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CORE TSOs consultation on a methodology for coordinated redispatching and countertrading

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EFET response – 4 October 2018

We thank the TSOs for the draft methodology proposal for coordinated redispatch and countertrading (RDCT) in the Core region. We also thank the TSOs for the organisation of a workshop on the subject at the end of June and the conference call they offered on 21 September. Overall, the document is pedagogical and onboards some of the comments raised by stakeholders during the workshop organised at the end of June 2018.

As a general comment, we attract the TSOs' attention to the wording of the proposal, which sometimes meddles rules and didactic explanations. While this may make the reading of the proposal easier, we are not certain that the explanatory parts have their place in a legal document of this kind.

With regard to the general timeline for the drafting and adoption of this methodology, we note that according to Art. 35 CACM Guideline, the TSO proposal should have been issued and consulted back in March 2018. While we generally do not consider it a good habit for TSOs to take freedom with CACM Guideline deadlines, we nonetheless note that the quality of this RDCT methodology is much higher compared to the methodologies proposed by the TSOs of other CCRs.

However, approaching CACM Guideline deadlines with flexibility should stop here, and in no case make it into the methodology itself: the proposal of the TSOs to wait until the methodologies for cost-sharing, capacity calculation and coordinated security analysis are approved for this methodology on RDCT to become applicable finds no legal basis in Art. 35 or else in the CACM or OS Guidelines. We take note of the TSOs' position that these methodologies are interlinked, however neither the CACM nor the OS Guideline gives legal ground for the TSOs to delay the implementation of Art. 35. The coordination of RDCT actions across bidding zone borders is already a reality, but in a discretionary and opaque manner. Improving the

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efficiency and coordination of RDCT actions at regional level according to a transparent methodology is a no regret step to take as soon as possible, whether or not capacity is calculated according to current or new rules. Likewise, questions of cost-sharing between TSOs should not stand in the way of more efficient RDCT actions: TSOs ought to look at the potential improvements of social welfare at regional level that coordinated RDCT can bring, rather than approach this question from an individual balance sheet perspective. EFET therefore advocates direct application of this methodology once approved by the regulators.

Finally, and in order to reflect the strong physical inter-linkage between Switzerland and CORE Member States – in particular Austria, France and Germany – and with a view to future possible extensions of the CORE region, EFET suggests a close coordination of costly and non-costly remedial actions between CORE TSOs and the Swiss TSO.

Comments on individual articles:

Article 4:

Art.4.1:

- All capacities in the market should be in principle eligible to be selected for RD actions. Hence, transparency obligations should apply to all market participants, not only "relevant" market participants. Any limitations to this eligibility to RD actions and related transparency obligations should be transparently justified.
- If TSOs are to coordinate RD actions, including via the RSCs, the information that market participants provide them should be the same, i.e. there should be no reference to national legislation in this article. We remind the Core TSOs that Art. 35 CACM does not foresee national terms and conditions for coordinated RDCT. Hence, national legislation should be adapted if it comes in the way of the approved methodology, not the other way around.

Article 5:

Art. 5.1: If TSOs are to coordinate CT actions, including via the RSCs, CT resources shared should be the same, i.e. there should be no reference to national legislation in this article. We remind the Core TSOs that Art. 35 CACM does not foresee national terms and conditions for coordinated RDCT. Hence, national legislation should be adapted if it comes in the way of the approved methodology, not the other way around.

Art. 5.1(a): The question of TSOs having direct access to the intraday market is always complex. TSOs are not and should not become market participants; the rules of unbundling enshrined in EU legislation limit their role to that of market facilitators. Having them act on the market – in this case the intraday market – falls outside the usual remit of their activities. Should they act on the intraday market to perform

countertrading, then this activity should be clearly separated from other TSO activities and subject to exactly the same rules and responsibilities as market participants. In particular, TSOs should stay under strict scrutiny of regulators based on REMIT for their activities on the ID market.

Art. 5.1(c): As often mentioned in previous statements, EFET does not oppose the use by TSOs of balancing merit order bids to take congestion management actions. However, full transparency must be granted on the TSO actions to distinguish balancing activations from congestion management actions. This is necessary to ensure a proper allocation of costs (balancing actions are paid directly by BRPs via the imbalance price, congestion management actions by the TSOs) and avoid that BRPs end up supporting the costs of congestion management that should normally fall in the TSO budget. Congestion issues should be revealed in order to trigger the right investments (in transmission but also in generation, demand response, and storage), and should not pollute the imbalance settlement price.

Article 6:

Art. 6.2: The wording of this provision is unclear. Which bidding zone border are we talking about at the end of the paragraph ("a congestion in the control area of the Core TSO present **on the bidding zone border**")?

Article 7:

Art. 7.4: This article foresees the possibility for RDCT actions outside the scope of the coordination, before the day-ahead process, that will be performed at national level without coordination. We believe that the spirit and letter of Art. 35 EB GL shall not allow non-coordinated RDCT actions if they are of cross-border relevance. The last sentence of the paragraph should be removed.

Article 8:

Art. 8.1(a): We would like to have more clarity on the perimeter of the optimisation that will be performed by the RSC, as the expression "exchange of **available** resources" introduces confusion. If TSOs are first performing a limitation at their level of resources at control area level, this will likely be sub-optimal. We think that all resources, with their potential constraints/limitations should be shared to the RSC, which can then perform an overall optimisation, taking into account the necessary restrictions or constraints. Article 11.5. already provides room for not implementing the RSC recommendation in case of system security threat, so there is no need to restrict the remedial action resources at the beginning of the process. For non-costly remedial actions, it seems to be the case (confer our comment on art. 11.9). Why is there a different treatment for costly remedial actions?

Art. 8.4: The number of CSA in intraday is not defined. While we understand that this number is linked to the number of capacity (re)calculations in intraday, this should be made explicit in the methodology.

Article 9:

Art. 9.2: We do not agree with this provision stating that each TSO takes the decision about which resources are shared or not. As mentioned in comments to article 8.1:

- TSOs should make all resources **known** to the RSC, providing the RSC with all necessary information on possible limitations and constraints
- TSOs should provide transparency – at least to the RSCs and the concerned NRA – on the reasons behind the constraints and limitations put on certain resources

Art. 9.3: See comment on Art. 8.4: If changes of remedial actions in intraday are linked to capacity (re)calculations in intraday, this should be made explicit in the methodology.

Article 10:

Art. 10.2(d): Storage seems to be suddenly excluded from the RD actions when it comes identifying prices/costs. Replace "generation units or load units" by "resources".

Article 11:

Art. 11.8(b)(iii): According to this provision, the concerned TSOs choose a remedial actions set proposed by the RSC. There could be cases when the choice of a specific action set by the TSOs in countries A and B has an impact on which action set can be chosen in countries B and C or C and D. How will TSOs ensure the proper functioning of this step in the RDCT coordination? Is there a feedback loop between the TSOs/to the RSC for confirmation that the remedial action sets chosen by different sets of TSOs are compatible. In case this has not been foreseen, we see a danger of incoherence and RSCs may be better placed than individual TSOs to take a decision on RDCT actions as they have the full picture over the coordinated area.

Art. 11.9: This paragraph should apply to both non-costly and costly remedial actions. We see no reason why only non-costly remedial actions are tackled here.

Article 14:

Art. 14.3: The wording of this provision seems redundant with Art. 10.2. Check the coherence of the two provision and the ned for these two provisions.

Art. 14.4: In this paragraph, we understand that the "costs" only refer to the cost **incurred by the TSOs** for the activation of RDCT. Hence why detail elements in brackets that refer to the pricing of RDCT by the market to the TSOs?

Article 17:

Art. 17.1(b) to (e): We note that according to Art. 35 CACM Guideline, this methodology should have been issued and consulted back in March 2018. While we generally do not consider it a good habit for TSOs to take freedom with CACM Guideline deadlines, we nonetheless note that the quality of this RDCT methodology is much higher compared to the methodologies proposed by the TSOs of other CCRs. However, playing with CACM Guideline deadlines should stop there. The proposal of the TSOs to wait until the methodologies for cost-sharing, capacity calculation and coordinated security analysis are approved for this methodology on RDCT to become applicable finds no legal basis in Art. 35 or else in the CACM or OS Guidelines. We take note of the TSOs' position that these methodologies are interlinked, however neither the CACM nor the OS Guideline gives legal ground for the TSOs to delay the implementation of Art. 35. The coordination of RDCT actions across bidding zone borders is already a reality, but in a discretionary and opaque manner. Improving the efficiency and coordination of RDCT actions at regional level according to a transparent methodology is a no regret step to take as soon as possible, whether or not capacity is calculated according to current or new rules. Likewise, questions of cost-sharing between TSOs should not stand in the way of more efficient RDCT actions: TSOs ought to look at the potential improvements of social welfare at regional level that coordinated RDCT can bring, rather than their individual balance sheets. EFET therefore advocates direct application of this methodology once approved by the regulators.