

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



### 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 1<sup>st</sup> 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.

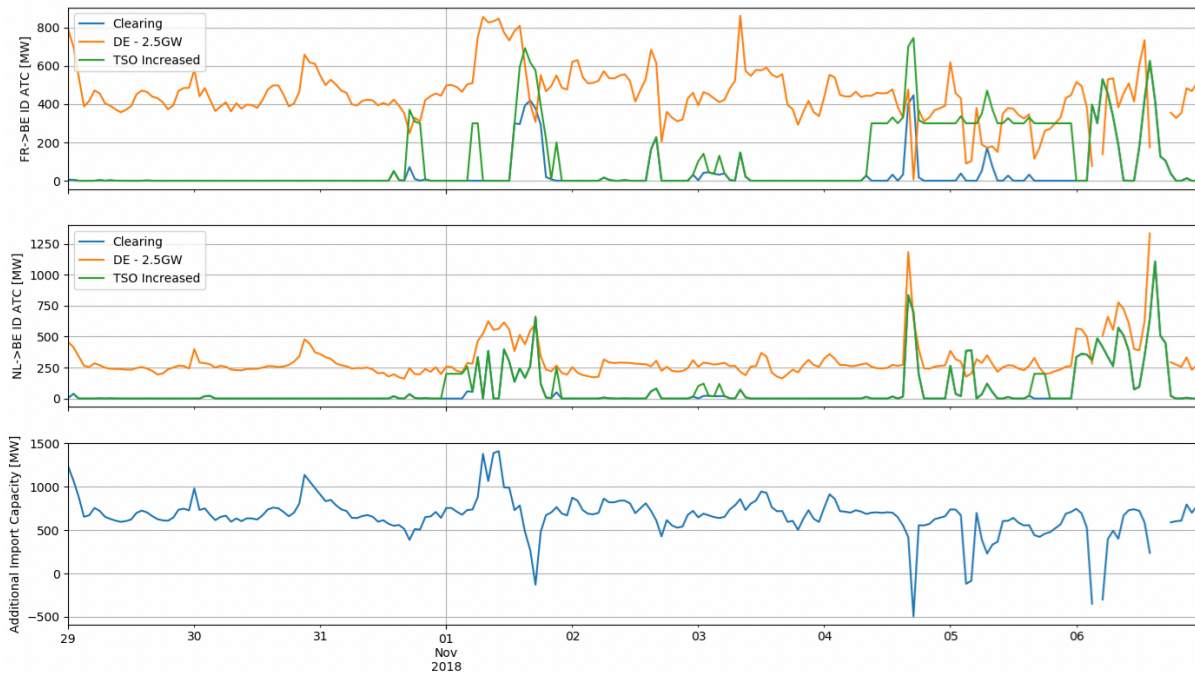
Moreover, concerning the fourth step, we would like to reiterate that we judge this step superfluous as the TSOs already assessed what was possible on their side in terms of system security during the step 2 “increase request/notification of decrease”. EFET would therefore welcome more clarity on this.

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

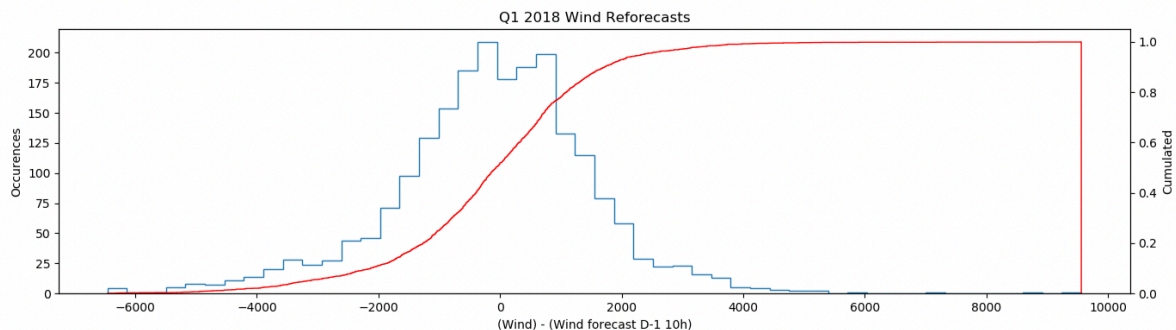
The computation of the ATC intraday domain, based on the day-ahead FB domain derived from day-ahead PTDFs, should be run several times per day, and not only once in D-1 in the afternoon. Indeed, depending on the evolution of the physical situation (starting with the main influencing factors such as the 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 29<sup>th</sup> of October and 6<sup>th</sup> 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 from 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.