

## 30<sup>th</sup> Market European Stakeholder Committee (MESC)

Wednesday, 7 December 2022, 10:30-16:00  
Online Meeting

### Draft Minutes

Participating Members		
Christophe	Gence-Creux	ACER/Chair
Mathilde	Lallemand	EC
Christian	Baer	Europex
Rickard	Nilsson	Europex
Laura	Henderson	Europex
Michael	Van Bossuyt	IFIEC
Marie	Bourrousse	Eurelectric
Helene	Robaye	Eurelectric
Donia	Peerhossaini	Eurelectric
Lorenzo	Biglia	EFET
Arben	Kllokoqi	EFET
Sonia	Saly	EFET
Jérôme	Le Page	EFET
Gunnar	Kaestle	COGEN Europe
Annette	Jantzen	EUGINE
Sofia	Nicolai	FSR
Vidushi	Dembi	WindEurope
NRAs/ NEMOs/ACER/ ENTSO-E representatives		
Amaury	Salauze	CRE
Clement	Poet	CRE
Fabien	Monti	CRE
Ludivine	Gondouin	CRE
Sven	Kaiser	E-Control
Nico	Schoutteet	CREG
Lisa- Marie	Dallinger	BNetzA
Barbara	Zwinka	BNetzA
Michael	Pülke	BNetzA
Janine	Kieftenburg	ACM
Maarten	Klijn	ACM
Rafael	Gómez-Elvira	All NEMO Committee Chairman
Tore	Granli	ENTSO-E
Rodrigo	Escobar Rodríguez	All NEMOs Committee
Rose	Sagrant	All NEMOs Committee
Cosimo	Campidoglio	MCSC DA NEMO Co-Chair
Katrin	Schmitz	ENTSO-E
Andre	Estermann	MCSC TSO Co-Chair
Benjamin	Genêt	ENTSO-E
Jim	Villson	ENTSO-E
Peter	Scheerer	ENTSO-E
Pavlos	Natsis	ENTSO-E
Volha	Veramyeva	ENTSO-E

Participating Members		
Pilar	Muñoz-Elena	ENTSO-E
Marta	Mendoza-Villamayor	ENTSO-E
Kristine	Marcina	ENTSO-E
Marco	Foresti	ENTSO-E
Sultan	Aliyev	ENTSO-E
Mark	Csete	ENTSO-E
Cherry	Yuen Yee Shan	ENTSO-E
Rafael	Muruais Garcia	ACER
Mathieu	Fransen	ACER
Ernst	Tremmel	ACER
Marco	Pavesi	ACER
Cristina	Vázquez Hernández	ACER
Athina	Tellidou	ACER
Thomas	Kawam	ACER
Zoran	Vujasinovic	ACER
Patrick	Luickx	ACER
Martin	Viehhauser	ACER
Ernst	Tremmel	ACER
Thomas	Querrioux	ACER
Sjoerd	Pernot	ACER
Martin	Povh	ACER
Thomas	Kawam	ACER
Cristina	Vazquez Hernandez	ACER

## 1 Opening

### 1.1. Welcoming address + Approval of minutes + Draft Agenda (Christophe Gence-Creux, ACER)

The Chair welcomes the participants to the MESC. The Chair asks whether there are comments on the agenda or on the minutes of the last meeting. He mentions some changes in the agenda that has been provided, with the first one being that Mathilde Lallemand (EC) will be able to join later to talk about the market design reform. On the point 3.4 regarding the update on the BZR process there are no slides from ENTSO-E as there will be a dedicated Stakeholders meeting next week. On the point 4.2 for the TSOs assessment on LT markets topic EFET provided some slides for a presentation. Moreover, in the documents for information, there is an indicative planning of the upcoming public consultations organised by ACER in 2023. The Chair wants to raise awareness that the most important Public Consultation will be launched in the coming weeks, referring to the market design reform from the European Commission. Stakeholders will only have 4 weeks to provide their comments. The Chair encourages everyone to keep a close eye on this Public Consultation and to contribute to it. There are no important concerns on the proposed MESC's dates in 2023. The Chair clarifies that in October the meeting will be held on the 18<sup>th</sup> and not on the 12<sup>th</sup> as indicated in the agenda. In the absence of comments, the agenda and the minutes of the last meeting are approved.

### 1.2 Update on recent developments (70% SvK's derogation request, follow-up on the annulment of the BoA's decision on the Core DA FB CCM, [ACER calls for European solidarity over the coming winter to keep electricity and gas flowing across EU Member State borders](#))

The Chair informs on some developments from ACER's side. The first point is with regard to a recent decision on a derogation request submitted by Svenska Kraftnät for the 70% requirement. The Chair states that ACER's decision is already public and informs that the derogation was not granted as no strong evidence for its need was provided by the Swedish TSO. Moreover, there was insufficient effort from Svenska Kraftnät to apply redispatching and counter trading measures and mentions that internal BZ borders to a MS are subject to the minimum 70% requirement. The Chair emphasizes the importance for more transparency from Svenska Kraftnät, noting that there is room for improvement.

In his second point the Chair refers to a question raised in the last MESC meeting by Jerome Le Page (EFET): the follow up after the annulment of the BoA's decision by the General Court on the Core Day Ahead Flow-Based capacity calculation methodology. The Court considered that the BoA did not take into account the correct Electricity Regulation, but according to ACER, the reasoning of the original decision is compliant with the existing Electricity regulation. The Chair hopes that the BoA will take a new decision in the coming 3-4 months in the same lines as the previous one.

The Chair's last point draws the attention to the recent call from ACER for European solidarity about the coming Winter to keep electricity and gas flowing through borders. The market integration that we have achieved in Europe even if it is a difficult and lengthy project is nevertheless our biggest strength. He finally states that it should be strengthened in the coming months and be kept well in mind during the new market reform.

## **2. Market Design reform**

### **2.1 Update from the EC – including on the freeze of CACM 2.0**

Mathilde Lallemand (EC) apologises for not being able to give the update at the planned time on the agenda. The Commission is preparing a consultation document which is planned to be issued before Christmas. It is going to collect feedbacks on questions on how to improve the market design and ensure consumers can better reap the benefit from renewable development. short-term the The Public Consultation is planned to run until mid-January 2023. She apologizes for the short deadline and mentions that the draft proposal to Parliament and Council has to be prepared for Q1 2023 as per Commission work programme.

About the BZ review topic, she clarifies that the EC doesn't question the fundamentals of the internal energy market, such as enhancing cross-border exchanges, application of price coupling or the 70%. Therefore, the BZR process is not in question.

CACM 2.0 is still dependent on Market Design (MD) reform. It is envisaged that CACM discussions will resume after the MD reform.

Gunnar Kaestle (COGEN Europe) is wondering why the EC has decided to propose this market reform after this winter period and what is the reason to speed up the process now that the new legislation won't be ready for this winter.

Mathilde Lallemand (EC) replies that the reform is not proposed to tackle the current winter period. This winter is tackled by the emergency measures currently in place, which can be extended up to 12 months. It is crucial to speed up the negotiations involving European Parliament and Council. It is a political wish to have the market reform in 2023 with first measures for the next winter 2023/24. The reform is now a targeted reform to mitigate the effect of the current crisis. At the beginning the intention was a wide reform with a full impact assessment but the target has shifted to a narrower and quicker reform, with a more basic impact assessment. The proposal to Parliament and Council is intended for 2023 COM plans to propose in Q1 2023 a legislative proposal with a document assessing the impacts, which will then be discussed in the legislative process with the Council and the Parliament.

Jerome Le Page (EFET) questions about the risk of seeing many provisions in existing legislation being reopened and the length of this process, the review being a standard procedure not like Art 122.

Mathilde Lallemand (EC) confirms it is a fair point, provisions to be open will be carefully considered. EU

Rafael Gómez-Elvira (NEMOs) shares the statement with Gunnar, concern on the "decoupling", this proposal makes our pipeline of integration projects pointless.

Mathilde Lallemand (EC): it is a duty to steer the discussion in the right direction. Decoupling has nothing to do with market coupling. In the current debate, decoupling means making the retail electricity bill less dependent of the wholesale prices.

Rafael Gómez-Elvira (NEMOs) says it is better to refer to "post-coupling".

Christian Baer (Europex) expresses that their expectation was that the reform would seek to solve the gas supply crisis, but it is now not a consistent narrative from EC (rather suppressing prices). He asks if it will be adopted before the EP's elections.

Mathilde Lallemand (EC) answers that the objective is a fast track but cannot be confirmed.

Donia Peerhossaini (Eurelectric) wants to make a statement. Need to preserve elements of Market Design like merit order and marginal pricing. Evolution and not revolution. Critical building blocks identified in the published Eurelectric paper: hedging and long-term contracts. Market should seek high level offer harmonisation. The EC should seek establishment of 10-15 years contracts in the Forward Power Markets. Consultation on those dates makes it very difficult. Request to change deadline to end of January 2023.

Mathilde Lallemand (EC) confirms the comment is noted and will revert on the possibility to extend the deadline.

Christian Baer (Europex) asks if the MESC can formally ask the EC to extend the consultation until 31/01/23.

### 3. CACM

#### 3.1 CACM 2.0: Discussion on the no-regret improvements

Lorenzo Biglia (EFET) presents the [slides on the continuous improvement of DA/ID markets](#). The main requests for improvement relate to the efficiency of the day ahead market coupling and continuous intra-day trading. Measures are needed for improving the transparency of day ahead and intra-day markets. He highlights the need to limit the negative impact of intra-day auctions on continuous trading and set aside less consensual reform proposals that requires further consensus building.

Andre Estermann (MCSC) highlights various points on improvements not only in governance but also involvement of stakeholders already implemented in Market Coupling. The new established Market Coupling Consultative Group (MCCG) is regularly reporting on the implementation of market coupling improvements and also on the clarification on items raised by stakeholders. Market Coupling currently analyses the additional items raised by EFET/Eurelectric and will come back to all stakeholders before the next MESC.

Rafal Gómez-Elvira (NEMOs) appreciates the message proposed. The topic is on the agenda of the next NEMO committee. He welcomes the proposal to postpone the governance reform of the market coupling operation function and states that NEMOs will be in touch.

Cosimo Campidoglio (MCSC DA NEMO Co-Chair) has a minor point on the postponement of implementation of non-uniform pricing in DA and clarifies what is the scope. MCSC is currently studying, and prototyping solutions related to non-uniform pricing, but there is no decision yet on its implementation.

Peter Scheerer (ENTSO-E) – MCSC mentions that there are 12 points with high priority, 2 with medium and 2 with low priority. They are working on various projects; they need to consider what is ongoing around with the new Regulation coming in March 2023 and warn that advancing some points may need time.

Marie Bourrousse (Eurelectric) wants to underline some expectations, thanks TSOs and NEMOs for the MCCG meeting that allows to work in detail on technical matters. She wants to insist on the ‘‘No step back’’ principle (e.g., availability of products). She thanks for the feedback, the discussions and hopes that projects, algorithm and functionalities will remain available.

Rickard Nilsson (EUROPEX) states that the specifics of what is been asked by TSOs/NEMOs are left to them. The completion of methodology for intraday are in line with the methodology. Further work remains for ID cross zonal gate, opening trade internally, open for cross-border as well. On coming market redesign, CACM 2.0 might be put in the level of electricity regulation. New redesign can impact parts of CACM 2.0.

The Chair leaves the question for Mathilde Lallemand (EC) to clarify but thinks that the EC will take some of these considerations into account in the new proposal.

Lorenzo Biglia (EFET) thanks the NEMOs and the TSOs for the MCCG and asks Peter Scheerer (ENTSO-E) which points he mentioned might require more time than others and how the prioritisation could be organised.

Peter Scheerer (ENTSO-E) will come back to the question in the next MESC meeting or via E-mail.

Nico Schoutteet (CREG) thanks Lorenzo. On behalf of the NRAs, they have submitted a feedback slide as they have discussed these suggestions within the framework of the CACM task force. Related to efficiency and transparency of DA and ID: Many of the elements listed are already foreseen in the current implementation projects on TSOs’/NEMOs’ side. Some elements are not necessarily the object of broad consensus (contrary to what is mentioned), other elements are indeed consensual yet are currently ongoing. Related to upcoming implementation of IDAs, these elements are currently discussed in the framework of designing the IDAs, between TSOs and NRAs. Related to setting aside less consensual reform proposals, the non-consensual points are, by nature, definitely not to be considered as no-regret options, and no-one is arguing their prioritisation. Not all TF members agree, though, that non-uniform pricing is a non-consensual topic.

On efficiency and transparency of DA and ID auction and upcoming implementation of IDAs, he highlights the elements with clear room for improvement are being already addressed with all the parties in the MCSC. Understand concern on the MD reform, is a good opportunity to build consensus. Non uniform pricing is for the scoping phase, afterward collection of information and assess the different possible options.

Lorenzo Biglia (EFET) highlights that the consensus shown on the slides is for the electricity industry. He understands that some points are more consensual than others but wants to show in a more proactive way what can be improved for DA and ID markets.

Marie Bourrousse (Eurelectric) asks about the deadline for prioritisation.

The Chair replies that they are not obliged to wait for next MESC for the prioritisation, but the point will be certainly brought up in the next MESC meeting. The TSOs and NEMOs progress on the no-regret improvements will be shown at the next MESC.

### **3.2 Update on the automatic increase of the max DA harmonised price and review of HMMCP methodology**

Thomas Kawam (ACER) presents the indicative planning and the principles of ACER's proposal for the automatic adjustment of day ahead and intra-day price limits. According to ACER, the NEMOs' proposal may lead to two types of detrimental situations with price spikes taking place. He goes on explaining the examples.

Cosimo Campidoglio (MCSC DA NEMO Co-Chair) states that whatever the final decision will be, it is important to allow proper time for implementation, relevant for the changes in process and procedures, also relevant for market participants.

The Chair asks how much time will be needed for implementation.

Cosimo Campidoglio (MCSC DA NEMO Co-Chair) replies that it is a matter of weeks.

Jerome Le Page (EFET) agrees that time is needed for implementation. However, given the great uncertainties on the market side with the current rule that is not applied, this time must be made as reasonably short as possible. He encourages ACER to make sure that the rule is in place for the winter.

Michael Van Bossuyt (IFIEC) thanks Thomas for the presentation and notes that the principles are in place at the moment but not the proposal itself. He joins Jerome to insist that it is important to have a mechanism in place for the winter. He hopes there is going to be decision and quick implementation in order to have more clarity on the rules.

Marie Bourrousse (Eurelectric) comments that the spirit of the proposal is to create inertia by lengthening the transition period, whereas in Eurelectric they are more in favour of shortening the transition period but still inertia should be increased through more stringent triggering criteria (%price spike definition, triggering conditions). With regard to ACER's position that the decrease mechanism is not compliant with regulation, she mentions that this could be a good idea to think about in the context of the new Regulation. She is waiting for the final decision.

Peter Scheerer (ENTSO-E) states that high prices are an important signal to adapt the methodology. Content wise, as shown for the NEMOs, ENTSO-E would have welcomed a stricter framework. He thanks ACER for driving the process.

Rafael Gómez-Elvira (NEMOs) says the NEMO Committee took all the input and now the decision is on ACER's hands. The formal decision will be taken next week so it does not make sense to be rediscussed by the NEMOs. He stresses that the word 'detrimental' is quite negative. He highlights that the NEMOs proposal was not detrimental, but reflective of the realities of the market. He says that once they are able to see the criteria it is going to be assessed if NEMOs' proposal is more or less restrictive.

Thomas Kawam (ACER) replies that he is surprised by the reaction from the NEMOs regarding the implementation time. As NEMOs had the opportunity to react to this point explicitly, he will see how to accommodate the request but may be not possible at this point. In reaction to Marie's point regarding the transition period, he replies that the duration of the transition period was based on technical and operational criteria.

### **3.3 Update on SDAC & SIDC**

Cosimo Campidoglio (MCSC DA NEMO Co-Chair) presents the [slides on the updates on the single day ahead coupling high level roadmap](#). The CORE FB MC, one of the biggest projects in the last year, has been delivered and operating smoothly. He finishes the presentation with explaining the last update of the 15 min MTU overall plan for Big Bang Approach.

The Chair opens the floor to reactions.

Marie Bourrousse (Eurelectric) comments that the 15 min MTU is a very important topic for market participants. We understood during MCCG meeting that there are two scenarios in terms of product design. Either only 15-min products, or a coexistence of products with different MTUs. On these scenarios she understands that there is no decision taken yet. She asks for clarification and confirmation that no decision has been taken yet.

Cosimo Campidoglio (MCSC DA NEMO Co-Chair) replies that there is still room for market design decisions. The question is whether to support in the day ahead market both the 15 min MTU and 30 and 60 minutes MTU or only the 15 min MTU product. He mentions that two streams of process are discussed at the moment. On one side, they are improving the testing and simulations and on the other side they invited MCCG market participants to deliver their own view. Internal work is being done in order to define timelines by when such a decision will be taken and communicate the planning of the decisions in advance, so everybody is prepared for the next steps. He will come back soon on how to structure the process on what is to be done and by when.

Gunnar Kaestle (COGEN Europe) observes from the NEMO slides that the functionality is there but not the expected performance. He is wondering if more primary reserve is needed.

Cosimo Campidoglio (MCSC DA NEMO Co-Chair) stresses the need to align go-live of all Europe to the new 15-min MTU in the coming years. They have already designed, implemented and tested, the technical functionality of 15 min curves and transmission constrains through the grid, but the performance of the algorithm – good in that context actual condition - is poor in future scenario simulations, with time of running of the algorithm well beyond the existing 17 min, already increased with respect to previous 12 min. The way scenarios are built is complex and critical. It is also important to consider that, overall, the gate closure time is set in CACM for the market and for the TSOs. There is not infinite freedom to extend the calculation time. A few reforms have allowed improving the capacity of Euphemia to find more optimal solutions, such as the extension of the calculation time from 12 to 17 min, optimising the internal processes and removing the second auction in case of full decoupling. The current assessment is that marginal increase in computation time will not be relevant for the increase.

Jerome Le Page (EFET) comes back to Marie's question on different options for the 15-min MTU implementation. He is wondering how many products will be available. He thinks that there is a fundamental analysis missing on the impact on Euphemia performance of these elements, individually and combined. He also wonders how discussions will take place in relation to the granularity of products. Risk profile of different solutions should be discussed with the market participants in the MCCG and also in between MCCG meetings.

Cosimo Campidoglio (MCSC DA NEMO Co-Chair) replies that they are working to improve the level of transparency towards market participants. In the CACM report you can find a table for the individual impact of products to the market participants. They have alerted everybody that the true complexity is the combined effect. The 15-30-60 minutes potential combinations are wide.

Martin Povh (ACER) mentioned that the timeline shown looks congested and the congestion seems to be at the side of SDAC. Other projects in the pipeline are coming, for example Nordic Flow Based, Italy North, CORE and they will be requiring implementation. Luckily, we have loose volume coupling with GB on hold for the moment. More projects coming quicker will result to growing delays. Governance is an issue. Emphasises that they are concerned about these congestions.

Cosimo Campidoglio (MCSC DA NEMO Co-Chair) agrees that the pipeline is full. One part of ACER's assessment of responsibility is an unfit governance. NEMOs do not agree with that, as they have no control over how a new Regulation or NRA/ACER approved methodologies are triggering new requirements to an already full pipeline. Complexity comes from trying to allocate European needs to local availability, testing and delays. There is limited control of external requests and external delays, as well as more and more demands of the overall complexity. We anticipate the future challenges; however, performance is anyway smooth despite the complexity.

Martin Povh (ACER) replies that ACER will not impose any solutions, but we cannot accept that nothing can be done.

Cosimo Campidoglio (MCSC DA NEMO Co-Chair) states that they do not discard compliance and ACER will assess the result.

Marie Bourrousse (Eurelectric) reacts to Martin's point and agrees that the pipeline of tasks for NEMOs is full. The work needs to be done in a right way and well.

Benjamin Genêt (ENTSO-E) comments that we are faced with moving targets, timelines and different methodologies that are not consistent. This creates congestions in the planning on NEMOs and TSOs' end, but also on market parties' side. There is



a need for prioritisation of discussions of what to advance quickly, what could be delayed or even put on hold. A more integrated discussion of different projects is key.

The Chair thinks that this discussion needs to be continued with the NEMOs and TSOs and Market Participants.

Andre Estermann (MCSC TSO Co-Chair) presents the slides for SIDC – full integration in intra-day following the DA integration. This full integration is not only remarkable in respect to the numbers of transactions, but also overall volumes traded in the intraday time frame. So far there is no deviation from the Roadmap.

Donia Peerhossaini (Eurelectric) comments that regarding the IDAs there is a clear consensus that it is not a priority for market participants.

The Chair thinks that another discussion on the prioritisation is needed and then report back to the MESC.

Marie Bourrousse (Eurelectric) states that some projects mentioned by Martin are not legally binding in regard to the timeline. Also supported by Rickard Nilsson (Europex).

Benjamin Genet (ENTSO-E) comments that it is not a good path to prioritise according to what is legally binding. Taking a step back to have a constructive discussion seems more appropriate. The criterion should be what is delivering value.

Jerome Le Page (EFET): the EFET/Eurelectric list of projects to prioritise for DA and ID shows the view of what the users of these markets believe should be prioritised. 15-minute products in DA (until proper Euphemia performance is guaranteed), ID auctions and co-optimisation are not on this list.

The Chair agrees with Benjamin and notes that the assessment should be as comprehensive as possible.

### **3.4 Update on the BZR process**

Marta Mendoza (ENTSO-E) explains that next week there will be a dedicated Stakeholder meeting on the BZR process. She explains that, related to the transitions cost questionnaire, we are still analysing if these 23 answers received are enough for a robust study on transition cost. High-level overview will be provided on 14<sup>th</sup> December consultative Group meeting.

There has been a publication in ENTSO-E's website on the BZR input data, yesterday, for both Nordic and Central Europe regions. The final sets of data are subject to changes, but the publication tries to fulfil the legal deadline.

There is also a meeting on 13<sup>th</sup> December between TSOs, ENTSO-E, ACER and NRAs, before the Consultative Group meeting on 14<sup>th</sup> December and reminds stakeholders to raise first any detailed issue in the Consultative Group.

The Chair is asking if the presentation of Jerome/Lorenzo is a topic to discuss now or for next week.

Lorenzo Biglia (EFET) says there will be more time to discuss on 14<sup>th</sup> December. Issues on data collection are acknowledged. Hard for market participants to link on the ACER and ENTSO-E Publication. How are the TSOs/consultant/ENTSO-E expert group progressing? Nodal data transparency is missing in the ENTSO-E publication (or anonymised). How are the TSO fixing this issue on data publication? Market conditions have changed drastically over the past 18 months. How will the BZR scenarios take this new reality into account?

Marta Mendoza (ENTSO-E) explains that the current data collection is progressing. ACER already provided the ID data that were allowed to share and on forward market the current data collection is also advancing. She explains, answering the questions raised by EFET in their slides, that TSOs are limited by the methodology, that the current sensitivity analysis already considers the changes on the fuel prices, and invites EFET to present the questions in the BZ consultative group meeting on 14<sup>th</sup> December meeting.

Lorenzo Biglia (EFET) asks how the review will fit with the broader market design reform.

Rafael Muruais Garcia (ACER) confirms that they are not informed of significant changes that can affect the BZ review due to the market design reform.

Peter Scheerer (ENTSO-E) highlights that it is important not to add additional points to the study.

Donia Peerhossaini (Eurelectric) asks feedback on the survey.

Marta Mendoza (ENTSO-E) confirms a summary will be provided in the Consultative Group meeting.

Marie Bourrousse (Eurelectric) asks for the BZR public consultation timeline, and about the perimeter of the consultation.

Marta Mendoza (ENTSO-E) explains that the timeline will be updated shortly, and it will be shared on 14<sup>th</sup> December. She advances that the timeline will be postponed. She reminds that the scope of the study and the public consultation is defined in the methodology, but that we are open to consider additional questions, even if they will not be able to be considered in the decision-making process (collect them and refer to them in an annex.)

### 3.5 [Update on co-optimisation](#)

Martin Viehhauser (ACER) highlights that the feasibility study was completed in May and shared with ACER by the end of October. Co-optimisation is feasible. 2 main parallel paths, 12 months for NEMOs to submit an amendment of the methodology.

Lorenzo Biglia (EFET) questions the implementation impact assessment of the co-optimisation.

Martin Viehhauser (ACER) explains that the implementation impact assessment is ongoing, and that it is important to consider these inputs in the amendment of the methodology.

Marie Bourrousse (Eurelectric) asks about the feasibility study on the 15 min MTU and the possibility to access it. She asks if there is binding deadline for this very challenging methodology.

Martin Viehhauser (ACER) answers that the feasibility study (prototype study) is the continuation of the implementation impact assessment. No strict deadline. Deadline should be set. Work on co-optimisation is on hold on NEMOs and TSOs, but the process for implementation shall continue but there is no legal deadline.

Cosimo Campidoglio (MCSC DA NEMO Co-Chair) confirms the need of a formal discussion and decision. Acknowledges on how full the pipeline of R&D is and explains that they will come back with a reply to ACER and market participants.

Jerome de Haan (ENTSO-E) explains that the prototype captures some requirements not all. He explains that they are not against the co-optimisation but questions how to manage it.

Martin Viehhauser (ACER) generally agrees and sees the need for further discussion on how to consider the requirements when amending the methodology.

### 3.6 [Update on derogation requests](#)

Nico Schoutteet (CREG) updates on the derogation requests for next year. Overview of derogations and action plans for 2020, 2021 and 2022 listed on ACER's web page [here](#).

Derogations are requested for a period of one year and can be extended after a new request from derogation from the NRAs.

National approval processes are ongoing. Processes and criteria for granting derogations have been to a large extent harmonised across jurisdictions thanks to ACER and involved NRAs.

Jerome Le Page (EFET) asks whether there is a trend in actual availability of capacity.

Nico Schoutteet (CREG) sees progress in the reporting by TSOs report progress, but it is hard to make a general statement in terms of capacity availability as there are still some concerns. Progress in terms of capacity availability is slow or absent. Publication tool from JAO shows the available margins, not the nuances of the minimum 70% rule. Extensive analysis of Core FB and the margins are available.

Jerome Le page (EFET) asks the justification of the derogation to the minimum 70% requirement granted to REN by the Portuguese regulator. Considering the absence of congestion in Iberia mentioned in the pre-analysis to the BZR last year, it appears strange that a derogation could be granted for reasons of "insufficient remedial actions".

Nico Schoutteet (CREG) explains that the Portuguese regulator presented an extensive monitoring report showing the level of compliance of the Portuguese TSO.

Rickard Nilsson (Europex) asks if there is a monitoring of national action plans. Every effort must be done by the TSOs to provide maximum capacity to the market participants. Focal point for the coming winter, regardless the technicalities of the 70%.



Nico Schoutteet (CREG) explains that the action plans are approved by MS, up to the TSO to come with a yearly report. NRAs have no formal involvement in this (contrary to derogations). On the application of the 70% on ID, it is a difficult one, based on the latest exercise made by ACER to monitor the compliance, further discussion has taken place, most NRAs agree that a monitoring frame should be implemented. Not all NRAs agree but the majority does (2 exceptions). Discussions are ongoing to implement coordinated capacity calculation on ID. In a nutshell, there is no dedicated monitoring in place, only for the minimum requirements. We should focus on the maximum capacity to the market. But there are initiatives, German TSOs will anticipate two months the legal requirement to account for the extreme circumstances.

#### 4. FCA

##### 4.1 [Update on FCA GL amendment](#)

Thomas Kawam (ACER) explains that a final Policy paper is planned for FCA Amendments.

2 big categories of problems: Pertaining to the EU forward markets and pertaining to cross-border hedging.

Thomas explains the policy recommendations that are not always in the hands of the energy regulators: improve market structure, improve hedging incentives, re-configuration of BZs and reduce barriers to trade at organised market places.

Thomas clarifies a question from Gunnar Kaestle (COGEN Europe) on the statistical data.

Thomas argues that zone-to-hub transmission LTT rights could be easier to implement than the Nordic model.

Thomas presents an indicative planning, BoR decision aims in January and also the organisation of a workshop in January.

Helene Robaye (Eurelectric) asks whether the correlation to hub price has been checked using forward prices instead of spot. Also, the ACER presentation misses a methodology or indication how ACER came up with its composite prices.

Marie Bourrousse (Eurelectric) says that the better indicator to compare auction income with something would be forward price spreads, rather than DA price spreads. Position of Eurelectric is Zone to hub LTTR is too theoretical and complex. Analysis of the benefits is requested. FTR options facilitate the hedging of the risks to market participants. How TSOs would calculate the risk if that risk would be impossible to hedge.

Thomas Kawam (ACER) confirms the way capacity is currently allocated is still in discussions with TSOs.

Jerome Le page (EFET) says that circulating the slides beforehand would be appreciated. Preliminary position, as he was not able to discuss with EFET members. ACER's objective to improve forward markets is welcome, but it needs proof of concept. The fundamental question for LTTRs is how to increase capacity availability (in volume, over time). Only changing the allocation method is unlikely to change much.

Gunnar Kaestle (COGEN Europe) asks about network constraints, the map. What about the power plants proximity? How far is market and grid integrated?

Helene Robaye (Eurelectric) is worried to hear that a decision could be taken without the whole picture to be carefully studied. In particular how the hub would be determined and more importantly how this is improving the situation. Detailed quantified analysis is required, with realistic figures of benefits and welfare for the market.

Martin Povh (ACER) confirms that the analysis could have had a longer period.

Helene Robaye (Eurelectric) mentions that proxy hedging can be done independently from LTTR (which are issued in November Y-1). She mentions that the evolution of the prices in the forward is important (how they are correlated with the hub), not the correlation with the spot prices. To be discussed bilaterally. Martin Povh (ACER) confirms there is no decision making in January. It's just the Policy paper which will be finalised. We expect at least 2 years' time between the policy paper and the adoption.

Helene Robaye (Eurelectric) agrees to disagree. Collateral cost not been studied, too early to consider this zone-to-hub design for LTTRs a non-regret option.

Jerome Le page (EFET) repeats we need proof of concept (with numbers), beyond the theory. Once a policy paper is published, there is a foot in the door to pursue in legislation, so this needs further discussion beforehand. EFET is happy to provide more input and data.

Rickard Nilsson (Europex) supports the statements of the previous speakers. Stakeholders' consultations end in December. Further support the timing needs for further analysis. Need of proper discussions.

Sonia Saly (EFET) mentioned that the European grid is not the same as the grid in USA. She believes a calmer discussion is needed. Both sides should look at each other suggestions. Consult in a separate meeting before the policy paper is finished, not after.

The Chair apologizes for sharing these slides late, understands the need to take time to share them with members and proposes them to come back to ACER to discuss it in a separate meeting.

Marie Bourrousse (Eurelectric) suggests feedback from all stakeholders from Europe, ask for a better analysis but not theoretical references to very different markets. Agrees to organise a separate meeting.

Mathieu Fransen (ACER) proposes to have a workshop on this paper. The workshop could be a good option to discuss alternative ideas. After the BoR in January, could be discussed early February. Paper is not the end of the process.

Thomas Kawam (ACER) confirms the process is far from being over.

Marie Bourrousse (Eurelectric) asks to take into consideration the warning about quantitative analysis.

The Chair agrees but it may come after the publication of the policy paper. He asks stakeholder to check the ACER slides again and come back with comments before the publication of the paper. This will not be a recommendation to the Commission.

#### **4.2 TSOs assessment on LT markets**

Jim Vilsson (ENTSO-E) presents the assessment made by the TSOs. Look at auction income from LTTRs and comparing them to DA price spreads. Excluded borders to CH and GB. Proxy calculation of 8.000 hours. Distributed pricing for Q4 2022. Prices differ a lot per border.

Planning a workshop with market participants by beginning 2023. Market participants, TSOs and JAO will be impacted in case of change of timing.

Jerome Le page (EFET) [presented slides](#) in reaction to the ENTSO-E presentation. He apologises for not circulating the EFET slides among MESC members before the meeting, considering the very late publication of the ENTSO-E slides themselves. EFET is dissatisfied by the TSO analysis on LTTR valuation, and concerned that TSOs seem to question the relevance/existence of LTTRs. What we cannot know cannot be valued at the time of the auction. LTTRs are valued against market spreads at the time of the auction (i.e. forward market spreads, not DA). Jerome expresses other reflections on ENTSO-E presentation, especially the EFET concern that maximisation of congestion income seems to become a new objective of TSOs. Let's make sure that we have discussions and keep TSOs incentivised by the right thing.

Jim Vilsson (ENTSO-E) thanks Jerome, very useful, TSOs slides come as an evolution of ACER paper. Not only to increase the income for TSOs but also decrease the tariff to the consumers.

Jerome Le page (EFET) suggests analysing the right numbers, forward market spreads. Not only when DA markets go up in an unforeseeable manner. Also, when DA prices go down. And hedging this price spread volatility linked to unforeseen evolutions is the reason why market participants use LTTRs. In favour of making sure the right analysis and tools are used.

Martin Povh (ACER) agrees with EFET regarding the trend that few TSOs support the LTTRs.

Marie Bourrousse (Eurelectric) disagrees with the analysis. Support to EFET, biased analysis from TSOs. LTTRs price ex post, not conclude the analysis performed.

Jim Vilsson (ENTSO-E) asks EFET and Eurelectric for help, to clarify the points.

Helene Robaye (Eurelectric) agrees on the relevant indicator from the slide of Jerome, not compare price at two different moments in time. Helene can send additional data.

Jerome Le page (EFET) agrees to share data from past years and collaborate with TSOs.

The Chair asks for an update at the next MESC meeting.

### **5. Balancing**

Everything will be discussed in the workshop on 8 December

### **6. AOB**

#### **- Market Monitoring**

Thomas Querrioux (ACER) says the approach to market monitoring will change, more focus to certain topics, develop new topics according to context. Thomas explains the possibility for the Publication of several thematic reports. Get more targeted feedback from Stakeholders and experts, ex ante and ex post. In the context of emergency measures implemented, ACER plans to publish a broad assessment of the measures.

Marie Bourrousse (Eurelectric) suggests that a look deeper in the balancing platforms would be helpful. To keep overall picture, global picture on the functioning of the market and to have full transparency on the indicators and methodology for each report.

Thomas Querrioux (ACER) explains that the MMR will provide the same content but with a publication spread along the year.

- **Demand response: Update by ACER**

Chairs question on how EU DSO and ENTSO-E will get organised for the Work on Demand Response Guideline.

- **[NC ER art. 35-36 on market suspension and restoration](#)**

Cherry Yuen (ENTSO-E) explains the timeline on the rules of market suspension and the first results on Art. 35 and 36 on NC ER survey. 29 TSOs out of 38 respondents have the rules approved by NRAs. Alignment on detailed findings with ACER. From no suspension to suspension of all market activities. Before harmonisation there is a need of further analysis of technical impact.

Gunnar Kaestle (COGEN Europe) questions beyond border of EU. Will share the report from Australian commission.

- **[Follow-up on ENTSO-E's Transparency platform following the last EBSG meeting](#)**

Nicolaj Nabo Andersen (ENTSO-E) answers the questions from Eurelectric, a written reply and answers were provided to the EBCG in November. 5 action points were presented. Amendments are being collected in batches. Description on balancing data is available on the GUI.

The Day-ahead Prices (TR art.12.1. D) data item, was successfully launched on the new TP GUI in full scope with graphical, tabular and map views. Click [here](#).

Planned to add more data on the new GUI.

Secretariat with WG MIT is conducting a survey on user experience: find link to the survey [here](#) by 23 December 2022.

Marie Bourrousse (Eurelectric) confirms that the feedback answered most of the questions. Members intend to participate actively in the TP GUI and also to the survey. Company based participation not Eurelectric. Data access has difficulties. Some requests are not required by regulation. Effects on border are crucial. Reopen the implementation framework. Understand the price formation. Question for ACER. Missing data on MARI and PICASSO.

Anna Szer (ENTSO-E) confirms that data for MARI is already available but not for PICASSO. Data for TSOs connected to MARI could be visible. Other TSOs not only implementation frameworks, balancing platforms but also EBGL and TP regulation. TSO not yet connected to MARI platform and the obligation is individual for the TSO. Asks what data is exactly missing.

Marie Bourrousse (Eurelectric) will come back with further details.

Chair explains that the day after is balancing Stakeholder group – Donia will attend.

**7. Meetings dates proposal in 2023:**

- 9th March (online)
- 5th July (physical, ENTSO-E's premises)
- 18th October (online)
- 7th December (online)