

## ENTSO-E Bidding Zone Review Consultative Group (BZR CG) – 2<sup>nd</sup> meeting

Date: Thursday, 1 September 2022

Time: 10am-1pm

Location: online conference

### Minutes of the Meeting

#### 1. Explanation of final version of questionnaire on transition costs study that will be published in September

Compass Lexecon team explains the draft final version of the [questionnaire](#) on the transition costs study. The following topics are addressed by the BZR CG members and discussed:

- **Market parties raised concerns regarding confidential information regarding the costs:** ACER comments all numbers should be explained, to allow a comparable assessment, together with comments on confidentiality.
- It is discussed if the respondents will be able to answer the questions from a common understanding. **TSOs will discuss if it makes sense to conduct a number of interviews next to the questionnaire.**
- **The risk of double counting (or missing elements) due to the coexistence of the two Pan-EU studies**, i.e., the transition cost study (i.e., this questionnaire) and the transaction costs/liquidity was raised. **No conflicts have (yet) been observed. If any conflicts are observed, market participants are invited to elaborate on.**
- It is explained that **a consistent inflation equivalent will be applied to deal with inflation.** Costs shall be filled in with EUR 2022.
- **Derivatives Exchanges have been added to the list** after suggestion by BZR CG member.
- **TSOs provided clarifications that transition costs is one of on the 22 indicators analysed in the BZR.**
- It is clarified that **only the estimated costs for 2025 will be considered**, no historical costs.
- ACER commented that that in the financing/value of assets there are all types of dynamic effects that are difficult to be simulated.

#### 2. Pan-EU studies: market liquidity and transaction costs - information on source of data and feedback on EFET and EURELECTRIC suggestions to improve the study

Compass Lexecon has reached out to the NEMOs in order to collect data/information for the market liquidity study. Compass Lexecon provide information on the source of data and feedback on EFETs/EURELECTRIC

suggestions to improve the study. The following topics are addressed by the BZR CG members and discussed:

- **Derivatives Exchanges and not NEMOs need to be addressed** when it comes to liquidity in forward/derivatives markets
- BZR CG members state that **more indicators should be used for the analysis** as the example of churn rates shows that it is complicated to derive results from single sources.
- It is clarified that **balancing markets are not considered** and not foreseen within the framework of the study. BZR CG suggested to find a relation between higher investment costs and welfare impacts of liquidity.
- Regarding **intra-company transaction costs**, CL informed that the comments were considered.
- **The timeline of the study is presented:**
  - 06/09/22: Publication of questionnaire. Information will be shared via email
  - 16/09/22: Public webinar about the questionnaire
  - 13/10/22: Next BZR CG meeting
  - 31/10/22: Deadline for sending answers to questionnaire on transition costs

### 3. Presentation of LMP report (as suggested by several BZR CG members)

As suggested by several BZR CG members the LMP report of CE is presented by BZRR CE TSO representative. The full presentation is available [here](#) and the publication of the report [here](#).

**Commented [GS1]:** Presentation (.pdf) of the meeting will be uploaded here, titled '220901\_BZR CG Meeting'. IT colleagues to link it when publishing it.

### 4. Any other business (AOB)

The ACER decision on the alternative bidding zone configurations to be studied are presented by ACER representatives. The following topics are addressed by the BZR CG members and discussed:

- BZR CG requested clarification on why, no merging of bidding zones has been considered. ACER answers that the results pointed out e.g., to a merge of SE1 and SE2.
- A BZR CG member stated that it is hard to take a very small BZ as for Stockholm serious from a market perspective.