

# Nordic CCM SHG – meeting minutes

## DRAFT Version

August 22 2019, 9.30-15.30 (Copenhagen Towers)

Participants		
<b>CCM project</b> <ul style="list-style-type: none"><li>Ulrik Møller (Energinet)</li><li>Martin Julander (Svk)</li><li>Jussi Matilainen (Fingrid)</li><li>Trond Jensen (Statnett)</li><li>Ida Eriksson (Statnett)</li><li>Pieter Schavemaker (E-Bridge Consulting, PM)</li></ul> <b>Nordic RSC / NorCap project</b> <ul style="list-style-type: none"><li>Raini Urbschat (NorCap)</li><li>Peter Sonne (NorCap)</li><li>Jens Møller Birkebæk (Nordic RSC)</li></ul>	<b>NRA</b> <ul style="list-style-type: none"><li>Søren Søndergaard (Energitilsynet)</li><li>Kaj Forsberg (EI)</li><li>Toril Naustvoll Gange (NVE)</li><li>Jori Sääntti (EV)</li></ul> <b>NEMO</b> <ul style="list-style-type: none"><li>Hilde Rosenblad (Nordpool)</li></ul>	<b>Other participants</b> <ul style="list-style-type: none"><li>Petteri Haveri (Energia)</li><li>Rickard Björström (Vattenfall)</li><li>Magnus Thorstensson (Energiforetagen)</li><li>Jens Mortensen (Orsted)</li><li>Håkon Egeland (Statkraft)</li><li>Carsten Chachah (Danish Energy)</li><li>Pasi Kuokkanen (Elfi)</li><li>Anders Sivertsgård (Norwegian energy)</li></ul>

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. Introduction and welcome (9.30-9.45)

Jori: NRAs have 6 months to approve the amended DA/ID CCM: at the latest at December 20, 2019. Indeed, NRAs consider this to be a new proposal rather than an amendment.

Q: Pasi – Introduction of the 15 minute time resolution for the DA timeframe; will the industrial tooling be tested for this time resolution as well? Market participants must be able to rely that this works on a 15 minute time resolution as well.

A: *Martin – This has been taken into account in the NorCap implementation project. Whether or not the capacity calculation should be performed on a 15 minute time resolution is a different question.*

*Søren: NRAs expect that when there is a 15 min ISP, that there is 15 min capacity.*

Q: Rickard – why is there an intermediate ID?

A: *Ulrik - XBID cannot handle FB constraints yet. Therefore we will start with CNTC for ID as an intermediate step.*

Q: Jens - question on the existing 15 min ID market in Germany. What is blocking the use of 15 min products on the Danish side of the border?

A: *Ulrik – please contact my colleagues on this one.*

Petteri: we have an interest on the robustness of the industrial tooling (in terms of KPIs)

### 2. Status update, and short walk-through of updated DA/ID CCM (9.45-10.15)

Q: Anders – what do you see as an added value to have the CCC do the DSA? You indicate that DSA should not lead to a delay on the implementation of FB, yet there is an impact. Can you elaborate?

A: *Søren – Operational security limits can be computed by the TSOs, yet it is the three NRAs' interpretation that it needs to be done by the CCC according to legislation.*

*Jori: keyword is transparency.*

*Toril: how many persons understand the dynamic limits that Jori refers to? All understand MW limits. So this does not contribute to transparency.*

*Jori: what is the drawback to have this done at the CCC? TSOs have the right to validate the values computed by the CCC.*

*Trond: TSOs have to do the calculation themselves anyway: leading to the the same results (hopefully) but at a high cost. The project to have the RSC perform the DSA is much bigger than the FB implementation project.*

Q: Anders – From experience: dynamic analysis is very complex, and it is hard to get the proper data.

A: *Trond – we will develop a dynamic CGM to have the TSOs work on the same data. The analyses are too complex to be performed on an hourly basis.*

Q: Pasi – transparency. Core is that market participants can rely on what is ongoing. We don't care about the technical details, but don't mess up the market.

A: *Martin – There is no given reason to believe that CCC is more transparent than the TSOs, as it is the TSOs that own and operate the RSC. They would perform the same calculations, based on the same data. There is no apparent gains to transparency here.*

*Anders: there is a limit on the level of detail needed. There is a risk that there are personnel in the RSC just pressing some buttons without fully understanding the complexity behind.*

*Magnus: we don't trust the TSOs (being four actors driven by their national legislation), we do trust the RSC – it is about transparency*

Søren: all EU NRAs have decided that the 70% requirement is based on the operational security limits. This means that the dynamic limits can set this minimum capacity requirement.

Q: Håkon – this DSA should not delay the FB implementation

A: *Ulrik – the DSA development is being worked on by experienced resources, that are not involved in the FB implementation, so it is not at the expense of the other activities*

Q: Jens – can Statnett elaborate a bit on the concerns they expressed in the public consultation?  
A: *Trond – Concerns have already been touched upon, and are supported to a large extent supported by two other TSOs, yet Statnett is not dragged into this, as Norway is not part of the EU.*  
Toril: *NVE is very concerned about this proposal, and asked the other NRAs for an impact assessment of this DSA implementation, but this was discarded.*

Q: Toril – Can you indicate what is the cost estimate of this DSA development?  
A: *Martin – Roughly 40 man years, excluding the IT developments.*  
Trond: *It is weird that there are no requirements to demonstrate the socio-economic benefits of this DSA, which is a way larger project than the FB, where we do have to demonstrate the benefits.*

### **3. Coffee break (10.15-10.30)**

### **4. FB, and FB intuitive simulation results (10.30-12.00)**

Q: Rickard – when you refer to cost, you are only referring to Euros, correct? Please note that there is also market trust involved here.  
A: *Trond – Indeed.*

Q: Rickard – how to deal with the communication due to the inherent unfairness here?  
A: *Trond – overall, everybody is a winner; one hour losing, is another hour winning.*  
Hilde: *we already have non-intuitive flows in the Nordic system, we managed to communicate this as well*  
CCM project: *If there is a structural change where certain areas are singled out as welfare deficit areas, this could then be further analysed, and if needed, appropriate measures taken. However, the further we stay from a strict market solution, the less optimal it will be.*

Q: Pasi – can it happen that you have more optima in the market optimization?  
A: *Trond – not in my simple example. In real-life, Euphemia is facing multiple local optima and searches the best one in the time available (being 10 minutes).*

Q: Hilde – From CWE it seems that non-intuitive flows do happen more often for smaller bidding zones?  
Toril – *CWE experts were present in the Stakeholder Forum a few years ago. The Belgium NRA indicated that he considered the Nordics a better system to apply the FB, and that the intuitivity should be less of an issue.*

Q: Hilde – in the parallel run, you will publish the hourly results both for FB and FBI?  
A: *Trond – Hourly results will be published, but only for the FB.*  
Søren: *Application of ramping constraints and the intuitive patch together will not work in all hours.*

Q: Rickard – please include the prices of NTC as well in the price spread graphs where you compare the prices of FB and FBI  
A: *Ida – We will do so.*

Q: Rickard – is there an area that is more winning than losing in these 11 weeks analyzed?  
A: *Ida – we will have to dive into these details.*

Q: Pasi – What is happening with the flows in Lithuania?  
A: *Trond – due to AHC the flows in the Baltics can relieve the flows in the Nordic system.*

Q: Rickard – will you generate prices for the non-Nordic areas as well in the //run?  
A: *Trond – yes, during the external parallel run, the market simulation will be performed as in operations, with that change that the Nordics are modelled by the FB constraints.*

Q: Hilde – is there alignment with the Core?  
A: *Pieter – yes, there is coordination on the Euphemia level (Core, Nordics, Alegro, and so on), to look into the algorithmic challenges for Euphemia with bringing these large projects live. In the //run we need to compare to the current operational system, which is not Core under FB.*  
Søren – *Core will start off with FB with SHC, so the impact is low.*

Q: Petteri – your recommendation is not to apply the intuitive patch. Who decides on this?  
A: *Ulrik – Nordic CCM SC decided not implement the intuitive patch.*  
Søren: *the intuitive patch is an allocation constraint. If the Nordic NRAs decide to allow for and ask for this constraint, the CCM should be amended. Or in other words: the decision of the NRAs is that there is no intuitive patch applied in the Nordics.*

### **5. Lunch (12.00-13.00)**

### **6. Nordic RSC visit (13.00-14.00)**

Q: Søren – Do you have ISO 20000 certification?  
A: *Jens – No, but one day we will need it and we will have it*

Q: Rickard – Is the RSC based on an equal financing among the four Nordic TSOs?  
A: *Jens – Yes*

Q: Trond – Norway not being part of the EU, can it be an owner of an RCC (being a European body)?  
A: *Jens – Yes*

Q: Toril – will the staff of the RSC increase with the CCC activities?  
A: *Jens – currently we have a small permanent staff + staffing from the TSOs (12 persons) + externals. The permanent staff is covering all operational tasks + development of business processes. We rely heavily on automated processes, yet it is hard to estimate whether we have sufficient staff to cover the CCC activities.*

Q: Anders – how will a 15 minute time resolution impact the process of cap calc?  
A: *Jens – mainly impacts the amount of data, rather than the process.*

Q: Petteri – do you foresee a future where the CGM can be built up without having IGMs?  
A: *Jens – not really.*  
Martin: *the collection of structural data at a TSO is a natural place, being both an asset owner and collector of data from DSOs e.g.*

Q: Håkon – // run will start early July 2020. How will this look like, will it be used for ID calculation as well? It would be valuable to recompute capacities for ID as well.

A: Jens – ID cap calc is under discussion, for sure we cannot perform economic simulations.

## **7. Coffee break (14.00-14.30)**

## **8. KPIs, Go-live criteria (14.30-15.00)**

Q: Carsten – how was the go-live decision taken in CWE?

A: Pieter: the project in CWE was organized differently; it was a joint TSO / PXs project – go-live was decided upon by both TSOs and PXs.

Petteri – Expectation is that the 12 months of parallel run operate smoothly without issues. Unclear if one month is enough.

Q: Hilde - plain FB only?

A: Martin - it is not planned to have the FBI simulated.

Søren: // run is intended to test the new methodology against the existing one, and the market to see how it works.

Hilde: FBI simulations do not need to be part of the // run; it can be a stand-alone analysis.

Håkon: I don't see the benefit of this? It has no value in itself. Of course when there are serious issues detected in the //run (a structural group of market participants losing e.g.), we can look into a solution like this (but then there is a reason to do so).

Hilde: you should add this to the KPIs, e.g. a specific group of customers suffering systematically

Håkon: this is a market issue; this is demand and supply

Pasi: You do all this for the market. This has to be part of the KPIs; it cannot be that a specific group of customers is penalized

Håkon: We get all the results (FB and NTC) and see how it works

Martin: we can monitor structural differences in the // run

Petteri: what if you find a Belgium in the Nordics? Fairness is an issue.

Søren: allocation constraints can only be applied if they lead to a higher economic benefit, and not to re-distribute income between two bidding zones, like Belgium and France. With regard to transparency: we have non-intuitive flows today in the Nordic system, and we don't hear a lot from stakeholders about this.

Rickard: I agree with the concerns expressed about non-intuitive flows. The non-intuitive flows that we have today, are different from what is happening.

Trond: No, they are the same. Today they are fixed by the TSO, tomorrow we ask the market where we need to have them.

Ulrik: we acknowledge the concern expressed, we will do this FBI exercise again, yet it will not be a structural part of the // run. Hilde, feel free to perform intuitive simulations if you deem it useful.

Trond: we will monitor the parallel run data and perform analyses (e.g. on specific cases, or on non-intuitive flows). This has nothing to do with KPIs.

Petteri: for the KPIs, I propose to add something on the CNEs

Martin: this is covered to a certain extent. Please review the draft document and add what you think is needed in addition

Q: Håkon - you will consider whether you will apply redispatch or reduce the capacity. Will we get insight on this process?

A: Trond - this is under development.

Petteri: it would be interesting to see how this works in the //run

Hilde expresses her concerns on the European implementation roadmap, and the Euphemia algorithm developments. She explains that the NEMOs cannot handle all changes that they are required to facilitate (such as Core FB, Nordic FB, and the implementation of a 15 minute ISP for the DA).

Q: Håkon: what kind of information will you give us for the LT?

A: Ulrik – this is part of the ACER decision on the LT CCM.

Petteri: can I propose a half-yearly SHF web conference, due to the good experience with the one we had earlier this year.

Håkon: when you start the //run you need to give an extensive workshop to indicate what it is, and so on

Jens: for the KPIs, please categorize potential issues on different levels of severity (and consequently impacts)

## **9. AOB (15.00-15.30)**