POSITION

Subject: CREG consultation on CWE ID capacity computation in CWE area- CWE increase/decrease process update: FEBEG answer
Date: 17 May 2019

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Introduction

FEBEG thanks the CREG for organizing this consultation but regrets that this is not an all-CWE NRA consultation as the approval package is an all-CWE TSO proposal.

We would like to split our answer in two parts as the first one concerns the main change of the CWE increase/decrease process update and the second one covers very welcomed improvement proposals on the existing increase/decrease process.

1. DE-AT BZB participation to the increase/decrease process

FEBEG welcomes the inclusion of the DE-AT BZB in the increase/decrease process as it allows the long-term, day-ahead and intraday timeframes to be completely aligned in terms of Bidding Zones configuration.

Nevertheless, FEBEG wonders why APG only uses the CGM DA instead of also using an updated CGM ID for assessing the increase/decrease requests under 4.2.3.1 – Local implementation. As other TSOs do, FEBEG encourages the use of the most recent grid model for capacity calculation or more specifically for the increase/decrease assessment. The most recent grid model which is relevant for this process is the ID grid model which has been updated with the DA market results and the last forecasts/nomination of RES/production.

2. Improvement proposals related to the existing process

FEBEG would like to share with CREG some improvement proposals that aim at increasing the overall efficiency of intraday markets, by trying to maximize the cross-border trading possibilities. FEBEG regrets the recent decision to abandon the coordinated CWE intraday capacity calculation, despite the decision B(1732) taken by CREG, where CREG requested this recomputation to be in place by 1st October 2018.

Therefore, FEBEG considers that all efforts should now be put in place to improve the current increase/decrease process, since it will remain in place until the full CORE FB ID CC is in place.

In particular, FEBEG would like to ensure that opportunities to identify additional cross-border trading capacities are not missed, by not requesting the current increase/decrease process at all or several times. Cross-border Intraday trading being of utmost importance for balancing a portfolio closer to real-time and to further integrate intraday markets. Those proposals also aim at increasing transparency as market comprehension is key for the market parties.

The increase process should be systematic

FEBEG proposes that the increase request should be systematic and analyzed with a finer granularity in terms of volumes [MW]. Each TSO should increase the ID ATC (with a fine MW granularity e.g. 1 MW) until this increase creates operational issues on the grid (for the sake of clarity, an increase request of 0MW is an acceptable request). This approach would also allow to not consider the current ID ATC increase cap (e.g. 300MW on BE-FR) as the ID increase process is built bottom-up and stops when a constraint is identified. Moreover, working with smaller granularity could potentially allow to avoid rejecting a proposed increase only due to its size.

The increase/decrease request process should be published

FEBEG considers that all the TSOs requests should be published in order to ensure full transparency to the market.

The acceptance/(partial) refusal of an increase/decrease should be published as well as the reason for the refusal

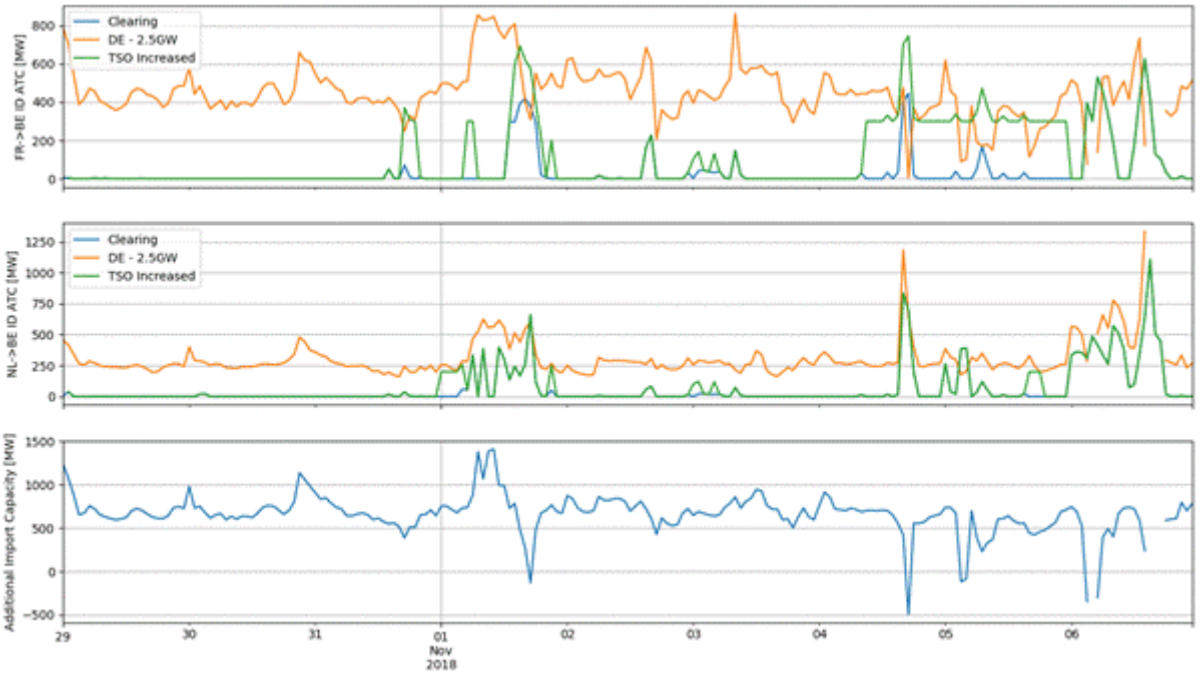
Under the fourth or fifth step of the general principles "Evaluation des demandes" & "Consolidation des réponses", transparency should be made on the acceptance or the refusal by a TSO of the neighboring TSO 'systematic increase request. Again, the TSO should publish what grid element's constraint/situation justifies the (partial) refusal.

Moreover, concerning the fourth step, FEBEG would like to remind a remark that has already been expressed in the past. This step is seen as superfluous as the TSOs already assessed what was possible on their side in terms of system security during the step 2 "Demande d'augmentation/notification de diminution". FEBEG would therefore welcome more clarity on this.

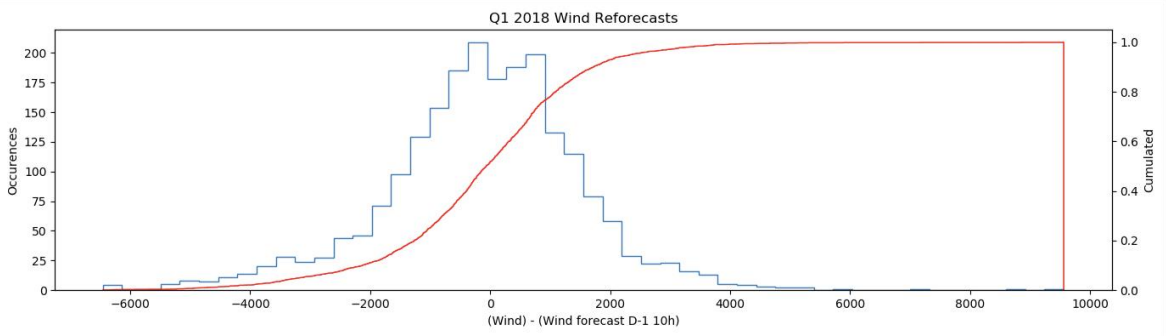
The increase/decrease process should be dynamic, i.e. being recalculated several times per day as the market clearing point evolve

The computation of the ATC ID domain, based on the DA FB domain hence on the DA PTDF should be done several times per day, and not only once in D-1 in the afternoon. Indeed, depending on the evolution of the physical situation (starting with the main influencing factors such as the wind production in Germany), one could already create important additional possibilities to increase the welfare in the intraday market by increasing the ID ATC. To avoid any misunderstanding, we plead here for the update of the ATC domain only, using the last grid model used by the individual TSOs. We do not refer to an update of the full Flow Based domain (as mentioned in the beginning of the paper, we took note and regret the decision to abandon the CWE FB ID CC).

In order to illustrate the benefit of such pragmatic approach, let's observe the situation between 29th of October and 6th of November. Assuming (theoretical example for illustration purpose) that there is 2,5 GW less wind in Germany than expected in D-2, the estimated additional import capacity for BE is significantly improved, as illustrated in the charts below. The green curve represents the capacity effectively released in the market, while the orange curve represents the capacity that could have been released if the wind forecast would have decreased with 2.5 GW, without recomputing the domain.



Important variations in the wind forecast of D-2 compared to the forecast D-1 are often observed. To illustrate this, let's take the distribution of difference between D-2 and D-1 wind forecast in Germany observed over Q118:



A deviation of at least 1 GW is observed during 25% of the time and the standard deviation amounts to 1652 MW. A deviation of at least 2,5 GW is observed during 12% of the time. Note that despite multiple request from market parties, there is at this stage no publication by TSOs of the assumptions retained in the D2CF for decentralized generation embedded in the vertical load (in particular wind).

Conclusion

In conclusion, FEBEG suggests that all efforts are undertaken in order to set up as soon as possible a **frequent recomputation** of the ID ATC domain – even in the absence of a full domain recomputation – depending on the evolution of the main impacting factors, (wind conditions being one of them) as a pragmatic step forward.

Nico Schoutteet

From: Van Bossuyt Michael <mvanbossuyt@febeliec.be>
Sent: 17 May 2019 11:27
To: consult.1924; Andreas Tirez
Cc: FEBELIEC; Baerts Marie-Pierre
Subject: Febeliec answer to the CREG consultation on the modification of the methodology for the calculation of intraday capacity in CWE though the increase/decrease process

Beste Andreas, Nico,

Gelieve hieronder het Febeliec antwoord op deze consultatie terug te vinden.

In geval van vragen, aarzel niet ons te contacteren.

Vriendelijke groeten,

Michaël

Febeliec answer to the CREG consultation on the modification of the methodology for the calculation of intraday capacity in CWE though the increase/decrease process

Febeliec would like to thank CREG for the consultation on the modification of the methodology for the calculation of intraday capacity in CWE though the increase/decrease process.

On intraday capacity calculation and allocation, Febeliec is of the opinion that **all** available cross-border capacity should be given to the market as early as possible, starting from the forward timeframe(s), taking into account the security of the grid, and that in any case it should be avoided to reserve capacity for the intraday timeframe that could have been given to earlier timeframes. The intraday timeframe cross-border capacity should consist on the one hand of the remaining capacity from earlier timeframes, so after the conclusion of the day-ahead timeframe, an on the other hand of all additional capacity that could be made available by the TSOs through recalculation and updates of their perimeters and grid state, because of lesser uncertainties and safety margins that need to be applied the closer one gets to the real-time timeframe, including through the intraday increase/decrease process discussed in this proposal from the TSOs. For the latter, Febeliec is strongly of the opinion that each TSO must always and in any circumstance, except violation of the security of the grid, request an increase of the intraday cross-border capacity in all possible directions and for each border, as seems to be currently already the case for Elia. This request should then be analysed in a coordinated regional assessment process, taking into account security of the grid, after which it can be approved, partially approved or rejected. In case of partial acceptance or rejection, a clarification should be given and published transparently to all stakeholders. Febeliec takes note of the fact that an increase value can (and according to Febeliec should) be requested; Febeliec does however not see the need to have the same fixed value in the request for each hour and each border/direction, but in case such approach would be followed, a sufficiently high value should be requested, as it is always possible to only partially grant an increase in intraday capacity and it would be a social welfare loss not to grant all the possible intraday cross-border capacity that could have been additionally made available with non-costly remedial actions.

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Febeliec represents the industrial consumers of electricity and natural gas in Belgium.

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CREG consultation on the update of the CWE increase/decrease process for cross-border capacity allocation in intraday

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EFET response – 16 May 2019

The European Federation of Energy Traders (EFET) thanks CREG for the opportunity to react to the TSOs proposal to amend the CWE increase/decrease process for cross-border capacity allocation in intraday. We would nonetheless have welcomed an ex-ante interaction with the TSOs to give our view on the proposal, and a formal consultation by all CWE regulators. For the sake of transparency, this response will be shared with all concerned TSOs and NRAs.

You will find below our comments with regard to the changes proposed by the TSOs, as well as a series of recommendations to improve the existing process overall.

1. Extension of the CWE increase-decrease process to the German-Austrian border

EFET welcomes the inclusion of the DE-AT bidding zone border in the CWE increase/decrease process for cross-border capacity allocation in intraday. It ensures **consistency in the rules** governing capacity allocation for intraday at all borders the CWE region. As far as **consistency in the application of the rules** is concerned, we refer to the second part of our response to this consultation.

We have concerns with APG using the day-ahead common grid model (CGM) instead of also using both the day-ahead and an updated intraday CGM to assess the increase/decrease requests (Point 4.2.3.1 – Local implementation). EFET urges APG to use the most recent grid model to assess the increase/decrease requests. The most recent grid model which is relevant for this process is the intraday CGM, which has been updated with the day-ahead market results and the last forecasts/nomination of RES/production.

2. Improvement recommendations to the existing process

EFET regrets the recent decision of the TSOs to abandon the coordinated CWE intraday flow-based capacity calculation project despite the CREG decision B(1732), where intraday capacity re-computation was requested to be in place by 1st October 2018. Considering this, we believe a number of improvements can be made to the current increase/decrease process in CWE. This would increase the overall efficiency of intraday markets by maximising cross-border trading possibilities while waiting for the implementation of the new coordinated intraday capacity calculation methodology for the whole CORE region.

Proposal a: The increase process should be systematic

EFET proposes that the increase request should be systematic and analysed with a finer granularity in terms of volumes [MW]. Each TSO should request an increase of the intraday ATC (with a fine MW granularity e.g. 1 MW) until this increase creates operational issues on the grid (for the sake of clarity, an increase request of 0MW is an acceptable request). This approach would also allow going above the current intraday ATC increase cap (e.g. 300MW on BE-FR) as the intraday increase process is built bottom-up and stops when a constraint is identified. Moreover, working with smaller granularity could potentially avoid rejecting a proposed increase only due to its size.

Proposal b: The increase/decrease request process should be published

EFET considers that all the TSO requests should be published in order to ensure full transparency to the market.

Proposal c: The decision of acceptance/(partial) refusal of an increase/decrease should be published, and any (partial) refusal justified

Under the fourth or fifth steps of the general principles “Evaluation of requests” & “Consolidation of responses”, TSOs should disclose their decision of acceptance or refusal of a neighbouring TSO’s systematic increase request. Again, the TSO should publish the grid constraint/situation that justifies a (partial) refusal.

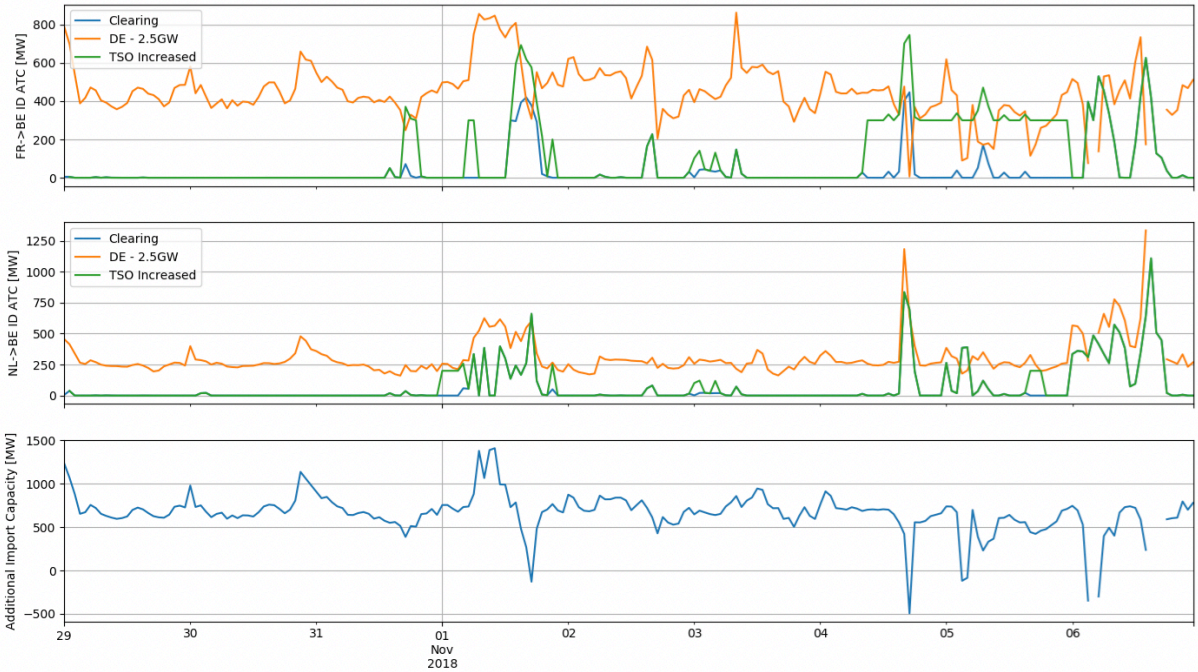
Moreover, concerning the fourth step, we would like to reiterate that we judge this step superfluous as the TSOs already assessed what was possible on their side in terms of system security during the step 2 “increase request/notification of decrease”. EFET would therefore welcome more clarity on this.

Proposal d: The increase/decrease process should be dynamic, i.e. being recalculated several times per day as the market clearing point evolves

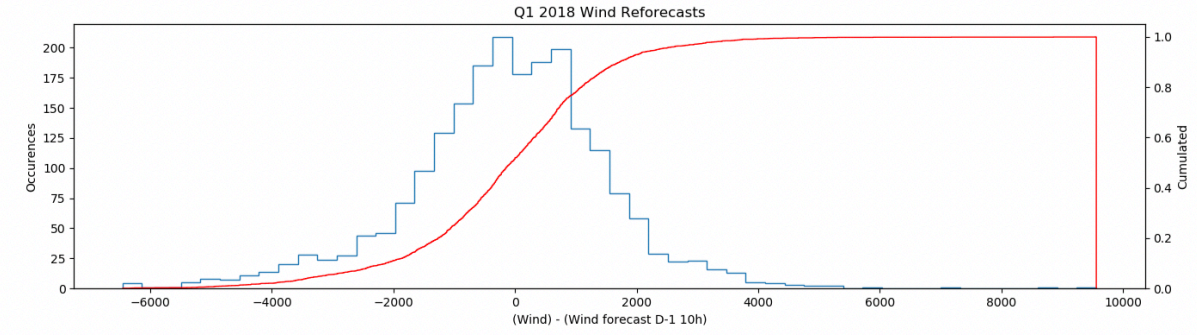
The computation of the ATC intraday domain, based on the day-ahead FB domain derived from day-ahead PTDFs, should be run several times per day, and not only once in D-1 in the afternoon. Indeed, depending on the evolution of the physical situation (starting with the main influencing factors such as the wind production in Germany), changes in fundamentals could create important additional possibilities to increase capacities and hence the welfare of the intraday market. This would only

require an update of the ATC domain, using the last grid model used by the individual TSOs. We do not refer to an update of the full FB domain.

In order to illustrate the benefit of such pragmatic approach, let's observe the situation between 29th of October and 6th of November. Assuming (theoretical example for illustration purpose) that there is 2,5 GW less wind in Germany than expected in D-2, the estimated additional import capacity for BE is significantly improved, as illustrated in the charts below. The green curve represents the capacity effectively released in the market, while the orange curve represents the capacity that could have been released if the wind forecast would have decreased with 2.5 GW, without re-computing the domain.



Important variations in the wind forecast of D-2 compared to the forecast D-1 are often observed. To illustrate this, let's take the distribution of differences between D-2 and D-1 wind forecasts in Germany observed over Q1 2018:



A deviation of at least 1 GW is observed 25% of the time and the standard deviation amounts to 1652 MW. A deviation of at least 2,5 GW is observed 12% of the time. Note that despite multiple requests form market parties, there is at this stage no publication by TSOs of the assumptions retained in the D2CF for decentralised generation embedded in the vertical load (in particular wind).

In conclusion, EFET suggests that all efforts are undertaken in order to set up as soon as possible a **frequent re-computation** of the intraday ATC domain – even in the absence of a full FB domain re-computation – depending on the evolution of the most influencing factors (wind force being one of them) as a pragmatic step forward.