

# Minutes of Meeting

## WG EMD-SO Jun 20, 2019

### Participants

Matthys-Donnadieu	James	ELIA, Co-Chairman
Carton	Filip	ELIA, Co-Chairman
Dobbelaere	Bert	ELIA
Etiennes	Gilles	ELIA
Genêt	Benjamin	ELIA
Leroux	Amandine	ELIA
Van Campenhout	Steve	ELIA
Van Meirhaeghe	Peter	ELIA
Besnier	Denis	EPEX SPOT (guest speaker for topic 2)
Martinez	Mathieu	EPEX SPOT (guest speaker for topic 2)
Aertsens	Walter	Infrabel
Brasseur	François	SPF Economie
Canière	Hugo	Belgian Offshore Platform
Coppin	Xavier	Engie
Cuijpers	Christian	CREG
De Batty	Nicolas	Edf Luminus
De Kinderen	Eric	Engie
Laleman	Ruben	Engie
Michel	Jerome	Edf Trading
Platbrood	Ludovic	Eneco/FEBEG
Robaye	Hélène	Engie
Scheurs	Kristof	Febeg
Schoutteet	Nico	Creg
Van Bossuyt	Michaël	Febeliec
Van Bruwaene	Mattijs	Edf Luminus
Van Nuffel	Margot	Otary
Vanderspreeten	Eline	FOD ECONOMIE

## 1. AGENDA

### European Market Design

1. Intraday design on Nemo Link
2. EPEX SPOT: decoupling on 7/06
3. CEP 70%: state of play for Belgium and in EU
4. CORE: long-term capacity calculation and splitting rules

### System Operation

5. Update regarding emergency & restoration

## 2. REPORT

J. Matthys-Donnadieu opens the meeting by welcoming all participants, and in particular guest speakers D. Besnier and M. Martinez from EPEX SPOT who join the meeting to provide feedback on the recent partial decoupling event.

No remarks have been received on the MoM from the Apr 23<sup>rd</sup> meeting, the MoM are approved.

The proposed agenda for today's meeting is approved.

### 1. Intraday design on Nemo Link

G. Etienne presents the introduction of the ID explicit product on the BE-GB bidding zone border. It concerns a first version aiming to have a pragmatic solution implemented by end of year.

The planning is a best estimate, driven by a regulatory track, whilst the potential impact of external factors (Brexit etc.) is to be monitored.

Public consultation will be held in July.

A question is raised why a neutralization time of 75 min is applied whilst on other bidding zone borders a 60 min window is applicable. Elia clarifies this is due to the current limitation in the UK grid code, and notes the point down for potential improvement in future versions.

A question is raised about the exact timing of the bidding window. Elia clarifies this timing is set to 25 min.

Market parties welcome this development.

## 2. EPEX SPOT: decoupling on June 7th

D. Besnier and M. Martinez describe the root causes of the incident and the corrective measures that have been taken.

Questions are raised on the events that lead to the partial decoupling:

- What was exactly the error with the order? D. Besnier explains a bad attribute (order type) caused the issue. There is no suspicion that this was done intentionally. This attribute had to be changed before the order could be cancelled and synchronization could be achieved between trading and auction module;
- Why hasn't the order been automatically rejected? D. Besnier explains this was a bug in the system, which has now been fixed.

A debate follows on the publication of erroneous local auctions results with very high prices in Belgium:

- Febeliec formally states it strongly regrets this as it undermines the robustness of the pricing, and urges everyone to look into the procedures to identify and implement improvements. Today is the start of a longer debate on what happened;
- Infrabel questions why the high prices – hitting the 3000 €/MWh cap and thus indicating scarcity – didn't send off alarm bells, why Belgium has been impacted more compared to other countries, and if it wouldn't be relevant to publish also information on production and load? J. Matthys-Donnadieu informs that production and load data is available on Elia's website, moreover the objective must be to avoid publishing erroneous prices. D. Besnier confirms that EPEX procedures have been updated to include an additional manual check of auction results, and will verify if there can be a deeper investigation on how the reduced order book led to the high prices in Belgium;
- Otary asks if it is possible to ex-post simulate what the price would have been if the error had not occurred? D. Besnier replies that EPEX need to check internally if it's possible/relevant or not;
- Otary questions if the final published price is correct given a lot of hours with negative prices in Belgium. Some reactions that in low load (Saturday) – high wind conditions negative prices can occur.

Furthermore, the link with MNA is briefly discussed:

- CREG asks what is foreseen to ensure that order books of NP & EPEX are shared following MNA go-live. It is clarified that in case one NEMO is decoupled from the system, the other NEMO which remains coupled is still active setting a price.
- Engie comments that in UK the partial decoupling resulted in two prices, one for EPEX and one for NP;

- Elia comments that in Belgium the reference price is the weighted average of the prices of all NEMOs, and that generally the changes brought by MNA can be consulted in the relevant decision documents of CREG.

Market parties support the elaboration of further measures as presented by EPEX.

J. Matthys-Donnadieu concludes this topic by thanking D. Besnier and M. Martinez for sharing their insights on this unfortunate event, and highlights the importance of the measure on improving communication.

### **3. CEP 70%: state of play for Belgium and in EU**

S. Van Campenhout presents the probable approach for Belgium with respect to the minimum threshold for capacity of 70% as embedded in the Clean Energy Package.

The envisioned approach consists of targeted derogations dealing with the impact of loopflows and long-duration outages for works, whilst the result of how ad hoc situations have been dealt with is evaluated via compliance monitoring.

A question is raised on how the derogations will define the capacities to be made available. Elia explains its view that derogations can be designed as a 'rule book', where the rules define the conditions under which the derogation can be applied whilst the evaluation of the need to actually apply it and the resulting capacity value is part of the coordinated capacity calculation process. Such 'rule book' approach is considered as a more efficient application of derogations (maximize capacity taking into account latest available information) compared to defining ex-ante capacity targets, since the latter would by nature be more conservative.

An overview is given on the compliance discussion on EU level, and on the expected milestones after summer.

A question is raised on what CEP prescribes in terms of transparency / public consultation of action plans and derogations. Elia clarifies CEP does not entail an obligation to publically consult on action plans (Member State responsibility) nor derogations (NRA responsibility). Hence the initiative from Elia to inform its stakeholders about the approach for Belgium. In addition, it is assumed that CREG's default consultation procedure will apply.

Market parties welcome this transparency.

### **4. CORE: long-term capacity calculation and splitting rules**

B. Dobbelaere presents the work being done in CORE on long-term capacity calculation and splitting rules.

Elia's position is to have reasonable yet ambitious long-term capacities. The methodology is still quite open at this stage. Multiple parameters need to be decided upon.

Febeliec favors the 'top-down' approach to distribute the capacity and raises attention to

- Base case quality: 0 NTC on 1 CNEC leads to 0 for all borders, making the parallel to LTA inclusion for DA FB in CWE. Elia replies there is indeed a need for a fix to overcome such situation, which will be of different nature as the LTA inclusion for DA FB (as this concept is not applicable to long term capacity calculation)
- CNEC: freedom of choice on MS/TSO level

On the splitting rules, Elia explains that a 100-0 split is not seen as FCA compliant by CORE NRAs, hence 50-50 is the starting point for public consultation. Market parties raise attention to the risk of inefficient use of capacity due to such split.

Elia concludes this topic by inviting market parties to contribute their ideas via the public consultation.

## **5. Update regarding emergency & restoration**

P. Van Meirhaeghe presents a state of play on emergency & restoration activities: timeline, approval status, communication requirements and test plan.

The approval process, involving CREG and Ministry, is ongoing. Elia will consult and submit a new version of the T&C for RPSs, following CREG's disapproval of the initial version.

On the SGU topic, a question is raised on the legal consequences of not having notified SGUs that they are SGUs prior to Dec '18. **Action point: Elia will check with its Legal department.**

A heads up is given on the upcoming work for defining a test plan. Elia will come back to this topic in a next meeting. A question is raised if the test plan is expected to have an impact on the grid users. Elia answers it will have an impact on the RSPs.

## **6. AOB**

No points raised, the meeting is concluded.

## **3. DATE FOR NEXT MEETING**

A date has to be set for a next meeting in Sep / Oct.