



2. NRA presentation: NRA decision on EPR evaluation report (09:05 – 09:40 CET)

Nordic CCM Stakeholder Meeting
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Nordic Flow-Based CCM: The EPR –report and NRA’s Checkpoint

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Nordic Flow-Based Capacity Calculation: Where do we stand now?

- The current flow-based methodology was approved by the Nordic NRAs in September 2020
- When approving the methodology, the NRAs made some changes in the implementation plan in order to alleviate stakeholders' concerns and to ensure proper implementation of FB
 - Ensuring that flow-based methodology **operates sufficiently well**
 - Emphasizing **stakeholder involvement** also during the implementation phase
- Nordic CCR NRAs agreed to having a **Checkpoint** in the middle of the parallel runs
 - The purpose is to assess and verify the functionality and efficiency of flow-based calculations
 - Checkpoint based on assessing Key Performance Indicators: KPIs
 - Use of Fallbacks, Structural delays, Publication of parameters
 - Also information on effects for ID market, socioeconomical welfare and stakeholders' feedback

Parallel Run: NRA -Checkpoint

- How to ensure, we will get proper parallel runs and FB calculations, while avoiding unnecessary postponement of go-live?
 - Balancing between level of operations we require from the TSOs, and how long can the implementation take?
- The checkpoint is based on a report drafted by the TSOs
 - **EPR-report:** External Parallel Run Report
- NRAs have formulated a joint opinion of FB operations based on the report
 - If FB is deemed to function sufficiently, the TSOs continue with final 6 months of EPR
 - If FB operates at insufficient level, the TSOs are requested to improve FB, after which they deliver a subsequent report
- CACM requirement is 6 months of parallel runs, no KPIs
 - The NRAs' Checkpoint process goes significantly beyond that
 - The checkpoint is meant to guarantee that the last 6 months will fulfill the technical performance expectations (KPIs)
- NRAs received the report from TSOs on **June 12**

General Remarks on the EPR –report and NRA -decision

- The **operational implementation** of Flow-based is generally OK
 - NRA **key performance indicators** (“KPIs”) fulfilled
 - All KPIs have been met. No significant fallbacks or delays observed related to the DA capacity calculation process.
 - KPIs: Use of Fallbacks, Structural delays, Publication of parameters
- However: There are still open issues beyond the KPIs
 - TSOs requested to investigate and elaborate on those
 - The purpose of this is to alleviate the stakeholder concerns and to improve the operations if needed
- Some improvements still required concerning:
 - Unanswered questions from stakeholders
 - Improving transparency and communication
 - Clarify, to what extent EPR results relate to issues in the modelling of FB or ATCE
 - More detailed explanations on the upcoming changes and capacities (NTC vs FB)
 - Additional analysis on handling of ATCE capacities during go-live
 - Possibly more analysis on ID and non-intuitive flows
 - ATCE and relaxing the FB parameters leading to arbitrage between ID and DA?
 - TSOs expected to develop explanatory material
 - Transparency related to anonymized CNEs (SvK and Ei)
 - Ensuring that SvK’s practice of publication of CNEs is in line with the methodology (Art. 25.5.)
- The TSOs will elaborate on how they will answer to these requests

What does the report show?

- Improved socioeconomical welfare as a whole
 - Better utilization of the Nordic power system, as more power can be moved where it is most valuable
- Loss of consumer surplus in some areas.
 - FB will Change the prices in some BZs. It is understandable that this might be seen as a negative aspect
 - At the same time, FB produces welfare on a larger scale
 - It should also be noted that the simulations are based on existing orderbooks. FB order books might change the situation to some extent
- Why go for FB, when there will be loss of consumer surplus for some?
 - Important to note that the decision to go for F-B was made in 2018. This is only about the implementation at this stage
 - The loss in surplus in some areas compared to NTC might also be a result of inaccuracies in NTC calculations
 - FB enables better market integration between zones. This can change the prices
 - The same might happen even with the introduction of a new cable
 - Increased complexity in the Nordic power system
 - NTC not sufficient any more
 - FB optimization is more efficient compared to setting capacities using NTC, and thus will create socioeconomical benefits
- The NRAs give an “OK” for the TSOs to proceed to the last 6 months of parallel runs

What will happen now?

- Final 6 months of parallel runs
 - During this, the TSOs will provide additional information for stakeholders, in line with NRAs request
 - The aim is to alleviate the concerns among stakeholders and to ensure easy adoption of FB
 - Fixing any remaining problems
 - NRAs request the TSOs to extensively communicate the progress to NRAs and stakeholders during the upcoming months of EPRs
 - Regular stakeholder seminars and meetings with the Nordic NRAs
- NRAs will observe and examine the parallel runs in anticipation of the go-live
 - No more specific reports for the NRAs
 - Focus on the stakeholders and their needs
- Go-live will happen [earliest in January 2024](#)