

ENTSO-E Bidding Zone Review Consultative Group (BZR CG) Kick-off Meeting

Date: Tuesday, 5 July 2022

Minutes of the Meeting

1. Welcome and introduction of the BZR CG members

Bidding Zone Task Force (BZ TF) convenor welcomes the BZR CG members, and sets the expectations and objectives of the group. Tour de table is provided for the members to introduce themselves and set their expectations.

2. Short discussion on Locational Marginal Pricing (LMP) Report

LMP Subgroup (LMP SG) co-convenor explains the process, simulations, results and outcomes of the LMP study. BZR CG members ask specific questions on the topic (see table below), and request TSOs and ENTSO-E to organise a dedicated call to present the [LMP report](#).

Question	Answer
Do LMP simulations for CE&Ireland sent to ACER YT contain topological remedial actions (TRAs)?	All results were delivered to ACER: (1) main stream, covering all climate weeks, and (2) ex-post work stream covering 3 climate weeks with inclusion of TRAs.

3. General organisation of the work of BZR by TSOs

3.1. Bidding Zone Review Region Central Europe (BZRR CE)

Member of the BZRR CE and Tennet Netherlands representative, explains the structure of the BZRR CE, main activities performed and expected work to be done by the region during the review. Additionally, they explain the VAMOS tool developed by BZRR CE members and how it will be used for getting the indicator results from the review.

BZR CG members ask specific questions (see table below).

Question	Answer
Is it really necessary to do so many detailed calculations in the 1st step, if the evaluation in the 2nd step (of other criteria) can and will only be done roughly?	Economic assessment needs to be performed. There is a framework and tendency (according to the BZR Methodology) to determine results based on quantifiable/monetized criteria, however, BZRR CE

	TSOs aim to start more qualitative discussions in the second part of the BZR.
Are investments beyond target year of 2025 included?	The methodology defines a cut-off date on 30 June 2025. All investments until that date will be included in the grid model, and those beyond will not be included in the model. BZRR CE TSOs intend to perform a sensitivity analysis for 2028 including all reinforcement projects foreseen to be implemented until end of 2028.
Time-frame for calculations in a dynamic environment is quite challenging, how is this tackled?	The methodology is clear on this aspect, but some discussions are currently taking place.
Is the grid model for the BZZR CE the same as the one used for the LMP simulations?	Yes.

3.2. Bidding Zone Review Region Nordic (BZRR Nordic):

Members of the BZRR Nordic start the presentation by explaining the main difference between BZRR CE and Nordic – the Nordic region has less number of TSOs included in the review and have experience in BZR. The members provide an overview of the organisation of the work to be done, including one BZ TF and one modelling group. Nordic BZRR members highlight that the region will continue with BID3 modelling tool, which was already used for the LMP study. It is presented that the service provider finalized most BID 3 development, including capacity calculations and market redispatch, and BID 3 will be used to get the indicator results from the review.

BZR CG members ask specific questions (see table below).

Question	Answer
What kind of investments are planned to be included beyond 2025?	Discussions between BZRRs CE and Nordic Region are taking place. Nordic TSOs are considering using a high prices sensitivity.
Are indicators different compared to BZRR CE?	Coordination on all-TSO level is taking place, same indicators will be used. One common report structure will be applied.

3.3. Communication channels: website, stakeholder engagement, publication and events

ENTSO-E advisor to the BZ TF explains the high-level overview of the main communication channels for interaction with external stakeholders during the BZR. They provide an overview of the structure of the [dedicated section on the ENTSO-E website](#) for the BZR and how this section will be updated.

4. Pan-European studies

Convenor of the transition costs study and convenor of the market liquidity and transaction costs study introduce themselves. They explain these studies are performed at all-TSOs level (not on BZRR-level) and have been sub-contracted to Compass Lexecon by ENTSO-E.

4.1. Transition costs study

Convenor of the transition costs study presents the process followed for the transition costs study. The input of external stakeholders is crucial for this exercise and will be gathered through a dedicated questionnaire that is currently being developed and will be shared for comments with the BZR CG mid-July. The interpretation of article 15(11) of the BZR methodology and how to translate it in costs categories is currently under discussion between TSOs and NRAs.

They present the process and timeline for finalising the questionnaire:

- 15 July – 8 August: BZ CG to provide comments
- 8 August – 30 August: TSOs to assess all comments and finalise the questionnaire
- 5 September – 10 October (6 weeks): parties to fill in the questionnaire published on ENTSO-E website

BZR CG members would like to have a call beginning of September before the questionnaire is put online in order to clarify questions on the practicability of the questionnaire.

BZR CG members ask specific questions (see table below).

Question	Answer
Could a question on benefits with specific cost categories be added in the questionnaire?	It is not foreseen in the framework in the transition costs study. Benefits would appear in the different part of the BZR process, and not necessarily in the transition costs.
Should BZR CG take part in interpreting the results from the questionnaire?	These steps are not defined in detail yet. Answers will be assessed by the hired consultant for the study, however, TSOs see added value in the help provided by the BZR CG in interpreting the results. This suggestion will be taken into account while discussing the process around the detailed analysis of the results.

4.2. Market liquidity and transaction costs study

Convenor of the market liquidity and transaction costs study explains the main features of the study (it is a qualitative study), approach as well as data collection and analysis process. They further highlight the public opinion is gathered during the public consultation, launched six months after the BZR starts. Explanation and high-level overview of the short-term and long-term market liquidity studies is given. They explain the BZR Methodology is explicit on how the aspect of ‘market liquidity and transaction cost’ should be evaluated, what should be accounted for in the study, suggestions by the BZR CG, and to what aspects additionally might be studied and can be considered in the aspects studied.

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Question	Answer
How to consider the latest changes to grid developments?	Currently, historic data will be studied as well as future data from the BZR. However, there is an ongoing discussion on how to consider the latest changes and developments and more updates to be provided at a later stage.

Will transaction costs and liquidity be evaluated on the same level in both regions?	Yes.
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5. Next steps

BZ TF convenor summarises the points discussed during the meeting and outlines the next steps:

- Anticipation of ACER's decision on alternative BZ configurations to be studied (by 20 July 2022 at the latest).
- BZR CG to provide feedback on the transition costs study questionnaire (by 8 August the latest).
- BZR CG can provide comments on the market liquidity and transaction cost study; however, changes are limited and the methodology is the guidance.
- Dedicated online BZR CG call on 1 September 2022 (10am-1pm CET) for TSOs to present: (1) LMP report, (2) final version of the transition costs study questionnaire (no further changes will be made to the questionnaire), and (3) inform BZR CG on the data source for the market liquidity and transaction cost study.
- Public online webinar on 16 September workshop (10am-1pm CET) to present the questionnaire to all interested stakeholders and explain how to fill it in.
- Physical BZR CG meeting on 13 October 2022, 9am-3pm (tentative date).