

Electricity Regional Initiative – Region CEE

34th Meeting of the Implementation Group on Congestion Management (IG)

(34th CEE IG Meeting)

February 20th, 2014

Vienna

NOTES AND CONCLUSIONS

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Participants		
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1 Welcome and agenda

Minor changes of order of topics - accepted.

2 CEE FB MC project development and implementation

Status report of TSOs (for more details see slides):

Governance Workstream: The project structure including nomination of persons from TSO side is finished;. For the Joint Steering Committee (JSC) the TSOs have nominated persons and voted a chairperson (Gert Schwarzbach, 50Hertz). FP will organize first JSC meeting involving PXs.

Technical Workstream: Consensus on how to continue the work on the two options for FB MC (Security Oriented Option and Financial Compensation Oriented Option) has been reached.

For both options a market simulation tool and a market coupling simulation tool is needed. CEE TSOs are exploring the market for such a solution.

ToR for JSC and Joint Working Group Market Coupling (JWG MC) were subject to an initial round of comments via e-mail in January and following an e-mail by PXs on 12 February were considered by TSOs as agreed. PCR has published information on the Euphemia algorithm; TSOs will assess if information is sufficient and also have a meeting with experts from PCR. For first steps a regional NDA will be sufficient to launch the project.

Project structure is explained in the ToR of JSC and JWG. JSC is the main decision body, JWG MC is where the work is going to be done. The involvement of an (external) PMO is preferred but has to be decided by JSC. A first JSC meeting is envisaged for the beginning of April.

Cooperation with CWE/NWE: Proposal to start project on regional basis and approach CWE/NWE on issues where their input and expertise is needed for progress in CEE.

Modifications and detailing of the roadmap is handed over to PXs and JSC because it cannot be done without PXs, therefore no revised roadmap is presented yet.



Questions/Discussion:

OTE suggests that ATC, at least as an intermediate step, should still be an option, fearing that the FB approach by TSOs will cause delays and the project could be finished only in 4 or 5 years. Other TSOs and NRA participants disagree and point out, that FB MC in one single step is the only agreed and in the MoU foreseen way, they also doubt that the implementation of an ATC approach would be faster or even is possible, as the system in CEE is not comparable to the HV grid topology in CWE (where ATC MC is already available and used). Another point is, that the Network Code CACM does not foresee a Plan B or exemption from FB for meshed network areas when it comes to capacity calculation methods.

Presentation PXs (for details see slides)

PXs are involved in PCR (OTE as a full member, other CEE PXs as associated members). CEE FB MC Roadmap needs to be quickly reviewed; most important is the FB Allocation Project. Important next steps are the establishment of CEE FB MC structures and delegation of representatives to JSC, JWG and WGs and the finalisation of the ToRs. PXs reported that all representatives had been delegated and assigned to the relevant joint bodies, although a chair had yet to be nominated, but this should be also completed ahead of the first JSC meeting. Cost recovery is a very important aspect; a formal letter of comfort would be highly appreciated

Questions/Discussion:

ECA states that the commitment of all parties expressed in the final signing of the MoU is a major milestone and thus very welcomed. The creation of the process and the working structures will be a key milestone for progress. On the issue of costs, the E-Mail that came by mid-February expressed the willingness of NRAs to discuss cost issues in the future as a first step, but it is clear that for something like a comfort letter a cost estimation is pivotal.

BNetzA wants to know what is meant by "Development of Market Design", as mentioned in the ToR for the CEE JWG MC. OTE explains that the cooperation of parties, e.g. PX-TSO or TSO-TSO in a certain market, is meant by the term market design - not market design in its classical meaning.

There is a disagreement between TSOs and PXs if ToRs for JSC and JWG are final or not. TSOs received no comments on their latest version; PXs see two points still open from their first batch of comments, to be resolved (in a meeting). The PXs propose a meeting or conference call with all parties ahead of the first JSC to settle this issue.

One issue is the involvement of Romania in the project. ECA points out, that there is no formal request from Romanian parties to join, yet there is information among NRAs that Romania wishes a certain level of involvement – mainly to receive relevant information. ECA suggests that this could be handled within the framework of the 4M Market Coupling project, where Romania is involved. Participants emphasize, that there are of course countries bordering the region who are also involved in other couplings (e.g. Slovenia and Italy via CSE) and this has to be considered. ACER expresses that information for Romania is indeed supported, but there are probably enough troubles in handling all issues within the existing group. Other Regions and countries will come later. The NWE involvement is very important, much more than this is true for other regions or countries. The project is asked to proceed with Romania as discussed and ensure via the 4M MC the flow of information.

The other issue is the PMO foreseen in the ToR: Both, TSOs and PXs are in favour of such an external PMO, but there are questions concerning the process, the scope of the PMO work, the costs and the eventual signing of a contract. It is concluded that a PMO is preferable for a proper project

support and the PMO involvement is a topic for first JSC. A document describing the role of the PMO and the potential selection procedure has originally been drafted in 2012 and could serve as a basis for the discussions.

The next milestone is the organisation of the first JSC meeting. Preparatory short term tasks before the JSC meeting need to be:

- Nomination of PXs co-chair for JSC, JWG (quickly after IG meeting)
- Finding a final and agreed wording for the ToRs
- Finding a common understanding of the role of the PMO and initiate steps for procurement
- Contributions for a renewed roadmap (a realistic timeframe has to be agreed, timeframe should be more detailed)

3 Update on recent developments

4M Market Coupling Project (for details see slides)

The Project of CZ-SK-HU is extended to Romania. The MC is based on ATC and the PCR solution and can therefore be integrated fast. This intermediate solution does not hinder the regional development. The project structure is flat and a lot of existing IT infrastructure can be used. The project is already in the design phase and the go live is expected in the end of 2014. OTE is a full member of PCR whereas the three other involved PXs will become serviced. The service provider will be known in the near future.

Regarding the project there has already been a questionnaire. Some questions that are still relevant and open from the last round will be reviewed by NRAs and resent to 4MMC Steering committee Chair by e-mail.

CEE FB MC Memorandum of Understanding

All parties have signed the document. One outstanding set is expected within the next 3 days. Afterwards ECA will circulate the versions with original signatures of all parties via letters.

Virtual and physical Phase Shifting Transformer - status of the discussions for Germany-Poland and Czech Republic-Germany borders

A presentation is shown that was originally given in December 2013 at a Czech-German HLM (see slides for details). 50Hertz reports that an installation of pPSTs on the German-Czech border was agreed between 50Hertz and CEPS. On the border between Germany and Poland a vPST operational phase is supposed to start soon, serving as an interim measure until the commissioning of pPSTs. More information will be provided after the contractual finalization of the two parties 50Hertz and PSE.



4 Auction Rules

Status regarding the process towards Harmonized European Auction Rules, CASC – CAO cooperation regarding a common platform (see slides for details)

The Agency representative presented the two potential ways forward on this issue: the ENTSO-E one and the CAO-CASC one. After discussion with NRAs and considering the draft Forward Capacity Allocation NC, the Agency and NRAs considered the ENTSO-E proposal as the most appropriate one although one year delay compared to the initial expectation. Regulators will monitor the progress to make sure harmonised auction rules are delivered on time.

The project is in the principle drafting phase and ENTSO-E has already asked for guidance on two elements. One is the requirement of being a Balancing Responsible Party to participate in long term auctions. NRAs agree that ENTSO-E should investigate how to remove this requirement. The other topic is the harmonisation of TSOs designation, where NRAs support the ENTSO-E proposal of conducting a cost-benefit analysis.

On the topic of multi-yearly hedging products, there are diverging views on ENTSO-E's assessment and regarding the TSO capacity buy-back schemes there is scepticism among NRAs if these are beneficial. Further information was requested from Eurelectric/EFET.

During the discussion the Agency representative reaffirmed that the Agency and NRAs now support the ENTSO-E proposal. Still, TSOs allocating TRs through CASC and CAO platforms/rules are welcome to introduce changes in the 2015 rules in line with the current ENTSO-E work or previous ones such as the "wish-list" elaborated by NRAs. CEE TSOs should inform NRAs in due time and ask for a realistic and quick approval process by NRAs if needed.

5 AOB and Summary of Meeting

The Hungarian Regulator suggested to draft a press release on the successful signature of the MoU by all parties, this proposal is accepted. Regulators will organise a quick feedback round to amend the text and to include comments by TSOs and PXs before the press release is issued.

Next meeting: after the first JSC meeting (envisaged for beginning of May).