

Date: October 5th, 2018

Subject: MPP answer to the CORE TSOs' consultation on redispatching and countertrading

The Market Parties Platform, which gathers the electricity industry associations from Austria, Belgium, France, Germany, Luxemburg, the Netherlands and Switzerland thanks the TSOs for the opportunity to contribute to this consultation, and for the workshop which was organised prior to its release. The MPP appreciates the work conducted by TSOs, which is reflected in a clear and pedagogical document.

In its answers to the following questions, the MPP nonetheless underlines key aspects where it still sees room for clarification or improvement of the proposed methodology.

In addition, the MPP regrets that the present consultation is not accompanied by a factual document explaining how redispatching and/or countertrading are currently performed in each country of the CORE region, including the references to national legal provisions when relevant. Such information should be made easily accessible to all market parties.

1. *Do you have any feedback regarding Art. 1 "Subject matter and scope" of the methodology?*
2. *Do you have any feedback regarding Art. 2 "Definitions and interpretation" of the methodology?*

MPP advocates for the comparison of redispatching and countertrading resources on an equal footing, to identify the most effective and economically efficient combination of remedial actions to be used.

From this perspective, the MPP suggests to even further clarify the definition of redispatching, in particular in the explanatory note, so as to make clear that a redispatching action is the modification of the generation or load pattern of a single, specific, network user, which can in turn be balanced by either another redispatching action in the opposite direction **OR** a merit-order-based counterbalancing action, in the same bidding zone, with the same types of processes as for countertrading.

3. *Do you have any feedback regarding Art. 3 "Cross-border relevance of Redispatching and Countertrading" of the methodology?*

According to the paragraph 2 of this Article 3, the minimum level above which the impact of redispatching and countertrading measures are considered significant enough to request TSOs' coordination will be established in the methodology required by articles 75 and 76 of

SOGL Regulation.

For the MPP however, all remedial actions (costly and non-costly) should be considered as relevant from a cross-border perspective, and thus shared with the respective RSCs¹, if necessary with their potential constraints or limitations. Any other approach would lead to suboptimal results, as it would not allow to systematically compare the costs and impacts of all possible options according to their merit order to identify the most efficient one.

In addition to the possibility to specify any limitation or constraint associated with a given remedial action when sharing it with the RSC, article 11.5. already foresees the possibility not to implement the RSC recommendation in case of security issue. The MPP therefore does not see any obstacle to share all remedial actions with the RSC.

Finally, in order to reflect the strong physical interlinkage between Switzerland and the CORE-countries – in particular Austria, France and Germany –, the deep market integration of the Swiss TSO and Swiss market participants and with view to a possible future extension of the CORE region, MPP suggests a close coordination of costly and non-costly remedial actions between CORE-TSOs and the Swiss TSO on a non-discriminatory basis.

4. Do you have any feedback regarding Art. 4 “Resources for Redispatching” of the methodology?

The MPP suggests to clearly specify and distinguish three types of resources (and in which order they should be used):

- Resources subject to priority of dispatch (which could accept to renounce to their right to priority dispatch on a voluntary basis, if they receive a compensation), if any;
- Resources operated “in the market” and selected according to their merit order;
- Resources operating outside the market (e.g. network reserve or equivalent), which should be activated only as a last resort and after resources “in the market” are exhausted to avoid unnecessary distortions

Resources could also be categorised according to the potential restrictions/constraints which are attached to each of them.

Such a classification could be more relevant than just listing the technologies/types of assets

¹ Except maybe for those located on the lower voltage levels which are not necessarily in the realm of the optimisation to be conducted by the RSCs.

that can be used. The MPP advocates for a technology neutral approach to redispatching and countertrading, so we are not convinced that such – necessarily uncomplete – list is useful.

Finally, we reiterate that we consider that all information provided by market parties (including the possible constraints and restrictions) about all potential resources should be shared with the RSCs.

5. Do you have any feedback regarding Art. 5 “Resources for Countertrading” of the methodology?

The MPP notes that the wording of the article could imply that the current list of resources is not complete: we would suggest to make sure all possible countertrading resources are identified (while of course maintaining a technology-neutral approach). We would also welcome more clarity on how the decision is made for sharing the resources for countertrading and what are the potential obstacles for sharing them.

The MPP underlines that TSOs’ potential countertrading actions on the intraday market should be clearly identified and scrutinised as such by regulators so as to make sure REMIT and MAR requirements are fulfilled, like they are for market parties.

6. Do you have any feedback regarding Art. 6 “Impacts of Redispatching and Countertrading and Countertrading” of the methodology?

In line with our recommendation on Art 2, the MPP recommends that TSOs should provide the RSC with the same type of information for redispatching as for countertrading, notably to characterize the potential, impact, and costs of merit-order-based counter-balancing actions.

7. Do you have any feedback regarding Art. 7 “Timeframes for Redispatching and Countertrading application” of the methodology

8. Do you have any feedback regarding Art. 8 “Day-Ahead and intraday regular process” of the methodology?

See our answer to question 3. For the MPP, all remedial actions (costly and non-costly) should be considered as relevant from a cross-border perspective, and thus shared with the respective RSCs, if necessary with their potential constraints or limitations.

9. Do you have any feedback regarding Art. 9 “Volume information, availability and exchange of data” of the methodology?

See our answer to question 3. For the MPP, all remedial actions (costly and non-costly) should be considered as relevant from a cross-border perspective, and thus shared with the respective RSCs, if necessary with their potential constraints or limitations.

In line with our recommendation on Art 2, the MPP also considers that TSOs should provide the RSC with the same type of information for redispatching as for countertrading, notably to characterize the potential, impact, and costs of merit-order-based counter-balancing actions.

10. Do you have any feedback regarding Art. 10 “Price information exchange” of the methodology?

The MPP considers the pricing mechanism for redispatching should be based on voluntary bids, and cover at least the short-run marginal costs, including opportunity costs. With such a model, generators benefitting from priority dispatch could still have the obligation to make bids (reflecting their opportunity costs) so as to bring all generators to participate.

11. Do you have any feedback regarding Art. 11 “Detection and coordination” of the methodology?

In order to reflect the strong physical interlinkage between Switzerland and the CORE-countries – in particular Austria, France and Germany –, the deep market integration of the Swiss TSO and Swiss market participants and with view to a possible future extension of the CORE region, MPP suggests a close coordination of costly and non-costly remedial actions between CORE-TSOs and the Swiss TSO on a non-discriminatory basis.

12. Do you have any feedback regarding Art. 12 “Activation process for Redispatching and Countertrading” of the methodology?

13. Do you have any feedback regarding Art. 13 “Fast activation process” of the methodology?

14. Do you have any feedback regarding Art. 14 “Total cost calculation” of the methodology?

15. Do you have any feedback regarding Art. 15 “Reporting” of the methodology?

The MPP welcomes the explicit reference to the TSOs obligations under REMIT Regulation n°1227/2011 in addition to the Transparency Regulation n°543/2013, to ensure full transparency on redispatching and countertrading activations, so that market participants will

be able to adapt their forecasts and adapt their actions, if need be.

We would however appreciate more details on how transparency requirements will be implemented in practice.

16. Do you have any feedback regarding Art. 16 “Publication of the Core RD and CT Methodology proposal” of the methodology?

17. Do you have any feedback regarding Art. 17 “Implementation” of the methodology?

The MPP is concerned with the implementation timing of the methodology, which is dependent on several other methodologies developed under CACM or SO GL.

The MPP understands that a fully coordinated and efficient redispatching and countertrading approach takes time to develop. However, given the importance of this topic for the proper functioning of the internal electricity market, the MPP would suggest to develop a gradual implementation strategy, where possible “quick wins” are identified and planned as soon as possible.

18. Do you have any feedback regarding Art. 18 “Language” of the methodology?

19. Do you have any feedback regarding Art. 19 “Confidential treatment of information” of the methodology?

20. Do you have general feedback on the Methodology?

21. Do you have feedback on the Explanatory Note (please include a reference to chapter/paragraph)