Nordic CCM SHF – meeting minutes

FINAL Version

December 12 2019, 09.30-15.30 (Clarion Hotel at Copenhagen Airport)

Participants		
CCM project • Tom Tellefsen (Statnett) • Ida Eriksson (Statnett) • Ulrik Møller (Energinet) • Jussi Matilainen (Fingrid) • Martin Julander (Svk) • Pieter Schavemaker (E-Bridge Consulting, PM) **Nordic RSC / NorCap project** • Raini Urbschat (PM) • Jens Møller Birkebæk (Nordic RSC)	**NRA** • Søren Søndergaard (DUR) • Toril Naustvoll Gange (NVE) **NEMO** • Marja Karppinen (EMCO) • Hilde Rosenblad (EMCO)	**Market representatives** • Heini Ruohosenmaa (Fortum) • Kruno Kuljis (Modity Energy Trading) • Rickard Björström (Vattenfall) • Martin Sällberg (Modity Energy Trading) • Herman Moestue (Montel) • Jacob Hygum Olsen (Danske Commodities) • Thomas Gustafsson (Vattenfall) • Jens Mortensen (Orsted) • Birger Mo (SINTEF) • Ida Slettahjell (Statkraft) • Mathias Ruge Thomsen (Danske Commodities) • Tor Handaa (Agder Energi)

Text in non-italics are statements, questions or claims from the stakeholders.
Text in italics are answers or comments provided by the CCM project.

Status update: where do we come from and where are we now (10.00-10.15)

Q: Will there be additional prototype simulations before the parallel run?
A: No, this is not expected due to the issues encountered with the prototype IGM / CGMs.

Q: Are you confident that you can start the external parallel run without any additional simulations?
A: The internal parallel run, using the industrialized tools providing additional simulations, is intended to increase the confidence level.

Q: Will you publish the results of the internal parallel run?
A: Yes, but the internal parallel run will not be a daily process (in contrast to the external parallel run).

Q: It seems that you have about 3 months of delay compared to earlier communication on the start of the external parallel run?
A: Yes, indeed. This is linked to the IT implementation.

Q: How will the external parallel run be done; are NEMOs involved?
A: Yes, during the external parallel run, the NEMOs will perform the market simulations. In order to realize this, the CCM & NorCap project reached out to the NEMOs to start their joint efforts early 2020.

Q: Will the PTDFs be published in the external parallel run?
A: Yes, the hourly FB parameters (amongst others), being PTDFs and RAMs, will be published in the Market Information Tool (MIT).

Q: With regard to transparency – will you publish the same information as on the continent?
A: With the Nordic LT CCM being referred to ACER, ACER copied in many elements from their decision on the Core DA/ID CCM, a.o. on the publication of data. The Nordic TSOs are now in the process of amending the DA/ID CCM in line with ACER's decision on the LT CCM. Please note that ACER added an additional paragraph to the "publication of data" Article in the Nordic LT CCM (that is not present in their decision on the Core DA/ID CCM):

5. If a TSO provides evidence to its national regulatory authority that the provision of anonymised stable identifiers is not sufficient to prevent the identification of network elements, and is therefore not compliant with its national legislation, they can be exempted from the requirements of stable identifiers pursuant to Paragraphs 3 and 4.

Recap of the FB methodology (10.15-11.15)

Q: Will you remove so-called collinear constraints?
A: The TSOs will perform a presolve to remove redundant constraints before providing them to the market and the NEMOs. Collinear constraints surfaced in CWE in the context of the German-Austrian bidding zone split. They originate from the creation of virtual CNEs. This procedure is not applied by the Nordic TSOs.

Q: Can you confirm that the FB domain will always be larger than the NTC domain?
A: Yes, from theory, and yes from a practical point of view, when both the FB and NTC are subject to the same level of security of supply.

Q: Regarding DC links - how will ramping constraints be handled in FB?
A: They are treated as separate allocation constraints and are provided to the NEMOs to be taken into account in the market coupling. They are not part of the, or expressed as, FB parameters.

Q: In case of better forecasts, could the NTC domain – and the TSOs' choices in sharing capacity on borders - be more accurate?
A: Yes, but the NTC concept in itself is limited. With better forecasts, the TSOs may provide a larger NTC domain, but at the cost of operational security if the forecasts prove to be inaccurate - the FB approach will reap the same benefits, but without the risks / disadvantages.

Q: If you were to prohibit counter-intuitive flows, would this be done in the PTDF matrix?
A: No, it would be an additional (allocation) constraint imposed to the market coupling algorithm.

Q: FB-intuitive - did you study the impact of non-intuitive flows on the Financial Market?
A: We did study the impact of FB intuitive vs FB plain in terms of socio-economic welfare, but not to the financial market as such.

Q: How will the system price be calculated in FB?
A: In a similar fashion as today - calculate the price without constraints (no difference if it is NTC or FB constraints that are removed or put to a very high capacity)

Q: The D-2 CGM as basis for DA capacities - when will the latest updates be applied (i.e. a new wind prognosis)?
A: It is being considered to have a CGM update in the morning of D-1. However the capacities can be updated closer to the market opening, by the operators during their domain validation.

Coffee (11.15-11.30)

Implementation timeline (NorCap) (11.30-12.00)

Q: Why do you have three months of delay?
A: This is linked to the IT implementation. We have introduced a parallel process to limit the delay.

Lunch (12.00-13.00)

ACER's decision on the LT CCM and amendment process of the DA/ID CCM (13.00-14.00)

Q: What does the LT CCM cover?
A: At least the year-ahead (YA) and month-ahead (MA) capacity calculation.

Q: MA forecasts are needed; what will be provided to the market participants?
*A: The FB domain, and the ATC box extracted from it, will be provided to the market participants.*

Q: ID ATC extraction. In case we have counter-intuitive flows in the DA, and we extract ATCs, does this offer some opportunities for arbitrage on the ID?
A: If the DA market ends up with counter-intuitive flows, it indicates that there is a congestion in the system. The ID capacity that will be provided for the gate opening at 15.00, will be the left-over capacity from the DA market (no dedicated ID capacity calculation can be performed in that limited amount of time). In other words: it will be the DA FB domain, that is shifted by the DA market outcome, that represents the left-over capacity for the ID gate opening. In case of a FB ID auction, the left-over capacity is used as is. In case of ID ATC continuous trading, an ATC domain needs to be extracted from this left-over FB domain. As there is a congestion in the system, on all directional borders that would contribute to the congestion no left-over capacity is available; in the other direction there may be capacity though. As such, no arbitrage options will appear from this left-over capacity. From the dedicated ID recomputations, some additional capacity may be released.

Q: FB ID: when will this be applied?
A: We may face a situation as depicted in the image below: three ID FB auctions, with ID ATC continuous trading in between:
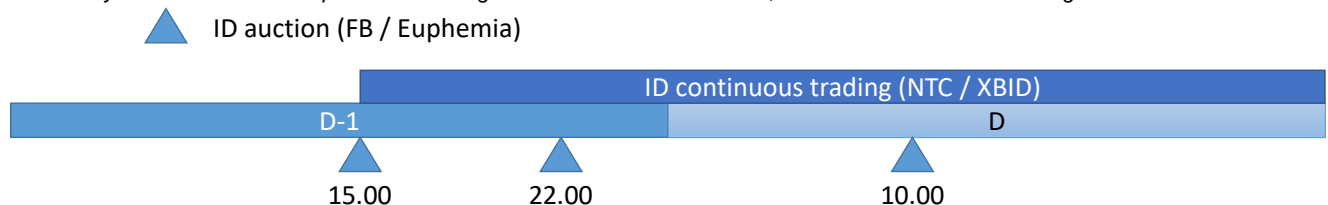
Q: When will the ATC extracted capacities be published, so that we can compare the values to what we have today?
A: The ATC extraction should be up and running in the second part (last 6 months) of the external parallel run, but please note that we will use the ATC extraction to assess ID (being left-over) capacity, this does not make it easy to compare it to today's operational (DA) NTC values.

Coffee (14.00-14.15)

Market information tool (14.15-14.45)

Q: Transparency is now aligned to Core, except for the Svk/SN law prohibiting the publication of the names / unique IDs?
A: Yes, indeed.
That is troublesome. We need at least the indication of the bidding zone and a consistent ID to be able to track and trace the (internal) CNEs.

Questions and answers (14.45-15.30)

Q: 70% percent rule. Different interpretations on how to calculate it. Are there discussions on a European / Nordic level on how to deal with this?
A: Ulrik labels the 70% requirement a step backwards for the Nordics, as TSOs are compliant when they deliver 70% to the market. There is no need to maximize the capacity any further.

Q: How to deal with UMMs under FB?
A: This is work in progress.

Q: You encountered a mistake in the non-intuitive simulation analysis, and would do a re-computation. Do you have results to share?
A: Indeed, those results will be presented in the Jan 29 Stakeholder Group meeting.

Q: Did the TSOs receive any additional feedback on the KPIs / FB go-live criteria?

A: Yes we did, and we will iterate with the Stakeholder Group meeting on Jan 29.

Q: How often will you recompute the ID capacity?
A: This depends on the updates of the CGM. Please note that the timeline depicted above does show some natural points in time to re-compute the ID capacity (22:00 D-1, and 10.00 D).

Q: Is there any action taken based on the market participant's desire to have the non-intuitive patch computed during the parallel run? Indeed, this may be important / needed to gain market trust.
A: The prevention of non-intuitive flows is not part of the CCM, as such it is not intended to have them simulated as a part of the parallel run. Of course, when there are serious concerns based on the external parallel run results, a dedicated analysis could be set up to investigate those. Ulrik asks market participants to come up with a reasoning / arguments why additional effort on this topic is needed.

Nordpool / EMCO indicates that NEMOs cannot perform intuitive simulations based on a market participant's request, but can do such a thing upon TSO request.

NVE: we as NRAs are striving for an optimal market solution. We are also interested to learn why this request is re-appearing. Why should we allow for a decrease in social welfare?

Nordpool / EMCO: we do not have an opinion on intuitive / non-intuitive: we are neutral. We are only asking the TSOs to show to the market participants that this non-intuitive solution is the better one.

DUR: Allocation constraints in the CCM are only allowed, according to legislation, to either increase socio-economic welfare or when needed for operational security. Or in short: the intuitivity does not fit in. For the algorithm - it is hard to see a legal basis how this can be fit in. We also see difficulties to have ramping constraints and the intuitive patch being applied together, as the ramping constraints trigger non-intuitive flows on a regular basis.

The slides are available for download from the RSC website: https://nordic-rsc.net/wp-content/uploads/2019/12/20191212-Nordic-CCM-SHF_V0.pdf