

# Note

(Z)2390  
7 July 2022

Note on the investigation of the CREG related to the postponement of the go-live of the Core Day-Ahead Flow-Based Market Coupling Project

Non-confidential

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# INTRODUCTION

The COMMISSION FOR ELECTRICITY AND GAS REGULATION (hereafter: “CREG”) presents, through this note, the results of its investigations with regards to the decision taken in the Core Joint Steering Committee (hereafter: “Core JSC”) to postpone the go-live of the Core Day-Ahead Flow-Based Market Coupling Project (hereafter: “Core DA FB MC Project”).

The CREG was notified of the decision to postpone the go-live – foreseen on 20 April 2022 after several earlier shifts of the (legal or practical) deadline for the implementation – shortly after the decision has been taken in the Core Joint Steering Committee of 8 April 2022.

This note reflects the results of the investigations of the CREG with regards to the validity of the arguments brought forward by the Core Project Parties, the appropriateness of the actions taken and the likelihood that the proposed measures will actually address the problems that led to the delay of the go-live.

This note is divided in four sections. In chapter 1, the context of the decision to postpone the go-live of the Core DA FB MC Project is presented. Chapter 2 presents the views expressed by the Core DA FB MC Project Parties, with a particular emphasis of those parties that voted against the timely go-live. In chapter 3, the arguments brought forwards are analysed and complemented with the views of the CREG. Chapter 4, finally, presents the conclusions and some considerations for the future process leading up to the new go-live of the Core DA FB MC Project. Annex I presents the request for justification related to the postponement from the CREG to Elia and Elia’s answers, while Annex 2 presents a first assessment on the extent to which the issues raised and discussed in this note have been addressed and whether material improvements may be observed after the eventual Core DA FB MC Project’s go-live on 8 June 2022.

The Board of Directors of the CREG approved this note during its meeting of 23 May 2022. An updated version of this note, including further analyses post go-live and a description of the CREG’s interactions with other Core NRAs, has been approved on 7 July 2022.

# 1. CONTEXT

1. This section presents, in a brief manner, the main milestones leading up to the go-live of the Core DA FB MC Project, which was foreseen on 20 April 2022. A more in-depth timeline and legal basis may be found in the CACM Regulation and the relevant ACER<sup>1</sup> and Core NRAs<sup>2</sup> decisions.

## 1.1. DEADLINE FOR THE GO-LIVE OF THE CORE DA FB MC PROJECT

2. ACER’s decision, establishing the capacity calculation methodologies for the day-ahead timeframes (hereafter “ACER DA CCM Decision”), was adopted on 21 February 2019 and imposed a deadline for the capacity calculation and allocation (i.e. the “market coupling”) projects to be implemented by 1 December 2020 (see also Art. 28(3) of Annex I to the ACER DA CCM Decision).

3. Prior to and after its adoption in the ACER DA CCM Decision, the Project Parties have objected to the established deadline in December 2020 and claimed that this placed unrealistic expectations that could not be met. Shortly prior to that deadline, in November 2020, Core TSOs submitted a request for amendment to the methodology, including its ultimate date of implementation, proposing an alternative go-live deadline in February 2022. These amendments were approved by the Core NRAs, including the CREG, in May – June 2021, through the “Core NRA CCM Approval”

4. On 19 November 2021, Core Project Parties informed ACER, Core NRAs and other stakeholders that the new deadline would not be met, due to external dependencies and technical issues causing delays in the so-called “Core Joint Integration Testing” phase.

Source	Legal deadline	Practical deadline	Reason for postponement (according to Project Parties)
<b>ACER DA CCM Decision</b>	1 December 2020	1 December 2020	Highly ambitious deadline in ACER DA CCM Decision
<b>Core NRA CCM Approval</b>	28 February 2022	28 February 2022	External dependencies and technical issues in JIT phase <sup>3</sup>
		20 April 2022	Scope of this investigation <sup>4</sup>
		8 June 2022 <sup>5</sup>	Not applicable

**Table 1** Overview of (legal) deadlines for the Core DA FB MC Project’s go-live

<sup>1</sup> Decision No 02/2019 of the Agency for the Cooperation of Energy Regulators of 21 February 2019 on the Core CCR TSOs’ proposals for the regional design of the day-ahead and intraday common capacity calculation methodologies

<sup>2</sup> Décision (B) 2241 relative à la demande d’approbation, formulée par la SA ELIA TRANSMISSION BELGIUM et tous les gestionnaires de réseau de transport de la région de calcul de la capacité Core, de modifications apportées à la méthodologie commune pour le calcul de la capacité (available in [French](#) or [Dutch](#))

<sup>3</sup> [Link](#) to the announcement on JAO web page

<sup>4</sup> [Link](#) to the announcement on JAO web page

<sup>5</sup> [Link](#) to the announcement on JAO web page

5. Despite the postponement referred to in paragraph 4 and the postponement currently under investigation, the legal deadline remains the one established through the Core NRA CCM Approval: 28 February 2022.

## **1.2. GO/NO-GO DECISION ON 8 APRIL 2022**

6. On 8 April 2022, a decision to postpone the planned go-live was announced by the Core DA FB MC Project Parties. This decision resulted from earlier discussions held in:

- the Core Implementation Group (Core IG) meetings, where Core TSOs, Core NRAs and ACER are represented;
- the Core Implementation Group+ (Core IG+) meetings, where Core TSOs, Core NRAs, Core NEMOs and ACER are represented;
- the Core Consultative Group (Core CG) meetings, where in addition to the above, also market participants and other stakeholders are invited.

7. From subsequent discussions, in particular during the Core IG+ meeting, it was confirmed that this decision had been taken in the Core Joint Steering Committee (the Core Project Parties' decision-making body). Given that this body operates on unanimity, one (or more) Core Project Parties have the right to veto a go-live. In practice, six Core Project Parties voted against a go-live on 20 April 2022: Elia, RTE and MAVIR (the TSOs of respectively Belgium, France and Hungary) and EPEX SPOT, Nord Pool and HUPX (the NEMOs designated in the same countries).

## **1.3. CALL FOR INVESTIGATION OF THE DELAY**

8. During the meetings of the Core IG(+), ACER has called on the regulators – in particular those competent for the Project Parties blocking the go-live (see section 1.2) – to investigate the reasons that led to the delay. ACER confirmed this request in a press release, published on 13 April 2022.<sup>6</sup> In this communication, based on the understanding of the issues at that time, ACER questioned the arguments and the motives of the blocking Project Parties.

9. Following this message and pursuant to its legal mandate in the Electricity Law, Article 23, §2, 26°, the CREG has requested Elia to further substantiate the arguments that led to the decision to delay the go-live, via a letter dated 28 April 2022. In parallel, Core NRAs have requested all Project Parties – in particular those who voted against the go-live (listed in paragraph 7) – to present their arguments.

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<sup>6</sup> <https://acer.europa.eu/events-and-engagement/news/acer-questions-decision-postponement-go-live-core-region-flow-based>

## 2. REASONS FOR POSTPONEMENT

### 2.1. CORE PROJECT PARTIES

10. Between 25 and 26 April 2022, the six blocking Core Project Parties submitted their justifications of the decision to postpone the go-live to the Core NRAs and ACER. The main reasons are summarized in the table below.

Topic	Main concern(s)	Raised by
Stability of capacity calculation	Frequency of application of fallback procedures, with a high impact on the (maximum) net positions of several bidding zones. Non-fulfillment of relevant key performance indicators.	Nord Pool, RTE, MAVIR, HUPX, Elia
Frequency of ID ATC = 0	Frequency of hours where no cross-zonal intraday capacities are available, far beyond the historical numbers.	Nord Pool, RTE, HUPX, Elia
minRAM violations	Disruptive effect of frequent violations of the 20% minRAM requirement and absence of transparent monitoring allowing an assessment of the appropriateness of these violations.	RTE, Elia
Externalities	Extreme market situations: high and volatile electricity (and gas) prices, impact of the war between Russia and Ukraine,... do not allow for additional risks related to the go-live under the current circumstances.	MAVIR, EPEX SPOT
Concerns expressed by market participants	Calls by stakeholders to address the open issues prior to go-live or, if impossible, postpone the go-live	EPEX SPOT
Other issues	Collaterals for shipping on the AT-SI border, JAO CCP agreement still unresolved,...	MAVIR

**Table 2** Overview of arguments by different Core Project Parties

### 2.2. ELIA

11. The focus of this note, however, lies in the assessment of the argumentation brought forward by Elia, as this TSO falls under the direct jurisdiction of the CREG and essentially (according to the CACM GL provisions) the Core TSOs are responsible for the implementation of the Core DA FB MC Project (even though this is often perceived as a joint TSO – NEMO responsibility).

12. The feedback from Elia to the letter sent by the CREG is attached in ANNEX 1 to this note. Three main concerns are raised:

- the stability concerns;
- the intraday capacity concerns; and
- the undue discrimination concern

These concerns overlap in large parts with the main arguments raised by the other parties in the previous section.

13. It is worth noting that (some of) these issues were raised by Elia, and by other parties (including the CREG), already prior to the decision to postpone the go-live. In particular, such observations have been communicated at the Core Consultative Group meeting (29 March 2022) as well as during Elia's Working Group System Operations and Electricity Market Design (31 March 2022).

### 2.3. MARKET PARTICIPANTS' CONCERNS

14. Following the presentation of (some of) these concerns by Elia and other Core Project Parties (notably TSOs), several market participants have issued a call to postpone the Core DA FB MC Project's go-live. This call was largely based on the positions expressed by the Project Parties, but also on some market participants' (or stakeholders associations') own analyses of the data which is made publicly available in the framework of the external parallel runs. This communication was signed by EFET, IFIEC and MPP on 1 April 2022.<sup>7</sup>

### 2.4. ACTION PLAN FOR GO-LIVE ON 8 JUNE 2022

15. Core Project Parties proposed an action plan which contains elements to remedy the aforementioned problems, in anticipation and shortly after the new planned go-live on 8 June 2022. This is summarized around three main areas of improvement, identified and to be implemented by the Core TSOs:

- on the **stability issues**, concrete evidence needs to be provided that the regional and individual processes work as planned, in a stable manner, for at least 4 subsequent weeks prior to the go-live decision;
- on the **intraday timeframe**, algorithmic improvements and local increase / decrease processes will be implemented or further refined, prior to and shortly after the Core DA FB MC go-live; and
- on the occurrence of **(too) low RAM values**, a dedicated reporting to the Core NRAs and market parties will be established to increase transparency on the occurrence of 20% minRAM violations and their justifications.

16. In its reply to the CREG's request for justification, Elia provided its preliminary assessment of these measures. In conclusion, the argumentation provided by Elia provides support for a positive assessment of the likelihood that these actions will properly mitigate the main concerns raised earlier. In the next section, these considerations will be assessed by the CREG as well.

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<sup>7</sup> Respectively the European Federation of Energy Traders, the International Federation of Industrial Energy Consumers and the Market Parties' Platform. The communication is available here: <https://marketpartiesplatform.eu/download/3/documents/493/efet-ifiec-and-mpp-call-for-postponing-the-go-live-of-core-day-ahead-flow-based-market-coupling.pdf> (link to PDF document)

## 3. CREG INVESTIGATION

### 3.1. CONTENT-WISE

#### 3.1.1. Stability concerns

17. At numerous occasions and in particular in the months shortly preceding the no-go decision for the go-live in April 2022, issues appeared in the individual and regional processes for capacity calculation. These issues have initiated local fallback procedures, whereby – depending on the TSO – very low capacities are provided to the capacity calculation process.

18. An overview of when these fallback processes have been triggered, by whom, and what the implications of these issues are per TSO, is published on the JAO web page (and updated weekly).<sup>8</sup> The CREG notes that the impact of such (local or regional) issues differs strongly according to the established practices from the individual TSOs. While several TSOs have experienced such issues, as may be seen from the tab “Limitations” in the overview, there is a large difference in the way these are dealt with, listed in the sheet “Local fallback options”. Depending on the TSO under consideration and the scenario at hand, higher or lower margins on the critical network elements are provided when these fallback processes are triggered.

19. This is reflected in the impact of these issues on the calculated capacity and is best visible in the maximum net import and export positions of the Core bidding zones. This is demonstrated in Figure 1. The very significant reductions in February, March and April in all Core bidding zones are directly linked to the application of these fallback options, in particular (for the March and April, but also for many of the January and February occurrences) from the application of fallback from so-called “DAVinCy TSOs”<sup>9</sup>. What is remarkable is that the impact of these reductions are far more apparent on other bidding zones (in terms of reduction of the maximum net export / import position), and not necessarily on the bidding zones of these TSOs (Germany / Luxembourg and Austria), with the exception of the Netherlands where similar reductions have been observed.

20. This represents a serious problem with regards to **discriminatory access** when these fallback processes are triggered: German and Austrian market participants continue to benefit from relatively stable access to cross-zonal exchanges, while others (including Belgian, French, but also Czech, Polish, Slovenian and Slovakian) experience significant reductions in their possibilities to trade across borders. As the problem is exactly caused – albeit not intentionally – by TSOs from the German / Luxembourgish and Austrian bidding zones, this constitutes a **moral hazard** problem.

21. It needs to be noted that also other TSOs, including Elia, have experienced the application of fallback processes due to internal errors in the capacity calculation process. Yet, due to the higher standards for providing margins in these circumstances, the negative effects (in terms of lower margins and capacities) are mitigated more efficiently.<sup>10</sup>

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<sup>8</sup> [http://www.jao.eu/sites/default/files/2022-04/Core%20EXT%20parallel%20run%20-%20Published%20BDs%2C%20limitations%20and%20Ramr%20values\\_1.xlsx](http://www.jao.eu/sites/default/files/2022-04/Core%20EXT%20parallel%20run%20-%20Published%20BDs%2C%20limitations%20and%20Ramr%20values_1.xlsx) (link to Excel-file)

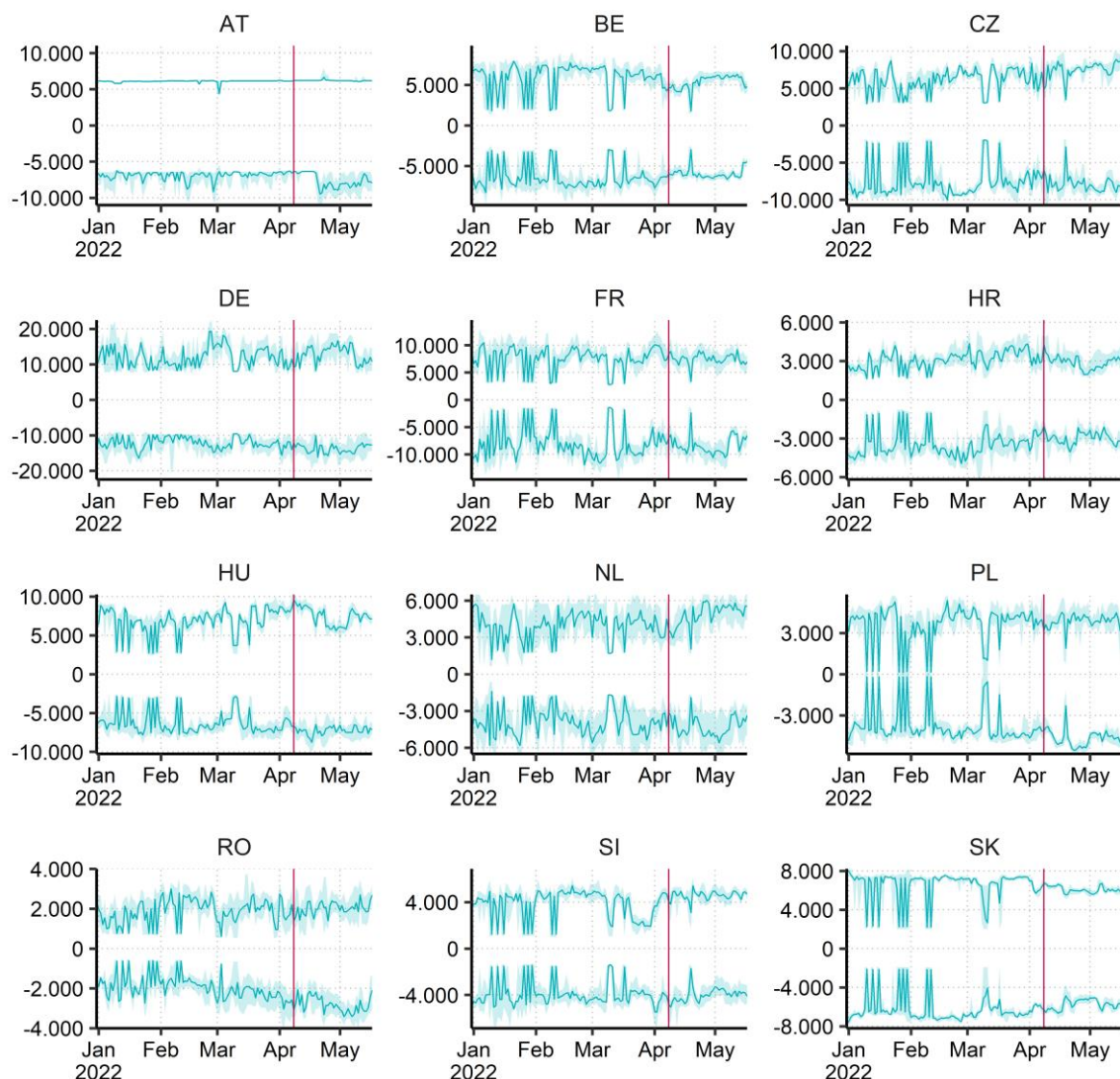
<sup>9</sup> These DAVinCy TSOs are TenneT NL, APG and the four German TSOs. These TSOs apply a coordinated validation process.

<sup>10</sup> For example, both the DAVinCy TSOs as well as Elia provide a minimum margin of 20% in these cases, yet Elia does not subtract the unscheduled allocated flows from this value – while DAVinCy TSOs do. This has a big impact on which margins are made available. As demonstrated in CREG’s Note (Z) 2359 which contains the external parallel run results’ assessment, these  $F_{\text{uaf}}$  values vary significantly among TSOs and can reach up to 20% of  $F_{\text{max}}$ , on average, for certain TSOs (see also Figure 5 of that study).



### Maximum export and import positions per Core bidding zone

Daily average (line) and highest/lowest (shaded area) maximum import and export positions, in MW (1/1/2022 - 18/5/2022)



Source: calculations CREG based on data JAO Publication Tool

**Figure 1** Maximum export and import positions per Core bidding zone (between 1 Jan and 18 May 2022)<sup>11</sup>

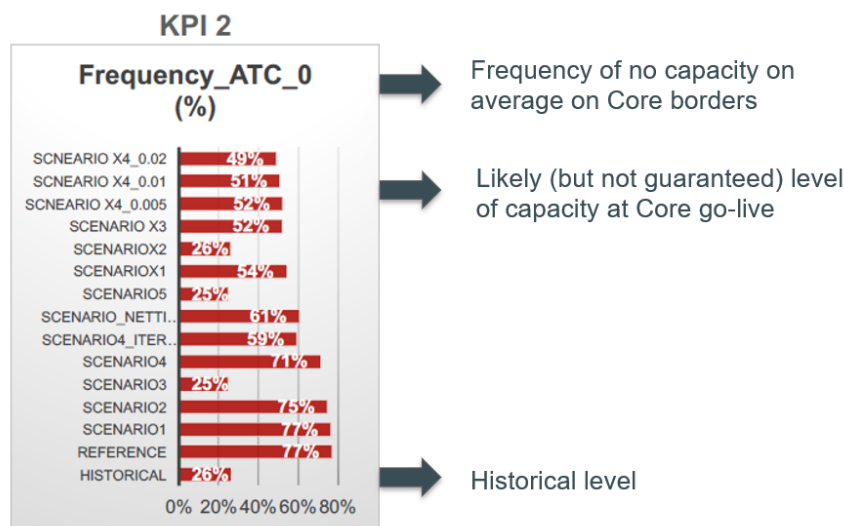
22. In conclusion, the CREG expects that measures are put in place to (i) avoid the occurrence of these fallback procedures, and (ii) mitigate the impact when they materialize regardless, in particular by ensuring minimum margins. The CREG takes note of the fact that no such occurrences have been reported in the recent weeks, as also shown in Figure 1 and the aforementioned overview of limitations. However, there is no evidence that progress has been made or is foreseen with regards to the minimum capacities. Pending such rules, the problems linked to discrimination and moral hazard will remain.

<sup>11</sup> The red line in the figures indicate 8 April 2022 (i.e. the date of the no-go decision in the Core SG), in order to be able to differentiate between which information was available before and after the decision to postpone the go-live.

### 3.1.2. Intraday capacity concerns

23. During the adoption of the ACER Decision on the Core TSOs’ proposed amendments to the methodology for coordinated capacity calculation in the intraday timeframe (the “ACER Core ID CCM Decision”), new information was brought to the attention of the involved parties. This information related to the simulation of the impact of the new methodology for extracting bilateral ATC (“Available Transfer Capacity”) domains from the day-ahead leftover flow-based domains resulting from the Core DA FB MC. In short, the information presented indicated that a major step back with regards to available cross-zonal capacities for the intraday timeframe is to be expected after the Core DA FB MC Project’s go-live.

24. In particular, Elia (as well as other Project Parties) has stressed that, under various scenarios with different parameters for the ID ATC extraction, the resulting capacities would equal zero much more often than what has been historically observed. The number of hours where no capacity will be available ranges, under these scenarios, from 25% to 77% of the time, against a historical level of 26% (see also Annex 2 of Elia’s justification in ANNEX 1 to this note or Figure 2).



**Figure 2** Expectations about major increase of frequency of zero capacity on Core borders (source: Elia)

25. Very low or completely absent capacities in the intraday timeframe is clearly an unacceptable result from the capacity calculation process. Properly functioning, well-integrated cross-zonal intraday markets are crucial to the energy transition, as they are a prerequisite for the integration of renewable energy sources. These sources typically rely on intraday markets and their liquidity to trade their electricity as close to real time as possible, taking into account their varying output and the need for flexibility.

26. The proposed action plan to mitigate the concerns related to low intraday capacities are focused around algorithmic improvements for the intraday ATC extraction method, the development of local tools to increase (or decrease) intraday capacities and an in-depth monitoring of the outcome of these processes in order to identify further improvements post go-live.

27. Elia assesses that these remedies allow to significantly mitigate the negative effects that were identified prior to the no-go decision. The CREG is of the opinion that many of these improvements constitute so-called “no-regret option” and should therefore be implemented without undue delay, to the extent possible before the new go-live, or as shortly afterwards as possible.

### 3.1.3. Undue discrimination concerns

28. Finally, a major point related to the low margins made available to the cross-zonal exchanges between the Core bidding zones was raised by Elia. This issue has already been extensively discussed and presented by the CREG, in its note on the functioning of the Core DA FB MC's external parallel run.<sup>12</sup>

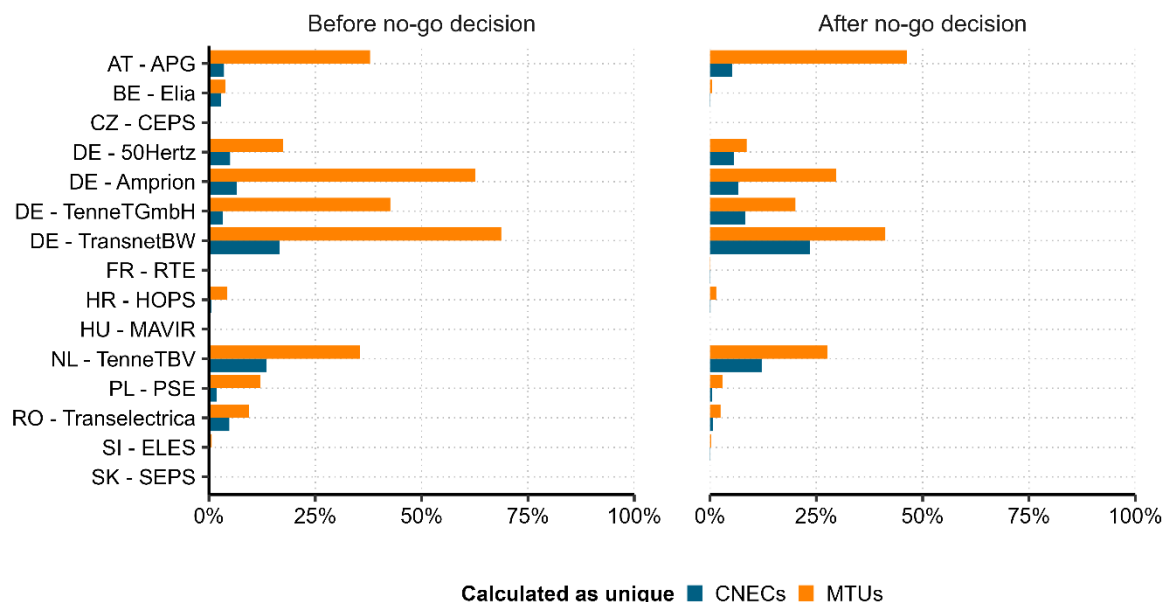
29. In its justification, Elia claims that several TSOs recurrently rely on a reduction of the margins below a threshold of 20% of the  $F_{max}$  on network elements. It is however acknowledged that this is an acceptable practice in the current CWE flow-based market coupling framework and also foreseen, under specific (exceptional) circumstances, in the ACER DA CCM Decision.

30. The CREG acknowledges the position (that was also expressed by ACER<sup>13</sup>) that under specific circumstances, decreasing the RAM below 20% of  $F_{max}$  is allowed. This is also explicitly foreseen under Article 20, paragraph 5 of the ACER DA CCM Decision. However, paragraph (52) in the recitals of the ACER DA CCM Decision also provided that the 20% of  $F_{max}$  is to be considered as an absolute minimum which, in the words of ACER, "should not be questionable". While the former interpretation is probably the legally valid one, it can be demonstrated from the analysis of the parallel runs that the exceptional nature of such reductions is not respected. Elia, relying on calculations made by the CREG, justified this position by showing the occurrence of such breaches of the absolute minimum in the Annex 3 of its reasoning.

31. These calculations are repeated hereunder, based on the period from 1 October 2021 until 7 April 2022 (left) and from 8 April to 18 May 2022(right), in order to be able to track the progress before and after the decision to postpone the go-live.

#### Violations of minimum threshold for available margins (20%)

Count of unique CNECs and unique MTUs where the 20% of  $F_{max}$  threshold is violated per TSO (in % of total CNECs or % of total MTUs)



Source: calculations CREG based on data JAO Publication Tool  
 Note: RAM includes Fltn (flows from nominated physical long-term transmission rights)

Figure 3 Violations of minimum threshold for available margins

<sup>12</sup> For this topic, section 3.2.1.1 and Figure 2 of Note (Z) 2359 are particularly relevant.

<sup>13</sup> For example in the aforementioned press release, see also footnote 6.

32. From Figure 3, it is clear that progress has been made since the decision to postpone the go-live on 8 April 2022, with regards to the number of network elements or distinct market time units where the 20% threshold was not respected. However, there still is a significant number of hours where these violations occur. This is particularly the case for the Austrian TSO, APG, but also to a lesser extent for 50Hertz, Amprion, TenneT DE, TransnetBW, HOPS, TenneTNL, PSE and Transelectrica.

33. These numbers clearly confirm the non-exceptional nature of such reductions. As mentioned by several parties, the CREG confirms that it is of the opinion that the continued and structural reductions of the average margins below this “*absolute minimum*” constitutes a severe breach of the non-discrimination principle. It is in direct contradiction with numerous legal provisions, including the general objectives of the CACM Regulation (Article 3, particularly points (b), (e) and (j)) and the Electricity Regulation (Article 16(4)).

34. The measures proposed in the action plan towards the new go-live do not address the root causes behind this problem. However, the targeted reporting which is foreseen will allow RNAs as well as market participants to observe and quickly respond to these reductions. In due time, pressure to individual TSOs to comply with these minimum requirements, as well as improvements in light of national action plans to meet the 70% threshold of the Electricity Regulation, are foreseen to bring significant improvements.

35. In the meantime, the CREG calls on all Core TSOs, in particular those where such recurrent reductions have been identified, and their NRAs to continue to transparently report these issues and investigate the root causes. The CREG insists that improvements are implemented as soon as possible, either within the framework of coordinated capacity calculation in the Core DA FB MC, or through other means. In any case, the CREG will continue a detailed and diligent monitoring of these issues, as the importance of non-discriminatory access to transmission capacity and the maximization of available cross-zonal capacities cannot be underestimated.

36. The CREG invites all parties, in particular the Core TSOs mentioned in paragraph 32, but also their NRAs and ACER, to not minimize the importance of this problem. Even though, according to the letter of the law (in casu the ACER DA CCM Decision), such reductions could be allowed, the numbers clearly confirm that this possibility is used far beyond its intended purpose and with a disregard for the legal requirements to maximize cross-zonal capacities and allow a non-discriminatory access to the transmission infrastructure.

## 3.2. LEGAL CONSIDERATIONS

37. The legal deadline for the go-live of the Core DA FB MC Project is established, as mentioned under section 1.1, to be on 28 February 2022. As this deadline – and the subsequent practical deadline of 20 April 2022 – have obviously not been met, the CREG is of the opinion that this constitutes a violation of the legal obligations enshrined in the CACM Regulation and the methodologies resulting from its implementation. In particular, these methodologies (the ACER DA CCM Decision and the Core NRAs' CCM Approval) establish these dates as a hard deadline, to be complied with.

38. However, other legal and technical obligations apply, in particular related to the general objectives of the CACM Regulation (Article 3), insisting on the need to foster (amongst others):

- The optimal use of transmission infrastructure;
- The optimization of the calculation and allocation of cross-zonal capacity; and
- The provision of non-discriminatory access to cross-zonal capacity.

Clearly these objectives were not met, given the reservations expressed by the Project Parties, on 8 April 2022. The CREG is therefore of the opinion that the decision to postpone the go-live beyond 20 April 2022 (to be moved to 8 June 2022) has been an appropriate measure.

39. However, the mere decision to postpone the go-live in itself is not a means to ensure compliance with these other legal and technical obligations. The action plan to mitigate these concerns serves this purpose. The CREG is therefore inclined to accept that, under the current circumstances, the decision to postpone in combination with concrete actions to mitigate existing problems is the best way for all Core DA FB MC Project Parties to maximize the compliance with what Elia calls a *“complex and multi-faceted legal framework with many nuanced requirements”*.

## 3.3. PROCEEDINGS BEFORE OTHER CORE NRAS

40. The aforementioned observations and analyses have been shared by the CREG with the other Core NRAs and ACER, following their approval at the CREG's Board of Directors' meeting on 23 May 2022. Other NRAs were invited to present their positions and arguments in favor or against the CREG's conclusions, both via e-mail as well as during a dedicated meeting on 29 June 2022.

41. In general, most Core NRAs were reluctant to express a position on the content-wise argumentation presented by the CREG. Some Core NRAs, however, explicitly disagreed with several points raised before, in particular with regards to the stability concerns observed with the DAVinCY TSOs or with regards to the violations of the minRAM. These parties claim that it is not up to single parties, such as Elia or any of the other blocking Project Parties, to express an appreciation on whether these TSOs would be able to commit to a proper functioning of the Core DA FB MC after the go-live. On the latter point, related to the low margins, these parties and their NRAs claim that, as the provisions in the ACER DA CCM Decision explicitly allow exceptional violations of the 20% minRAM, any occurrence (exceptional or frequent) cannot be used as an argument to postpone the go-live. According to these parties, undue discrimination is a broader issue which cannot and should not be addressed in the Core DA FB MC Project.

42. The CREG explicitly disagrees to these statements and considers, notwithstanding the argumentation brought forwards by these parties, that the decision of Elia and of the other Project Parties, to postpone the go-live early April, was justified in light of the above analyses.

## 4. CONCLUSION

In light of the above considerations, the Commission for Electricity and Gas Regulation is of the opinion that the decision of Elia (as well as of several other Core DA FB MC Project Parties) to postpone the go-live of the Core DA FB MC Project beyond the foreseen deadline of 20 April 2022 constitutes, given the circumstances, an appropriate action.

While the CREG regrets that this important milestone in the coupling and integration of the European day-ahead electricity markets and the implementation of the CACM Regulation is delayed, it welcomes the improvements which were identified.

In particular, improvements to the stability of the day-ahead capacity calculation processes, the increase in available intraday cross-zonal capacities and the transparency of violations of the absolute 20% available margin threshold (as well as a reduced occurrence) are positive evolutions.

The CREG calls on Elia and all other Core TSOs to implement, in a constructive and coordinated manner, all identified improvements in order to ensure the success of the go-live of the Core DA FB MC Project on 8 June 2022.

The CREG finally invites other parties, in particular the other Core NRAs and ACER, to continue discussions on the problems that were identified, leading to the postponement, and the improvements that will be implemented in the medium to short term.



For the Commission for Electricity and Gas Regulation:

Andreas TIREZ  
Director

Laurent JACQUET  
Director

Koen LOCQUET  
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## **ANNEX 1**

**Letter to Elia with request for justification + Response Elia**

## ANNEX 2

### Update on three main issues post go-live

This annex present an update with the most recent figures based on the real operational data of the Core DA FB MC after the go-live on 8 June 2022. These figures are based on the data reported by the Core TSOs on the JAO Publication Tool.<sup>14</sup> Calculations are performed based on the data between 8 June and 5 July 2022.

#### Operational stability

After the Core DA FB MC Project's go-live, no technical issues in the individual or joint processes were reported by the Core TSOs. As far as operational stability of capacity calculation is concerned, it seems that all issues observed during the external parallel runs were resolved.

#### Intraday capacities

The number of hours where the initial intraday ATC extraction yields zero capacities is shown below, in **Figure 4**. On average across all Core borders, capacities equal zero MW during 33,2% of the observed hours between 8 June and 5 July 2022. This number is slightly lower on Belgian borders: 30,5%.

On Belgian borders, large differences exist according to the direction and the concerned border: notably on the French-Belgian (import), Belgian – Dutch (export) and Belgian - German (export) border, these numbers are relatively low (indicating high(er) capacities), while on the others these zero capacities occur relatively often still, averaging around 50% of the time.

This is, however, much better than expected and significantly below most of the simulated occurrences, summarized in section 3.1.2 and Figure 2. In this regards, the efforts of the Core TSOs to improve the intraday ATC extraction method prior to the go-live of the Core DA FB MC have yielded positive results.

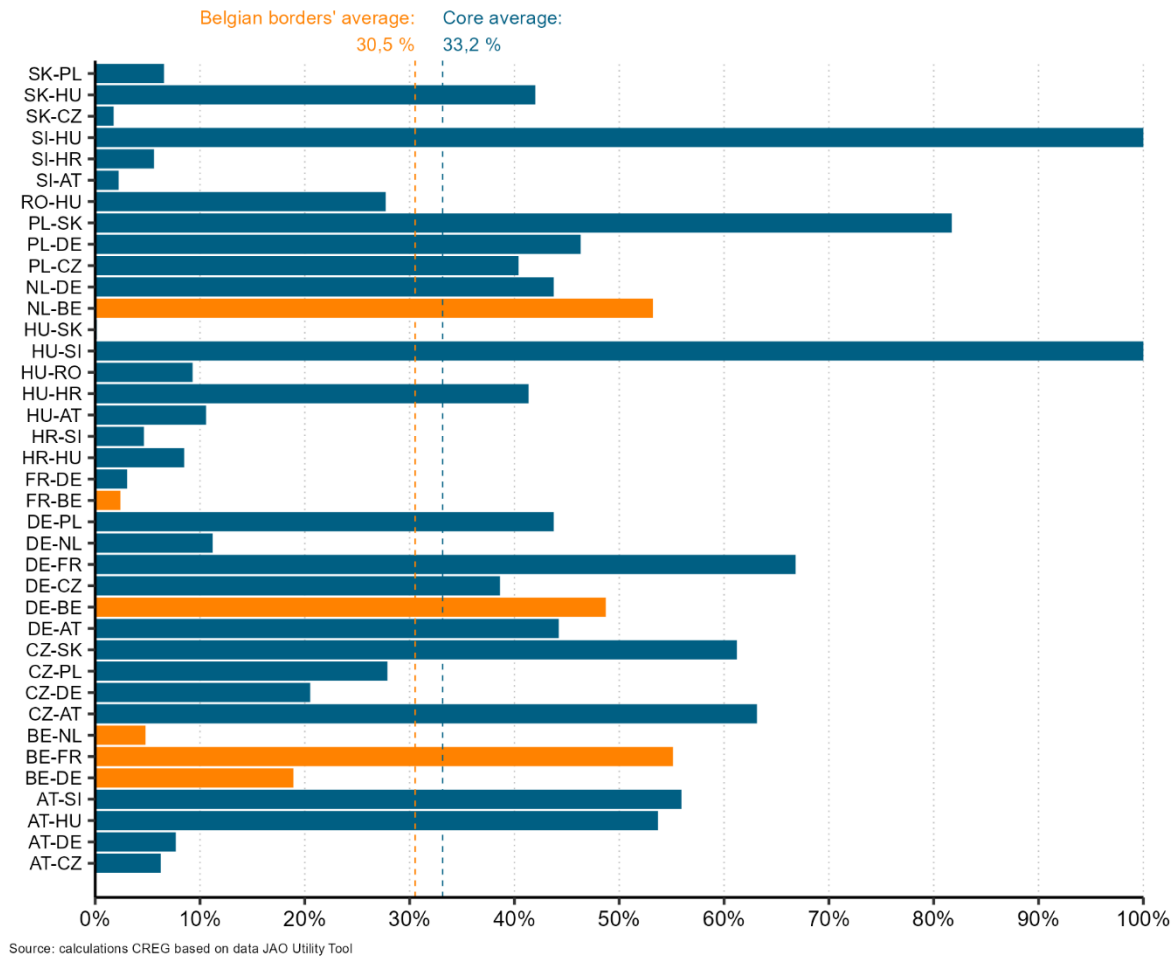
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<sup>14</sup> <https://publicationtool.jao.eu/core/>



## Occurrence of zero capacities in initial intraday ATC extraction

Relative number of hours where ID ATC = 0 per Core border



**Figure 4** Occurrence of zero capacities in initial intraday ATC extraction

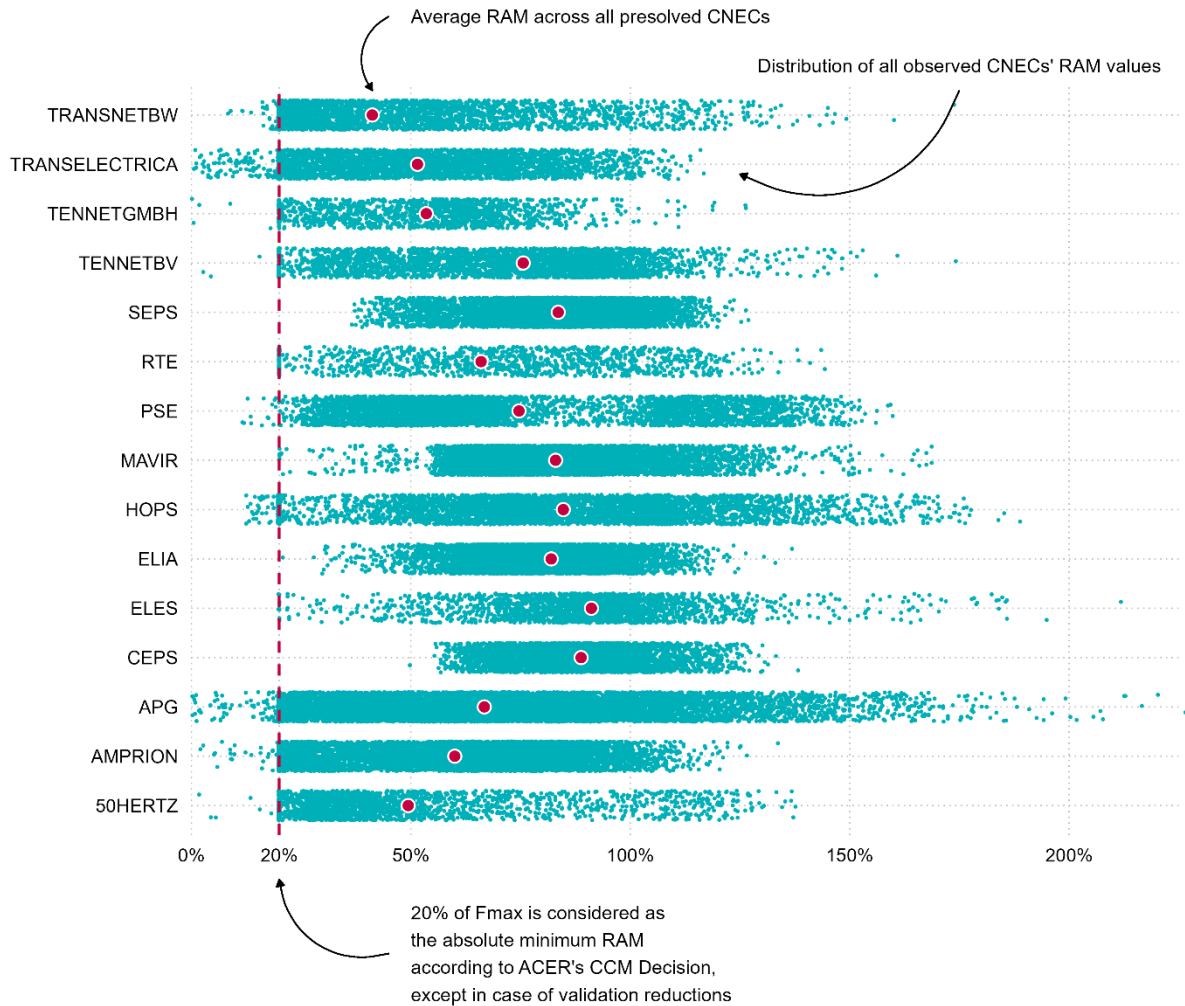
### Undue discrimination

The available margins on critical network elements remain, however, low – especially for some TSOs. Figure 5 shows the distribution (blue dots) and average values (red dots) per TSO of the observed RAM values (including flows from nominated physical long-term transmission rights). The minimum margin, 20%, is indicated with the red line.

Not surprisingly, the same TSOs who reported high occurrence of minRAM violations in section 3.1.3 and Figure 3, report the same issues after the go-live. In particular TransnetBW, Tranelectrica, TenneT Germany, TenneT Netherlands, PSE, HOPS, APG, Amprion and 50Hertz frequently record RAM values below 20% of a CNEC's  $F_{max}$ .

Available margins for cross-zonal exchanges remain low after Core DA FB MC Project's go-live

Distribution of RAM (as % of Fmax) on all presolved CNECs in the final flow-based domains per TSO



Source: calculations CREG based on data JAO Publication Tool  
 Data for 08 June 2022 to 05 July 2022 | 69,740 CNECs observed in 648 presolved final domains  
 Note: RAM includes flows from nominations of long-term physical transmission rights (Fltn)

Figure 5 Available margins for cross-zonal exchanges remain low after Core DA FB MC Project's go-live

It would appear that the root cause(s) of these issues have not been addressed by the relevant TSOs. Indeed, the Core TSOs' action plan only suggest improvements with regards to the transparency on these violations. The first publication of the quarterly report (expected after the summer of 2022) on the validation reductions will need to show to which extent the frequent violation of this fairly conservative metric for avoiding undue discrimination is justified.

**Conclusion**

On the first two of the main problems observed in the parallel runs, namely the (lack of) stability in capacity calculation processes and the low intraday capacities, significant improvements have been observed in the first weeks after the go-live.

On the third problem, however, related to the undue discrimination, the CREG notes that this issue persists and in some cases (for some TSOs) even aggravates. A significant number of timestamps and CNECs still witness available margins (strongly) below the minimum value of 20% of minRAM, which may be breached in exceptional circumstances yet the data suggests that this is not exceptionally applied – to the contrary. This will remain a point of close attention to the CREG.