Minutes of Meeting
WG EMD & SO Feb 7, 2020

Participants

Matthys-Donnadieu	James	ELIA, Co-Chairman
Carton	Filip	ELIA, Co-Chairman
Van Campenhout	Steve	ELIA, Secretary
Genêt	Benjamin	ELIA
Voet	Jan	ELIA (for agenda topic 1)
Van Meirhaeghe	Peter	ELIA (for agenda topic 3)
Leroux	Amandine	ELIA (for agenda topic 3)
Le Page	Jérôme	EFET
Coppin	Xavier	Engie
Maes	Guillaume	Engie
Robbelein	Jo	FOD
Waignier	Jean-François	FEBEG
Van Bossuyt	Michaël	Febeliec
Van Nuffel	Margot	Otary

1. AGENDA

European Market Design

1. Future-proofing the EU energy system towards 2030
2. CEP70: first feedback // run

System Operation

3. Update regarding emergency & restoration

AOB

2. REPORT

F. Carton opens the meeting by welcoming all participants.

No remarks have been received on the MoM from the Oct 10th meeting, the MoM are therefore approved.

The proposed agenda for today's meeting is approved.

1. Future-proofing the EU energy system towards 2030

J. Voet presents the Elia Group study introducing 'flex-in-market' into the European market design framework.

The working group has a lively discussion on the topic touching upon a) motivation / objective b) design aspects and c) implementation timing.

Motivation / objective

- Febeliec formally disagrees with any solution that could increase the cost for Belgian consumers, and perceives that the flex-in-market principle shifts the challenge of solving congestion to the market hereby triggering a redistribution effect across bidding zones;
- Elia responds that a structurally efficient European market – which by design optimizes the welfare on European scale – is important also for Belgium as Belgium is structurally dependant on imports. Furthermore, the current design where the outcome of the day-ahead market is changed through subsequent redispatch creates distortions. These distortions are known yet not captured in a theoretical welfare model. Finally, a bidding zone review would also trigger the 'shift of congestion' and redistribution effects;
- EFET highlights that the question on how to make most efficient use of the available grid capacity in an EU setting is a pertinent one. The merit of the study is that it initiates a debate around it. In this debate EFET appreciates a reflection regarding the role of each party and the representativeness of the energy price, as currently market parties are "shielded within bidding zones" whilst TSOs are managing the interface between congestion and consumer.

Design aspects

- Compatibility with the CEP 70% rule? Answer: by ensuring that internal lines do not reduce a reference minimum 70% domain consisting of only cross-border lines;
- Each PST/HVDC that would be added to the allocation phase introduces more degrees of flexibility. Will this not emphasize the flow factor competition effect? Answer: it's how far away from the congestion you are that matters most, not so much the size of the bidding zone;

- Is price setting in a dispatch hub comparable to the Italy North system? Answer: no, the market sets the price whereas in Italy North this is an ex-post administrative price;
- Will all DE consumers pay the same price? DE consumers pay the same price except if they participate to a dispatch hub;
- How volatile over time is the configuration of dispatch hubs? Answer: this is an open point and the view of market parties is certainly welcome. Elia's view is that dispatch hubs are more flexible to solve different types of congestion (contrary to a bidding zone reconfiguration being a static solution for one congestion), it is however also not the purpose to change the dispatch hub configuration on hourly basis;
- How do you deal with portfolio bidding in the 'RD potential bids' scheme? Answer: both schemes require locational information re. the volumes linked to RD bids;
- Engie remarks that from a production portfolio perspective it is important to understand what the effects are across timeframes (LT-DA-ID) as market parties lose 'make or buy' capabilities. Elia recognizes this and explains that in preliminary discussions most market parties seem to have a preference for the RD potential bids scheme;
- Engie: is this being discussed with CREG? Answer: CREG made a study related to the distortion of after-market RD, advocating to exclude units that would be downward curtailed from participating to the day-ahead market. In Elia's flex-in-market design it's the market that controls the assets instead of TSOs, and also the welfare is optimized.

Implementation timing

- When does Elia see this being implemented? Answer: Elia's first priority remains CEP & Core. As the flex-in-market is a toolbox, its implementation can be envisioned step-wise in the years to come and not necessarily as a big bang in 2025-2030. As a matter of fact, one of the tools in this toolbox is HVDC and by the end of 2020 Elia and Amprion are putting ALEGrO in a flexible manner into the market.

2. Update on CEP 70%

S. Van Campenhout informs that Elia is performing its external // run as planned, including publication of results on JAO.

He clarifies that the implementation encompasses a two-step approach

- Calculate loopflows and derive minRAM targets accordingly;
- Validation phase to verify if with the resulting minRAM targets congestions arise and if these can be managed according to a local RAO.

First insights confirm that

- The derogation on loopflows is functioning as expected, reducing the minRAM target only to the extent strictly necessarily to maintain operational security;

- Amount of minRAM reductions during validation phase is limited.

Question: does the RAO include RD? Answer: yes, it includes RD within the Belgian bidding zone.

Question: what is the representativeness of these results knowing that other TSOs will take more time for their // run? Answer

- Firstly, as Germany has an action plan the German TSOs don't perform a // run. The information on loopflows used by Elia is coming from the actual day-ahead FB capacity calculation process in which the German TSOs are applying their action plan values;
- Secondly, the validation phase is using a local RAO. The objective is not to predict the precise amount of congestion as it would have occurred in the actual day-ahead process, the objective is to evaluate how the local RAO alleviates the congestion.

Market parties welcome the transparency from Elia side.

3. Update regarding emergency & restoration

P. Van Meirhaeghe presents a state of play on emergency & restoration activities:

- Defence and restoration plans have been approved by Ministerial decree on Dec 19th 2019. A non-confidential version can be consulted on the Elia website;
- Test plan and T&C for RSP have been submitted by Elia and are awaiting approval;
- Market suspension rules is to be submitted.
- Elia is contacting all SGUs (~170) for the installation of the voice communication system (black out proof phones). Current experience is that it takes time to get the right people on board, pragmatic cooperation is highly appreciated. It is deemed not possible to complete the roll-out by end 2020.

A. Leroux informs about the process for black start tender for the delivery period 01/01/2021 – 31/12/2023.

4. AOB

A next meeting is targeted in May-June, a doodle will be launched.