

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

Thursday, 7 December 2023, 10:30-16:00

Online

### Draft Minutes

Participating Members		
Mathieu	Fransen	ACER/Chair's replacement
Anne	Radermecker	EC
Mathilde	Lallemand	EC
Rickard	Nilsson	Europex
Michele	Stretti	Europex
Pierre	Milon	EPEX SPOT
Franco	Luciano	Europex
Donia	Peerhossaini	Eurelectric
Helene	Robaye	Eurelectric
Selim	Boussetta	Eurelectric
Jerome	Le Page	EFET
Lorenzo	Biglia	EFET
Sonia	Saly	EFET
Torsten	Knop	EUDSO
Ellen	Beckstedde	FSR
Michael	Van Bossuyt	IFIEC
Simon	Dupond	SolarpowerEurope
Laurent	Schmitt	SolarpowerEurope
Catarina	Augusto	SolarpowerEurope
NRAs/ NEMOs/ACER/ ENTSO-E representatives		
Sven	Kaiser	E-Control
Lisa	Dallinger	BNetzA
Barbara	Zwinka	BNetzA
Michael	Pülke	BNetzA
Janine	Kieftenburg	ACM
Nico	Schoutteet	CREG
Johan	Roupe	EI
Rafael	Gómez-Elvira	All NEMOs Committee Chairman
Viktoria	Sipos	JAO
Cosimo	Campidoglio	MCSC DA NEMO Co-Chair
Andre	Estermann	MCSC TSO Co-Chair
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
Volha	Veramyeva	ENTSO-E
Tore	Granli	ENTSO-E
Ludivine	Marcenac	ENTSO-E

Participating Members		
Fabio	Genoese	ENTSO-E
Jim	Vilsson	ENTSO-E
Zoltan	Gyulay	ENTSO-E
Dominik	Schlipf	ENTSO-E
Benjamin	Genêt	ENTSO-E
Nino	Vakhtangishvili	ENTSO-E
David	Steber	ENTSO-E
Athina	Tellidou	ACER
Martin	Povh	ACER
Ignacio	Muniozguren Garcia	ACER
Heni	Radanovic	ACER
Zoran	Vujasinovic	ACER
Gilles	Bertrand	ACER

## 1 Opening

### 1.1 Welcoming address + Approval of minutes + Draft Agenda (Mathieu Fransen, ACER)

The Chair, Mathieu Fransen (replacement of Christophe Gence-Creux) welcomes the participants to the 35<sup>th</sup> MESC meeting. Minutes from the last MESC meeting were approved with no objections.

On the agenda, he informs that the updates from the EC will move after 2pm thus the CACM updates will be given earlier.

### 1.2 Update on recent developments (recent decisions, reports, appeals, etc., prioritisation process 2024, next steps on the structural congestions study)

- The Chair presents updates on key decisions for the upcoming BoR meeting: Discussions on pending decisions, including HAR and CIDM, Baltic BZ configuration, and a procedural decision to extend the deadline for 2<sup>nd</sup> amendment to the Core Day-Ahead CCM. Notably, Core Intraday CCM will not be on the agenda of the upcoming BoR due to an ongoing second hearing, with a decision expected in the January BoR. The 70% opinion, initially planned for the end of the year, has been delayed to the March BoR.

- Appeals Update: An appeal by the BoA on the Fingrid v Acer case, related to alternative hedging for the Finnish-Swedish border, was ruled in favour of ACER. The Core's DA CCM readmission to BoA led to a new decision, with another appeal by BNetzA initiated in this period.

Jerome Le Page (EFET) seeks clarification on the 70% opinion, questioning its purpose and content.

The Chair clarifies that the 70% opinion addresses the report on 70% progress, delayed to early next year due to file interactions. It provides an opinion to the Commission and Parliament on the 70% topic.

-Prioritisation Process 2024: The Chair discusses the initiation of the 2024 version of the prioritisation process, with emails and invitations that will be sent to MESC members shortly. Detailed discussions on prioritisation will occur in Q1 2024.

- Structural Congestion Presentation: In November, a consultant presented a study on structural congestion, triggering questions. Stakeholders are encouraged to engage with ACER for further discussions.

Helene Robaye (Eurelectric) inquires about the ID CCM for Core and its impact on upcoming intraday auctions go-live.

The Chair clarifies that, until now, the Intraday CCM decision did not impact intraday auctions' critical path. The decision's delay is monitored to avoid potential risks.

Benjamin Genet (ENTSO-E) emphasizes the link between the CCM decision, and the risk associated with either go-live, detailing the sequence and testing.

Selim Boussetta (Eurelectric) raises a question on the interaction between Core Intraday capacity calculation and the 70% opinion.

The Chair explains that the 70% opinion follows up on the earlier report and provides recommendations to the EC and Parliament.

### 1.3 Update of MESC-membership and email-distribution lists

The Chair reassures attendees that ongoing discussions will not alter the membership structure. The focus is on addressing discrepancies in the distribution list, particularly individuals who may have left their institutions. A new comprehensive list is created, and attendees are urged to actively review and maintain it. Requests for new memberships, particularly those focusing on demand response, are accepted. Efforts are in place to limit total membership seats to under 25. Participants are reminded to adhere to a maximum representation guideline. He emphasizes following the resolution adopted in July as a guiding framework for these discussions and decisions.

Helene Robaye (Eurelectric) stresses the need to clean up and update the membership list. She advocates for an informal approach in the expert group due to the complexity of topics. Helene expresses concern about formal limits on participant numbers, suggesting flexibility to ensure constructive discussions.

Jerome Le Page (EFET) supports the approach, highlighting successful collaboration with specialists from different organizations. He emphasizes the need for flexibility, allowing multiple representatives from an organization for efficiency.

The Chair clarifies that the goal is balanced representation, not reduction. Stakeholders have flexibility in designing their representation, including the option to add individuals as needed.

## 2 Internal Electricity Market

### 2.1 Update from the EC (EMD reform trilogues, Uk-EU specialised committee outcomes, CH-EU cooperation, CACM process, emergency interventions, CBAM)

Anne Radermecker (EC) provides an update on the electricity market design, highlighting the upcoming political dialogue on December 13. She notes progress in technical sessions but acknowledges remaining controversial articles. She is hopeful that an agreement can be reached next week.

Davide Orifici (Europex) seeks clarification on the expected agreement date, and Anne expresses hope for an agreement next week, emphasizing ongoing negotiations.

Jerome Le Page (EFET) presents [slides on market design reform](#), inviting to keep up efforts to finalise the text; focus on forward markets (at least 18 months for the impact assessment), energy crisis declaration (keep the Commission in charge, firm up the crisis criteria, and do not prolong existing clawbacks), and spot markets (danger of mandatory unit bidding and limitation of choice of trading venue). Anne addresses concerns about the statement “missing the 2023 deadline” in slide 2 and expresses optimism for a successful dialogue.

Selim Boussetta (Eurelectric) expresses concerns about unit-based bidding and impact assessments.

Laurent Schmitt (Solar Power Europe) seeks alignment between NC DR and market design, emphasizing the importance of local flexibility markets.

Rickard Nillsson (Europex) opposes mandatory unit-based bidding, emphasizing its complexity and potential negative impact on liquidity.

Anne responds to the concerns about the impact assessments, assuring that they follow established EC procedures with figures and a consultation, she emphasizes ongoing negotiations and the importance of stakeholder involvement.

Mathilde Lallemand (EC) addresses NC DR provision. She cannot comment on ongoing negotiations, but she is confident in a balanced resolution.

The UK-EU update includes an update following the specialized Committee meeting in November, addressing issues such as MRLVC implementation. EU and UK agree to focus the attention on the common order book option because the preliminary order book one does not seem feasible. There are talks with the UK to work further on the recommendation from the specialised Committee on Energy with respect to the publication of the TSO report. This has been a point raised by several stakeholders during the last MESC meeting. She shares that the EC is working on clearing the confidentiality. It takes a bit of time because it requires everyone to agree with it, meaning the EU, the UK, the TSOs on both sides and also the NEMOs to provide some data. She is hopeful to be able to publish a cleared version possibly in the beginning of 2024, indicatively.

CACM, CH-EU, and CBAM updates are brief, mentioning plans for CACM to restart in 2024, lack of updates, and openness to questions, respectively.

Jerome Le Page (EFET) raises concerns about emergency interventions extending beyond crisis periods, we see them going all the way up to 2025, seeking clarity from the Commission.

Anne expresses the belief that emergency interventions should be limited to crisis periods.

IFIEC representative questions whether the current situation qualifies as an energy crisis, and Anne refers to criteria in the electricity market design reform proposal.

Andre Estermann (MCSC) raises concerns about the onboarding of the energy community related to CBAM, and Anne notes that the legal unit is handling related questions at the moment. She will refer the question to the responsible colleague.

## 2.2 Update on the EnC

Lisa-Marie Mohr (EnC) provides a brief [update on the Energy Community](#) (EnC) related to the transposition status of the electricity integration package. She mentions the nine legal acts to be adopted, including regulations, directives, risk preparedness, ACER regulation, and the network codes. None of the EnC Contracting Parties will manage the transposition by the end of 2023. Lisa Marie plans to share [the implementation report](#) by the time of the next MESC meeting.

Cosimo Campidoglio (MCSC) gives an update on the MCO integration plan, mentioning the finalization of the draft. He notes a formal legal point regarding EnC members' NEMOs. The document is ready for submission, pending clarification on the interpretation of "all members." Cosimo highlights their expectation of sending the document and emphasizes their commitment to compliance.

Lorenzo Biglia (EFET) seeks an update from Lisa Marie on discussions in Vienna related to CBAM.

Lisa-Marie Mohr (EnC) mentions that discussions in Vienna are primarily handled by different experts, and she expects further discussions in the ministerial council next week. She commits to [sharing updates](#) in the next MESC meeting.

## 2.3 Overview of the Public Consultation Responses on the NC Demand Response

Torsten Knop (EUDSO) and Fabio Genoese (ENTSO-E) present [the slides on the update of NC Demand Response drafting](#). The Chair informs that there are a number of interventions and presentations on the topic.

Rita Alexandra Mora (Eurelectric), Lorenzo Biglia (EFET), Michele Stretti (Europex) and Laurent Schmitt (Solar Power Europe) present their respective slides on the topic ([EFET slides](#); [Eurelectric slides](#); [SPW slides](#), [Europex slides](#)).

Torsten Knop (EUDSO) acknowledges the challenges and complexities raised by Lorenzo, Rita, Michele and Laurent, noting that addressing these concerns requires detailed discussions. He emphasizes the importance of delving into specifics to make meaningful progress. He expresses confidence that the issues raised can be addressed through discussions and collaboration, highlighting the positive results of the drafting Committee. He also addresses Michele's unique position as a non-member of the drafting committee, recognizing the valuable perspective. He acknowledges that incorporating concerns from respondents outside the drafting committee might be challenging due to time constraints. However, he appreciates Michele's input, especially regarding the need for more explanatory documents in the consultation process.

Fabio Genoese (ENTSO-E) appreciates the in-depth discussions with experts and emphasizes the necessity of delving into details to make concrete improvements. He acknowledges Solar Power Europe's contribution in highlighting challenges faced by virtual power plant operators in different markets. Fabio expresses confidence that the discussions with the NC DR Drafting Committee will lead to meaningful improvements. He also mentions that responses to the public consultation on NC DR are available [here](#).

## 3 CACM

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

André Estermann, Cosimo Campidoglio and Ondrej Maca (MCSC) present [the slides on the update on SDAC & SIDC](#) (including the 15' MTU, IDAs, IDCC).

Helene Robaye (Eurelectric) seeks clarification from Cosimo regarding the extension of calculation time, particularly its impact on the publication of results. She questions whether the delay of 30 minutes is final or still under assessment. Cosimo responds that the decision is pending, and discussions are ongoing with the MCCG to minimize impacts on the process and market participants.

Selim Boussetta (Eurelectric) raises a concern about the countries not currently using 15 minutes MTU intraday and inquires about the expected go-live date for the 15-minute intraday market time unit (MTU). Cosimo explains that countries will go-live gradually, with different conditions, and the full convergence is expected by 2025.

Helene Robaye (Eurelectric) presents [the slides for EFET/Eurelectric](#), expressing concerns, and Cosimo assures they share the same concerns and will work together to find an optimal solution.

Lorenzo Biglia (EFET) emphasizes the need for standard messages on NEMOs' websites to inform smaller market participants and users about the changes, especially for those trading for 2025 contracts.

Andre Estermann (MCSC) agrees with Lorenzo and adds that they are preparing material to shed light on the processes, aiming for transparency and wider dissemination of information.

Ondrej Maca (MCSC) provides SIDC updates and assures that NEMOs are actively working on communication materials to be published on their websites and distributed to market parties.

Lorenzo Biglia (EFET) emphasizes the urgency of spreading this information widely.

### **3.2 Update on the algorithm amendment for co-optimisation**

The Chair (ACER) presents [the slides on the algorithm amendment for co-optimisation](#).

Lorenzo Biglia (EFET) presents [the slides of market participants](#) on the topic. EFET proposal: Co-optimisation should be part of the project prioritisation between market parties, NEMO, TSO and ACER.

The Chair comments on the need for clear planning in the context of R&D pipelines for TSOs and NEMOs. The focus is on streamlining the R&D process and ensuring decision-making prioritizes crucial aspects. In addressing the complexity of balancing capacity, energy markets, and day-ahead operations, the recommendation is for TSOs to concentrate on developing and enhancing their balancing capacity markets. The suggestion includes establishing cross-border exchanges of balancing capacity before the day-ahead market to facilitate smoother integration of balancing capacity into the day-ahead market subsequently. The overall goal is to establish well-functioning, cross-border markets that efficiently manage exchange of balancing capacity and contribute to the effectiveness of the integrated electricity market.

### **3.3 Update on amendment of the CCR definition**

Jim Vilsson (ENTSO-E) presents [the update on the CCR definition](#) Celtic cable inclusion and IT-North in Core region merger (DA only).

Zoran Vujasinovic (ACER) presents [the slides](#) on the topic. ACER plans to decide on the ENTSO-E proposal by early March 2024.

Jerome Le Page (EFET) expresses support for the topic to be included in the prioritization exercise and emphasizes the complexity of integrating Italy North into the Core region. Concerns include dealing with Swiss interconnections, managing allocation constraints at Italian borders, and addressing the differentiated approach to capacity calculation for day-ahead, intraday, and forwards.

Zoran Vujasinovic (ACER) highlights the benefits of merging northern and southern Swiss borders for smoother capacity calculation. Ongoing discussions include Italy North borders and concerns about Polish allocation constraints, with a possibility of reconsideration. Dynamic issues are considered seriously. Regarding friction between day-ahead, intraday, and long-term processes, notes that these are complex issues. He sees parallels with single CCR situations and expresses confidence in finding solutions through discussion.

EFET expresses that the timing should be part of the project prioritisation framework.

The Chair highlights that these points are not included in this upcoming decision as this merely creates the regional governance for a DA CCM proposal.

Concerns are raised about the timing of consultations over the Christmas holidays, and Rickard Nilsson (Europex) proposes extending deadlines due to the holiday period. The chair acknowledges the concern and notes a two-week extension.

The Chair emphasizes the need for input on the consultation and clarifies that it is solely based on the TSO proposal. Zoran Vujasinovic (ACER) adds that the consultation process was expedited due to time constraints, and they aim to provide sufficient time for a proper response, extend it a couple of days more after 10th of January, considering the challenges posed by the holiday season.

### 3.4 Update on the BZR process

Marta Mendoza-Villamayor (ENTSO-E) updates the MESC members that the intention was to start a public consultation for the bidding zone review on December 18th, with a planned public webinar on January 10th. However, due to an error in encountered in the data from the Nordic region, the public consultation start date is uncertain and may be postponed. The Nordic region's bidding zone review, initially expected in March 2024, may experience a delay of some weeks. On a positive note, Central Europe has committed to delivering its review by the end of 2024. The decision-making process of both regions will be independent for each other.

## 4 FCA

### 4.1 Update on HAR

Martin Povh (ACER) provides [the update on the ACER decision on HAR](#).

Helene Robaye (Eurelectric) expressed disappointment with the proposed solutions. She emphasizes the lack of mitigation measures addressing stakeholder concerns. She expresses frustration at the rushed timeline imposed by ACER, stating that it doesn't align with stakeholders' needs, without thoroughly assessing alternatives and understanding the time required for implementation. She questions the value of previous workshops where concerns were presented and solutions proposed but are overlooked.

Jerome Le Page (EFET) echoes Helene's views and mentions the disregard for the question of capacity availability. He highlights the various options that were put forth in previous discussions, expecting at least a discussion if not a response by ACER. Jerome notes a specific concern regarding the absence of uploaded presentation materials, adding to the overall disquiet among participants.

Martin Povh (ACER) clarifies that capacity calculation approach is not within the scope of HAR. He assures the participants that TSOs are organizing a workshop to present results from testing. However, he cannot specify the exact timing of the workshop, indicating it will take place early next year. This is going to provide a platform for discussions around the testing outcomes and address concerns related to the allocation principles.

Helene Robaye (Eurelectric) raises the topic of intricacies of the algorithm, particularly in relation to bit filtering. She emphasizes the need for clarity on the algorithm's handling of arbitrary filtering. This leads to a broader discussion on the feasibility of implementing the proposed solutions within the given timeline.

Jerome Le Page (EFET) emphasizes the theoretical nature of the solutions presented, expressing doubts about their practical implementation. He calls for viable solutions that are not merely theoretical but have reached a point of practical feasibility.

Many participants express a willingness to continue engaging constructively on the matter. Helene reiterates the importance of building a sustainable solution aligned with market needs and expectations, urging a shift in focus from meeting deadlines to ensuring a robust outcome.

There are also concerns around the proposed cap on collateral and its potential impact on trading dynamics.

Rickard Nilsson (Europex) introduces the idea of evaluating forward prices as a more sensible approach, considering their availability in the market. This discussion touches upon the intricacies of announcing a cap, highlighting potential challenges in establishing it as a floor for what is deemed necessary. He also mentions the market design reform work on the forwards market, introducing additional complexities to the overall context. There are expressions of uncertainty regarding how this would align with the flow-based mechanism for allocation.

Jim Vilsson (ENTSO-E) mentions that TSOs are arranging a workshop in Q1 2024, emphasizing the need for further time before presenting concrete results.

Benjamin Genet (ENTSO-E) raises concerns about ID CCM, urging against pushing it into a methodology that might not be feasible.

Martin Povh (ACER) acknowledges the different ways to achieve the 70% requirement which has to be reached. He also mentions potential legal risks associated with focusing on only one approach.

## **5 Balancing**

### **5.1 aFRR IF & pricing amendment proposal**

David Steber (ENTSO-E) presents [the slides on the aFRR IF & pricing amendment proposal](#).

Lorenzo Biglia (EFET) presents [the slides on the balancing platforms](#) and asks what is ACER's view on some of the mitigation measures (i.e. elastic demand to access the balancing platforms) that should be applied in order for some of the TSOs to access the platforms?

Donia Peerhossaini (Eurelectric) expresses her feedback on the mitigation measures and ongoing consultation, echoing support for Lorenzo's presentation. She thinks that some measures are premature due to the market's incomplete development and all TSOs not being connected. She advocates for using limit guidelines to address market abuse root causes and questions if the consultation results should dictate TSOs' compliance with legal deadlines. Regarding mitigation measures, she acknowledges some may address TSOs' concerns but recommends using them with strict limitations, suggesting a reassessment in stage 2.

Athina Tellidou (ACER) responds, emphasizing the clear legal framework for balancing regulations. She asserts that legal deadlines, with the possibility of derogations, leave no room for further delays in TSOs' accession, clarifying the legal stance on the matter.

### **5.2 Update on the Balancing platforms implementation**

Dominik Schlipf (ENTSO-E) presents [the update on the implementation](#).

Donia Peerhossaini (Eurelectric) raises a question on the consultation process to ACER.

The Chair responds that TSOs are working on the proposal. He assumes submission by January and a respective decision by ACER in Q2 or early Q3 2024.

## **6. AOB:**

### **Written updates: Update on the timeline for the Long-Term Flow-based project.**

The Chair mentions that the updates have already been provided earlier and reminds everyone that the next meeting will take place as scheduled.

## **7. Next meetings date:**

- 28 February (online)