



Report on the public consultation on Core CCR TSOs' Report assessing the progressive coordination and harmonization of mechanisms and agreements for redispatching and countertrading in accordance with Article 35.3 of Commission Regulation (EU) 2015/1222

17 January 2019

Content

1. Introduction.....	2
2. Assessment of stakeholders' comments.....	2

1. Introduction

This report on the public consultation is written to provide information and justification for including or not the views resulting from the public consultation on the "Core CCR TSOs' Report assessing the progressive coordination and harmonization of mechanisms and agreements for redispatching and countertrading in accordance with Article 35.3 of Commission Regulation (EU) 2015/1222" (hereafter "Core CTRD Coordination and Harmonisation Report") as requested in Article 35.3 of the Commission Regulation (EU) 2015/1222 (hereafter "CACM Regulation").

In accordance with Article 35 of CACM regulation, Core CCR TSOs have been elaborating on a Coordinated Countertrading and Redispatching methodology (hereafter "Core RD and CT Methodology") but it was not possible to submit it to all National Regulatory Authorities for approbation on time in March 2018. This methodology will be submitted in February 2019 for approbation, after having been consulted upon between the 05th September 2018 and the 05th October 2018, along with the related Explanatory Note (hereafter "Core CTRD EN").

Even if there is no approved Core CT and RD Methodology yet, in accordance with Article 35.3 of CACM regulation, Core CCR TSOs have developed the Core CTRD Coordination and Harmonisation Report, which has been consulted upon between the 13th December 2018 and the 13th January 2019. Four feedbacks were received and duly considered by the TSOs. Since the public consultation results should be processed in an anonymized manner, the identity of the respondents is not disclosed in this consultation report.

This consultation report provides an overview of the received comments, the TSOs' assessment of these comments and whether or how the relevant parts of the Core CCR TSOs' Core CTRD Coordination and Harmonization Report were amended based on these comments. The full list of comments received is also attached to this document.

2. Assessment of stakeholders' comments

General comments

The four Market Parties emphasise the importance of this report because of the rising costs for redispatching and countertrading. Market Parties state that the current version of this report is not meeting their expectations, particularly regarding insights in the current practices, historical developments and the impact of remedial actions on the market and on congestion management in the whole CCR. However, Market Parties also acknowledge the difficulties in writing this report because the Core CT and RD Methodology is not approved yet. Market Parties suggest that Core CCR TSOs submit a re-worked Core CTRD Coordination and Harmonisation Report after there has been a decision on the Core CT and RD Methodology. Core CCR TSOs recognize that the harmonization report doesn't meet all expectations. Within the given time Core CCR TSOs focused on finalizing the methodology. With the start of the

experimentation on the Core CTRD Methodology - foreseen in 2019 - remedial actions optimization principles and cost-sharing principles will be tested and first experience regarding requirements of the methodology will be gained. Therefore, Core CCR TSOs commit to re-work this report ten months after the approval of the Core CTRD Methodology. The ten months period is proposed to be consistent with the one set in article 35.3 of the CACM regulation for the submission of the Core CTRD Coordination and Harmonisation Report, after the submission of the Core CT and RD Methodology.

One Market Party suggests to Core CCR TSOs to publish periodic up-to-date reports in order to foster the understanding of operational approaches taken by the Core CCR TSOs, current developments and to evaluate the progress accomplished.

Core CCR TSOs intend to re-work this report ten months after the approval of the Core CTRD Methodology. Furthermore, Core CCR TSOs would like to point to reporting structures stated in Article 74(5) of the CACM regulation regarding "mechanisms and processes". Therefore, Core CCR TSOs evaluate that this report needs to focus on the harmonisation of remedial actions and not on operational matters.

One Market Party suggests that Core CCR TSOs should examine whether a step-by-step approach may be a feasible matter for a faster and an increased coordination of remedial actions. Core CCR TSOs take notice of this proposal. However, such a step-by-step approach is not applicable anymore for the Core CT and RD Methodology because the proposal needs to be submitted in February 2019. Core CCR TSOs are of the opinion that such a step-by-step approach will be applied in the experimentation phase and the implementation phase.

Details on Countertrading and Redispatching actions

The four Market Parties appreciate the table gathering the different redispatching and countertrading practices in each country but ask for a more detailed table providing the following information:

- Purpose of countertrading and redispatching.
- Timeframe for the detection of a need of redispatching and countertrading.
- Timeframe for the application (firm request from TSO) of redispatching and countertrading.
- Pricing applied to the Market Parties being activated in the frame of redispatching and countertrading (cost-based, cost-based +, free price, pay-as-bid, pay-as-cleared, other).
- Impact of redispatching and countertrading on the imbalance price, if any.
- Procedure to identify available bids for redispatching and countertrading.
- Detailed selection procedures to activate those bids, in particular full transparency on the definition of a merit order of the available remedial actions based (and the criteria used).
- Details on how the counterbalancing actions consequent to the redispatching of a specific unit are managed.
- Explanation on the choices in terms of congestion management mechanisms, in particular on key parameters such as the intervention timeframe of the TSO (DA, ID, balancing...).
- The cost-sharing methodology or agreements currently in place between CORE CCR TSOs to share the cost of redispatching and countertrading.

Some of these information (timeframes, bid selection, pricing) can be found in the Core CTRD EN. The question on impact of Redispatching and Countertrading on the imbalance price is similar to

the one received during the Core CT and RD Methodology Consultation and is addressed) in the Core CTRD EN as well. Yet, Core TSOs will include parts of the requested information in the re-worked report ten months the approval of the Core CT and RD Methodology. About Cost-sharing agreements, a paragraph has been added to the initial report to state that currently no regional cost-sharing methodology exists and that cost-sharing agreement are highly dependent on the specific border/contract between TSOs where the congestion occurs.

One Market Party wants the report to explain for which purpose Countertrading and Redispatching is applied. A sentence has been added to the initial report explaining that Countertrading and Redispatching measures are used for congestion management on both cross-zonal and internal network elements.

Two Market Parties expected to find concrete figures on the proportion of countertrading and redispatching used annually by the Core CCR TSOs, to evaluate if both actions are balanced or if one of them is marginal, how often and which volumes. This information is already published on the ENTSO-E Transparency Platform and on some TSO's websites.

Two Markets Parties asked for TSOs who are not using countertrading, or not systematically comparing it with redispatching, to justify their choices. An explanation will be provided in the re-worked report.

One Market Party states that Cross-Border Redispatching and Countertrading should be coordinated with the internal actions in a control area and wants some information on this coordination is implemented within Core in general and individually among its TSOs' control areas. Core TSOs answer that coordination principles are part of the not yet submitted Core CTRD methodology and so far the actions are mostly bilaterally coordinated. Besides, when performing Countertrading and Cross-Border Redispatching, each TSO is responsible for assessing the impact of such actions on its own control area.

One Market Party wants a clarification on the common definitions of countertrading and redispatching considered in this report, to ensure that the information provided by the different TSOs is consistent in this regard. Core TSOs answer that the Redispatching and Countertrading definitions are the one considered in the Core CTRD Methodology. It differs from the definitions in the Transparency Regulation (as explained in the Core CTRD Methodology Explanatory Note) to be more adequate and reflect the points that were raised in the Core CTRD Methodology Public Consultation by Market parties.

One market Party wants to know whether Countertrading and Redispatching measures within and across control areas are economically efficient, if the information about the resources are shared among Core TSOs and how many resources are shared relative to the total amount of resources used, explicitly by category CT/RD and per control area border. Core TSOs answer that so far no regional coordination is implemented so there is no sharing of resources between Core TSOs. After the experimentation, TSOs will first have to gather data and experiences to answer this question.

Harmonisation

One Market Party states that this report should assess the historical reasons why national agreements and mechanisms for countertrading and redispatching are currently in place, whether they are still valid and whether they could be used in a harmonised mechanism.

Core CCR TSOs suggest to further detail the historical reasons for current agreements and mechanisms for countertrading and redispatching as well as to evaluate these agreements and mechanisms in the re-worked Core CTRD Coordination and Harmonisation Report ten months after the approval of the Core CT and RD Methodology.

New developments

One Market Party states that the newly established bidding zone border between Austria and Germany in October 2018 is ignored in this report.

Core CCR TSOs are of the opinion that this report should include the coordination and harmonisation principles applied at the bidding zone borders within the CCR Core. If a newly established bidding zone border within the CCR Core should have an influence on these coordination and harmonisation principles, this will be included in this report. However, this was not the case for the newly established bidding zone border between Austria and Germany in October 2018. Furthermore, Core CCR TSOs would like to emphasize that this report does not intend to give an impact assessment for redispatching and countertrading volumes.

Conclusion

One Market Party states that this report does not list possible improvements and that it does not provide a meaningful contribution.

Core CCR TSOs take notice of this comment and would like to emphasise once more the commitment to re-work this report ten months after the Core RDCT Methodology has been approved. Furthermore, Core CCR TSOs are of the opinion that the overview provided in this report is a valuable contribution for fostering the understanding for coordinated and harmonised mechanisms for remedial actions. From a Core CCR TSOs' viewpoint, significant improvements for the coordination and harmonisation of remedial actions must be based on a common agreement among the Core CCR TSOs. This common agreement will be detailed in the Core RDCT Methodology.

Full list of comments

Below is the full list of comments received via the public consultation.

Issue	Comment
General	<p>Congestion management is a key element of the CACM Guideline. Redispatch costs have been increasing in several systems and remedial actions play a crucial role in the proper calculation of cross-zonal capacities. Therefore one Market Party puts high value on this report on assessing the progressive coordination and harmonisation of mechanisms and agreements for redispatching (RD) and countertrading (CT). This report should give detailed insight in the current practices, developments, the impact on the market and the impact on congestion management in the whole CCR. Based on this assessment, measures for improvement should be identified. Unfortunately the report by the Core CCR TSOs does not meet these goals. In the next sections one Market Party identifies some issues and questions related to the report.</p> <p>Beeing aware that methodologies connected to this report are in development, generally we would like to get more information and details out of an assessment report. Given the state of the report, we propose to rework the report, when details and criteria of the connected methodologies are available.</p> <p>Before commenting more specifically on the content of the report, one Market Party wishes to stress the fact that from market participants' perspective, it is urgent to better coordinate the use of remedial actions at regional level to avoid unnecessary distortions and improve the global social welfare. An improved coordination of RDCT measures should be considered as an essential step towards the optimization of the actions taken by TSOs to effectively relieve physical congestions, limit congestion management costs and maximize the cross-border capacity made available to the market. This is especially the case for CORE region, as the application of the "20% minRAM rule" in the Flow-Based capacity calculation methodology recently approved within CWE, already extends the number of cases where RDCT measures are necessary. It is therefore regrettable that TSOs have considered this report as a mere formal exercise in order to strictly meet CACM deadline (26 months after CCRs approval) and did not take the opportunity to conduct an in-depth analysis of current practices to assess potential solutions to move towards a progressive coordination and harmonisation of current mechanisms and agreements for RDCT. One Market Party considers that the report should not only list the current practices already in place, but should also take this opportunity to assess the underlying reasons why TSOs have decided to rely on CT and/or RD and/or non-costly remedial actions only. It would highlight whether diverging TSOs practices are due to historical reasons, different network structures and/or market designs. Such an assessment would also provide good guidance for defining the adequate level of harmonization needed.</p> <p>If taken seriously by including all necessary detailed information as mentioned above, one Market Party considers that the publication of such an assessment report on RDCT practices within CORE region could be seen as a very useful exercise to reiterate in the future to improve transparency on operational approaches applied by TSOs. It could take the form of the publication of periodic up-to-date reports (e.g. every 1 or 2 years) to evaluate the evolutions and the progress accomplished.</p> <p>Furthermore, as mentioned in the report, one Market Party understands that "it is very challenging to develop a common methodology for redispatching and countertrading" in a region gathering 13 countries and that it can take a very long time to develop advanced algorithms to coordinate RDCT as proposed in the ambitious CORE TSOs' proposal for a coordinated RDCT methodology. But more pragmatically, one Market Party considers that TSOs should investigate the possibility to adopt a step-by-step approach to move towards an increased coordination of their remedial actions. TSOs mentioned in their report that "it is premature to decide upon which measures and mechanisms will be most appropriate to solve future needs". In one Market Party's view, there are some short term intermediate solutions that could be implemented much more rapidly (such as coordinated countertrading for instance, as it is already applied in other regions) that should be investigated as a first step, before developing more in-depth coordination in the future. It would already significantly improve TSOs current practices and would enable to respond (even partially) to the urgency to better coordinate the use of remedial actions at regional level to avoid unnecessary distortions and improve the global social welfare.</p>

Details on countertrading and redispatching	<p>No information on details of redispatching and countertrading (RD and CT). The report does not give data on how often and to what extent (which volumes) redispatch and/or countertrading is being used in and around the Core region. Secondly, the report does not explain for which purposes RD and CT are applied. In particular it is important to add whether RD and CT is done to manage congestions on the interconnectors surrounding the Core region or on internal Core cross zonal connections and/or other network elements. Furthermore the report lacks other important elements:</p> <ul style="list-style-type: none"> • Timeframe for the detection of a need of RD and CT • Timeframe for the application (firm request from TSO) of RD and CT • Pricing applied to the MPs being activated in the frame of RD and CT (cost-based, cost-based +, free price, pay-as-bid, pay-as-cleared, other) • Impact of RD and CT on the imbalance price, if any <p>RD and CT across borders should be coordinated with the internal actions in a control area (preamble 12 and Art. 35(2) EU1222/2015). But we are missing the result in this report, how this coordination is implemented within Core in general and individually among its control areas.</p> <p>We would like to know from the report in more detail, (a) Whether the measures within and across control areas were economically efficient. Or to say it differently, if there was room for economic improvement between any of the control areas of Core and the subsequent reasons. (b) On which timescales (Day-ahead, Intraday, close to real-time) the coordination takes place and if the coordination respects the lead times of important units. (c) If the information about and the resources themselves are shared among Core. (d) How many resources were shared relative to the total amount of resources used, explicitly by category CT/RD and per control area border.</p> <p>One Market Party association would like to thank the TSOs for providing this table gathering the different redispatching and countertrading practices in each country. Nevertheless, we would very much welcome a more detailed table providing the following information on top of what is already provided:</p> <ul style="list-style-type: none"> - Timeframe for the detection of a need of redispatching and/or countertrading • Timeframe for the application (firm request from TSO) of redispatching and countertrading • Procedure to identify available bids for redispatching and countertrading • Detailed selection procedures to activate those bids, in particular full transparency on the definition of a merit order of the available remedial actions based (and the criteria used) • Details on how the counterbalancing actions consequent to the redispatching of a specific unit are managed. • Pricing applied to the market participants being activated through redispatching and countertrading (cost-based, cost-based plus, free price, pay-as-bid, pay-as-cleared...) • Impact of redispatching and countertrading actions on the imbalance price, if any <p>Furthermore, one Market Party association considers that all TSOs should at least briefly justify/explain their design choices in terms of congestion management mechanisms, in particular on key parameters such as the intervention timeframe of the TSO (DA, ID, balancing...). In addition, TSOs who are not using countertrading, or not systematically comparing it with redispatching, should also justify their choices. In addition to the inherent value of transparency to improve the overall market functioning, such information would help market participants to understand the difficulties for TSOs to develop a coordinated RDCT methodology according the timeline set in the CACM regulation, and facilitate positive contributions by market parties to foster the development of an efficient congestion management framework at regional level.</p> <p>Considering more specifically the content of the present report, one Market Party appreciates TSOs efforts to provide the table gathering the different RDCT practices in each country of CORE region, but considers that it should include more detailed information (as listed below) to meet transparency objectives and also a real assessment of current practices. It would thus be very welcome if TSOs could provide, on top of the ones already presented, the following information:</p> <ul style="list-style-type: none"> - The common definitions of countertrading and redispatching considered in this report, to ensure that the information provided by the different TSOs is consistent in this regard, TSOs should in particular specify, in their description of the RDCT practices, which elements relate
--	--

	<p>to internal measures and which ones relate to cross-border ones,</p> <ul style="list-style-type: none"> - Concrete figures on the proportion of CT and RD used annually by the concerned TSO, to evaluate if both actions are balanced or if one of them is marginal, - The timeframe for the detection of a need for RDCT actions and the timeframe for the application (firm request from TSO) of RDCT, - The Procedure to identify available bids for RDCT, - Detailed selection procedures to activate those bids, in particular full transparency on the definition of a merit order of the available remedial actions based on the different criteria taken into account, - Details on how the counterbalancing actions due to the redispatching of a specific asset are managed, - Pricing applied to the Market Participants being activated in the frame of RDCT (cost-based, free price, pay-as-bid, pay-as-cleared,...), - The Impact of RDCT actions on the imbalance price, if any, - And the cost-sharing methodology or agreements currently in place between CORE TSOs to share the cost of RDCT. <p>TSOs should also take the opportunity of this report to conduct an in-depth and critical assessment of current practices to identify potential solutions to move towards a progressive coordination of RDCT, and in particular:</p> <ul style="list-style-type: none"> - Assess the underlying reasons why TSOs rely on RD and/or CT and/or non-costly remedial actions only, to better understand the barriers preventing the TSOs to better coordinate RDCT at regional level, - Discuss whether it is relevant for so many TSOs to wait for the balancing timeframe to manage countertrading, whereas market participants could have updated the dispatch more efficiently if appropriate price signals were delivered earlier in the Day Ahead or Intraday timeframe, - Provide some explanations as of why countertrading is not even considered by some TSOs, or why it is only considered in the last resort, and not systematically compared to redispatching.
Harmonisation	The introduction states: " Generally, the agreements and mechanisms used for countertrading and redispatching are national, and they are often quite different due to historical reasons.". Indeed this is the case. One Market Party would expect this report to assess these historical reasons in order to judge whether they are still valid, or could be used in the harmonised mechanism. CACM does not contain such specific requirement for cross-zonal redispatching and countertrading methodologies. However, redispatch and countertrade are an indivisible part of efficient congestion management and should be seen in the total context. Moreover, the subsequent Directives and Regulations on electricity markets have always contained the principle of non-discriminatory access and a level-playing field between market participants. These general principles in itself will require a high level of harmonisation of redispatch and countertrading methodologies.
New Developments	In October 2018 a new zone border was introduced in the Core region: Germany-Austria. However, this new connection is completely ignored in the report.
Conclusion	The purpose of the reporting on RD and CT in the CACM guideline is to assess all the facts related to the subject in the greater context of congestion management. The current reporting does not provide the full, detailed picture and therefore does not bring the required insight. Moreover, there is no identification of possible improvements. One Market Party believes that with this report the Core CCR TSOs do not provide a meaningful contribution to this important subject and do not comply with the requirements of the CACM guideline.