



European Union Agency for the Cooperation
of Energy Regulators

Project prioritisation framework and first outcome

MESC ad-hoc meeting

10 May 2023

Thomas Kawam/Mathieu Fransen

- Following discussion in MESC in December 2022, ACER and NRAs have initiated a project prioritisation exercise in parallel to the work performed by MPs and the MCSC parties.
- ACER and NRAs decided to focus on CACM projects considering that pipelines of other regulations were considered not to be congested.
- The **objectives of this exercise are to:**
 - Improve the way regulatory projects are planned (i.e. their legal deadline is defined) to better consider the ongoing implementations and current implementation capabilities
 - Allow for a better long-term planning of regulatory projects
 - Better consider inputs of stakeholders when defining a planning based on implementation priorities
- The **objectives of this exercise are not to:**
 - Revise the existing legal deadlines and challenge ongoing implementations
 - Add new projects to the pipeline based on desiderata of stakeholders

To achieve the proposed objectives, 3 different processes can be defined:

1. The project prioritisation process

This recurrent process aims at producing a « project portfolio » containing:

- all projects, ordered by priority (defined based on Regulation objectives),
- an estimation of their implementation efforts (potentially relying on external support), and
- dependencies between them.

Inputs from MPs, NEMOs, TSOs and external experts will be taken into account.

2. The set-up of delivery pipelines process

This process aims at identifying the different delivery pipelines (e.g. SIDC, SDAC, ...) and their current capabilities in terms of number of projects that can be implemented in parallel. An outcome of this process can be a statement from ACER/NRAs indicating the expected increase in capabilities at a certain point in time.

Inputs from NEMOs, TSOs and external experts will be taken into account.

3. Improved definition of legal deadlines

This process aims at better defining legal deadlines for implementation projects by considering the outputs of processes 1. and 2.

This process is performed as part of the existing decision making processes.

With the outputs of those processes, a portfolio roadmap will be built to provide visibility over the next years.

1. The project prioritisation process

Finalisation for CACM deliverables : 90%

Remaining element to finalize the process:

- Estimation of the projects implementation time

2. The set-up of delivery pipelines process

Finalisation for CACM deliverables: 50%

Remaining element to finalize the process:

- Assessment of the current delivery capabilities (in terms of parallelization of implementation) of the different pipelines

3. Improved definition of legal deadlines

Finalisation for CACM deliverables: pending finalisation of step 1 and 2

Process 2: Results - Proposed delivery pipelines

ACER and NRAs identified that the following delivery pipelines are currently facing congestion and struggling to timely deliver projects*:

- **Joint NEMO/TSO SDAC**
- **Joint NEMO/TSO SIDC**

- **TSO-only Core region**
- **TSO-only Nordic region**
- **TSO-only SWE region**
- **TSO-only ITN region**

Out of scope for this
MESC → to be discussed
at a regional level

Process 1: Definition of the project lists

To define the projects pertaining to the prioritisation exercise, ACER and NRAs have defined the following:

- The project should be defined in a regulatory text, or part of discussions linked to a future or potential inclusion in a regulatory text (such as request for changes described in the Algorithm Methodology Article 14(1)(a))
- The project should trigger an implementation (i.e. R&D only initiatives are out of scope)
- To be part of a specific project pipeline, the project should impact this delivery pipeline and have at least a few months of implementation (i.e. very small projects are out of scope)

Process 1: Proposed method to assess the priority

- For each of the objectives, identify the elements (either positive or negative) that this project has.
- Assign a rating in function of the number of positive or negative identified elements [-2, +2].
- Compute an average score as follows:
 - Final score = $1/6 * (\sum \text{Score}(\text{Objectives } 1-6))$
- The following rule is then used to qualitatively rate the different project priorities:
 - Final score ≥ 1.5 = Very high
 - ≥ 1 = High
 - ≥ 0.5 = Medium
 - ≥ 0 = Low
 - < 0 = Consider discarding
 - Projects with a deadline fixed in EU regulation (e.g. UK-EU MRLVC) get a « Non-relevant » score considering that ACER and NRAs have no competence to challenge their implementation

Reminder: the objective of the prioritisation process is only to improve the future planning of projects, not to challenge the ongoing implementations.

Process 1: Proposed criteria to assess for every objective

1. Effectiveness to enhance market integration	2. Effectiveness to ensure non-discrimination	3. Effectiveness to increase competition	4. Effectiveness to enhance the efficient functioning of the market	5. Overall coherency	6. Overall efficiency
<ul style="list-style-type: none"> • Inclusion of new borders • Allows for harmonisation of rules (either across timeframes/regions) 	<ul style="list-style-type: none"> • Allows to treat all players equally • Removes discriminating rule 	<ul style="list-style-type: none"> • Allows for competition between new borders/bids of market participants • Removes entry barriers 	<ul style="list-style-type: none"> • Improves price signals • Improves welfare • Improves operational security 	<ul style="list-style-type: none"> • Coherency with principles/functioning of other timeframes/regions/markets 	<ul style="list-style-type: none"> • Overall benefits compared to impacts on stakeholders compared to impact on assets and implementation efforts

Process 1: Result of the first prioritisation exercise

SDAC pipeline – Project name	Qualitative priority rating
Nordic flow-based DA CA	High
Advanced hybrid coupling for DA	High
Merger of Core & Italy North CCRs for DA	High
PUN phase-out	Medium
Implementation in SDAC of co-optimisation	Medium
15' MTU implementation	Not relevant
Non-Uniform pricing	Low
Scalable complex orders	Low
MRLVC with UK	Not relevant

SIDC pipeline – Project name	Qualitative priority rating
Pan-EU IDAs	High
Remaining implementation of 15' MTU	Not relevant
Introduction of Core ID Flow-based CC	High
Introduction of Nordic ID flow-based CC	High
ID flow-based	Medium
SIDC losses	Consider discarding

ACER and NRAs consider that this list is a good input to build a MCSC planning from 2025 onwards

Process 1: SDAC – Gap analysis

SDAC pipeline – Project name	Qualitative priority rating ACER/NRAs	Qualitative priority rating MP	Qualitative priority rating TSO/NEMO
Nordic flow-based DA CA	High	Not assessed	=
Advanced hybrid coupling for DA	High	=	=
Merger of Core & Italy North CCRs for DA	High	Not assessed	Consider discarding
PUN phase-out	Medium	Not assessed	=
Implementation in SDAC of co-optimisation	Medium	Consider discarding	Consider discarding
15' MTU implementation	Not relevant	Consider discarding	=
Non-Uniform pricing	Low	Consider discarding	Consider discarding
Scalable complex orders	Low	Not assessed	=
MRLVC with UK	Not relevant	Not assessed	=

Other projects added by stakeholders (SDAC only):

- Baltic MNA
- Other MNA implementations
- Hansa CCR Phase 2,3,4
- Extension to EnC
- Ireland integration
- Nasdaq integration
- Transparency on DA CCM
- Min CZC
- Data quality on ETP and JAO

ACER/NRAs views: other projects proposed by stakeholders are either 1) expansion/integration projects (see sl. 12 for proposed approach on this topic) or 2) not regulatory implementation projects according to the chosen definition

Process 1: SIDC – Gap analysis

SIDC pipeline – Project name	Qualitative priority rating	Qualitative priority rating MP	Qualitative priority rating TSO/NEMO
Pan-EU IDAs	High	= for ID1/Consider discarding for the others	=
Remaining implementation of 15' MTU	Not relevant	=	=
Introduction of Core ID Flow-based CC	High	=	=
Introduction of Nordic ID flow-based CC	High	=	Lower than Core
ID flow-based	Medium	=	=
SIDC losses	Consider discarding	Not assessed	=

Other projects added by stakeholders (SIDC only):

- ETPA integration
- BCAB integration
- EnC integration
- IE integration

- Hansa CCR Phase 2,3,4
- Core balancing CC
- NO4-FI IC integration
- Core ROSC impact on ID CC
- Full transparency on CCM
- Min CZC
- Data quality ETP and JAO

ACER/NRAs views: other projects proposed by stakeholders are either 1) expansion/integration projects (see sl. 12 for proposed approach on this topic) or 2) not regulatory implementation projects according to the chosen definition

Here is the feedback provided by ACER and NRAs to MCSC parties:

- Preparation by MCSC is a good complement to the deliverables prepared by ACER/NRAs which will mostly feed the planning from 2025 onwards
- Large agreement with the planning proposed by MCSC which mostly relies on the implementation deadlines already fixed in methodologies or regulation
- Specific comments:
 - Multiple projects are delayed compared to their implementation deadline
 - Priority must be given to regulatory projects R&D over prospective studies
 - ACER and NRAs would like to better understand the scope and objectives of the studies proposed by the NEMOs and the TSOs, and invite them to find ways to perform those studies over short/medium term
 - Implementation for Core AHC seems way too long (2 years)
 - Some projects are unclear (e.g. Hansa CCR)
 - CCR reconfiguration is to be placed with higher priority
 - Proposed way forward for border-by-border integration/extension projects: one go-live per 2 years with all projects ready going live together

- ACER and NRAs greatly appreciate the work performed by MPs and thank them for providing a clear and harmonised view
- The latter was duly considered when defining the priorities of the different projects
- Considering the objectives of the prioritisation exercise, ACER and NRAs consider that the outcome does not contradict the desiderata of the market participants*
- Regarding specific market participants' requests regarding transparency, ACER and NRAs invite market participants to reiterate those requests when the relevant methodologies will be amended.

*regarding the specific topic of co-optimisation, ACER and NRAs agree to wait for the welfare assessment study to review the priority of the project

Remaining open points to complete the exercise:

1. **Organize the exercise at a regional level → each region is autonomous**
2. **Organize the project estimation → ACER task relying on the provision of external support**
3. **Assess the current capabilities of the different delivery pipelines that have been identified →
Task to be undertaken by ACER/NRAs in May-June**
4. **Re-start the prioritisation for a second iteration → End of 2023**

Thank you. Any questions?



European Union Agency for the Cooperation
of Energy Regulators

✉ info@acer.europa.eu
🖱 acer.europa.eu

🐦 [@eu_acer](https://twitter.com/eu_acer)
🌐 [linkedin.com/company/EU-ACER/](https://www.linkedin.com/company/EU-ACER/)