

### 33<sup>rd</sup> Market European Stakeholder Committee (MESC)

Wednesday, 5 July 2023, 10:30-16:00  
ENTSO-E premises/ Online

#### Draft Minutes

Participating Members		
Christophe	Gence-Creux	ACER/Chair
Mathilde	Lallemand	EC
Anne	Radermecker	EC
Rickard	Nilsson	Europex
Michele	Stretti	Europex
Annette	Jantzen	Eugine
Marie	Bourrousse	Eurelectric
Donia	Peerhossaini	Eurelectric
Michael	Van Bossuyt	IFIEC
Jerome	Le Page	EFET
Lorenzo	Biglia	EFET
Sonia	Saly	EFET
Valerie	Reif	FSR
Simon	Dupond	SolarpowerEurope
Vidushi	Dembi	WindEurope
NRAs/ NEMOs/ACER/ ENTSO-E representatives		
Zeljka	Kössldorfer	E-Control
Sven	Kaiser	E-Control
Lisa	Dallinger	BNetzA
David	Allmann	BNetzA
Maarten	Klijn	ACM
Timon	Dubbeling	ACM
Salauze	Amaury	CRE
Clement	Poet	CRE
Rafael	Gómez-Elvira	All NEMO 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
Pavlos	Natsis	ENTSO-E
Tore	Granli	ENTSO-E
Kjell	Barmsnes	ENTSO-E
Marta	Mendoza-Villamayor	ENTSO-E
Ramona	Grügelsiepe	ENTSO-E
Kristine	Marcina	ENTSO-E
Enzo	Pentasuglia	ENTSO-E
Fabio	Genoese	ENTSO-E
Katharina	Seiter	ENTSO-E
Ulf	Kasper	ENTSO-E

Participating Members		
Benjamin	Genêt	ENTSO-E
Dominik	Schlipf	ENTSO-E
Ludivine	Marcenac	ENTSO-E
Julia	Watzlawik	ENTSO-E
Patrick	Luicx	ACER
Mathieu	Fransen	ACER
Christina	Brant	ACER
Marie	Hjorth Slattebrekk	ACER
Martin	Povh	ACER
Martin	Viehhauser	ACER
Ignacio	Muniozguren Garcia	ACER
Ernst	Tremmel	ACER
Marco	Pavesi	ACER

## 1 Opening

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

The Chair welcomes the participants to the 33<sup>rd</sup> MESC meeting in ENTSO-E premises in Brussels.

Due to several last minutes comments, the minutes of the meeting of 9 March 2023 will be re-distributed shortly including all the comments, for one week. If no additional comments are received, they will be automatically approved on the 14 July.

### 1.2 Update on recent developments + forthcoming deliverables (70%, ACER emergency measures report, HCZCAM and RCC tasks decisions)

The Chair mentioned all the forthcoming ACER deliverables.

### 1.3 Approval of the new ESC ToRs

The Chair explains that the ToRs shall be slightly amended as already discussed and distributed. No comments are raised, and the updated ToRs are approved.

## 2.1 Update from the EC on the EMD reform

Mathilde Lallemand (EC) provides an update on the legislative process of the EMD reform. On the council side, the Swedish presidency ended without a general approach on the EMD regulation. The Spanish presidency confirmed they will move fast with it. The main open political topic is the contract for differences, how it would apply to new investments and how the revenue would be redistributed. On the parliament side, the ITRE vote is expected for 19 July. Trialogues are expected to start from September.

ENTSO-E, EFET, Europex and all NEMOs present slides during the meeting highlighting the main priorities in the EMD and their main concerns with the current proposal (see slides [ENTSO-E](#), [EFET](#), [Europex](#)).

The stakeholders raised additionally the following concerns during the meeting:

- on the introduction of a single legal entity for market coupling in the EMD (Europex, All NEMOs);
- on the need of a proper impact assessment on the forward market's proposal – virtual hubs (Eurelectric, EFET, Europex) in particular Eurelectric argued for a study of the zone to hub risk as well as the allocation of this basis risk (who will take the risk), and that regulation must provide for the implementation of virtual hubs only if the results of the cost-benefit analysis are positive;
- on the introduction of the unit-based bidding for all regions on the parliament proposal (Eurelectric, EFET, Europex).

## 2.2 Update from the EC on the UK-EU arrangements

The European Commission (EC) explains that by 10 July, the EC expects to receive the report from the EU and the UK TSOs as well as an ACER informal opinion on the set of questions on the implementation and feasibility of the MRLVC, and that the Specialised Committee on Energy is expected to take place in October.

EFET asked whether there is a discussion between EU and UK authorities regarding the implementation of the EU (and potentially UK) CBAM. Mathilde will check this.

### 2.3 Update on the EnC

Lisa-Marie Mohr (Energy Community Secretariat - EnCS) provides an update (see [slides](#)) on the current process of transposition and implementation of the CACM Regulation, on the main conclusions of the Athens Forum (see [conclusions](#)) and main important deadlines (by end of the year Contracting P, the contracting parties need to finalise the transposition not only of the CACM Regulation but of the entire Electricity Integration Package adopted in the Energy Community in December 2022).

Stakeholders (MC SC Chair) question the feasibility of the timeline, for example on the designation of NEMOs or the notification in case of monopoly NEMO. Lisa explains that the timelines are based on the legal obligations defined in the CACM Regulation, are followed up/monitored by the EnCS and that it is correct that recent ones (e.g. NEMO designation 15 June 2023) were not yet met by all Contracting Parties. EFET asks whether there is a possibility that Commission may change the deadline, considering that the timeline – both for market coupling as such and the CBAM exemption – is very tight. Mathilde specifies that the deadline is for the CBAM exemption only, and there is no discussion on a deadline extension for the moment.

The Energy Community will publish in the next days the CBAM readiness tracker. [The Energy Community will publish in the next days the CBAM readiness tracker.](#)

ACER and the EnCS agree that, in line with the Athens Forum conclusion, the upcoming amendment of the definition of Capacity Calculations Regions (CCRs) in accordance with Article 15 EU CACM should include the definition of EnC CCRs.

### 2.4 Update on the new DSR rules

The Chair of the Drafting committee presents [the slides](#) on the DSR Network code. The presenters highlight that this is a learning process, that is the first time that the TSOs and DSOs jointly draft a network code, and that the timeline is very challenging. They also highlight the important efforts ongoing to involve and communicate with all stakeholders.

The drafting committee expresses its satisfaction that the draft text will be shared fully before end July with them. The explanatory document will only be ready from the beginning of next year. The public consultation will start by the end of September for a period of 6 weeks.

The DSOs mention that the framework guideline by ACER sets a clear scope of what will be there and what not, but that they are also considering the EMD discussions.

### 2.5 Update on the prioritisation of projects

The Chair introduces the topic explaining that following the adad-hoc meeting in May, positions seem to be aligned. The Chair explains that with this exercise, he wants to involve all parties in this prioritisation process and be fully transparent. He also highlights that legal implementation deadlines have to be established.

Thomas Kawam (CREG) presents the topic (see [slides](#)), explains the main comments received and that the discussion on the alignment on [the guidance note](#) is expected for the MESC in October. ACER will have external support on this project.

There is a general discussion on how to deal with uncertainties and fixed deadlines, how to have reasonable deadlines and avoid any blame if there are justifications for the delay.

ENTSO-E explains that the main concerns from the TSOs is that they are asked to implement unproven and untested processes, so setting regulatory deadlines is not realistic. Moreover, there are limitations at national level on cost recovery, and resources coming from the NRAs. This is a broader discussion that needs to take place.

EFET and Eurelectric note that the project does not seem to address their initial request, i.e. managing the existing and congested pipeline of projects. With this in mind, they still agree on the need to work on realistic deadline setting as a target

for the future. Further discussion needed on scope (beyond CACM), congested pipeline, criteria, urgency and added value on the selection and prioritisation of the projects. The stakeholders urge ACER to involve them from the beginning.

**ACTION:** between now and next MESC, a small group will be created that will work together towards next MESC on the guidance document for prioritisation of projects. ACER will lead the organisation of this group. Please send a mail to Thomas KawamThomas Kawam if you wish to participate.

## 2.6 Update on ACER 70% report

Ignacio Muniozguren Garcia (ACER) presents the main results on ACER monitoring work on the 70% (see [slides](#)).

The implementation of the Core DA Flow Based has been a key achievement last year. He highlights that there is still room for improvement. Derogations and action plans are delaying the implementation of the 70%.

Julia Watzlawik (ENTSO-E) presents [the slides](#) explaining the ENTSO-E findings on the 70% which are part of the ENTSO-E Market Report 2023 (chapter 2.8). ENTSO-E report is available on the ENTSO-E website: [The ENTSO-E is publishing the ENTSO-E Market Report 2023 and ENTSO-E Capacity Calculation and Allocation \(CC&A\) Report 2023 \(entsoe.eu\)](#).

EFETEFET highlights that the 70% is not a target but a minimum requirement. The goal is to maximise capacity, 70% of MACZT being the floor. EFE, IFIEC and Europex raise concerns on having 2 reports with contradicting messages from ACER and ENTSO-E, and remind the Committee about the work performed by market participants in advising how to bridge the gap between these reports, back in 2021/2022

The Chair explains that ENTSO-E report is focused on the compliance with national target, not on the final target. ENTSO-E replies that compliance is a national task. ENTSO-E offers ACER to continue the discussion to further align positions and reports.

**ACTION:** The Chair agrees that the goal in the next months shall be to be able to deliver a common message from ACER and ENTSO-E on the minimum 70% requirement. He also explains that he does not see that by 2025 we can arrive to the target of the minimum 70% requirement.

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

Andre Estermann, Cosimo Campidoglio and Ondrej Maca (Market Coupling Steering Committee) present [the slides](#) on the update of the SDAC and SIDC, including the 15 min MTU timing, SIDC roadmaps, operation and IDA products.

Marie Bourrousse (Eurelectric and EFET) presents [the slides](#) on the 15 minutes MTU implementation project. EFET/Eurelectric ask for a public consultation and impact assessment including all the information available before decisions on changes on any planned process are taken in Q4 2023. Market participants ask to consider as well the impacts on the balancing timeframe.

The TSOs and NEMOs confirm that they will analyse the options, come back to market participants and ensure proper information at the next MCCG meeting in October.

Ondrej Maca (OTE) presents the slides representing the MC SC.

Kjell Barmsnes (All TSOs/ENTSO-E Chair) makes a statement from the All TSOs that he asks to be recorded:

All TSOs are working with NEMOs on amending the algorithm methodology introducing co-optimisation requirements. TSOs confirm that no amendment to the requirements will be made, and no additional inputs will be provided. All TSOs recognise that the amendment to the algorithm methodology is therefore restricted to its minimum and will not suffice to move to the implementation phase.

Rafael Gómez-Elvira (NEMO Committee) confirms that the current version of the algorithm methodology received considers very high-level amendments. They cannot implement co-optimisation with the provided level of detail, as it is not sufficient for the implementation phase.

EFET and Eurelectric support putting the co-optimisation project on hold. Both ENTSSOE and ACER consultations were held but there is no clarity on the decision and next steps.

The Chair notes the statements and informs that the discussion will continue in bilateral phases with TSOs and if required NEMOs.

## 3.2 Second auctions in SDAC – update on the survey

CREG presents the main outcomes of the surveys they had performed on the SDAC second auctions (see [slides](#)).

Next steps:

- A 3rd survey is currently organised among NRAs to determine the general position of NRAs with regards to the auctions + the preferred way forward as the legal framework is currently blurry.
- On the medium term: there is a chance that 2nd auctions will be discarded because of the challenge due to the implementation of 15min MTU in SDAC

- On the long term: 2nd auctions could be defined in CACM 2.0

### 3.3 Update on amendment of the CCR definition

Martin Povh (ACER) provides an oral update on the Capacity Calculation regions (CCRs). There are 3 open topics that are related to the determination of the CCRs:

- Merger of Italy North and Core region: ACER explains that the demonstration of benefits is postponed but will happen before go-live to allow a common methodology and common IT tools. ACER will send a formal letter providing by the end of November to request the start of this merger process. Timeline for the go live of the merger is expected by ACER by mid-2027. TSOs inform that they do not find this timeline feasible.
- Inclusion of the Celtic interconnector (Ireland and France) in the Core CCR – proposal under consultation.
- Clarification of the Energy Community Regions.

EFET asks if any impact assessment will be carried for the Italy North-Core merger to avoid “exporting” Italian constraints (seasonal capacity reductions) to the whole Core region. ACER mentions that a test of the Italy North/Core merger will be performed before go-live is decided to see if there are benefits. The allocation constraints methodology will have to be approved by the local NRAs.

Eurelectric asks whether Swissgrid would be involved in the Italy North/Core merger. ACER recalls that Switzerland cannot join market coupling, but they hope that Swissgrid can be part of the capacity calculation processes. ACER does not think that they need a green light from the Commission on capacity calculation (only for allocation/market coupling), but would welcome reassurance about this.

EFET also asks if there is any plan to integrate Hansa in the Core or Nordic CCRs. ACER responds that for Hansa, nothing will happen before CACM 2.0 but half of it could go to Core, and another half could go to the Nordic CRR if TSOs will want it.

ENTSO-E explains that a public consultation on the CCRs will start shortly on the Celtic interconnector to include the upcoming SEM-FR Bidding Zone Border into Core CCR.

### 3.4 Update on the [BZR process](#)

ENTSO-E explains that there is a new provisional target date for delivering the BZR for Q4 2024. The Nordic region aims to deliver results by February 2024 (but still unclear whether this closes the review process for the Nordics, or whether this will have to wait until the Core results are available, a legal assessment is ongoing). Slides available.

Clarity on the CE timeline depends on computational run times which is still not clear yet. We are talking about months.

One stakeholder asks if there will be a presentation to stakeholders during the public consultation expected for autumn 2023. ENTSO-E confirms it and there will be a workshop too.

### 4.1 Update on HAR

ENTSO-E presents the slides with [the process and timeline of the HAR](#). Jerome Le Page (Eurelectric and EFET) presents [the slides](#). Current projections show that LTFBA will lead to less/zero capacities at certain borders. Minimum capacity volumes at certain borders are the most sensible solution at this late stage in the process. Collateral requirements will also significantly increase. Bid filtering will be the start of de-optimisation. Finally, the remuneration of LTTRs in case of DA decoupling cannot be changed according to FCA and an amendment to that effect cannot be introduced via the EU HAR.

ENTSO-E mentions that we are in the implementation phase and cannot avoid LTFBA. They will discuss with market participants before the approval by ACER of elements on collateral and bid filtering.

### **5.1 Update on balancing platforms (including balancing energy prices incidents in PICASSO and MARI)**

Ulf Sebastian, Dominik Schlipf and Enzo Pentasuglia (ENTSO-E) present [the slides](#). They highlight the economic surplus provided by each of the balancing platforms and go deeper on the achievements of each of them as well as present the main updates of each project. One year of operation of the platforms makes the TSOs confident that they will be able to manage massive accession waves of TSOs in 2024.

Eurelectric asks for visibility on possible mitigation measures with possible changes on PICASSO. It's better to first analyse further the curious points than change the design of PICASSO.

AA decision on possible mitigation measures by the TSOs has not been reached yet. TSOs are still processing Market Participants feedbacks on that incident, and they will come back to them for the next EBSG.

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

ACER explains that that they are working with external consultant on a study providing more clear legal definitions of physical/ structural congestions. The results will be provided in a report that will be published in autumn. It is not meant to lead to an official decision. There will also be a workshop in autumn.

#### **Next meetings dates:**

- 18th October (online)
- 7th December (online)