

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

Wednesday, 18 October 2023, 10:30-16:00

Online

### Draft Minutes

Participating Members		
Christophe	Gence-Creux	ACER/Chair
Anne	Radermecker	EC
Rickard	Nilsson	Europex
Michele	Stretti	Europex
<del>Franco</del>	<del>Luciano</del>	<del>Europex</del>
Annette	Jantzen	Eugine
Donia	Peerhossaini	Eurelectric
Helene	Robaye	Eurelectric
Michael	Van Bossuyt	IFIEC
Jerome	Le Page	EFET
Lorenzo	Biglia	EFET
Arben	Kllokoqi	EFET
Emma	Menegatti	FSR
Stefan	Doerig	SmartEn
Simon	Dupond	SolarpowerEurope
Catarina	Augusto	SolarpowerEurope
Vidushi	Dembi	WindEurope
<b>NRAs/ NEMOs/ACER/ ENTSO-E representatives</b>		
Zeljka	Kössldorfer	E-Control
Lisa	Dallinger	BNetzA
Barbara	Zwinka	BNetzA
Michael	Pülke	BNetzA
Maarten	Klijn	ACM
Timon	Dubbeling	ACM
Salauze	Amaury	CRE
Thomas	Goulley	CRE
Clement	Poet	CRE
Fabien	Monti	CRE
Rafael	Gómez-Elvira	All NEMOs Committee Chairman
Rodrigo	Escobar Rodríguez	All NEMOs Committee
Viktoria	Sipos	JAO
Cosimo	Campidoglio	MCSC DA NEMO Co-Chair
Andre	Estermann	MCSC TSO Co-Chair
Thomas	Kawam	CREG
Ondrei	Maca	OTE
Lisa-Marie	Mohr	Energy Community
Pavlos	Natsis	ENTSO-E
Sultan	Aliyev	ENTSO-E
Marta	Mendoza-Villamayor	ENTSO-E
Oliver	John	ENTSO-E

Participating Members		
Volha	Veramyeva	ENTSO-E
Peter	Scheerer	ENTSO-E
Ruud	Vrolijk	ENTSO-E
Ruud	Otter	ENTSO-E
Benjamin	Genêt	ENTSO-E
Nino	Vakhtangishvili	ENTSO-E
Daniel	Costa	ENTSO-E
Athina	Tellidou	ACER
Patrick	Luickx	ACER
Mathieu	Fransen	ACER
Christina	Brantl	ACER
Marie	Hjorth Slattebrekk	ACER
Martin	Povh	ACER
Martin	Viehhauser	ACER
Ignacio	Muniozguren Garcia	ACER
Ernst	Tremmel	ACER
Marco	Pavesi	ACER
Zoran	Vujasinovic	ACER
Rafael	Muruais Garcia	ACER
Gilles	Bertrand	ACER

## 1 Opening

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

The Chair welcomes the participants to the 34<sup>th</sup> MESC meeting. Minutes from the last MESC meeting were approved with no objections. He informs that the item 3.2 has been removed from the agenda as it refers to the update on the amendment of the intraday capacity calculation methodology. ACER is still in the process of issuing this decision as it is a complex and quite sensitive topic.

### 1.2 Update on recent developments (recent decisions, reports, appeals, etc.)

The Chair provides an update on the following key points:

#### Reports:

He discusses two recent reports focusing on Member States' security of supply performance and crisis-related emergency measures. Three additional reports are forthcoming:

- a. A state of play report on market integration is due in the coming weeks.
- b. The traditional barrier study report is expected by the end of this year or early next year, with potential delays acknowledged.
- c. An opinion on the "70%" is being prepared following a public consultation, with publication targeted for the end of January or early February at the latest.

#### Decisions:

The harmonised allocation rules would be discussed today.

The decision on the core intraday capacity calculation methodology is delayed, now aimed for December. Controversy surrounds the interpretation of the law regarding the "70%" applicability to the intraday timeframe, with ongoing discussions among NRAs, TSOs and the European Commission.

Following the receipt of the LMP analysis from the Baltic TSOs in late September, an ACER decision on the alternative bidding zone configuration to be further analysed by the Baltic TSOs for the Baltic region is anticipated by the end of the year.

The Chair highlights the importance of these reports and decisions, recognizing the existence of delays and contentious issues, especially in the CORE intraday capacity calculation methodology. The resolution of these matters is a priority, and decisions are expected by the end of the year.

**The Chair** also informs the attendees about an upcoming workshop on the definition of structural congestion, scheduled for early November, with invitations to be sent out soon. Additionally, the ongoing appeal process on ACER's decision on the Core day-ahead capacity calculation methodology, initially appealed by BNetzA, was deemed lawful by the General Court, as the Board of Appeal (BoA) didn't consider the correct legislation. The BoA has since confirmed that ACER's decision complies with the Clean Energy Package. but BNetzA is appealing again, prolonging the process.

## 2 Internal Electricity Market

### 2.1 Update from the EC (EMD reform, UK-EU arrangements, CH-EU cooperation, CACM process)

**Anne Radermecker (EC)** discusses the progress on electricity market design reform. She highlights that the Council agreed on 17 October on a General Approach, with only Hungary opposing. Key discussion points included contracts for difference (CFDs) and the potential impact of the redistribution of CFD revenues on the level playing field, with concerns raised by several Member States. The agreed text reaches a compromise on new installations and includes principles governing the design of CFDs. The EC will oversee this, particularly for revenues not derived from competitive bidding processes. The discussion then shifts to the rapid progression of trilogue sessions, with the aim of reaching an agreement before winter.

Regarding the EU-UK relationship, she mentions that the work on the MRLVC has continued with a report prepared by EU and UK TSOs, an opinion from Ofgem and an opinion from ACER, which were presented at a workshop in London. This workshop has been followed by several exchanges with UK authorities. The next specialized Committee on Energy is scheduled for November 9th, covering various topics. TSOs report concludes that there are several uncertainties related to MRLVC, so further analysis is recommended. Anne mentions ongoing discussions with the UK and updates to Member States.

Cooperation between CH-EU is also discussed, with ongoing exploratory talks following Switzerland's termination of previous negotiations. Swissgrid's legal challenge against the European Commission continues after the General Court's rejection in December 2022. No changes are expected in the electricity market context.

CACM process will continue most likely early 2024.

**Jerome Le Page (EFET)** asks about the public availability of the TSO report on the MRLVC regarding the EU-UK cooperation, but Anne indicates its sensitivity prevents public release but maybe a high-level summary can be provided. Jerome then presents on EMDR, and Anne reaffirms the goal of reaching an agreement before winter.

**Rickard Nilsson (Europex)** expresses concerns about some aspects of the EMD proposals, emphasizing six points, including opposition to the single legal entity concept and regional virtual trading hubs without proper assessment. Europex furthermore advocates for the abolition of infra-marginal revenue caps in accordance with deadlines set in the autumn 2022 EU Council Emergency Intervention Regulation, and stresses that capacity remuneration mechanisms should continue to be a temporary/last resort feature. Europex also opposes stipulating unit-based bidding in wholesale markets, thus it should remain a free choice between portfolio bidding and unit bidding.

**Donia Peerhossaini (Eurelectric)** welcomes the agreement on EMD reform and appreciates the concerns raised, especially regarding unit-based bidding and forward markets as well as implementation of virtual hubs. She also highlights the need to clarify the wording in Article 7 and mentions an upcoming release from Eurelectric on crucial topics.

### 2.2 Update on the EnC

**Lisa-Marie Mohr (EnC)** presents the update on the EnC. She announces the upcoming go-live of the day-ahead market in Kosovo\*, operated by ALPEX, the Albanian Power Exchange, is scheduled for November.

**Ondrej Maca (MCSC)** emphasizes the urgency of finalizing the MCO integration plan, highlighting significant legal questions needing resolution. He expresses concern about potential delays in legislation transposition by EnC Contracting Parties, potentially impacting subsequent phases.

Lisa underscores the importance of transposition, noting ongoing assistance and resource allocation to expedite the process. Discussions are underway with the EC to address legal concerns. **Cosimo** points out the challenging 2025 deadline for reaping the benefits of the exemption for both SDAC and SIDC, considering it extremely ambitious.

Responding to Jerome, Lisa indicates an impending yearly implementation report to be published by the Secretariat at the end of 2023. She brings attention to Bosnia and Herzegovina's lack of a legal framework for short-term markets, identifying the establishment of both day-ahead and intraday markets as a critical issue in the Contracting Parties including the Western Balkans, beyond just NEMO designation.

### 2.3 Update on the NC DR

**Sultan Aliyev (ENTSO-E)** presents the slides of ENTSO-E on the update on the NCDR.

**Athina Tellidou (ACER)** seeks clarification on the process of submitting comments, emphasizing their role in enhancing the draft's quality and requesting further explanations on various document sections. She notes that the content-related topics discussed align with the high-level points raised by other stakeholders in the drafting committee.

**Michelle Stretti (Europex)** raises concerns about integrating EMD provisions on flexibility, stressing the negative impact on existing markets, particularly regarding additional products for flexibility. He expresses reservations, previously mentioned.

Sultan acknowledges the ongoing developments, especially concerning flexible connection agreements and EMD provisions. He confirms close monitoring of the situation and the intention to accommodate changes based on content evolution. Given the uncertainty, he mentions the challenge of incorporating updates before the submission. He is unsure whether there will be a new public consultation or another process but indicates potential inclusion in January, acknowledging the timing's complexity.

### 2.4 Update on the prioritisation of projects

**Thomas Kawam (CREG)** presents slides detailing the guidance for the project prioritization process.

**Benjamin Genet (ENTSOE)** expresses reservations about the approach, favouring a more agile handling of project pipelines that considers ongoing issues and complexities. He acknowledges the strategy but doubts its efficacy.

**Jerome Le Page (EFET)** while acknowledging the approach might not fully satisfy all initial expectations, recognizes it as a positive step towards thorough analysis and prioritization of projects. He shares concerns about the process and the potential for conflicting project deadlines but supports the initiative overall.

**Andre Estermann (MCSC)** underscores the importance of clear communication regarding expectations and responsibilities as the proposed start date in January 2024 approaches. He calls for a transparent "onboarding" process to ensure all parties can adequately plan and allocate resources.

**Donia Peerhossaini (Eurelectric)** voices support for the approach but, like other stakeholders, expresses concern about the long-term setting of deadlines, advising against this method.

**Thomas Kawam (CREG)** informs that the document is ready for approval, negating the need for further formal approval from NRAs. ACER plans to initiate the process by the year's end and provide updates in Q2 2024.

### 2.5 Update on ACER monitoring priorities

**The Chair** informs that they had shared a note and asked for the stakeholders' feedback.

**Patrick Luickx (ACER)** presents the update on the ACER 2024 market monitoring.

**Davide Orifici (EPEX SPOT)** appreciates the inclusive approach seeking input from market operators and participants, particularly concerning barriers to market entry for demand response and flexibility. He seeks clarification on the specific markets under consideration.

**Patrick Luickx (ACER)** responds that the focus is, in principle, on all markets, but they are open to insights on whether any specific market requires more attention. This question will be part of the upcoming public consultation.

**Mathieu Fransen (ACER)** provides an update on the implementation monitoring of market related guidelines and corresponding TCMs across Europe. The initial step involves assessing the current status of all TCMs (Terms and Conditions or Methodologies) in Member States, followed by detailed reports on individual or groups of TCMs. The first priority is to assess the implementation of specific TCMs from the Electricity Balancing regulation, with plans to subsequently extend monitoring to other TCMs.

**Jerome Le Page (EFET)** emphasizes the need for proper market integration and the removal of market barriers to determine the most appropriate types of flexibility. He suggests a reevaluation of the order of setting priorities, starting with understanding priority needs, then ensuring market participation freedom for demand response. He underscores the importance of optimizing market functionality as a foundational step for promoting flexibility and demand response.

**Donia Peerhossaini (Eurelectric)** asks about the timeframe for stakeholders to provide their input.

**Patrick Luickx (ACER)** indicates that the scope is currently being defined and directs feedback on market monitoring to be sent to [ewpmm@acer.europa.eu](mailto:ewpmm@acer.europa.eu).

**Rafael Muruais Garcia (ACER)** presents the monitoring priorities concerning security of supply.

**Jerome Le Page (EFET)** asks if new developments in flexibility schemes from the market design reform are being considered in the report on adequacy.

**Rafael Gómez-Elvira (ALL NEMOs Committee Chair)** acknowledges the need to monitor these emerging mechanisms, noting that flexibility will be a focal point as it becomes more prevalent. He informs that comments on the Security of Supply (SoS) report can be submitted within three weeks at [adequacy@acer.europa.eu](mailto:adequacy@acer.europa.eu).

### 3 CACM

#### 3.1 Update on SDAC & SIDC (including the 15' MTU)

**Andre Estermann, Cosimo Campidoglio, and Ondrej Maca (MCSC)** offer insights into the progress and status of the SDAC and SIDC. They emphasize the importance of these projects and the challenges faced in their implementation.

**Jerome Le Page (EFET)** raises a query about the specifics of JET-A, indicating a need for more clarity on the subject.

**Helene Robbaye (Eurelectric)** mentions the potential for a delay of SIDC IDAs to September and seeks confirmation on whether this is a decided move or still under consideration. Ondrej touches upon the challenges of meeting the mid-June go-live date, emphasizing the complexities involved and the need for alternative planning in case of unforeseen delays.

**Mathieu Fransen (ACER)** asks about the reasons for the delays announced by NEMOs.

**Ondrej Maca (MCSC)** explains regulatory requirements and their impact on project timelines. He underscores the importance of prioritizing projects and ensuring that EU-wide initiatives are not side-lined by local or regional projects.

**Martin Povh (ACER)** voices his concerns about the potential delay of EU projects due to local projects. He stresses the importance of adhering to set deadlines and questions the prioritization of local projects over EU-wide initiatives.

**Cosimo Campidoglio (MCSC DA NEMO Co-Chair)** discusses the complexities of managing multiple projects, emphasizing the challenges arising from last-minute changes, such as the unexpected delay announced for the Nordic flow just minutes before go-live. He mentions the difficulties in rescheduling and the potential impacts of changing the order of certain tasks. He also touches on the broader issues of local versus European priorities, noting that while some areas see improvement, regulatory challenges persist, especially when local decisions have Europe-wide externalities. He suggests that monitoring and coordination, possibly by Acer, could help address these challenges. **Ondrej Maca (MCSC)** compliments and highlights the challenges of prioritization, emphasizing that local or regional changes can disrupt testing and scenario configurations. This often leads to delays and further changes, creating a cycle of disruptions.

**Martin Povh (ACER)** expresses that ACER never requested a parallel go-live. He finds it unreasonable that a single Member State project could potentially delay an entire EU project deadline. There was a deadline set for 15 min MTU and urges them to stick to it. Local projects come secondary.

**Rickard Nilsson (Europex)** emphasizes that regional projects have historically contributed to the integration of the entire EU market. He clarifies that the distinction between regional and EU-wide projects in reality often is not clear-cut, but rather intertwined as has been shown multiple times before in for example the step-wise integration of all Bidding Zones and borders across e.g. EU and Norway in to the CACM SDAC and SIDC markets.

**The Chair** proposes a collaborative approach with NRAs to address the challenges and make informed decisions. The idea is to have a collective reaction and possibly involve enforcement measures if necessary.

**Helene Robaye (Eurelectric)** focuses on SDAC SIDC 15 min MTU implementation, presenting the slides.

**Cosimo Campidoglio (MCSC DA NEMO Co-Chair)** addresses the complexities of managing multiple MTUs. He speaks about the challenges posed by the use of 60-minute curves over 15-minute ones and commits to providing a quantitative analysis to better understand the situation. **Andre Estermann (ENTSO-E)** states the importance of alignment among all stakeholders. He acknowledges the challenges but remains hopeful for a collaborative approach to ensure project success.

### 3.2 topic cancelled.

### 3.3 Update on amendment of the CCR definition

**Peter Scheerer (ENTSO-E)** presents the ENTSO-E slides on the CCR definition proposal.

**Jerome Le Page (EFET)** questions the timing of the consultation and its alignment with the CACM deadlines, seeking clarity from Peter.

**Mathieu Fransen (ACER)** clarifies that the current development is about governance, not immediate changes to capacity calculation. He emphasizes the need for prioritization in future projects. Peter mentions he will provide further details on the ongoing consultation in the chat (CCR IT NO-CORE [https://consultations.entsoe.eu/markets/all-tsos-amendment-ccr-methodology-core-in/supporting\\_documents/231002\\_tracked\\_changes\\_Determination%20of%20CCRs\\_Core\\_IN%20amendment%20proposal\\_new.pdf](https://consultations.entsoe.eu/markets/all-tsos-amendment-ccr-methodology-core-in/supporting_documents/231002_tracked_changes_Determination%20of%20CCRs_Core_IN%20amendment%20proposal_new.pdf)).

**Martin Povh (ACER)** stresses the importance of integrating the energy community CCRs into the EU CCRs expecting a proposal by TSOs by next summer and acknowledges the complexities involved. Peter mentions the complexity and asks for understanding to come up with such a proposal.

**Arben Kllloqqi (EFET)** points out the approved CACM for the energy community and the need for a proposal by year-end. If there is no proposal the fallback is the one defined in the Annex. **Mathieu Fransen (ACER)** highlights the exclusion of EU TSOs on the border as a primary concern. **Benjamin Genêt (ENTSO-E)** emphasizes the need for legal clarity on border statuses and urges directly involved parties to take initiative in the proposal process.

### 3.4 Update on the BZR process

**Marta Mendoza (ENTSO-E)** provides an oral update. The public consultation for the bidding zone review will start in December. Due to the Christmas break, the consultation period will be extended from four to six weeks. Prior to this consultation, a consultative group meeting will be organized towards the end of November or early December. Additionally, a public webinar will be held during the consultation period. There's an update on the project's timeline: for the Nordic region, the time of delivery of the review is projected for March 2024. The timeline for Central Europe is still under review but will be communicated soon, possibly in the upcoming consultative group meeting by the end of November beginning December.

## 4 FCA

### 4.1 Update on HAR

**Marie Hjorth Slattebrekk (ACER)** presents the slides on Acer decision on the HAR.

**Arben Kllloqqi (EFET)** presents the slides of EFET/Eurelectric on the flow-based allocation of LTTRs.

**Martin Povh (ACER)** replies to questions raised by Arben during his presentation, starting with the efficiency requirement of FCA's article 10.5, which ACER has confirmed. He mentions upcoming simulations next year and emphasizes that if these simulations show no benefit, a re-evaluation will be necessary. Current simulations indicate benefits, especially with increased capacity on borders with high price spreads. Martin believes this compensates for reduced capacity on borders with zero spread. He highlights the intention of flow-based optimization to offer more capacity on high-value borders. On transparency, Martin assures that all necessary data will be published. Regarding collaterals, he sees the debate filtering as a potential solution but not feasible for the upcoming year. A solution based on forward spread is proposed as an alternative. Lastly, he confirms their commitment to guaranteeing financial firmness as mandated by the FCA regulation.

**Helene Robaye (Eurelectric)** expresses disappointment that ACER presentation didn't address market participants' concerns. She states that the presentation could have been made prior to the consultation and wishes for better recognition of differing views. She disagrees with Acer's interpretation of Article 10 and suggests a technical meeting to discuss it further. Helene emphasizes the importance of option three for bit filtering and urges reconsideration of the deadline if option three isn't feasible. She also mentions concerns about the lack of transparency in the flow-based domain.

**Martin Povh (ACER)** acknowledges the need for a workshop with stakeholders to discuss the issues. He emphasizes that zero capacity on some borders is a trade-off for more capacity on others. He also points out that introducing price spread in the forward market can impact consumer prices.

**Rickard Nilsson (Europex)** touches on the difference between capacity calculation and capacity allocation. He mentions concerns about the collateral and suggests that Michele from Europex could provide more insights.

**Michele Stretti (Europex)** echoes the concerns raised by others and emphasizes that LTTRs remain a complementary instrument in addition to existing market-based hedging tools. He also mentions the risk of unfair competition between different borders and of exacerbating the level playing field between LTTRs and market-based hedging instruments in case a cap was imposed on collateral requirements for LTTRs.

**Benjamin Genêt (ENTSO-E)** acknowledges the concerns and commits to addressing the transparency issue. He also mentions the importance of enhancing hedging opportunities.

**Arben Killokoqi (EFET)** expresses concerns about a rushed decision by December without seeing the results of other simulations. He emphasizes the importance of distinguishing between the HAR and the simulation linked to the implementation of the long-term flow-based project.

**Marie Hjorth Slattebrekk (ACER)** clarifies that the ACER decision in December won't affect the deadline for implementing the core long-term flow allocation.

**The Chair** points out that the ACER decision will be about the HAR, which is different from the simulation linked to the long-term flow-based project.

**Helene Robaye (Eurelectric)** emphasizes the importance of distinguishing between the absolute value of spreads and the variation of spreads. She agrees with allocating important volumes where the variation of spreads is high but disagrees with the focus on places where the absolute value of the spread is high.

**Martin Povh (ACER)** mentions that the scope of HAR is not an allocation function.

**Arben Killokoqi (EFET)** believes that the deadline for HAR and the implementation are linked, as changes in one would impact the other. He emphasizes the significant impact of mitigation measures on market participants.

## 5 Balancing

### 5.1 Update on HCZCAM (ACER decision and next steps)

**Martin Viehhauser (ACER)** provides the update on CZCAM.

**Ruud Vrolijk (ENTSO-E)** provides an update on the co-optimisation for exchange of balancing capacity or sharing of reserves based on general requirements in Article 38, and specifics on co-optimised allocation in Article 40, of EB GL.

**Donia Peerhossaini (Eurelectric)** emphasizes her reservations about setting deadlines for 2024-2025 and the proposed implementation deadline for work optimization in 2029. She believes that further R&D is essential for Co-optimization before

any deadlines are set. She mentions that market participants and possibly TSOs have not shown interest in using it. She is concerned that decisions might be made just to meet deadlines rather than ensuring satisfactory results.

**Martin Viehhauser (ACER)** responds by mentioning that the topic of co-optimization should be discussed under the upcoming CACM SDAC/SIDC algorithm methodology amendment proposal expected by the end of November. He clarifies that the actual implementation deadline will be discussed in that context and is not covered in the harmonized methodology. Martin acknowledges that some TSOs are pushing for a market-based process and sees the one-year timeframe as feasible for TSOs to develop the necessary components. He expresses willingness to support TSOs in this endeavour and believes that the proposed deadlines align with the desires of TSOs to progress with the market-based process.

**Marco Pavesi (ACER)** mentions that this is the first time they are seeing this [set of slides](#). He offers some high-level comments, noting that they haven't discussed these details in other forums before. He expresses primary concerns about the next steps and the proposed timeline but chooses not to delve deeper into them during this meeting, considering it premature. He also points out that they haven't seen the explanatory document on the bidding guide before and questions its relevance. Moreover, he doesn't see a strong connection between the entire R&D process and the need for this bidding guide.

## **5.2 Update on balancing platforms**

The update will be provided in the December meeting.

## **6. AOB: Survey on structural congestions (ACER)**

### **6.1 Follow-up on ACER survey on structural congestion**

ACER will organise a workshop to present the outcome of the study on November 9<sup>th</sup>.

### **6.2 Co-optimisation – bidding guide request – TSOs and NEMOs**

Provided under 5.1.

### **6.3 Public consultation - Amendments of the aFRR IF and Pricing Methodology (Webinar on 23 Oct – [Register here](#))**

### **6.4 [Balancing platforms stakeholder workshop](#) on 30 November**

**The Chair** informs about his absence in the following months. Mathieu Fransen will Chair the next meeting in December and he shall be contacted during the next 2 months for any issue related to the MESC.

## **Next meetings dates:**

- 7th December (online)