



CWE Flow Based project
Attn. Co chairs: Jean Verseille and Andrew Claxton
Send by e-mail to:
jean.verseille@rte-france.com
a.claxton@apxgroup.com
Karel.BOYER@eurogroupconsulting.fr

Your reference
Our reference MPP-2015-00489
Handled by Ruud Otter
Dial-direct +31 70 311 4366
E-mail rotter@energie-nederland.nl
Date 16 September 2015

Subject Adaptation of the DE-GSK and addition of the AT-GSK

Dear Mr Verseille and Mr Claxton,

MPP members have read with interest the report issued by the CWE Consultative Group on the adaptation of the DE-GSK and the addition of the AT-GSK. The MPP have always been supportive of the expansion of CWE region to Austria. Therefore, we welcome the achievement by the TSO of having developed GSK for Austria. However, as communicated via the Transparency Measures workshop, which was held last week, GSK is a point for which more transparency should be granted to the market. Today, the GSK methodologies are still not harmonized and appear unclear for Market Parties.

The impact study seems to show that the impact on prices is relatively small. However, this is on an average level and looking in the individual hourly results, important variations (some positive, some negative) are observed - for instance for Belgium, hourly delta vary within a range from -10,89 €/MWh to +8,96 €/MWh. Given the lack of transparency these variations are difficult to explain and therefore to forecast for market parties.

The same is valid for the welfare results. This also is on an average a low figure (+28 k€), but with very high variations (from -110 k€ to +202 k€). For the MPP, the conclusion that this change of GSK calculations increases welfare significantly is not straightforward.

In any case the results obtained for the chosen 10 days shows that the market can be influenced significantly and market parties therefore have to be able to understand what is happening. Market parties need more information. Therefore, we propose the following:



- To extend the parallel run study to a longer period than the 10 days in the current assessment, even if they cover various situations (wind, solar, load, temperature, etc.). The 10 days that have been calculated do not reveal all the dynamics of this change.
- To publish a clear description of the methodologies used for computing the different GSKs and as already proposed in the measure to increase transparency.
- To have regulatory approval for this change, given the variations of the impact.

Please do not hesitate to contact us should you need any further explanation.

Yours Sincerely,

A handwritten signature in blue ink, appearing to read 'Ruud Otter', with a large, stylized initial 'R'.

Ruud Otter

Chairman Market Parties Platform

A copy of this letter has been sent to:

- Flow Based Consultative Group
- ENTSO-E
- European Commission DG Energy
- ACER
- Pentilateral Energy Forum SG1