

Electricity market participants call for postponement of Core Flow-Based market coupling go-live

EFET, IFIEC and MPP call for postponing the go-live of Core day-ahead flow-based market coupling by several months.

While we have strongly supported this project since its inception and still do so, **the conditions for a successful go-live at the planned date of 20 April 2022 are not met:**

- During the parallel run, 10% to 20% of the hours in the day-ahead capacity calculation process failed or gave results in very small or empty flow-based domains. CORE TSOs explained that operational risks remain in the last stages of implementation. Issues with local validation regularly occur, resulting in the application of fallback processes that lead to reduced capacities. TSOs are confident that those problems will be solved, however, there is no evidence that the problem will be fixed for a go live on 20 April.
- Operational issues in the parallel run lead to the incompleteness and to many errors in the data available, with could lead to potential impact on market prices.
- Fallback mechanisms and validation tools, including the DaVincy function used by some Core TSOs, are not stable yet.

For intraday, ACER's planned voluntary approach to the inclusion of LTA and minRAMs as a transitional method for ATC extraction (before the CORE FB ID capacity calculation methodology foreseen for 2023) raises concerns. This proposal leads to 50% to 75% of hours without transmission capacity in intraday. This corresponds to a step back in terms of available capacities as a transitional solution.

The results obtained in the parallel run show that the tools and processes developed so far are not sufficiently reliable and robust. In addition, without being able to assess the potential impact on market prices, we can only guess that this will likely result in extreme price volatility.

Market participants consider that at present, with the operational risks at hand, we are not ready for a go-live with standard levels of certainty. In the current context of high and volatile prices on the electricity market, we call on the TSOs, NRAs and ACER to put the safety of the power system and the robustness of electricity price formation first. **We must focus on improving the robustness of Core day-ahead market coupling, and ensure at least existing levels of capacity availability in intraday. For all this, we believe the next three weeks will not suffice.**

Hence, we suggest setting minimum performance and quality standard for the day-ahead process that will guarantee a successful go-live: A threshold of less than 1% use of default flow-based parameters (DFPs) in the day-ahead flow-based calculation should be set. For intraday, the method for ATC extraction must ensure at least the current levels of intraday capacity availability once the CORE DA FB is live.

We ask TSOs to evaluate and share as soon as possible a new target date for Core day-ahead flow-based go-live taking into account our requests. We also call on visibility and communication from the TSOs on their progress towards the minimum performance standards and any process change, so that market participants can be prepared for adjustments.

We call on TSOs, NRAs and ACER to take action and postpone the go-live, which will allow the electricity market to continue delivering securely in this unprecedented geopolitical and economic situation.