

Meeting report

WG EMD-SO

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|------------------|---|
| Date | 04/06/2024 |
| Organiser | Walter Geelen (ELIA), Benjamin Genêt (ELIA) |

| Participants | Attended | Excused |
|-----------------------------------|-------------------------------------|--------------------------|
| Benjamin Genêt (ELIA) - Chair | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Walter Geelen (ELIA) - Chair | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Guillaume Valentin (ELIA) | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Members | | |
| Nico Schoutteet (CREG) | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Ruben Laleman (Engie) | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Olivier Van den Kerckhove (Engie) | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Alan Delferiere (SPF Economie) | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Michaël Van Bossuyt (Febeliec) | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Alexandre Marin (Riva Group) | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Jerome Le Page (EFET) | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Jean-François Waignier (Febeg) | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Rickard Nilsson (Nord Pool Group) | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Jonas Do (Nord Pool Group) | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Jerome Michel (EDF Luminus) | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Aurora Macau (Virya Energy) | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

Elia representatives - presenters

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|-----------------------------|-------------------------------------|--------------------------|
| Silvio Ferreira (ELIA) | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Harold Guisset (ELIA) | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Ruud Bouwhuis (ELIA) | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Steve Van Campenhout (ELIA) | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

Report

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|-------------|--------------------------------|---|--|
| Author | Guillaume Valentin | | |
| Function | EU Market Integration | | |
| Date report | 07/06/2024 | | |
| Status | <input type="checkbox"/> Draft | <input checked="" type="checkbox"/> Final version | |

1 Agenda

| | Domain | Agenda topic | From - Till | Presenter | Time (min) |
|-------|---------|--|---------------|--|-------------|
| 1 | General | Welcome & intro | 15:00 - 15:05 | <i>Chairs</i> | 5 |
| 2 | General | Approval of MoM & status action points | 15:05 - 15:10 | <i>Secretary</i> | 5 |
| 3 | SO | Summer outlook & incompressibility risks | 15:10 - 16:10 | <i>Arnaud Attanasi, Silvio Ferreira</i> | 60 |
| 4 | SO | Status black-out phones | 16:10 - 16:30 | <i>Harold Gulset</i> | 20 |
| 6 | EMD | Core IDCC go-live | 16:30 - 17:00 | <i>Ruud Bouwhuis</i> | 30 |
| 7 | EMD | Forward market: focus FR-BE border and the way forward | 17:00 - 17:20 | <i>Steve Van Campenhout, Cyriac de Villenfagne</i> | 20 |
| 8 | EMD | CACM 2.0 status (Structural congestion, TAG) | 17:20 - 17:35 | <i>Steve Van Campenhout</i> | 15 |
| 10 | General | AOB & conclusions | 17:35 - 17:40 | <i>Chairs/Secretary</i> | 5 |
| Total | | | | | 2:40 |

2 Report & status action points

W. Geelen & B. Genêt open the meeting by welcoming all participants.

The minutes of the meeting from the previous meeting are approved. Status of open action points are discussed and shown in the session file.

Action points were discussed (see updated list in chapter at the end of this report).

3 Summer outlook & incompressibility risks

S. Ferreira presents the summer outlook & incompressibility risks.

He describes the combination of two separate challenges that lead to concerns about incompressibility risks for next summer

- Challenge A: the ability of the market to cope with "well predicted" situations of high renewable generation.
- Challenge B: the ability of the system to maintain sufficient flexibility to cope with unexpected outages or forecasting errors.

Elia's believes that Challenge A needs to be solved within the market (CCMD and PV Flex Readiness). Solving Challenge A would also help to solve Challenge B by freeing up flexibility for the balancing time frame, at least from renewable generation.

M. Van Bossuyt wonders why the assessment of export needs/incompressibility risks is based on some load profiles from 2021. This means that it takes into account the impact of the COVID crisis, but not yet that of Ukraine.

S. Ferreira replies that REN production profiles are using latest wind & PV production cadastre at disposal while work is in progress to refresh load profile data, but it would not change the results much as consumption patterns have remained similar.

M. Van Bossuyt asks what we can observe on p90-95.

S. Ferreira replies that we would mainly see a shift in export demand of 1000 MW above.

M. Van Bossuyt asks if we would also have problems at p95 in September.

S. Ferreira replies that the risk is globally lower in September as we have higher pumped storage availability and nuclear maintenance. It is less critical then.

M. Van Bossuyt questions the nuclear modulation, in particular when Elia asks Engie to modulate the nuclear. He insists that the costs should not be borne by the grid users but by the BRPs. For FEBELIEC, this is fundamental. It is key that the market players do their best to balance their portfolio so that the costs are not borne by the grid users.

W. Geelen clarifies that in the target model we are aligned with a market-based approach to solve these issues and that Elia is working in this direction.

M. Van Bossuyt says that it is not particularly the case today for the last mile in case the network is really under pressure.

W. Geelen mentions that Elia is currently discussing this with the regulators.

M. Van Bossuyt asks whether we have made sure that the forecast error caused by the Sahara dust is now taken into account and what measures have been taken to avoid other such incompressibility situations as on 07.04.2024.

S. Ferreira underlined the importance of establishing a feedback loop to improve the quality of forecasts in order to deal with such situations. Getting signals when this risk is higher is part of the solution.

W. Geelen describes that Elia is looking for technical solutions with DSOs to deal with incompressibility risks. There are also ongoing discussions with the nuclear industry.

M. Van Bossuyt reiterates his concern about who will pay for nuclear. It is necessary to create the right incentives, such as a prohibitive price for BRPs that don't do their job. The grid users should not pay for a nuclear heart stop because of BRP's.

Conclusions:

- Higher export need in 2024 vs 2023, BRP must respect their legal obligations & must solve the problem in the market.
- On the short-term, for the summer 2024, Elia is implementing mitigation measures that could be used as ultimate solutions after all market activations, but before ending up in emergency situations.
- For the next summers, Elia Gears up on RTP, flex ready assets, solution on ENTSO-E level, new market design mechanisms.

4 Status black-out phones

H. Guisset presents the status update of blackout proof communication SGUs.

88 high priority sites

- 43 done
- 19 on-going
- 23 not started
- 3 on hold

96 medium and low priority sites

- not started

No communication between Elia and SGU during reconstruction means slower reconnection of SGU after a black-out. Elia will reach out to the SGU via their Key Account Managers

M. Van Bossuyt mentions that if Elia wants us to do something, please contact us.

Conclusions and action points:

- Work is in progress.

5 Core IDCC go-live.

R. Bouwhuis presents the go-live of the Core IDCC. He describes the go-live and the first results. He mentions that from a process point of view it is running smoothly and automatically. R. Bouwhuis recalls the next steps and the target model.

J. Le Page thanks Ruud for the presentation and notes that the results look reassuring, especially regarding the zero capacity events. However, it was a quiet period, there are still concerns about these zero capacity events.

R. Bouwhuis explains that the TSOs are currently scoping a study to improve capacity and ID methodology. Improvements have been made in the short term, but this study will give a better idea of what needs to be done in the longer term.

S. Van Campenhout adds that in next Core CG meeting (in July), Core TSOs will present the roadmap for the capacity improvement study which includes measures to improve the bidding zone isolation.

J. Le Page says that there is indeed a lot still under discussion. For example, the question of how to extract ATC. It might be interesting to share some discussions like in MCCG and others.

S. Van Campenhout says that we would be happy to receive your feedback on the priorities for discussion and to agree on the scope of the study.

Conclusions and action points:

- IDCC(b) went successfully live on 28th of May.
- ID Auctions go-live is planned on 13th of June.
- Core TSOs are working on a study to improve ID capacities.

6 Forward market: focus FR-BE border and the way forward.

S. Van Campenhout presents the forward market: focus FR-BE border and the way forward.

RTE and Elia acknowledge the need from regulators and market participants to improve hedging opportunities by extending the time horizon of LTTRs and introducing more frequent auctions.

S. Van Campenhout explains that the early auction in 2023 (for the yearly 2024 product) was quite successful and that we will continue this approach this year (for the yearly 2025 product). We are constantly looking for improvements and trying to make the most of the limits of the regulatory environment.

M. Van Bossuyt asked whether two or three years ahead auctions can be expected.

S. Van Campenhout clarifies that it is not foreseen because we cannot preclude on what will happen with the LTFBA project.

M. Van Bossuyt describes that it is also about splitting the volumes and how it should be done, if you would start splitting it over different maturities, making sure that there is some liquidity.

S. Van Campenhout reacts that this is indeed important and expects this to be addressed as part of EC's impact assessment.

J. Le Page asks for confirmation that an early auction in June on the French/Belgian border will not happen this year.

S. Van Campenhout confirms.

J. Le Page asks how the yearly volumes are calculated and then split across the auctions. He observes that the volumes are quite constant from year to year.

S. Van Campenhout explains there is a basic capacity calculation approach taking information about the planned outages for the next year (consolidated process on ENTSO-E level). In the direction from FR to BE the yearly capacity increased last time. This result from last year is used to determine the volume for the first auction this year, by applying a 50:50 split, The volume of the second auction will follow from the new result of the yearly capacity calculation which will be conducted after summer.

B. Genêt highlights the benefits of stepwise improvements and a pragmatic approach to apply these improvements and take their learnings to feed the discussion on the forward market design.

Conclusions and action points:

- The approach for 2024 yearly product will be repeated for 2025 yearly product.

7 CACM 2.0 status

S. Van Campenhout presents the CACM 2.0 – minMACZT 70% way forward.

S. Van Campenhout explains that the signals are becoming clearer that the TSOs won't reach 70% by the end of 2025. CACM 2.0 will not solve all the challenges. Elia expects that the debate on how to align markets with physics will take place at a later stage as part of a structural reform of the electricity market design.

M. Van Bossuyt understands Elia's opinion but does not agree. He points out that the min70% rule was already a compromise and that the ultimate goal remains market integration. He recognises that this topic is very complex. He adds that if the min. 70% rule were enforced, there would be clear incentives with high costs and things would move.

S. Van Campenhout reacts that Elia shares the same goal of market integration but observes that the current congestion management toolkit is not fit for purpose. Elia is willing to discuss this with the market parties in order to make better use of the grid.

B. Genêt points out we are not talking about improvements today as we are merely identifying a need for regulatory debate to improve. Meanwhile, everyone is in 'waiting state' to see what the current regulation will lead to. We are not asking to remove the 70% rule, but we are discussing the next model to foster market integration.

J. Le Page recalled that the 70% rule is some quantification of the general principle to maximize capacity for cross-zonal trade. He suggests that we continue to build on the good level of transparency and use the additional data we have to come up with the next model, which may not be an absolute target, but perhaps something more evolutionary.

M. Van Bossuyt points out that the positive effect we have had from the minimum 70% rule is that everyone has a target and has to work towards it no matter what. It is also easier to monitor.

B. Genêt concludes that Elia brought this topic today in line with the roadmap of the Users' Group. A workshop around this topic could be organised depending on the appetite of the members of the WG.



Conclusions and action points:

- The topic of the min70% will keep being an important topic to follow in the WG. At appropriate times, a workshop could be organised to dive deeper into the topic.

8 AOB

G. Valentin will send an email to invite market parties to join MCCG 27/06 meeting.

M. Van Bossuyt requests to have the summer review by end August so that we don't have to wait till the end of the year. Elia replies that this will be foreseen at the first meeting after summer.

M. Van Bossuyt said that he was surprised that there had not been a presentation on the exceptional situation of the limited export capacity from France.

B. Genêt reacts that given RTE organized a session with market parties, and that CREG recently brought the topic to its consultative group, it was considered being covered. If the need is to get more insights on what is happening, it is necessary and appropriate to involve RTE.

9 Action points concluded during the meeting.

Please find below the overview of closed and new actions discussed during the WG.

| Action | Responsible | Date Raised | Due date | Status |
|--|------------------|-------------|-----------|---------------------------|
| Elia to clarify the questions of M. Van Bossuyt on Emergency & Restoration: LFDD | Elia (W. Geelen) | 29/02/2024 | June 2024 | Closed on 27/03/23 |
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