

NBM Stakeholder reference group meeting

Date: 27. August 2020
Time: 9.00-12.00 CET
Place: Teams meeting

Next steps

Nb.	Topic	Next step
1	NBM Roadmap	<ul style="list-style-type: none">TSOs are working on more detailed roadmap/s from a stakeholder perspective
2	aFRR capacity market	<ul style="list-style-type: none">IT specifications will be ready and testing starting this year
3	Single pricing	<ul style="list-style-type: none">Detailed market design document will be publishedTSOs will have national stakeholder consultations and discussion on terms and conditions including mitigation measures during this autumn
4	mFRR energy market	<ul style="list-style-type: none">Still open issues to be decided concerning the transition to 15 min mFRR Energy market. The work continues and more discussion with stakeholders can be expected this year

Notes from current meeting

	Topic
1	Opening the meeting, approval of the agenda <i>Maria Joki-Pesola, Fingrid</i> Maria Joki-Pesola opened the meeting and welcomed all participants. Proposal for agenda was approved.
2	The complexity of the NBM program <i>Dag Henning Nikolaisen, Program Director</i> Program Director stressed the importance of close dialog with stakeholders throughout the NBM program and encouraged feedback and comments from all stakeholders. Stakeholders stressed the importance of this group and a continuous dialogue but wanted a clarification of the aim of the group. Will it be used for information only or as a forum for consultation? Could there be workshops around certain topics? TSOs ensured that the aim of the group is to achieve real and active dialogue were stakeholders could provide input to ongoing projects. Already today we forward all comments and input to relevant project groups but we also see potential for improvement.

For example, we could arrange webinars more frequently with focus on one or two issues and prepare questions for discussions in advance. We also see that it could be necessary to arrange national meetings to be able to discuss national characteristics of the markets or power system.

3. Status of the NBM Roadmap

Merie Sandahl, Svenska Kraftnät

Stakeholders asked about the timeline and strategy for aFRR energy activation market. **TSOs** answered that that process is starting now. TSOs will have a strategy ready in line with the milestone in our roadmap. Focus now is on our own analysis.

Stakeholders questioned the focus on the aFRR capacity market over the aFRR energy market. Isn't the aFRR energy market more important and a legal obligation? **TSOs** explained that a Nordic aFRR capacity market and a Nordic mFRR energy activation market are important prerequisites for reaching ACE based balancing and 15 min ISP in a socioeconomic cost-effective manner. Both are necessary components to be able to connect to the European platforms.

There will most likely be no need for a Nordic aFRR energy activation market, but Nordic will connect directly to the European aFRR energy activation market through the Picasso platform (but Nordic will ask for derogation and not be ready by mid 2022).

Some **Stakeholders** pointed at the possibility to instead have national or bidding zone capacity markets, but this is not recommended by **TSOs** due to extensive socioeconomical costs. TSOs reminded that we have to be able to balance all bidding zones before we connect to European platforms. Decrease the number of bidding zones is not an option.

Stakeholders expressed that the roadmap is useful but asked for a more detailed version covering the next 1- 1,5 years. There are a lot of details in every process and we want to know when decisions are taken etc. **TSOs** agreed about the need for a more detailed roadmap. This will include also upcoming webinars etc.

Stakeholders asked if we will connect to Mari and Picasso simultaneously. TSOs answered that that is not necessary.

Stakeholders asked if aFRR will be activated pro rata? **TSOs** – yes – until we have the aFRR energy activation Market.

4. aFRR Capacity market and the way forward

Martin Høgh Møller, Energinet

Stakeholders asked about the timing for calculating transmission capacities in according with CACM regulation. TSOs explained that when we have go-live of the external parallel run in the flowbased project – transmission capacities for day-ahead will be calculated according to CACM. Expected go-live for the external parallel run is before Q2 2021.

Stakeholders asked about time period for mark-up value and if it will be dynamic or static during the day. **TSOs** – rolling average for 30 days – always looking 30 days back. Mark-up

will be a fixed value for a day and per bidding zone border and be between 1-5 EUR. The Markup will only change with 1 euro at a time. The Markup will not be very volatile, due to the legacy of a 30 days rolling average. The method for mark-up has to be evaluated and potentially changed within 12 months.

Stakeholders asked if IT specifications would be ready at the end of this year. **TSOs** confirmed that testing could start around the turn of the year.

Stakeholders questioned the strategy of reserving cross-zonal capacity instead of building capacity in every bidding zone. In addition, how can TSOs confirm that capacity is lacking before a market is in place? There is in fact resources in every bidding zone. **TSOs** exemplified with the mFRR market that lacks capacity, which is a good indicator. The aim is to create more capacity but the transformation has to be efficient. A market without competition is not a market. It is just expensive. In addition, aFRR will be ramped up when we transform to ACE based balancing so even more capacity is needed.

Stakeholders asked for clarification about which bidding zones that were critical. How do we plan to increase capacity in those zones? **TSOs:** Transmission capacity takes a long time to build. It is well known that some bidding zones have less aFRR capacity. The way we procure today is not viable in the longer run. We have to start considering where resources are located. Nevertheless, will consider where capacity is most useful before reserving. No reservation of cross-zonal capacity will take place if this capacity adds more value to the day ahead market. This analysis will be done for every hour. An algorithm will estimate cost for allocating the capacity to reserve-market, with the aim of lowering the cost. Details of the algorithm will be published before go live.

5. Single pricing status update

Erica Arberg, Energinet

Stakeholders raised questions about the level of harmonization of BRP fees and mitigations measures in the Nordics. **TSOs** explained that BRP fees already are harmonized to a large extent in the Nordics and the current development will not lead to any dramatic changes. For mitigation measures, we have an ongoing analysis process. Details could differ between countries. Mitigation measures will be implemented in national guidelines and will be part of national consultations before implementation.

Stakeholders asked about the separation of the fee for production and consumption. **TSOs** explained that the fees are separated already today due to IT reasons. The fee will be identical for production and consumption.

Stakeholders asked about mitigation measures and what they shall achieve. Is it more important to follow the plan or to help the system? To follow an outdated plan will not help the system. Incentives should be constructed as carrots and not sticks. Stakeholders also stressed the importance of a Nordic toolbox of mitigation measures. **TSOs** explained that the most important factor is knowing what will happen in the system. Plans should be updated to the extent possible. TSOs are working for a process where it is possible to change plans closer to real time. This will be facilitated by 15 min ISP. **Stakeholders** stressed that also trading closer to real time could be a measure for balance.

Stakeholders commented that the proposals for mitigation measures addressed production largely than consumption. **TSOs** noted this.

Stakeholders asked for next steps and when they could provide more detailed input: TSOs: We will have national consultations on the updated BRP T&C and fee structure in October/November. In September, we publish a detailed market design document, which will include the information mentioned in the presentation. Stakeholders are then of course welcome to comment and further discuss nationally.

6. **The Memorandum Product Activation Process for mFRR energy activation market**

Eivind Lindeberg, Statnett

Stakeholders had several questions about the algorithm. For example, if more iterations lead to more oscillations, if, and where public information about the algorithm could be found. TSOs answered that it would not lead to more activation and oscillation. Bidding zones will be cleared if there is available transmission capacity. Details of the algorithm will be published and is to a large extent already public in the European documentation for MARI. However, we take note that stakeholder request open information on the AOF.

Stakeholder also asked about the calculation of the price. **TSOs:** Highest bid for that period even if activation is less than one hour.

Stakeholders commented that following the European model with bid attributes is ok. However, there are quite few national bid characteristics. Does this mean that we end up having national bidding models? **TSOs:** Could be national attributes but not a national model. To be clear, the bids in the bid selection algorithm will all have the same bid attributes following the European product. Any national bid attributes are only used outside of the regional bid selection, for example for bid filtering. **Stakeholders** asked for early information on any new bid attributes.

Stakeholders also asked TSOs to be clear on what is meant by 15 minutes bids. Do we refer to technical changes or to brand new markets? Stakeholders also asked about requirements for ramping. **TSOs** answered that differed ramping profiles within FAT would be ok in parallel operation. After that, there will be an incentive structure in place.

Stakeholders did foresee that 15 min would lead to a higher level of automation at BSPs.

TSOs described that there will be national measures to handle period shifts. No Nordic market for this is foreseen.

7. **NRA-TSO cooperation**

Thomas Vom Braucke, Danish Utility Regulator

aFRR

Goal is to have a market in place as soon as possible while fulfilling all ACER requirements.

15 min ISP

NRAs got requests for derogation. Will result in four different national decisions but aims to take decision simultaneously. Decision has to be taken no later than December 2020.

Single pricing

Ongoing discussion with TSOs before formal submission to smoothen the process.

Energy market and single pricing: National decisions but we have to synchronize in the Nordics.

NRAs and TSOs will have an additional meeting this autumn well ahead of the next stakeholder meeting.

8. AOB

No other matters to be handled.

9. Next meeting

Next meeting in November will include at least the following topics: aFRR capacity market, single pricing and mFRR energy activation market.
