

Nordic CCM SHG – meeting minutes

FINAL Version

October 11 2017, 09.30-16.00 (Copenhagen airport, Clarion Hotel)

Participants		
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Text in non-italics are statements, questions or claims from the person mentioned.

Text in italics are answers or comments provided by the person mentioned, or the project.

1. Welcome and introduction (9.30-9.45)

Objective of the meeting: Transparency. The project would like to give the floor to the stakeholders to explain what are the needs (in terms of transparency in a FB future), why it is needed, and how the implementation of FB changes these needs (or not).

2. Nordic CCM proposal (9.45-10.00)

Carsten – ACER market monitoring report; strong focus on internal CNEs.

Project – There are ongoing discussions on how to interpret the ACER Recommendations; dialogue between ACER and ENTSO-E.

Mats – If you want to have internal CNEs, you need to go to nodal. Indeed, if you want internal CNEs, you should have price signals on that detailed level as well. Choosing zones, sets the stage.

Project – The ACER recommendation incentivizes more and smaller bidding zones. When the TSOs are forced to exclude all internal constraints, it may lead to a proposal for a nodal system, as the TSOs may not be able to operate the system in a secure way otherwise.

Set – More need for redispatch / countertrade under FB, as you operate the system closer to the limits.

Petteri – Internal CNEs are an exception in the ACER Recommendations (AR), while in the CCM proposal it seems to be the other way around.

Carsten – Change the burden of proof with regard to the internal CNEs

Project – Indeed, the TSOs need to prove the economic efficiency and the need for operational security, when applying internal CNEs.

3. NRA presentation (10.00-10.15)

NRAs received the CCM proposal at Sept 17. It is in public consultation now (NordREG website), while the NRAs – in parallel – are running their approval process (March 17, 2018).

If not all parts of the proposal can be approved, an amendment can be asked for to the TSOs. The TSOs have 2 months to amend the proposal (May 17, 2018). NRAs have two months to approve the proposal (July 17, 2018). In case the NRAs do not agree among themselves, the proposal will be forwarded to ACER for decision (six months to prepare their decision; Jan 17, 2019).

If the NRAs, however, do not agree on their amendment request, ACER needs to take a decision (six months; Sept 17, 2019).

The NRAs will inform the TSOs as soon as they have reached a decision, yet the formal decision will only be announced on March 17, as it puts the next step into motion.

Project – There is no time to have a public consultation on the amendments?

Tobias – You can consult the stakeholders; it is not mandatory though.

Mats – Will NRAs test if the CCM proposal is in violation of the competition law (not allowed to move internal congestion to the border)?

Toril: Competition law is not included in the NRA's assessment. Our legal basis does not include competition law; competition law is reflected in the CACM GL and 714 regulation.

Tobias: We need to consider the competition law, to prevent that we approve something that is in violation of the law.

Mats – How will the NRAs deal with the open points in the CCM proposal? Stakeholders want to see how all issues are handled.

Toril – TSOs need to propose a methodology without the possibility to have everything tested. It may take time to the implementation of the methodology. A revised proposal may need to be submitted, taking into account the latest findings, and enter into consultation and approval.

Mats – The timeline seems to be more important than the methodology itself. You can make use of an exemption (“we are not ready”).

Toril – We have to follow the legislation, amendments may be needed though.

Søren – FB is default in the CACM; it is more a question whether we approve it now or later.

Mats – Negative congestion rent under FB; can the NRAs indicate who will pay for that? Indeed, a weak grid should not be rewarded.
Søren – This is taken into account by the NRAs.

Petteri – What will happen if the parallel runs do not deliver?

Project – We cannot go live before FB works properly.

Toril – If the methodology does not work correctly, the methodology needs to be revised. Legislation does not state when the methodology needs to be implemented.

Petteri – Are there challenges with regard to coordinated capacity calculation in the RSC?

Project – No obstacles are foreseen.

Jens – Can the methodology be altered during the parallel run, if needed, to get proper results?

Project – When the methodology is approved, e.g. a proper GSK may be selected; this does not change the methodology though. If however, the methodology is altered, the approval process starts again.

Jens – What if the SHG is not satisfied with the results from the parallel run? Is there an emergency break?

Project – We have to set KPIs to measure when the FB can go live.

Søren – NRAs may ask for an amendment of the proposal.

Toril – Minimum six months of parallel run, with a dialogue between TSOs, stakeholders, and NRAs

Mats – GSK is property right. Indeed with the GSK, TSOs may alter the value of an asset; this needs to be transparent. Stakeholders need to be able to indicate if the GSK is not correct.

Project – We need a KPI to assess what is a good GSK strategy.

Jarno – Mats, others, please indicate your concerns and reasoning in the NRA's consultation.

Set – D-2 as a basis, but you don't do any comparison to assess how wrong you are

Project – No difference between NTC and FB in this respect. Reliability margins are to be assessed and implemented. We can and will do this as soon as the CGMs are available. Please note in this respect, that in order to have a common European model and a coordinated process, the CGM process needs to start at D-2. The Nordic RSC will however update the CGM according to the latest information as an input for the coordinated DA capacity calculation.

4. Coffee break (10.15-10.30)

5. Presentation(s) Stakeholders on transparency needs (10.30-12.00)

The stakeholders have been invited to present their transparency needs under FB in this meeting.

Set (Vattenfall) prepared a presentation, in which the need to receive cross-border (NTC-like) capacities is underlined. This holds for both the short-term and long-term timeframes.

In the FCA GL, the capacity calculation for the long-term timeframes is CNTC by default (month-ahead and year-ahead capacity).

TSOs can provide indicative NTC values for the DA timeframe as well; it is one set of NTC values within the FB domain. All stakeholders indicate that they do realize that those NTCs values are only one possible set, feasible within the FB domain. The values are not firm. A range of possible NTC values is considered to be less suited and rejected as such.

6. Lunch (12.00-13.00)

7. Presentation(s) Stakeholders on transparency needs – continued (13.00-14.00)

The following transparency needs are expressed and confirmed by all stakeholders present:

- As a minimum, each CNE should have a unique identifier ("name") + information on the location where it is (i.e. in which bidding zone, or on which bidding zone border). Information on the "critical outage", the scenario under which the CNE is monitored, is not relevant.
- The individual components of the RAMs (being the FRM, Fmax, Fref, RA, and FAV).
- The methodology to select CNEs (why are they a CNE?) + justification if internal CNEs are used; note that this is not needed for price forecasting, but to build trust
- The CWE transparency level should be the minimum in the Nordics

Jens – Will the shadow prices of the internal CNEs be published?

Project – This is depending on the discussion around the ACER Recommendations

Mats – Internal CNEs should not be a structural phenomenon.

Mats – Transparency is in prices; one needs to be able to understand what is going on.

Søren – Fref' is the black box.

Project – We will provide more transparency on the Fref'.

Mats – When you have a FB domain that is smaller than the empirical NTC, you have to explain why.

Project – The actual NTCs may violate the FB domain, at the expense of operational security though.

Tobias – Skip the internal CNEs, and compare the FB and NTC.

Project – The TSO needs to make ex-ante choices in the NTC methodology. As an example: under NTC, TSOs have to restrict the border NO2-NO5, while under FB you can give the full capacity.

Set – As uncertainty is not considered in the FB methodology, it is not possible to assess the real values

Project – The cuts do consider the reliability margin as used in the operational NTC; reliability margins are not applied (yet) on the CNEs. Reliability margins for the CNEs are to be assessed and implemented. We can and will do this as soon as the CGMs are available.

Mats – I am not interested in welfare, only in the total trades.

Project – We will introduce a KPI to monitor the cross-border trades.

Petteri – There is a lack of trust in the FB model; it is too easy to put internal congestions into the FB model.

Petteri – There is a lack of trust in the simulations and the results; if the CGM is not okay, the capacity calculation is not okay.

Jarno – The FB methodology needs to prove itself

Jens – The social welfare figures are based on a prototype CGM, and 16 weeks. It is not compared to CNTC. The social welfare is day-ahead welfare only, it does not take into account all other costs. Trust needs to be built.

Project – The decision for going FB has been taken at the time of writing the CACM GL. The main intention of the simulations is to have the learning process up and running, build the trust, and to demonstrate that the CACM objectives are met.

Mats – FB is the better capacity calculation methodology close to real time (ID, balancing). Why start with DA instead of ID?

Project – 98% of the trades occur on the DA. The ID platform XBID cannot support FB yet.

Set: There is a risk to end up in a corner of the FB domain after the DA stage, and that the ID trade is stuck.

Project – Capacity calculation is a continuous process: by using the latest information available, the most capacity is provided for the upcoming timeframe(s). Or in other words: for the ID timeframe dedicated grid models will be created and dedicated capacity calculation will be performed to serve the ID market as good as possible. Note, in this respect, that an integral part of the capacity calculation is the assessment of the uncertainty that the TSOs are facing in their capacity calculation. It is expected that the uncertainty for the DA stage is larger than that for the ID stage, as better forecasts are available for the ID and less assumptions need to be made. The Flow Reliability Margin (FRM) reserved at the DA stage can thus partly be released on the ID stage. Please note that this provides an automatic balance: if the variability in the system increases, a larger need for ID capacity may be foreseen. This larger variability is likely to increase the uncertainty for the TSOs in their DA capacity calculation: a larger DA FRM needs to be taken into account, thereby shifting more capacity to be released at the ID stage.

Jens – Are you using D-2 information for the DA capacity calculation?

Project – Indeed, in order to have a common European model and a coordinated process, the CGM process needs to start at D-2. The Nordic RSC will however update the CGM according to the latest information as an input for the coordinated DA capacity calculation.

Anders – We need transparency in the process of implementing FB; the roadmap, and how stakeholders will be involved.

Project – The CCM proposal has been submitted, including an indicative roadmap. Parallel runs of at least half a year will be performed to test the methodology and tools, with KPIs to monitor the parallel run, and decide on a potential go-live. Stakeholder involvement is formalized through SHG meetings (3-4 x/year) and SHF meetings (1 x/year).

8. Coffee break (14.00-14.30)

9. Discussion and agree on next steps (14.30-15.00)

10. AOB (15.00-15.30)

Petteri – how are the responses taken into account in the CCM proposal that has been submitted to the NRAs?

Project – In the updated explanatory document, available from the Nordic RSC website (<http://nordic-rsc.net/methodology-proposal/>), the inputs from stakeholders are listed in Annex IV, along with the TSO response whether or not a comment has been taken into account.