

# ENTSO-E MC Meeting

Date: Tuesday, 20 September 2022

## Minutes

The Chair welcomes the participants and opens the meeting. He states that quorum is met. He asks the new MC members to introduce themselves. Minutes of the previous meeting and the agenda are approved.

## 2. Update on internal/external developments

### 2.1 Assembly/Board meetings

The Chair explains that the Assembly made a decision on ITC losses cost question discussed over the spring.

### 2.3 2023 Budget Preparation and resources

The Secretariat elaborates on the optimisation exercise carried out over the summer. He also explains that a meeting was held with the regulators on the these tasks, resources and the cost recovery, and that more a detailed data exchange with regulators will follow.

### 2.5 Ukrenegro

The Secretariat gives an update on the bilateral auctions between Ukraine and the neighbouring countries.

### 2.6. PICASSO go-live and MARI go-live planing

The MC Chair provides an update that MARI technical go-live took place on 15 September. He congratulates the team and notes that it is the last, of four balancing platforms, that went live.

A TSO member suggests that the go-live celebratory event should be planned. MC Chair explains that the go-live stakeholder event is planned for 2 December.

### 2.9. Market Strategic Group and ongoing initiatives related to the current energy prices situation

The MC Chair presents the outcome of ENTSO-E internal workshop on market design held in Leuven in August. He explains that market design recommendation, both for emergency interventions and structural market design reform, were agreed on the basis of the ENTSO-E Vision and later supported by the Board. While there is widespread support from MC members on the key messages and recommendations to be used in the context of future legislative initiatives, one representative expresses its disagreement with the support of marginal pricing.

2.9. The MC supports the conclusion of the ENTSO-E internal workshop on market design and asks the MC Chairs and Secretariat to ensure the views of MC are reflected in upcoming advocacy on the market design reform by closely involving the MC Strategy Group, convenors of WG MDRES, MIWG and WG AS, and market design experts of the ENTSO-E Vision Project.

### 3. WG MD RES

The Secretariat representative and the WG MDRES Convenor presents the latest policy developments on market design, notably the draft regulation on Emergency Intervention to address high energy prices and recent reactions from the Council.

The WG MDRES convenor presents a summary of the preliminary assessment of the proposed revenue cap on inframarginal technologies, conducted by WG MDRES members in cooperation with MIWG, WG AS, and WG experts. The current analysis is focussing, in particular, on the implementation challenges and practical implications of this measure. The potential impact on balancing markets appears as the highest concern at the moment. The main findings of our analysis will be presented to EC and ACER in the coming days.

The MC members welcome the WG MDRES work and analysis. Some members highlight the importance of implications for TSOs of both high prices and on the potential role requested to facilitate some of the emergency intervention measures.

The WG MDRES Convenor also explains the main market design recommendation which, building from the ENTSO-E vision work, will be used to try to influence the upcoming market design reform. Particular focus has been placed on strengthening investment signals, improving short-term markets and locational signals, unlocking demand response, promoting affordability. Concrete solutions will be further elaborated in the WG MDRES policy paper.

The Secretariat invites MC members to nominate experts who could join the group assessing the impact of proposed emergency intervention measures at national level.

#### 3.1. The MC:

- asks the WG MDRES, in coordination with MI WG, WG AS, WG EF and additional market experts nominated by MC members, to assess implementation challenges of recent policy proposals by EC and Council.
- asks the WG MDRES to continue working on the policy paper on market design and high prices, with an objective to finalise it by end 2022, and taking into account recent internal and external developments
- asks each TSO to nominate a SPOC to be able to be able to inform about the national specificities, that would allow to have a general overview of the full picture in Europe.

### 5. ITC

The Convenor of the WG Economic Framework presents an update on the progress made in the Project Team ITC on developing both draft deliverables in time for the January 2023 ITC Audit Procedure. He notes that, concerning the case(ii) methodology, two options are being considered, which will be presented in full to the MC in November. He also reminds MC Members of the importance not to lose sight of the need for a long-term sustainable solution for the calculation of ITC losses costs.

He also highlights the efforts made by the Secretariat in reviewing the overall ITC Process and developing recommendations for greater efficiency and transparency, which would likely involve automatising several tasks.

**5.1.** The MC takes note of the update on the development of both draft deliverables and agrees with the timeline proposed.

## 6. WG EF

The Convenor of the WG Economic Framework presents the final 2021 Congestion Revenues Overview Report. With the entry into force of the Use of Congestion Methodology (as per Article 19(4) of the EU Regulation 2019/943) and taking into consideration the application of Flow-Based Market Coupling in CWE, the Project Team introduced several new considerations in the reporting of Congestion Income. He highlights that the figures show only congestion income stemming from cross-border exchanges across countries, not internal borders. He also notes that some of the data concerning some UK single-company interconnectors had to be estimated as no public data was available.

**6.1.** The MC approves the 2021 Congestion Revenue Overview and approves the sharing of the overview with EC and ACER upon request.

## 11. WG MIT

The WG MIT Convener explains the project status on the Transparency Platform becoming an Inside Information Platform and shares the outcomes of the tender procedure run. He also outlines the main points of the Multilateral Agreement proposed for approval.

### 11.1 The MC:

- takes note of the TP Steering`'s decision on the selected supplier in executing IT implementation of TP as an IIP Project.
- approves the License and Services Agreement for Transparency Platform as an Inside Information Platform - that will be circulated after the meeting - in case no comments raised by the MC in a week.

## 12. SG T&DI

The MC representative in the Steering Group Transmission & Distribution Interface (StG T&DI) reports about the ENTSO-E response after cross-Committee review to the ACER public consultation on the draft Framework Guideline on Demand Response (consultation from 2 June until 12 August 2022) and a joint letter together with the EU DSO Entity. ACER assesses the received comments and is obliged to submit the non-binding Framework Guideline (FG) to the European Commission (EC) by 2 January 2023, i.e., no longer than 6 months after the official EC request.

A MC member asks if ACER or the EC might change or stop the development of a European Framework for Demand Response due to the ongoing crisis, similar to CACM 2.0, however, there are no indications of this at present. The MC representative in the StG T&DI informs about the current drafting of a Key Policy Issues Paper (KPIP) in compliance with ENTSO-E Articles of Association (AoA). The KPIP is developed by the StG T&DI in view of the expected future decision of the EC to request the EU DSO Entity and ENTSO-E to draft jointly a new Network Code on Demand Response and will subsequently be submitted to Board and Assembly for approval after a Cross-Committee review.

## 15 AOB

**New Membership changes [no discussion]**