

ENTSO-E MC Meeting

Date: Tuesday, 28 November 2023

Minutes

2. Update on internal/external developments

The MC Chair welcomes the participants, opens the meeting and declares the quorum is met (92.11% of MC Members are present or represented). He asks if the MC members have comments regarding the agenda, or the minutes of the last meeting.

The MC Chair explains that a Board meeting took place on 23 November 2023, he mentions that the discussion on the strategic roadmap could be used as an indicator of the direction of travel. The Vice Chair explains how work of strategic task force under the MC and the Board discussion could interplay.

2.4. UK Cooperation [for decision]

2.4. The MC and All TSOs approve with unanimity the submission to the EC of a non-confidential version of the MRLVC report for external publication.

2.5. PT ITC Extension [for approval]

2.5. The MC approves the proposed extension of the Project Team on the future of ITC.

3. SGT & DI

The TF DSF Chair presents the latest developments on the Network Code Demand Response (NC DR). He briefs the discussions with the EC and informs that the EC request to submit the amendments proposals on existing NC/GLs alongside the NC DR proposal. He also mentions that the EC will tolerate 2-months delay in NC DR submission (new submission deadline 8 May 2024). The new timeline with extension of 2 month and how these 2 months will be utilized is presented.

The TF DSF Chair also informs the MC regarding the first steps taken on discussing the amendments to existing Network Codes and/or Guidelines, in relevant ENTSO-E bodies. To the questions whether EBGL will fully be open for amendments, the TF DSF chair responds that the proposal for amendments will be on very specific points from the TF DSF side. Another MC member question when the amendment proposal will be submitted. The TF DSF chair mentions this to be submitted preferably at the same with NC DR submission date. Finally, an MC member asks whether NC DR will be a network or a guideline to which TF DSF Chair

mentions submitting the network code as mandated by the EC. The EC can deem to have it as GL at a later stage. The NC DR will be taken over for 6 months revision by ACER and finally submitted to the EC.

Moreover, overview of public consultation on NC DR is presented to the MC members. The breakdown of important comments from the public consultation is also presented.

3.1 The MC acknowledges the need of proposing specific amendments to the existing Network Codes and/or Guidelines as a separate package, not as part of the NC DR proposal, preferably submitted at the same time.

3.2. The MC appoints the MC Chair as the main representative of the MC, and the Vice-Chair as substitute, in the Expert Group TSO-DSO and mandates them to fulfil, on MC behalf, all duties of the TSO-DSO Expert Group member as defined in the ToR of the Expert Group TSO-DSO

4. WG AS – MC Part

4.1. EB Monitoring [for Decision]

The WG AS Vice Convener provides an update on the recent developments with regard to the Electricity Balancing (EB) Monitoring and proposes two decisions for MC's consideration.

The MC Vice Chair states his support of the exercise to simplify the reporting and improve the performance indicators (PIs). The WG AS Vice Convener states her support for discussing the possibility of the simplification of the report and the balancing PIs.

The ENTSO-E Market Head of Section (HoS) adds that on Thursday 30 November TSOs will have a workshop with NRAs on resources, and part of the discussion will focus on easing the workload for TSOs, with reporting being a focus of the discussions. He states that the Balancing Report could be brought as an example to be explored in the future.

A TSO suggests that – for efficiency - there should be a limited number of most important PIs reported. WG AS Vice Convener notes the issue with the PIs is that they have evolved and have become more complex over time. She adds that the PIs may be potentially redefined for 2025 reporting as the process for this year's report has already started.

The MC Chair notes that the decisions are approved as proposed.

4.1.1. The MC approves the Balancing Performance Indicators (PIs) Definition's document, the Executive Summary document and the Table of Contents of the Balancing Report 2024 for submission to ACER in December 2023, subject to English proof reading, consistency check and cosmetic changes.

4.1.2. The MC tasks ENTSO-E Secretariat with the submission of the Balancing Performance Indicators (PIs) Definition's document, the Executive Summary document and the Table of Contents of the Balancing Report 2024 to ACER in December 2023.

5. Please refer to the separate ALL TSOs Decisions

6. WG MI – MC Part

6.3. Long Term Assessment [for decision]

The MIWG co-convenor provides an update on the work developed by the Long-Term expert team. No questions are raised.

6.3. The MC asks MIWG to draft an advocacy note on TSOs' target model regarding forward markets by Q1 2024.

7. WG MD RES

The Secretariat representatives reports about the latest developments on both the market design reform and REMIT. Trialogues negotiations have been progressing, with a political agreement found for REMIT on 16 November. For what concerns ENTSO-E priorities, the main outstanding concerns are on the assessment of flexibility needs and on the Use of Congestion Income. No comments are raised by members.

The co-convenors of the WG MDRES report about the status of progress of the CfDs and CRM policy papers.

The CfD Position Paper is being finalised and will be sent for review to the MIWG, WG EF and MDRES between the 23 November and 7 December. It will then be circulated to the MC for comments on 13 December until 8 January 2024. A dedicated webinar will be organised on 20 December to present the main contents and gathering comments and questions. Final MC approval is planned for the 23 January 2024.

As per the Policy Paper on Capacity Mechanisms, the current focus of work is on minimizing potential distortions and identifying best practices for evolving system needs and policy objectives. The paper will likely examine different options highlighting pros and cons. In terms of timeline, it is proposed to finalise the paper in Q1 next year to consider the latest policy developments of the market design reform as well as the upcoming EC work on streamlining the introduction process of CRMs, including a dedicated public consultation in the coming months.

7.2. The MC takes note on the progresses for CfDs and CRM policy papers and agrees with the new proposed timelines.

8. WG MIT

8.2. Project Initiation Documents updates [for decision]

TP Vision Project Manager presents the updated Project Initiation Documents for TP Vision and Re-design projects decision by the Market Committee (MC), which involves the new governance structure following the decision approval by the Transparency Platform Steering Committee. She explains that the main change for this update is the introduction of ICT Committee. MC member asks about the details and full scope of changes. Project manager informs that the project timeline is currently being discussed with the supplier, and reiterates that this decision is only triggered by introduction of ICT Committee and following the IT Council call on 27 November 2023 it was recommended jointly by the ICTC Chair and MC Chair to invite them for the TP Steering meetings. Project Manager gives further details and assures the well coordination of the presented updates on governance structure.

8.2. The MC approves the latest Project Initiation Documents version 1.1 of the TP Vision and Re-design projects, in accordance with the presented updates to the governance structure including the addition of the ICTC and MC Chairs to the TP Steering group as well as the defined roles and responsibilities, subject to English proof, format and consistency changes.

8.3. TP Redesign project timeline extension [for information]

TP Vision Project Manager informs about the TP Re-design project and updates on the timeline in view of a potential 6 months extension of the project timeline. Market Committee is informed on the ongoing actions to develop a mitigation plan, which will be finalized by end of year for decision by different committees in early 2024. MC Chair and members express their dissatisfaction with the potential extension of the timeline and asks to take all necessary steps required to mitigate the risks.

MC member asks if the potential extension of the timeline has any impact on TP as Inside Information Platform (IIP) and new TP App projects. In reply he is informed that there is no impact on these projects. Go-live date of TP as IIP project remains 18 January 2024 as planned. As for the new TP App project as part of TP Vision 2030, a separate tendering process will be implemented for development of the business requirements and development of the mobile application itself.

8.7. TP Yearly Monitoring Report 2023 [for decision]

The Secretariat representative presents the summary of the results from the TP Yearly Monitoring Report 2023. She also mentions some of the main recommendations included in the report and kindly asks members to consider these with the aim of a continuous improvement of the quality of data submitted on the TP. Moreover, she informs MC members of an issue identified in the Outages quality check which requires consideration and discussion for an amendment of this quality requirement in the Memorandum of Understanding.

8.7. The MC approves the Monitoring Report of the Transparency Platform 2023.

9. WG EF

9.1. TSO Industry Report 2021 [for Approval]

The EFWG Co-convenor presents the final TSO Industry Report 2021, including the slides intended for external use. The Report shows the trend of the TSO industry, focusing on financial data provided directly by TSOs or publicly available. The 2021 Report confirms the previously observed trend of decreasing equity ratios and decreasing profitability levels for European TSOs.

9.1. The MC approves the TSO Industry Report 2021.

9.2. ENTSO-E & CEER/ACER Workshop on Resources [for decision]

The ENTSO-E Secretariat presents an overview of the upcoming workshop taking place on 30 November 2023 with CEER and ACER, focusing on how NRAs and TSOs can better align to ensure adequate planning of resources to meet ENTSO-E and EU legal mandate needs. MC members are welcome to join the workshop and contribute with their national experience.

9.2. The MC takes note of the upcoming ENTSO-E – CEER/ACER workshop on Resources.

10. ITC

10.1 Project Team ITC Deliverable 3.3 [for Approval]

The Secretariat summarises the discussions in the MC Extraordinary Call that took place on 27 November 2023.

In the Extraordinary Call, the convenors of the PT ITC and the WG Economic Framework presented the proposed Deliverable 3.3 describing the Project Team’s recommendation for a Common Methodology on ITC Losses Costs. They also described how the work on the Common Methodology fits into the larger workplan on ITC, covering other issues such as possible adjustments to snapshots, the Framework Fund, flow calculations, and other procedural issues.

The proposed Common Methodology on ITC Losses Costs relies on a combination of spot and forward market prices, for which a single ratio would be applied to all ITC parties’ losses costs. This approach would allow to move towards the use of ex-post values, while also ensuring a fairer distribution of risk amongst ITC Parties, regardless of their national procurement strategies.

Several MC members recognise the importance of the proposal for a Common Methodology, but also highlight the importance to develop more mature views on remaining open questions. Given that it is unlikely the European Commission will propose an immediate re-opening of the ITC regulation, MC members also ask the PT to investigate whether a temporary voluntary solution could be agreed with ACER and NRAs.

10.1.1. The MC acknowledges the Deliverable 3.3 of the Project Team ITC and approves the common methodology described in Chapters 5-8 for external use.

10.1.2. The MC asks the PT ITC to liaise with NRAs, ACER and EC to agree to the introduction of a Common Methodology on ITC Losses Costs.

10.1.3. The MC acknowledges that the aforementioned issues require changes to be introduced via a revision of the ITC regulation, which is to be decided upon by the European Commission.

10.1.4. The MC mandates the PT ITC to further investigate:

- Improvements to the current flow calculations in the WWT.
- Improvements to other aspects of the ITC Regulation, including the Framework Fund and the cap on the injection charge.
- Improvements to the current monthly settlement signature process
- Improvements to the current snapshot situation
- Time and resource plan for all of the above

10.2 UkrenergO Accession Request to the ITC Mechanism [for approval]

The Secretariat summarises the discussions in the MC Extraordinary Call that took place on 27 November 2023.

In the Extraordinary Call, the Secretariat and the Data Administrators presented the results of the assessment of UkrenergO's accession request to the ITC Mechanism. While Moldelectrica's accession was originally foreseen to also be considered in parallel, a new timeline for Moldovan accession to the ITC Mechanism will need to be considered.

The ENTSO-E Secretariat presented an overview of the legal conditions for Adherence, as well as the contractual obligations enshrined in the ITC Agreement's Schedule K. The Secretariat confirms having received all necessary documents and information pertaining to the aforementioned conditions and obligations, including assessments carried out by the Energy Community Secretariat, confirmation in written from the Ukrainian NRA, and all data necessary to carry out the simulations.

The Data Administrators presented the results of the simulation, which was carried out by focusing on the period March 2022 – February 2023. The draft results of the simulation were presented to the Working Group Economic Framework on 8 November but since had to be revised. It has thus been proposed to the MC to extend the voting period in the form of a written voting process, thus allowing more time for TSOs to assess the updated results.

10.2. The MC confirms the start of the WVP (written voting process) today to approve the accession request of UkrenergO to the ITC Mechanism, effective from 1 January 2024.

10.3 Launch of the ITC Audit 2024 [for Approval]

The Secretariat summarises the discussions in the MC Extraordinary Call that took place on 27 November 2023.

In the Extraordinary Call, the Secretariat presented a proposed timeline for the ITC Annual Audit, including the collection of final data for 2024 losses costs, 2022 Vertical Load, and Capacities non-compliant with 2009 Congestion Management Guidelines. The Secretariat also reminded MC Members of the new rules pertaining to the Audit process and so-called Case(ii) countries, approved by the MC in February 2023. No comments were made by MC Members.

10.3. The MC approves the launch of the Audit and asks all ITC Parties to comply with the Secretariat's data request.

10.4 APG Vertical Load [for Decision]

The Secretariat summarises the discussions in the MC Extraordinary Call that took place on 27 November 2023.

In the Extraordinary Call, the Co-convenor of the WG Economic Framework presented an update on the Austrian Vertical Load issue, and reminded TSOs to confirm whether they will be able to take part in a voluntary settlement solution. Several TSOs updated the MC on the status of internal discussions on the matter and have accordingly adjusted their position in the excel sheet.

10.4. The MC takes note of the update on the Austrian Vertical load.

10.5 Provision of Delta P Losses Calculation Tool to TSOs [for Approval]

The Secretariat summarises the discussions in the MC Extraordinary Call that took place on 27 November 2023.

In the Extraordinary Call, the Secretariat informed MC Members that several members of the PT ITC have asked Swissgrid if it would be possible to share with them the tool used to calculate the Delta P Losses values based on snapshots received. The sharing of the tool is contingent on two issues: MC approval and review of the original contract based on which the tool's development and implementation was carried out.

10.5. The MC approves the sharing of the tool with interested ITC Parties.

11. PT SB-CBCS

The convenor of the Project Team Sea-Basin Cross-border Cost Sharing presents for approval the internal note on alternatives to mandatory cost sharing. This internal note is not meant for publication, nor is it meant as a formal position, but rather for internal dissemination and raising awareness about the threats posed to TSOs if no viable alternative to mandatory cost sharing is found.

This internal note highlights the main risks and need for further assessment of a possible widening of the use of the CBCA mechanism and similar tools, in particular taking stock of the expected rise in the number of cost sharing requests in future years, itself driven by increased investment needs in offshore infrastructure and related onshore reinforcements.

Following approval of the note, it will be circulated to the Board, Expert Groups, and relevant Committees for further discussion, knowledge building, and prioritisation of further work.

11.2. The MC acknowledges the internal note on alternatives to mandatory cost sharing and recommends its sharing with the ENTSO-E Board and relevant Committees.

12. WG RMI [no decision]

12.1. Market Report 2024 [for information]

WG RMI Convenor informs about the preparation start of the drafting phase of the Market Report 2024. In particular, on 9 November MIWG meeting, the MIWG was requested to review the draft Table of Content for Market Report 2024 and confirm or update the SPOCs list.

Also, he informs that the lessons learnt from the previous drafting phase were collected, and WG RMI provided for MIWG review and commenting the possible improvements to the Market Report 2024. No update on the Table of Content and SPOCs list was received, 1 comment was received to the Market Report improvements.

WG RMI Convenor informs that WG RMI plans to hold a kick-off workshop in December involving all the SPOCs to agree on the content and the drafting process of the Market Report. Also, the lessons learnt exercise, drafting guidelines and the timeline of the drafting process for the Market Report 2024 will be presented.

The results of the workshop will be presented on the next MC meeting in January 2024.

12.2. Quarterly Reports [for information]

WG RMI Convenor informs the MC that the purpose of RMI Quarterly Reports was to provide an update of the ongoing FCA/CACM/EB related projects to the MC members, however, due to several reasons, the Quarterly Reports were not issued any more as of 2022.

Also, he mentions that since then, no information or request to relaunch the quarterly reporting has been received by WG RMI.

WG RMI Convenor informs that WG RMI reached out to the SPOCs in order to relaunch the Quarterly Reports, but some SPOCs questioned the added values of Quarterly Reports considering all the existing reporting obligations of the projects via the various meanwhile established fora. He also informs that WG RMI acknowledges that the added value of the Quarterly Reports is highly questionable considering the needed effort a relaunch would create and therefore, WG RMI proposes to stop the relaunch of Quarterly Reports and to exclude it from the ToRs as a task of the WG RMI.

Accordingly, the WG RMI ToRs will be reviewed and updated in the upcoming weeks. WG RMI Convenor informs that the updated version will be brought to the MC for approval in January 2024.

13. ACER Data Exchange Project [no decision]

14. AOB

New Membership changes [no discussion]

Next MC meeting: 23 January 2024 – ENTSO-E [Online].