Update on ongoing EWG activities:
October – December 2018

Nenad Stefanović, ECRB EWG Chairman

41st ECRB Meeting
Athens, 05 December 2018
TF1- Wholesale Market Opening (1): Update on CACM and FCA implementation in EU

- **TF1 Leader** provided a very **detailed update** on the **Implementation of CACM** in the EU **MSs:**
  - **State of play** of each **Methodology** and **Terms and Conditions** that have been and are being developed by EU TSOs and/or NEMOs in line with CACM

- **2nd Joint ECRB/ACER Workshop on Regulation 2015/1222** (CACM) was announced back-to-back with the next ECRB EWG meeting in February 2019 (twice per year)

- As there was **no reply nor interest** from ENTSO-E RG SEE regarding **SEE RAP update**, and due to other actual active processes regarding its contents, ECRB EWG agreed to terminate this activity and inform ENTSO-E RG SEE about CPs NRAs decision

---

41st ECRB Meeting, Athens, 05 December 2018
TF1- Wholesale Market Opening (2): ECRB EWG role on WB6 Activities/Outputs

- **4th TA Implementation of Regional Coordinated Capacity Calculation (Shadow 10th CCR) in WB** held on 26 Nov 2018 in Vienna:
  - ECRB EWG input to Consultant EKC regarding BCE, TRM input for NTC Calculations – adapted Regional Methodology (CACM) and Manual for CPs
  - Final proposal till December 2018 → **ECRB Recommendation** (opinion via ECRB EWG)

- **1st MRC Day-Ahead Market Coupling in WB** held on 27 Nov 2018 in Vienna:
  - MRC representatives from TSO and NEMO presented: MRC Organizational Structure, PCR Algorithm functioning, New MRC DA Operations Agreement
  - **ECRB EWG questions for this meeting:**
    - What are the binding conditions for PX/Market Operator in CPs for joining the MRC, i.e. to become a signatory party of the MRC/NEMOs contract?
    - Do PXs/market operators in the CPs need to have a designated NEMO?
TF1- Wholesale Market Opening (3):
ECRB EWG role on WB6 Activities/Outputs

- Q: Legal Requirements for CPs to become MRC Observers/Members to MRC/NEMO Contract?
- MRC to report on List of Legal Requirements and CPs legislation abilities
- Discussion on legal level needed regarding Requirements → via ECRB EWG?

• Next WB6 DAMI PSC and XB PSC on 20-21 Dec 2018 in Vienna
  - Proposal on NEMO Designation in CPs without adapted CACM in place → ECRB Recommendation (opinion and discussion via ECRB EWG) → Option for CPs which can be used to facilitate Market Coupling and will be consistent with CACM but does not substitute CACM → Implementation of CACM remains the target → postponed for 2020
  - How will designated NEMOs be treated or considered in EU NEMO contractual arrangements?
  - Cost-Sharing issue is very important for CPs NRAs but it cannot be included in ECRB Recommendation as it will be subject to contractual terms with EU NEMOs
TF1- Wholesale Market Opening (4): New activities

- **Concept on activities related to Report on Trading in Forward Markets in CPs and with EU MSs** with the associated timeline:
  - Most NRAs submitted feedback but with delays so TF Leader could not present any results at EWG
  - TF Leader will submit Draft Report till mid December 2017 with request for comments till the end of January 2019

- **Concept on activities related to report on state of Intraday Markets in the CPs and Intraday Cross-Border Allocation** with the associated timeline:
  - Most NRAs submitted feedback but with delays
  - TF Leader presented summary of responses at EWG
  - TF Leader will submit Draft Report till mid December 2017 with request for comments till the end of January 2019

✓ **ECRB Agreement on written approval!**
TF2 – Balancing (1)
Update on GLEB NC implementation in EU

• TF1 Leader delivered presentation on implementation of Regulation establishing Guideline on Electricity Balancing (GLEB) in EU

• Expert on Balancing from TERNA will be involved in regular reporting to ECRB EWG via phone call from the next meeting
TF2- Balancing (2): Coordinated regulatory input to XB PSC

• WB6 Consultants provided **Simulation Platforms** for CPs TSOs regarding Balancing

• It is important that NRAs support the engagement of TSOs on these simulations and testing and thus be involved in ENTSO-E processes

• CPs NRAs to **support TSOs involvement** on the Regional Balancing Initiatives
TF2- Balancing (3):
New activities

- Concept on activities related to follow-up Report on Balancing Market Development Plans in the CPs
- Concept on analyses regarding the Imbalance Price formation in the CPs

- Most NRAs submitted feedback but with delays
- TF Leader presented summary of responses at EWG
- TF Leader will submit Draft Report till mid December 2017 with request for comments till the end of January 2019

- ECRB Agreement on written approval!
TF3- SEE Market Monitoring (1): Transparency Monitoring

• Concept on activities related to monitoring report on compliance with Electricity Transparency Regulation (EU 543/2013):

  ➢ Data needed for producing the Report are still not completed within ECS and therefore not submitted yet to ECRB EWG
  
  ➢ Note: Data were requested during summer and they do not show the state of play of all CPs at the same point in time → it is important in the next reports to consider the same or similar timing for Data collection for all CPs in order to have possibility to compare status
  
  ➢ ECRB Section noted that it is unlikely that ECS will collect Data on the same granular level as requested for this report → EWG decided to terminate this reporting if Data collection will not be managed in the same manner by ECS in future
  
  ➢ ECS will submit Data once completed to TF3 Leader who will prepare and submit first draft of Report till mid December 2018
TF3 – SEE Market Monitoring (2):
Workstream 1 – SEEAMMS developments

• SEEAMMS Regional Monitor rotation continues

• There is a lack of participation by CPs NRAs in providing explanations on MM Indicators’ deviations

• Only Serbian NRA submitted feedback explaining reasons for violations of Indicators

• ECRB Section noted that ECS received Invoice for extending the license of SEEAMMS tool from PE

• This has been paid and the license is now valid until August 2019

• ECRB EWG was informed that it is unlikely that such payments for continuation of license can be made in future by ECS

• This issue will be discussed further in the next ECRB EWG meeting
TF3 – SEE Market Monitoring (3):
Workstream 1 – SEEAMMS developments

• Romanian NRA/TSO step out from SEEAMMS Project noting that a new approach in calculation of capacity, including TRM is emerging: ‘Methodology used in SEEAMMS project is not in line with ENTSO-E Recommendation’

• ECRB EWG requested ECRB Section to contact ENTSO-E TSO expert to present actual developments for next EWG meeting

• Bi-annual SEEAMMS Report January-June 2018 was submitted after the meeting for the final comments

✔ ECRB APPROVAL!
The key pending issue was clarity of ACER Indicator on Wholesale Market price - correlation of the wholesale prices and the efficient use of cross-border capacity.

Answer from ACER experts received → use spot prices! → some ACER Indicators are not fully applicable in CPs.

In the absence of the Day-Ahead Prices in CPs (except Serbia), these indicators do not make sense to present or compare in Report, as each CP used different prices for this Indicator.

It was agreed to delete the table and add the explanation why this Indicator has not been presented in the Report.

The existing MM Report is for 2016, and the next year’s Report should include 2017 and 2018.

ECRB APPROVAL!
ECRB EWG Working Program 2019

<table>
<thead>
<tr>
<th>Task Force</th>
<th>Leader</th>
<th>Scope</th>
<th>Deliverable</th>
<th>Due</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. Wholesale Market Opening</td>
<td>Mr Salvatore Lanza</td>
<td>Effective wholesale market opening is central for establishing a competitive regional Energy Community electricity market and its integration with the European market. A harmonized regulatory approach is necessary in this context. With a view to support wholesale market opening, the activities of this Task Force will focus on regulatory support to forward market, day-ahead and intraday market integration in South East Europe. The activity also targets providing coordinated regulatory input to the South East European day-ahead market coupling projects established under the Western Balkans 6 (WB6) Initiative with other Contracting Parties and EU Member States.</td>
<td>1. Coordinated regulatory input to the WB6 activities and platforms related to day-ahead market integration (DAMI), such as the DAMI Program Steering Committee (PSC). This shall in particular also involve the development of regulatory instruments that facilitate the going live of the WB6 pilot projects such as NEMO designation or capacity calculation region modelling. 2. Coordinated regulatory input to negotiations on adapting CACM Regulation 1222/2015 and FCA Regulation 1719/2016 for adoption in the Energy Community 3. Harmonized regulatory review of SEE CAO rules: ad-hoc commenting or preparing harmonized and joint proposals for ECRB approval 4. Joint workshops of ACER and ECRB on CACM Regulation 1222/2015 for discussion of methodologies 5. Regular updates on actual EU wholesale market Integration processes related to CACM and FCA Regulations 6. Report on trading activities in forward markets in Contracting Parties and with EU Member States 7. Report on state of intraday markets in the Contracting Parties and intraday cross-border allocation</td>
<td>Upon demand and project development Upon invitation by the Secretariat Upon receipt from SEE CAO Twice p.a. Regular at EWG meetings Finalization of 2018 activity (Q1) Finalization of 2018 activity (Q1)</td>
</tr>
</tbody>
</table>
### Task Force 2 - Balancing

<table>
<thead>
<tr>
<th>Task Force II. Balancing</th>
<th>Leader</th>
<th>Scope</th>
<th>Deliverable</th>
<th>Due</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deliverables 1-3</td>
<td>Mr Igor Malidžan (REGAGEN)</td>
<td>The Energy Community’s Contracting Parties’ balancing mechanisms are largely not market based, lack functioning imbalance settlement procedures and do not provide for cross-border procurement of balancing energy and reserves. Linking the national balancing markets to a regional and more dynamic approach would promote the transparent formation of balancing prices, introduce competition in the procurement of balancing services, and positively affect grid stability. This process received additional impetus from the WB initiative.</td>
<td>1. <strong>Report on balancing market development plans</strong> in the Contracting Parties</td>
<td>Finalization of 2018 activity (Q1)</td>
</tr>
<tr>
<td>Deliverables 4 [tbd] (ARERA)</td>
<td></td>
<td></td>
<td>2. <strong>Analysis of the imbalance price formation in the CPs and report on imbalance prices</strong></td>
<td>Finalization of 2018 activity (Q1)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>3. <strong>Coordinated regulatory input to the Cross-border Balancing (CbB) Program Steering Committee (PSC) of the Western Balkans 6 Initiative</strong></td>
<td>Upon project development</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>4. <strong>Regular updates on actual EU wholesale market Integration processes related to Electricity Balancing Regulation</strong></td>
<td>Regular at EWG meetings</td>
</tr>
</tbody>
</table>
III. Wholesale Market Monitoring

<table>
<thead>
<tr>
<th>Task Force</th>
<th>Leader</th>
<th>Scope</th>
<th>Deliverable</th>
<th>Due</th>
</tr>
</thead>
<tbody>
<tr>
<td>III. Whole</td>
<td>Mr Zviad Gachechiladze (GNERC)</td>
<td>Market monitoring is a core element of regulatory responsibilities. Only in-depth knowledge of market performance, stakeholder activities and development outlooks allow regulators to create an effective market framework that balances the needs of market players and is able to promote competition, customer protection, energy efficiency, investments and security of supply at the same time.</td>
<td>1. <strong>SEE Market Monitoring Guidelines:</strong> Quarterly regional MM Administrator rotation scheme and identification of trouble shoot need 2. <strong>SEE Market Monitoring Bi-annual reports</strong> based on SEEAMMS Data 3. <strong>Monitoring report on the development of electricity wholesale markets</strong> in the Contracting Parties for the years 2017 and 2018 based on the indicators used by ACER for its annual market monitoring report</td>
<td>Bi-annually</td>
</tr>
</tbody>
</table>
Contact:

Nenad Stefanović
ECRB EWG Chairman
Senior Expert for Electricity
Energy Agency of Republic of Serbia (AERS)
Terazije 5 / V
11000 Beograd-Serbia
Tel: +381 11 6350 148
Fax: +381 11 6350 180
E-mail: nenad.stefanovic@aers.rs
URL: www.aers.rs