

INFORMAL OPINION OF ACER AND ALL NRAs

ON THE RESPONSES FROM THE TSO GROUP ON MRLVC

TECHNICAL QUESTIONS

CONTEXT

Following the conclusion of the Trade and Cooperation Agreement (TCA) between the European Commission and the United Kingdom government in late 2020, EU and UK TSOs started the work on the evaluation of the Loose Volume Coupling design as an alternative solution to the currently applied explicit allocation on interconnectors linking United Kingdom to the European Union and to the implicit intraday allocation on electrical cables linking the UK and SEM border. This was in line with the provisions of Article ENER.14 and Annex ENER.4 of the TCA.

In April 2021, UK and EU TSOs provided to ACER and all NRAs the results of the Multi-Region Loose Volume Coupling Cost Benefit Analysis results (hereinafter: “the MRLVC CBA”). Based on the MRLVC CBA, ACER and all NRAs provided an informal opinion regarding the outcome of the MRLVC CBA. In this informal opinion, ACER and all NRAs provided their views on the two options proposed by the TSOs:

1. Option 1: Preliminary Order Books (POB) – to be discarded due to severe risks of market manipulation and inefficient market functioning; and
2. Option 2: Common Order Books (COB) – cannot be recommended without amending the single day-ahead coupling (SDAC) timings and procedures which would mitigate the risk of an increase of the occurrence of SDAC failures (i.e., decoupling) which would likely negate the possible benefits of this option.

On 10 February 2023, the European Commission sent to ENTSO-E a request for additional information following the provision of the MRLVC CBA, setting a deadline 5 months later for receiving this information (hereinafter: “the MRLVC additional information report”). An informal opinion from ACER needs to be annexed to the MRLVC additional information report.

This document sets out the informal opinion of ACER and all NRAs on the MRLVC additional information report. This opinion does not represent an official opinion or the final view of the ACER and all NRAs on the MRLVC additional information report or any specific option for implementing MRLVC on EU-UK interconnectors. It is provided to EU TSOs and to the European Commission to help inform future developments regarding the electricity trading arrangements between EU and GB.

It is important to note that this document was based on a draft version of the MRLVC additional information report prepared by ENTSO-E and shared on 4 July 2023. ACER and all NRAs therefore may provide further comments on the final version of the MRLVC additional information report in case the final version of the MRLVC additional information report contains significant changes compared to the draft MRLVC additional information report.

1. THE INFORMAL OPINION OF ACER AND ALL NRAS

The MRLVC additional information report reveals important risks and uncertainties, both at an operational and market design level, for the two MRLVC solutions investigated in the MRLVC CBA.

In particular, ACER and all NRAs note the following about the MRLVC additional information report (without necessarily agreeing with these statements):

- The MRLVC additional information report reveals that the POB design (relying on preliminary order books of market participants), as proposed, is fundamentally flawed from the point of view of market design as it, *inter alia*, increases the risk of market manipulation and that no adequate solution was identified to mitigate that risk;
- The MRLVC additional information report indicates two ranges of duration for the MRLVC: 13-42 minutes according to the consultants and 20-40 minutes according to the EU experts (i.e., Single Day-Ahead Coupling (SDAC) NEMOs and TSOs experts). In the COB option, this duration would directly impact the timings of the SDAC and therefore increase the risk of costly fallback events. The report also indicates that there will be a trade-off between the potential welfare gains of the MRLVC and the duration of the process. Through parallelization, technical permutations of tasks or a reduction of the robustness of the SDAC validation processes, the impact of the MRLVC on the SDAC could be reduced. However, TSOs cannot recommend any of those options without thorough testing;
- The MRLVC additional information report contains an assessment of the welfare benefits that could be provided by the MRLVC. Through simulations of a so-called Bordering Bidding Zone (BBZ) net position forecaster allowing to mitigate the limitations set in the TCA regarding the usage of order books, TSOs conclude that the MRLVC simulations outperform explicit auctions in terms of lost welfare compared to implicit price coupling. The report indicates that the figure of 136M€ of potential yearly welfare benefits of the MRLVC compared to explicit coupling is worse than what was described in the MRLVC CBA and is to be considered carefully considering that it results from a time-constrained analysis. Also, the MRLVC shifts the risks and welfare losses from the market participants to TSOs. Indeed, inaccurate flow forecasts directly impact the payments done by TSOs to the market participants owning Long Term Transmission Rights (LTTRs);
- Furthermore, the report states that it cannot be confirmed that the BBZ net position forecaster will deliver better results than explicit coupling considering the forthcoming challenges linked with offshore generation; and
- The MRLVC additional information report includes an estimation of the implementation time and costs needed to deploy the MRLVC in the SDAC, highlighting the complexity that is induced by the MRLVC in the stable EU and UK electricity markets operations. 4 years and 4 months would be needed to implement the MRLVC while ██████ would be the costs of its implementation, including a 40% contingency, but excluding the BBZ net position forecaster and local implementation costs.

Finally, with respect to the answer provided by TSOs in the MRLVC additional information report, ACER, and all NRAs:

- Support the conclusion of the MRLVC additional report with regards to the POB design. This design cannot be recommended due to the extreme market manipulation risks created by this design. ACER and all NRAs recommend to completely discard this design option;
- Welcome the provided estimation of the impact of the MRLVC on existing operational processes and the assessment on the potential risks of parallelizing operational processes but regret that the forthcoming changes linked implementation of the 15' Market Time Unit (15' MTU) products could not be better assessed as well as the lack of assessment of the different fallback scenarios, their likelihood to occur and respective impacts and costs for the MRLVC, GB and SDAC processes;
- Cannot consider as reliable the provided welfare gain figure of the MRLVC due to the several caveats and assumptions linked to its computation, especially with regards to its future proofness;
- Consider the provided implementation time and costs of the MRLVC in the SDAC is very long, but could be realistic considering the current SDAC governance and organization;
- Consider that the MRLVC should be implemented independently from other projects in order to not delay other EU projects; and
- Invite to carefully consider the implementation costs figure considering the several cost items not included in it.

Due to the above concerns, ACER and all NRAs are of the opinion that, at this moment in time, the risks compared to the potential benefits associated with both analyzed solutions remain too high to be able to support either option. Therefore, ACER and all NRAs can currently not recommend the implementation of neither option and would advise to further assess the risks and benefits of the COB option, which shows itself to be more promising than the POB option.

In particular, ACER and all NRAs recommend to further assess, while actively requesting and considering the views of all relevant stakeholders:

- The operational impacts of the MRLVC on the UK market and SDAC, including the impacts and costs caused by failures of the MRLVC;
- The future-proofness and reliability of the MRLVC welfare benefits with regards to the BBZ net position forecaster considering the expected forthcoming market and policy changes.

If nevertheless, the implementation of the COB option is initiated (assuming that the COB option is compliant with Regulation (EU) 2015/1222 with regard to operational impacts of the MRLVC on the SDAC), ACER and all NRAs recommend:

- To ensure that the impact on the SDAC operational processes and timings of the failure of the MRLVC are minimized to the maximum possible extent and cannot impact the functioning of the EU Internal Energy Market;
- The organization of a parallel run of at least 6 months allowing to confirm the benefits and costs of the MRLVC and to confirm the go-live only based on a confirmation of these costs and benefits; and
- The MRLVC implementation is kept completely independent both resource and planning-wise from other EU implementation projects considering that in case of delay on other projects caused by the

implementation of the MRLVC, the welfare losses due to such delays should be added to the costs of implementing MRLVC.

Finally, ACER and all NRAs recommend all parties to remain focused on the matter and are willing to assist the European Commission by contributing to identify a lasting mechanism for energy trading at the EU-UK borders.

2. DETAILED FEEDBACK ON THE TSO'S REPORT

ACER and all NRAs provide below the details of the informal opinion on the main MRLVC market design aspects and the related costs and benefits parameters and assumptions.

2.1 Assumptions, limitations, and work in progress

The MRLVC additional information report defines a set of assumptions and limitations present throughout the report.

The assumptions on the future policy requirements impacting the MRLVC are related to the implementation of the 15' MTU products in the SDAC and the commissioning of a new interconnector between GB and Germany. The report assumes that both features will be implemented when the MRLVC will go-live. The report explains the limitation of its conclusions with regards to future offshore developments and its potential market design.

Those limitations are linked for example to the price formation of potential future offshore bidding zones, the capacity allocation between wind production and the shore. The report then highlights a series of assumptions regarding the operation and design of the SDAC and the MRLVC and on the implementation processes and tools. The report also raises the question of the compatibility of MRLVC and offshore bidding zones.

The MRLVC additional information report contains a section identifying the work needed to be performed before starting the implementation of the MRLVC such as the impact and future proofness of MRLVC on hybrid/meshed offshore grids, and the future changes in market design on the GB side in the context of their revision of the market design.

Regarding those assumptions, limitations, and work in progress, ACER and all NRAs:

- Assess the assumptions as realistic but regret that the impact of the identified planned implementation projects is not considered as part of the report;
- Consider that the chosen limitations of the report, especially with regards to the development and market design of offshore generation strongly impact the conclusions of the report which are therefore to be considered carefully; and
- Support the list identified by TSOs on the work needed to be performed before initiating the implementation.

2.2 Preliminary Order Book option

In the POB option, the preliminary order books of EU and GB market participants will be shared with the MRLVC 15 minutes before SDAC gate closure time. This gives market participants the possibility to amend their bids which could induce market manipulation.

The section of the MRLVC additional information report on the POB option provides a better understanding of the bidding strategies (in the context of the assessment of this option) used by market participants based on historical data and possible solutions to prevent market manipulation. To get a better understanding of the bidding strategies the consultants assessed historical data provided by the NEMOs. The main conclusion is that mainly in France, a large majority of the bids adapted after 11:45 CET (i.e., the timing at which the MRLVC process would start), to a somewhat small extent this is also for the case for other BBZs. Following consultation with NEMOs and some market participants, the report concludes that there are two main bidding strategies of market participants:

- i) An initial submission well in advance of 12:00 CET that is continuously updated as new information comes in; or
- ii) A 'one-shot' submission close to GCT of a final market position, typically after 11:45 CET.

The rationale for these strategies is that market participants base their bids on the latest accurate information available.

Regarding the possible market abuse specifically created by the POB concept, the report identifies there are a range of ways in which market participants could influence the MRLVC results in their favour. However, there are material market surveillance challenges to identify whether OBK changes after 11:45 CET are legitimate. To monitor this behaviour and identify possible manipulation, parties with surveillance responsibilities should have access to all available data on the UK and EU side, which is not the case.

The report identifies three challenges for mitigating the risks of market abuse. The first is a clear definition of market abuse. Second, the challenge of identifying any change in bids afterwards as normal bidding behaviour or manipulation. And third, to prevent market abuse, effective market surveillance requires sophisticated tools that can identify such behaviour. All these challenges require extensive cooperation between the EU and UK parties.

About the MRLVC POB, ACER and all NRAs:

- Welcome the further explanations provided regarding the risks caused by the POB option and their possible mitigations (without necessarily agreeing with all the identified challenges by the TSOs) which confirm the MRLVC CBA conclusions;
- Consider that the POB option openly creates risks of market manipulations which would be complex to identify and enforce, especially in a specific governance set-up across the already existing governances in the UK and EU and despite the existing provisions in Regulation (EU) 2012/1227 and the TCA; and
- Consider that this option presents too many major market functioning risks to be pursued as a candidate design.

2.3 Operational processes and timescales for the MCO function

The MRLVC is a new operational process as part of the day-ahead electricity markets which will have to last for a certain duration. Its impact on the existing operational processes therefore needs to be assessed.

The section of the MRLVC additional information report on operational processes and timescales for the MCO function is divided in four titles: the operational processes and timescales of the MRLVC MCO (both for COB and POB); the impacts of the COB option on the SDAC; the possible modifications of the SDAC timescales; and the mitigation of the above-mentioned impacts by the POB option.

2.3.1 The MRLVC MCO (both for COB and POB)

The MRLVC MCO (both for COB and POB), as proposed in the report, is composed of 8 processes, mostly sequential, to ensure the reception of the inputs, the MRLVC computation, the validation and finally the sending of the results to the GB price coupling and the SDAC. CEPA, the external consultancy, estimated the time required to run the end-to-end MRLVC process would be in the range of 13-42 minutes while EU experts (SDAC NEMOs and TSOs) estimated more realistic a range of 20-40 minutes. The main part of the duration, and the uncertainty, of the MRLVC is the MRLVC computation. Due to the lack of simulations performed, the duration is estimated via a benchmark of similar processes. CEPA considers that the computation could be reduced through simplifications of the process: stopping at the first solution found by the MRLVC algorithm or relaxing solution requirements. EU experts underline that those simplifications automatically induce a risk of welfare losses by finding a less optimal solution.

About the MRLVC MCO, ACER and all NRAs:

- Consider that the operational steps depicted, and their duration, are realistic. However, this type of highly complex processes always require securing a contingency time. The ranges proposed by the report do not integrate such a safety net, especially for the lower end of the ranges. Hence, any contingency would lead to an impossibility to deliver the MRLVC results in time. Considering the possible severe impacts of such an event, a particular attention should be paid to the robustness of the procedures; and
- Are in the opinion that, even though the MRLVC computation step is the most time consuming, any simplification should be carefully balanced in order to avoid sacrificing the welfare loss reduction in the name of timesaving. Otherwise, the tradeoff would result in a severely more complex process bringing little added value in terms of welfare.

Finally, the possibility of prolonging the study to perform simulations should be explored. This could allow to better assess the different options about the MRLVC computation and their impact on the welfare and the duration of the process. Indeed, it is the key part to define a realistic timescale for the MRLVC market coupling operations (MCO), necessary condition for the assessment the MRLVC. In addition, the design of a fallback solution should be addressed to evaluate the impacts of a failure of the MRLVC for the SDAC and the GB price coupling.

2.3.2 Impact of the COB option

The assessment of the impact of the COB option on the SDAC is based on a MRLVC process lasting 20 minutes but with possibilities to run first steps in parallel of the first steps of the SDAC process, resulting in a 10-minute impact on the SDAC operational timings. The impact is deemed to be incremental, thus adding 10 minutes in the normal day processes of the SDAC would result in a publication of the SDAC results before

13:00 CET. The delay introduced by the COB option would result in a clear reduction of the contingency time and therefore increasing the risks of triggering a fallback procedure. The report considers that any minor unexpected event in SDAC might lead to a full decoupling with the current deadline of publication of the results while it is the main risk to avoid. The report also includes a figure on the past operational issues, stating that with the operational timings having to consider both the MRLVC and the implementation of 15' MTU, 15 of the medium severity fallback events of the last years would have become full decoupling, with extreme welfare impacts on all parties.

The report then studies the impact of MRLVC in three operational events: second auctions created by extreme prices, partial decoupling, and technical problem in the MRLVC MCO. Scenarios for the different events are drafted, also considering an extended calculation time for the SDAC algorithm due to the implementation of the 15' MTU. The report concludes that the partial decoupling cases will be very hard to perform considering the fixed deadlines (closure of order books and full decoupling). On the technical problems in the MRLVC MCO, TSOs conclude that the only option compatible with the timings foreseen for the implementation of the 15' MTU products is to ignore the MRLVC results, and rely on a default flow value, in case the MRLVC is faulty.

About the impact on the MCO, ACER and all NRAs:

- Are in the opinion that the analysis is very optimistic by considering a 10-minute impact with a 20 minutes MRLVC process. Based on what is at stake (a SDAC full decoupling event could result in losing a large part if not more than the annual welfare benefit of the MRLVC compared to explicit auctions), the risk assessment should not be based on optimistic hypotheses but rather the conservative ones. Contingency time is a key tool to ensure the reliability of the process. The scenarios considering second auctions should not be considered as a blocking scenario as those auctions are not a regulatory requirement, and its added value in the light of the future computational challenges is already questioned;
- Stress that the SDAC process will already face several significant challenges in the coming years with at least the implementation of the 15' MTU products that already question the SDAC timescale: the last simulations reveal that the calculation could require to be extended by 20 to 60 minutes. The assessment of the MRLVC impact on the SDAC should only be done while integrating these ongoing projects, to be at least futureproof to the forthcoming (expected) evolutions;
- Question the feasibility of a MRLVC rerun in the different incident scenarios as the MRLVC first run results would be used by the DA GB price coupling at the same time. Hence, any incident scenario including such MRLVC rerun would lead to a decrease of the added value of the MRLVC; and
- Support a fallback procedure in which the impact of a failure of the MRLVC on the SDAC is limited to a bare minimum.

2.3.3 *Possible changes to SDAC timing*

The assessment of the possible changes of a SDAC timing considers that the principal option to be considered is to bring forward the SDAC gate closure time (GCT). It would automatically help mitigating the impact on the SDAC publication deadline. However, several potential negative impacts are mentioned regarding the other processes (e.g., capacity calculation, balancing tenders) which also need to be considered. Market participants

consider that an earlier SDAC GCT or a later SDAC publication deadline could result in less optimal bids placed by market participants, thus a reduction of the SDAC welfare.

About the impact on the SDAC MCO, ACER and all NRAs recognize the above-mentioned risks associated with an earlier SDAC GCT or a later SDAC publication deadline. In particular, the possibility of using preliminary data from the capacity calculation could severely deteriorate the performance of the SDAC and should be discarded. It is important to keep in mind that most of the welfare benefit will still come from the SDAC and not the expected gain from the MRLVC. Hence, any tradeoff reducing the optimization of the SDAC could result in a lower total welfare benefit although the expected MRLVC benefits are materialized.

2.3.4 Mitigation of the impacts of the POB option on the SDAC

ACER and all NRAs share the conclusions of the report on the impact of the POB option on the SDAC. As the impact is considered as incremental, the POB option would partly mitigate the operational risks for the SDAC (speaking only in terms of process and timescale). However, as for the COB option, the assessment should be done while considering the forthcoming implementation of the 15-minute MTU.

2.4 BBZ net position forecast

The BBZ net position forecast is a necessary element of the MRLVC due to the restriction on the data that can be used in the MRLVC process set out in the TCA. According to it, the MRLVC calculation can only use the order books of GB and of the BBZs. A high quality BBZ net position forecast is therefore essential for the MRLVC to produce accurate results. Looking at past MRLVC experiences (i.e., on the Kontek cable), a successful BBZ net position forecast methodology (BBZ methodology) appears necessary for the success of any MRLVC solution.

The section of the MRLVC additional information report on the BBZ net position forecast is divided in three titles: outline proposal for the BBZ methodology; the possible timescale for implementation; and the qualitative assessment of the performance of the proposed method compared to explicit auctions.

2.4.1 Outline proposal for the BBZ methodology

This section of the MRLVC additional information report identifies the principles, methods, inputs, outputs & production, and issues of the BBZ methodology. TSOs put forward the importance of transparency with regards to the BBZ net position forecaster's methodology and performance. They also mention multiple methods that can be used to design the BBZ net position forecaster and rely on the expertise of forecasting experts and existing forecasting methodologies to define the inputs. Regarding the issues, the report indicates several problems and risks: the feasible levels of forecast accuracy, the transfer of financial risks from the market participants (for which forecasting prices and flows is already performed in the explicit auctions) to the TSOs as well as the uncertainty about the result expectation of the methodology considering the expected offshore generation to be commissioned.

About the outline proposal for the BBZ methodology, ACER and all NRAs:

- Consider the principles, methods, inputs, outputs & production of the BBZ methodology defined in the report to be adequate;

- Support the issues identified but would like to emphasize the risks linked to them. Indeed, the MRLVC, compared to the explicit auctions, create a direct risk for the TSO in case of Flow Against the Price Difference (FAPD) having to pay the cost of both negative congestion rents and use-it or sell-it (UIoSI) payouts of long-term transmission rights to market participants. This issue, combined with the high uncertainty regarding 1) the current possible performance of the BBZ methodology and 2) its future-proofness, can lead to severe costs for the TSOs both on the EU and UK sides.

2.4.2 Possible timescale for implementation

The MRLVC additional information report proposes an approach to implement the BBZ net position forecaster. This approach is composed of two periods separated by a decision to initiate the implementation in between. Indeed, the TSOs consider that after the first implementation period, there will be sufficient information available with regards to the possible performance of the tool. After the second period, the tool can be considered as operational. Each period is expected to be 9 months long.

About the implementation of the BBZ net position forecaster, ACER and all NRAs consider that the proposed approach from the TSOs allows to further assess the performance of the BBZ net position forecaster and is therefore correctly addressing some of the concerns of ACER and all NRAs. It is however key to ensure that all parties are aligned on the criteria that will be used to take the decision to further study the performance of the BBZ net position forecaster and to ensure that the implementation of the other streams of the MRLVC is only initiated once the overall benefits of the BBZ net position forecaster are confirmed.

2.4.3 Qualitative assessment of the performance of the proposed method compared to explicit auctions

This section of the additional information report provides an assessment of the performance of the BBZ methodology compared to the current explicit auctions. This assessment is based on two metrics, for each of the existing interconnectors between GB and continental Europe with capacity allocated explicitly (i.e., the ones between BE, FR, NL and GB): the percentage of FAPDs as well as the aggregate welfare loss caused by the inefficient flows. The report concludes that the FAPDs are reduced (between 17 and 67% depending on the interconnector) and that the total welfare loss caused by explicit auctions compared to the implicit coupling could be reduced by 136M€, lower than what was assessed in the MRLVC CBA.

The report contains a section on specific challenges that will be faced in the context of the future offshore generation both for the explicit allocation and the MRLVC, concluding that both mechanisms will be facing similar difficulties, caused by the complexities of the forecast. Those difficulties could lead to increased investments risks, costs for TSOs' remedial actions and an inefficient allocation of transmission capacity.

About the qualitative assessment of the performance of the MRLVC, ACER and all NRAs consider that:

- The analysis gives some insight into the historical accuracy of the existing explicit allocation. This could be a useful basis to assess and compare the performance of a fully developed BBZ net position forecasting tool intended for MRLVC.

- It is not properly addressed in the report whether the level of accuracy in the error of the commercial forecast is realistic for a future BBZ net position forecasting tool. This applies both for the size of the error in general, and whether it can be assumed that it is possible to achieve more accurate forecasts when the price differences are small. [REDACTED]
[REDACTED] Seeing that the two forecasts do not cover the same geographical scope and are not directly comparable, a further assessment of the realistic accuracy of the BBZ net position forecast would be of value;
- The uncertainty in the performance of the commercial tool compared to a fully developed BBZ net position forecast makes it difficult to evaluate whether the results of the comparison done by the TSOs, and especially the reduced welfare loss of 136 M€ from May 2022 to April 2023, are realistic and meaningful as an assumption of the expected performance in the coming years. Compared to the CBA, the result shows less welfare gain. UloSI pay-outs, which are not taken into account, would reduce the estimated welfare gain further, as indicated by the TSOs; and
- Given the methodological choices, the uncertainties, and the complexities at play, it is reasonable to assume that a welfare comparison may not lead to a clear-cut, quantitative profit-and-loss-backed policy decision on the pertinence of the MRLVC. The analytical effort deployed by the TSOs is significant and helpful. However, ACER and all NRAs remain convinced that a successful BBZ net position Forecast subproject is necessary for the success of the MRLVC;
- Therefore, further developing the BBZ net position forecast method (if necessary, by extension of the current programs to improve the net position forecasts used for the other TSOs and Regional Coordination Centers' activities) and comparing the MRLVC results with such method to present explicit allocation would be necessary before providing support to any of the options for the MRLVC solution, in order to ensure that the implemented solution is robust and efficient;
- Welcome the section on the specific challenges linked to offshore production but consider that further (quantitative) assessments of the identified challenges are needed.

2.5 Implementation timelines and costs

The section of the MRLVC additional information report on implementation for the MCO function is divided in two sections: the implementation timelines and the costs.

2.5.1 Implementation timelines

As described in the TCA Annex ENER-4, part 2, c), the MRLVC process shall be implemented by April 2022. The MRLVC additional information report considers the implementation timeline of 3 project streams: the BBZ net position forecaster, the MRLVC and the integration in the SDAC.

The MRLVC additional information report assumes an implementation of 9 months for the validation of the BBZ net position forecaster methodology, followed by a go/no-go decision on the start of the MRLVC implementation in SDAC. TSOs then consider that once the methodology is validated, the implementation of the MRLVC itself and of its integration in the SDAC can start, for a duration of 3.5 years. TSOs partly rely on

the experiences from previous implementation projects to conclude that the proposed duration is realistic. The MRLVC additional information report then concludes that the implementation of the MRLVC COB option could be shorter as the parallel run (needed to provide the benefits of the MRLVC) would need to run for a shorter period of time, despite having more impacts on the SDAC.

About the implementation timelines, ACER and all NRAs:

- Encourage to perform outside of the implementation the studies aiming at proving the benefits of the BBZ net position forecaster and to condition the start of the implementation to a successful conclusion of those studies;
- Observe that the planning does not consider any implementation on the GB side;
- Consider the provided implementation time and costs of the MRLVC in the SDAC is very long, but could be realistic considering the current SDAC governance and organization;
- Consider that the MRLVC should be implemented independently from other projects in order to not delay other EU projects; and
- Regret that TSOs do not mention the potential impact of the implementation in the SDAC from/on other ongoing implementation projects nor propose any measure to reduce the duration of the implementation considering the timeline set in the TCA, even though this deadline has already passed.

2.5.2 Costs

TSOs only provide an estimate for the joint implementation costs of the MRLVC in the SDAC, concluding on an overall total of █████, including 40% of contingency. This means that the following costs are not estimated in the report: the costs of procuring the BBZ net position forecaster, the implementation costs on the GB side, the operational costs and the individual implementation costs are not provided. Overall, TSOs only provide a partial view of the implementation cost of the project.

About the costs, ACER and all NRAs consider that considering the multiple cost streams not considered in the MRLVC additional information report (namely, local implementation costs, implementation costs on the GB side, procurement cost of the BBZ net position forecaster and the operational costs), the provided figure is not representative of the real implementation costs of the project.