

36th Market European Stakeholder Committee (MESC)

Wednesday, 28 February 2024, 10:30-16:00 Online

Draft Minutes

Participating Members			
Christophe	Gence-Creux	ACER Chair	
Anne	Radermecker	EC	
Thomas	Kawam	EC	
Rickard	Nilsson	Europex	
Michele	Stretti	Europex	
Arnold	Weiss	Europex	
Zeynep	Alpman	Epexspot	
Davide	Orifici	Epexspot	
Capucine	Tesniere	Epexspot	
Annette	Jantzen	EUGINE	
Donia	Peerhossaini	Eurelectric	
Helene	Robaye	Eurelectric	
Selim	Boussetta	Eurelectric	
Jerome	Le Page	Energy Traders Europe	
Lorenzo	Biglia	Energy Traders Europe	
Sonia	Saly	Energy Traders Europe	
Torsten	Knop	EUDSO	
Emma	Menegatti	FSR	
Michael	Van Bossuyt	IFIEC	
Simon	Dupond	SolarpowerEurope	
Laurent	Schmitt	SolarpowerEurope	
Catarina	Augusto	SolarpowerEurope	
Guro	Grøtterud	SmartEN	
Vidushi	Dembi	WindEurope	
NRAs/ NEMOs/ACER/ ENTSO-E representatives			
Sven	Kaiser	E-Control	
Lisa	Dallinger	BNetzA	
Barbara	Zwinka	BNetzA	
Michael	Pülke	BNetzA	
David	Allmann	BNetzA	
Maarten	Klijn	ACM	
Amaury	Salauze	CRE	
Clement	Poet	CER	
Fabien	Monti	CRE	
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	

Participating Members		
Igor	Chemisinec	OTE
Rodrigo	Escobar Rodríguez	NEMO
Lisa-Marie	Mohr	Energy Community Secretariat
Carlos	Castel	EUDSO Entity
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	ETNSO-E
Fabio	Genoese	ENTSO-E
Jim	Vilsson	ENTSO-E
David	Steber	ENTSO-E
Dominik	Schlipf	ENTSO-E
Benjamin	Genêt	ENTSO-E
Nino	Vakhtangishvili	ENTSO-E
Mário	Turčík	ENTSO-E
Otter	Ruud	ENTSO-E
Javier	Barrantes	ENTSO-E
Daniel	Costa	ENTSO-E
Steve	Van Campenhout	ENTSO-E
Ruud	Vrolijk	ENTSO-E
Ana	Luna Hierro	ENTSO-E
Gerard	Doorman	ENTSO-E
Václav	Pflanzer	ENTSO-E
Sarah	Maier	ENTSO-E
Mathieu	Fransen	ACER
Heni	Radamovic	ACER
Ignacio	Muniozguren Garcia	ACER
Zoran	Vujasinovic	ACER
Martin	Povh	ACER
Cristina	Vazquez Hernandez	ACER
Athina	Tellidou	ACER
Alwan	Mahmoud	ACER
Martin	Viehhauser	ACER
Marco	Pavesi	ACER
Christina	Brantl	ACER
Patrick	Luickx	ACER
Gilles	Bertrand	ACER

1 Opening

1.1 Welcoming address + Approval of minutes + Draft Agenda

The Chair, Christophe Gence-Creux, welcomes the participants to the 36th MESC meeting. Minutes from the last MESC meeting were approved with no objections.

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

The Chair outlines recent decisions, including harmonization rules, alternative bidding zone configuration for the Baltic region, and amendments to the congestion income redistribution methodology. He highlights the publication of an important report on the barriers to demand response. Two imminent decisions concern the amendment of capacity calculation region definition and the core intraday capacity calculation methodology, with a key issue around the 70%.



No appeals before the BoR. The Chair mentions the Appeals before the General Court, including redispatching and cost sharing related decisions. Also, ACER faces appeal on the general court for balancing pricing – timeline is still uncertain. 4 decisions concerning the Swiss Grid participation in balancing platforms are brought before the Court, and core day-ahead capacity calculation methodology appeal from BNetzA and the German government with uncertain timelines – not before 2025.

Selim Boussetta (Eurelectric) inquiries about the Core intraday capacity calculation methodology decision current status, to which the response indicates a draft decision submitted for a favourable opinion by the BoR, expected to be published by the end of the next week. The Chair also mentions that the 70% provision applies in the ID timeframe, and a period is considered for TSOs to implement it.

Rickard Nilsson (Europex) reflects on his last MESC meeting, expressing appreciation for the positive aspects. He emphasizes the value of face-to-face interactions for issue resolution and hopes for a return to physical meetings. Rickard acknowledges the ongoing importance of the group and expresses gratitude to the secretariat and fellow members.

The Chair welcomes the possibility to have 2 physical meetings per year.

2 Internal Electricity Market

2.1 Update from the EC (EMD reform, Planning of NC&GL amendment process)

Anne Radermecker (EC) provides updates on the Electricity Market Design Reform (EMDR) and the planning of network codes. Regarding EMDR, a provisional agreement has been reached, and the text is being finalized with lawyers/linguists. After translation into 24 languages, it will undergo parliamentary plenary votes, followed by publication in the Official Journal of the European Union. The expected entry into force is 20 days after publication. EMDR tasks the Commission with over many follow-up tasks, with clear deadlines indicating priority.

On CACM, the process has been frozen during the revision of the Electricity Market Design, and the intention is to restart the work in the coming week. Discussion with Member States end of March at high level An Electricity Cross Border Committee (ECBC) has been organised to remind the content. The process will foresee the publication of the draft guidelines in DG ENER website this year in order to receive feedback.

On FCA, there is a clear link to EMD reform as it tasks the EC to conduct an impact assessment on ways to improve market participants ability to hedge price risk exposure on forward markets. Process will be influenced by this.

The Demand Response Network Code is expected to be submitted by ENTSO-E and EU DSO entity by May 2024. Then, ACER will review the draft, have a public consultation, include the PC and submit the proposal by end of the year. The EC will start the process in 2025.

Work on the Electricity Balancing Guidelines is influenced by the Demand Response NC. The EC is not planning a general revision of the Electricity Balancing Guidelines but only targeted amendments based on the outcome of the Demand Response NC process.

Oliver John (ENTSO-E) inquires about potential amendments to the Electricity Balancing Guidelines due to demand response. Anne clarifies that amendments may come from demand response, and future revisions may be considered afterward. No clear timeline yet.

Lorenzo Biglia (Energy Traders Europe) seeks clarity on the public consultation for CACM, to which Anne explains that the public consultation on CACM took place already.

Guro Grøtterud (SmartEn) asks when the upcoming publication of the Cybersecurity Network Code will happen, but Anne mentions she will take the question with colleagues. Vidushi Dembi (WindEurope) seeks clarification on the timeline for the CACM guideline revision, to which Anne notes the ongoing process with timelines dependent on negotiation duration. Revision might be possible even during 2024.

Regarding the UK Cooperation after Brexit, the TSOs submitted a report in July 2023, and both the EC and the UK Parties now received the non-confidential version. The EC is currently sorting details for publication with UK counterparts. Two documents: a 75-page TSO report and ACER and all NRAs 10-page opinion with recommendations. Ongoing talks with the UK on finalizing minutes and recommendations from the specialized committee on energy (meeting of 9 November).

Regarding the cooperation with Switzerland, in November 2023, the Commission and the Swiss Federal Council agreed on a common understanding for negotiations. The Swiss Federal Council adopted the draft negotiating package in December 2023. The Commission aims to begin negotiations with Switzerland in March 2024, with electricity being one of the 12 negotiating tables.

Jerome Le Page (Energy Traders Europe) inquiries about the follow-up on the recommendation to the council for negotiations with Switzerland and if in the project prioritisation there is technical agreement with Core.

Anne Radermecker (EC) mentions checking and clarifying as negotiations will start in March. Regarding the project prioritization and elements related to Switzerland, Anne notes that timelines, also for Swiss participation in other projects, will become clearer as negotiations progress.

Lorenzo Biglia (Energy Traders Europe) asks about the timeline for publishing the UK TSOs' report. Anne mentions finalizing coordination with the UK and plans to share the non-confidential version with members soon, with publication on ENTSO_E website.

2.2 Update on the EnC

Lisa-Marie Mohr (EnC Secretariat) presents the update on Energy Community related developments.

Rafael Gomez Elvira Gonzalez (All NEMOs Committee Chair) inquiries about the designation of NEMOs, particularly for Serbia, North Macedonia, Albania, and Kosovo*, and the transposition of legal acts.

Lisa-Marie Mohr (EnC Secretariat) responds that those NEMOs are nationally designated, but full transposition of the legal framework is still pending. All Contracting Parties are working and were called upon to finalize this in the first quarter of 2024 requiring both primary legislations, followed by potential secondary legislation for e.g. transposing the CACM.

Jerome Le Page (Energy Traders Europe) acknowledges the updates and seeks an update on progress from the Energy Community Secretariat's' perspective related to TSOs' cooperation and the operationalisation of CCRs.

Lisa-Marie Mohr (EnC Secretariat) responds that while the presentation initially focused on NEMOs due to Market Coupling Operator Integration Plan (MCO IP, plan according to Art. 7(3) EnC CACM) MC OIP, she is willing to include brief updates on TSO cooperation and CCRs. Lisa mentions the missed deadline for submission of capacity calculation methodologies and cooperation agreements by all CCRs established in the Energy Community by June 15, 2023. Progress is reported for IT-ME and SEE, for shadowITME, and discussions are ongoing for Shadow SEE, with potential proposals to ACER to reconfigure the Shadow SEE CCR without a conclusion.

2.3 Update on the NC DR

Fabio Genoese (ENTSO-E) and Torsten Knop (EU DSO entity) present the update on NC DR.

Donia Peerhossaini (Eurelectric) asks about the availability of amendment proposals for existing network codes and guidelines. Fabio replies that the proposals will be accessible at the next drafting committee, with few significant changes. Comments can be submitted in the April drafting committee.

Laurent Schmitt (SolarPowerEurope) expresses concerns about the discussion on harmonization of data exchange and APIs, questioning if it has been abandoned or shifted to EBGL discussion. Fabio underscores the significance of API standardization but acknowledges worries about the required development process.

Arnold Weiss (Europex) presents slides on the designation of Local Market Operator (LMO).

Torsten Knopp (EU DSO) clarifies the role and responsibility of LMOs, making a distinction between the role and responsibility (non-delegable role) and the operational aspect that can be delegated. This is a 2-step process. Fabio compliments Torsten's reply and mentions that a stronger NRA role for this is needed.

Guro Grøtterud (SmartEn) extends support for Europex's presentation and raises concerns about potential risks associated with certain options for LMO designation. She urges the drafting team to find a solution allowing for new projects to be set up without significant risks of getting cancelled. Torsten takes the comment and replies that the drafting team is conscious of that.

Lorenzo Biglia (Energy Traders Europe) expresses support for Europex's presentation and emphasizes the importance of addressing Article 54-57. He suggests that utilizing third parties and exchanges could be more efficient for the role of a Local Market Operator (LMO), with SOs LMOs serving as a last resort mechanism.

Arnold Weiss (Europex) acknowledges the need for differentiation, particularly distinguishing between being in charge and being in operation. He suggests making this distinction clearer in the network code itself. He emphasizes the importance of the operational path and supports the idea of having a first-best solution in general, with exceptions being considered for third-party LMOs.

Guro Grøtterud (SmartEn) presents the slides.

Ref: MESC 14-12



Michael van Bossuyt (IFIEC) raises concerns about potential retrogradation in the demand response. He emphasizes the need to avoid fixing too much in the code to allow flexibility for future development and innovation. Mikael urges caution about potential interpretations that could limit existing demand response participation based on the code.

Torsten Knopp (EU DSO) acknowledges the challenges of balancing between fixing things in the network code for the future and allowing flexibility. He discusses the learning curve of the process, improvements made, and the importance of input in the ongoing process.

Guro Grøtterud (SmartEn) appreciates the progress made in the process and emphasizes the importance of leaving room for development. She suggests that discussions about certain topics could be more transparent and recommends considering different options instead of watering down discussions on specific topics.

Michael van Bossuyt (IFIEC) reiterates the challenge of fixing too much in the code, emphasizing the need for a balance between clear guidance and leaving room for national flexibility. He expresses concerns about potential limitations in future innovations if too much is fixed in the code.

Laurent Schmitt (SolarpowerEurope) supports Guro's point about text misalignments and expresses concerns about potential watering down of discussions. He recommends bringing different options to the table if TSOs and ESOs do not agree on specific topics.

Sultan Aliyev (ENTSO-E) highlights that NRAs should have a role in appointing/confirming the LMO, exactly to ensure neutrality within the Member State (which depends on the market concentration/unbundling regime) but also to ensure efficiency (avoid 100 LMOs with different IT solutions)

Athina Tellidou (ACER) presents the ACER process.

Sultan Aliyev (ENTSO-E) inquiries about the discussion venue for the NC DR, suggesting that MESC serves this purpose until DRESC is formalized. Athina explains the evolution process, emphasizing the interim period between MESC and the regulation's establishment. The challenge lies in determining what to do during this interim phase.

Michael van Bossuyt (IFIEC) raises concerns about discrepancies between existing legislation and newly proposed directives or regulations. He questions how these discrepancies will be addressed, seeking clarity on the approach to transitory elements in the code. Athina responds by outlining two approaches: national implementation facilitated through recommendations and the utilization of existing European methodologies. She emphasizes the need to distinguish between these processes, as new rules will interact with existing legislation, proposing amendments and relying on European methodologies.

Michael van Bossuyt (IFIEC) seeks clarification on the inclusion of transitional requirements in the code during the transition period between existing guidelines and network codes and the new ones. Athina underscores the importance of consistency, suggesting that both sets of legislation should enter into force simultaneously to ensure coherence.

Laurent Schmitt (SolarpowerEurope) addresses the data topic, highlighting its significance and proposing better linkage with the implementing act on demand side flexibility data. He suggests updating the mandate to align with harmonization processes. Athina acknowledges the complexity of determining where to include topics in a European framework, emphasizing the need to find the appropriate legislation. She notes that implementing acts fall outside her responsibility but should be coordinated based on the relevance of the topic to European legislation.

Sultan Aliyev (ENTSO-E) inquires about plans for discussing submitted proposals for amendments in the last six months of the year, seeking clarification on the process mentioned in the slides. Athina emphasizes the need to discuss proposed amendments within the context of the ongoing process, considering it one deliverable.

2.4 Update on the prioritisation of projects

Marco Pavesi (ACER) presents slides on the update of the prioritization of projects.

Jerome le Page (Energy Traders Europe) raises a general question regarding the emphasis on the congested CACM pipeline and inquires about the consideration of balancing projects in relation to the CACM pipeline. Marco clarifies that while balancing projects are not part of the CACM process, they can be influenced by it, and input from stakeholders is awaited to identify potential conflicts.

Mathieu Fransen (ACER) adds that the focus is on European perspectives of projects, excluding national implementations.

Jerome le Page (Energy Traders Europe) clarifies that if the national projects have an influence on European projects, then they must be considered in the planning.

Selim Boussetta (Eurelectric) shares concerns about the exclusion of national deadlines in the process, suggesting that they should be partially integrated to provide a comprehensive picture. He also seeks clarification on provisional implementation deadlines for the Italy North and Core merger and qualitative project priorities. Marco clarifies that the Italy North and Core merger deadline is tentative, pending confirmation through decisions. Regarding project priorities, he mentions that the scoring is based on last year's exercise, and stakeholders are encouraged to provide input.

Cosimo Campidoglio (MCSC DA NEMO Co-Chair) emphasizes the need to consider interdependencies between projects and warns against a reversal of historical political priorities. He seeks clarity on the practical implications of the proposed changes. He notes that the priorities presented are a complete reversal. He sees a need to have a high level backing of change of priorities and raises concerns regarding resources (MCSC slides).

The Chair reassures that the scoring has not been published yet. Mathieu mentions that feedback on interdependencies, tentative deadlines, and other aspects are welcome.

Steve Van Campenhout (Core CCR) presents the slides on the prioritization discussion.

Helene Robaye (Eurelectric) echoes Cosimo's comment on implications, raises concerns about the significant changes, highlighting interdependencies for market participants (go live of IDAs, 15 min MTU in SDAC) and asks if these will be part of the consultation. Marco encourages stakeholders to provide feedback on interlinks, scores, tentative deadlines, and any other relevant aspects during the consultation.

2.5 Update on monitoring activities

Patrick Liuckx (ACER) presents the slides on the monitoring activities.

Sonia Saly (Energy Traders Europe) seeks clarification on slide 4, specifically regarding the monitoring of transitional requirements and monitoring against the 70% mark. She requests further elaboration on how to interpret the communication, emphasizing a clearer understanding of compliance levels when action plans are implemented.

Patrick Liuckx (ACER) responds, explaining that when action plans and derogations are in place, the focus shifts from the 70% mark to assessing compliance levels. The aim is to gauge adherence to derogations or action plans, recognizing that compliance is a nuanced task. The intention is to provide a comprehensive European-level overview of how close entities are to achieving the 70%. Acknowledging past criticism, he emphasizes the commitment to making a clearer distinction in the upcoming report.

3 CACM

3.1 Update on SDAC products consultation

Rafael Gomez Elvira Gonzalez (All NEMOs Committee Chair) and Christoforos-Anestis Zoumas (Enexgroup) present the slides on the topic.

3.2 Update on the outcome of the second auctions consultation

Helene Robaye (Eurelectric) seeks clarification on the goal of the second option in the auction.

Rafael Gomez Elvira Gonzalez (All NEMOs Committee Chair) explains that the second auction serves as an alert to the market about abnormal situations, such as scarcity, and is not an invitation for participants to change their bidding strategy. Christoforos adds that the second auction is an option for some NEMOs, triggered when prices breach predefined thresholds, offering market participants a chance to improve results.

Jerome Le Page (Energy Traders Europe) emphasizes the varied purposes of the second auction, acting as a security net against bidding errors, high prices, and curtailment. NRAs might see them as safety nets of high prices. He highlights the need to discuss on what should be the safety nets in case of their removal and ask NEMOs to show the impact on SDAC timing and welfare.



Cosimo Campidoglio (MCSC DA NEMO Co-Chair) underscores the relevance of the second auction as a security check and criticizes the argument about little improvement, stating its importance for security.

Mathieu Fransen (ACER) inquires about the expected submission date of the SDAC products methodology to ACER.

Christoforos-Anestis Zoumas (Enexgroup) responds that the SDAC methodology is expected to be submitted by mid-April, anticipating subsequent processes.

The Chair asks for the next steps on the topic of second auctions.

Rafael Gomez Elvira Gonzalez (All NEMOs Committee Chair) and Christoforos-Anestis Zoumas (Enexgroup) outline the next steps, including the publication of NEMOs' results and positions, and potential adjustments to SDAC procedures and local regulations based on decisions about keeping or abandoning the second auction. He emphasizes that no immediate changes for market participants will occur, and decisions by NRAs will be required for any adjustments.

3.3 Update on SDAC & SIDC

Andre Estermann (MCSC), Cosimo Campidoglio (MCSC DA NEMO Co-Chair) and Ondrej Maca (OTE) present the status update on SDAC.

Donia Peerhossaini (Eurelectric) seeks clarification on the challenges faced during testing, especially concerning the 15-minutes MTU for DA and Ondrej Maca (OTE) is asked to elaborate on the issues and potential consequences.

Ondrej Maca (OTE) explains that the challenges primarily revolve around fitting all necessary processes within the 15-minutes timeframe, requiring inputs, calculations, and results. He acknowledges the feasibility but mentions encountering minor and possibly major issues. Retesting is ongoing, incorporating fixes from the service provider. In case of failing exit criteria, considerations about the magnitude of failure and potential postponement are in progress. He emphasizes the importance of reliability during member testing.

3.4 Update on the algorithm amendment for co-optimisation

Marco Pavesi (ACER) presents the slides on the co-optimisation and the main conclusion of the workshop that was organised with NRAs, TSOs and some academia, some weeks ago. He informs that ACER intends to revise NEMOs' proposed next steps for the implementation of co-optimisation in its upcoming decision. He also informs that the study on welfare gains will be published at the same time as the algorithm methodology and that more details will be shared in the follow up meeting.

Jerome Le Page (Energy Traders Europe) highlights that all timeframes, especially ID, shall be considered, and Benjamin Genet (ENTSO-E) questions that the conclusions presented by ACER in the Workshop were agreed by all participating parties and advocate to implement market-based solution first.

Gerard Doorman (ENTSO-E) presents the slides on the topic concluding that for TSOs it is not clear that co-optimisation leads to higher surplus than market-based allocation and the big risk associated to computational feasibility of the solution. He also presents how TSOs intend to move forward in 2024.

Lorenzo Biglia (Energy Traders Europe) presents the slides on behalf of market participants highlighting mainly 2 topics, that complexity shall not overweigh theoretical benefits of the co-optimisation and that any potential implementation shall respect some rules. Michael Van Bossuyt (IFIEC) joins the messages presented by Energy Traders Europe and highlights that they do not agree to reserve capacity for later timeframes. Cosimo Campidoglio (MCSC DA NEMO Co-Chair) also agrees with the messages presented by Energy Traders Europe and highlights the need to properly assess the gain of co-optimisation.

More details will be shared in the next MESC, and the discussion will continue.

3.5 Update on the BZR process

Marta Mendoza (ENTSO-E) informs that the transition cost report is published in the ENTSO-E website. The Public consultation will start as soon as the liquidity study is ready, but there is not a fixed timeline yet for the public consultation. ENTSO-E will inform as soon as known. She also informs that the expected delivery date of the BZ review is still the end of 2024 for Central Europe Region and before for the Nordic region.

4 FCA

4.1 Update on Core LTFBA

Jim Vilsson (ENTSO-E) presents the slides on the Long-Term Transmission Rights and the main results of the survey.

Selim Boussetta (Eurelectric and Energy Traders Europe) presents the joint slides. Concern 1: low or no availability of capacity at some borders. Concern 2: very high collateral requirements for simultaneous capacity bids at all borders. Study was initiated by MPs: impact of min ATC on FB results. What should happen before LT FBA go-live? A solution should be developed to remedy the problem with 0 or low-capacity volumes at certain borders. It should be ensured that the target solution for a collateral cap is finalised.

The Chair asks Jim Vilsson (ENTSO-E) about the organization of the March workshop, specifically mentioning if Eurelectric and Energy Traders Europe can have a dedicated slot given the time constrain in this MESC meeting.

Jim Vilsson (ENTSO-E) welcomes the initiative from Eurelectric and other market participants for a discussion on appropriate allocation. The workshop will allocate time for this.

Michele Stretti (Europex) expresses similar concerns about the implementation of alternative flow-based allocation and emphasizes the need for clarity and equal treatment across borders. He highlights LTTRs as complementary to market-based instruments, awaiting guidance from the FCA. He suggests starting with a thorough impact assessment analysing on which borders and to what extent LTTRs are used.

The Chair suggests discussing this in workshop in March.

5 Balancing

5.1 Update on aFRR IF and pricing amendments

Gilles Bertrand (ACER) presents the update on the decision process. Public consultation and workshop in April will follow and they are available on ACER's website.

5.2 Update on balancing platforms

Dominik Schlipf (ENTSO-E) and Vaclav Pflanzer (ENTSO-E) present <u>the slides</u> on the status of the balancing platforms. Due to an emphasized need, accession roadmap will be published end of February/beginning of March instead of the usual month of April.

6. AOB:

Michael Van Bossuyt (IFIEC) asks about the creation of a Separate European Stakeholders Committee for NCDR.

The Chair responds that this was answered previously and mentions a plan to create a dedicated European Stakeholder Committee for the NCDR response. The details are yet to be finalized, but a concrete proposal is expected for the next MESC meeting. The committee aims to promote best practices and facilitate the early implementation process, addressing key barriers to the development of NCDR response.

The Chair thanks the participants and announces the next meeting date, which will be conducted online.

7. Next meetings date:

- 13 June (online)
- 8 October (physical)
- 3 December (online)