



Pentalateral Energy Forum
Chairperson's Support Group 1
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Your reference
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Subject Intra-day capacity issues related to Flow-Based implementation in
 the day-ahead markets

Dear Chairperson's of SG1,

As already mentioned in the SG2 meeting held on the 9th of July, we would like to take this opportunity to share in more depth, our concerns following the recent developments in the intraday market after the implementation of Flow-Based Coupling.

Decreasing intraday capacity

Based on the first results obtained of the Flow-Based Market Coupling (FBMC) in the day-ahead, we observed that there can be a better use of available capacities, while total imports in the day-ahead and intra-day together appear stable. MPP welcomes this great milestone in the CACM implementation path.

However, we would like to stress the fact that the cross-border capacity for intra-day markets has been reduced significantly. As a matter of fact, in the period between the 21st of May and the 21st of June (the first month of the FBMC), there were 147 hours where by the Netherlands was completely isolated in intra-day (both borders blocked regarding The Netherlands). This had not been the case for even a single hour in the period from the 20th of April until the 20th of May (when the day-ahead market coupling was still running under the ATC model). Although, we can understand this phenomenon from a mathematical point of view, we are convinced that improvements are very much possible. Especially, since we consider that security of supply is also about market parties having the ability to react in case of unexpected events close to real-time. We are very concerned about this apparent recent decrease of (or sometimes non-existent) cross-border intra-day capacity.



Consequences

We are now facing higher hourly volatility of the available capacity for intra-day cross-border exchanges. This is preventing market parties to realize efficient cross-border exchanges, for which a continuous period of several hours is necessary. Moreover, we even have situations with “blocked borders” during some hours, meaning that there is no available transmission capacity in either direction for intraday cross-border exchanges. This often leads to a situation where by Belgium and/or the Netherlands are becoming isolated in intra-day, with no more opportunities for market parties to adjust their position through the market in neighboring countries. As a result, market parties become probably unnecessarily dependent on their local intra-day and balancing market, which become more shallow and more volatile. This contrary to the aim of sharing more flexibility across the borders and would result in an inefficient use of the transmission system.

Proposal for improvement

To avoid this possible inefficiency we propose to re-compute the Flow-Based Domain post day-ahead clearing and before the start of the intra-day market. This would allow the TSO to compute intra-day capacities with an ATC methodology, using the most recent information available. In our view this seems feasible, as there are six hours between the results of the day-ahead market and the start of the intra-day market.

Clarity on current status

We have received various different feedback on what TSOs intend to do in the future to solve this issue, including a re-computation of the Flow-Based domain after the day-ahead clearing. However, there is confusion on the specifics of the actions that will be undertaken by the TSOs and further on what their timing is to be.

Therefore, we would appreciate to have more clarity (including a described process) on the measures that are foreseen by TSOs and a clear planning on which market parties could expect to have them in place. We would like to have as much transparency as possible in this process in order to reduce the confusion. Given the importance of this intra-day issue we believe that any solution to tackle it would need a clear regulatory monitoring.

Yours sincerely,

Ruud Otter

Chairman Market Parties Platform

A copy of this letter is sent to:

- ACER
- ENTSO-E
- EU Commission, DG Energy