context (SPAIC approach)

- **Key recommendation 3**
  - Advance towards input-based transparency approach (e.g. full disclosure of publication of CGMs used for coordinated capacity calculation and other coordinated operation at regional level)
    - Where grid models have been published, this has raised no security or market issues

- **An additional role for regional coordination centres?**

- **Eurelectric warmly encourages/supports the most advanced TSOs in this matter and highlights that the CACM or SOGL could be updated in this regard.**

Thank you for your attention!

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