



ERGEG consultation – Draft Comitology Guideline on Fundamental Electricity Data Transparency

EDF Response

28 October 2010

Who we are

EDF SA is a French corporation involved in generation of electricity and supply of electricity, gas and associated services to nearly 28 million customers in France. In 2009, it generated €34 billion sales, representing 400.4 TWh of electricity and 18.5 TWh of natural gas. With an installed capacity of 98.7 GW, mainly nuclear and hydro, EDF SA is the leading provider of efficient and low-carbon energy solutions, with an average 40.8 g of CO₂ per kWh generated.

Introduction

EDF welcomes the opportunity to answer this ERGEG consultation on Fundamental Electricity Data Transparency and considers the challenge of harmonizing market information at European level a necessity in order to improve confidence in the electricity wholesale markets.

A common level of fundamental data transparency, binding for all Member States, defined and harmonized at the European level will allow for a fair and non-discriminatory level playing field for all the market stakeholders as well as contribute to foster the integration of European Electricity Markets.

The consultation properly tackles the four main fields of information (load, transmission/interconnection, generation and balancing) necessary to assess the supply and demand balance influencing wholesale electricity markets. The general reference threshold set at 100 MW, as proposed in the Draft Guideline, should provide a consistent assessment.

EDF and all other producers in France are committed, with the support of the TSO (RTE), in a stage by stage transparency process since 2006. This French initiative driven by UFE (*Union Française de l'Électricité* – the French electricity association) has been offering market

information available on the TSO's website since November 2006. Although not cited in the initial impact assessment of ERGEG, this initiative will achieve a high level of transparency on fundamental generation data by the end of 2010, in compliance with the CWE transparency report published by the CWE regulators in 2007 and the 2006 ERGEG Guidelines of Good Practices on Information Management and Transparency. The French initiative is currently one of the most advanced processes in Europe, collecting data on more than 90% of the French installed generation capacity¹, EDF being a major contributor with a complex and heterogeneous generation fleet including all conventional production types (nuclear, coal, fuel oil, hydraulic and gas).

EDF considers that the recommendations exposed in the draft Guideline are consistent and comprehensive. Nevertheless, EDF suggests a few enhancements regarding load, transmission/interconnection and balancing. With regard to the generation field, EDF is fully supportive of the proposed Draft Guideline but suggests that a higher level of detail be defined in order to assess the development timescale needed.

In order to optimize the implementation timescale and associated costs, EDF urges ERGEG to take into account the local transparency initiatives already in place.

The harmonized implementation of the future Guideline throughout Europe is a huge challenge. EDF assumes that efforts should be higher and thus properly monitored for countries that have developed low transparency standards. Therefore, EDF requests a schedule with successive implementation milestones which implies to prioritise the publication of data by all Member States, taking into account the already existing national platforms and past developments. During the implementation phase, the current publications, existing at the national transparency platforms level, should remain.

General issues

1. Are there additional major problems or policy issues that should be addressed by the draft Comitology Guideline on Fundamental Electricity Data Transparency?

EDF considers that the following major issues could have been handled with a higher level of detail:

- définition of responsibilities for data disclosure, collection and publication;
- implementation timescale: a successful European harmonisation implies a gradual approach being described in advance and monitored;
- governance: implementation requires coordination and involvement of all stakeholders;

¹ The accurate description of the information disclosed through the UFE initiative is described on the RTE website : http://clients.rte-france.com/htm/fr/vie/telecharge/20100628_cahier_des_charges.pdf

The press release regarding the December 2010 evolution : http://clients.rte-france.com/htm/fr/journalistes/telecharge/communiqués/CP_UFE_2009_11_23.pdf

- reliability and completeness of the information.

As far as generation data is concerned, EDF wishes to highlight a certain number of details that need to be defined in order to solve operational issues by anticipation and therefore make some suggestions based on the experience drawn from the current French initiative.

Ex-ante information on planned unavailability (4.3.2.4):

The ex-ante information on planned unavailability for generation units larger than 100 MW is both one of the most challenging information to provide on a reliable manner for a generator and one of the most important information for market parties to assess the electricity wholesale market conditions. For that reason, the information provided to the market should be consolidated as part of a set of assumptions, as it is the case in the French transparency initiative. Thus, EDF considers that ex-ante information should be published as soon as reliable, complete, consistent and consolidated data is available, and be based on existing information flows that are required to ensure system balance.

Currently, French generators publish on a daily basis, one hour before the gate closure time of the power exchanges, the consistent information necessary for acting on the spot market.

EDF is currently publishing ex-ante availability information unit per unit for the next three months and aggregated per production type for the next three years. EDF considers relevant and possible, within a reasonable timescale, to publish unit per unit data for the next six months. Beyond a six months rolling horizon it does not seem relevant to provide a unit per unit information due to the high degree of uncertainty associated with these forecasts and, in some cases, the unavailability of the information (e.g. hydro units). EDF considers that aggregated information remains more relevant.

EDF suggests that beyond six months, an aggregated format per production type of the planned availability may be asked until the next rolling three years and be updated every month (as currently implemented within the French transparency initiative).

Ex-ante information regarding the installed capacity (4.3.2.1 and 4.3.2.2):

The total installed capacity publication (aggregated per production type for generation units above 1 MW - 4.3.2.1) disclosed once a year (end of year Y for the year Y+1) should retain the 1st January as the easiest specific reference.

EDF suggests that the annual installed capacity for the next three years for generation units larger than 100 MW (4.3.2.2) be provided each month (first day of each month as reference) and updated accordingly.

The information should in principle be provided by the generators whether for conventional generation units or for solar, small hydro and wind generation units. However, EDF suggests that TSOs, being at the crossroad of all information flows, may be asked to communicate the aggregated data regarding solar, small hydro and wind generation units, on behalf of the data owners and if requested by the National Regulatory Authorities (NRA).

Ex-post information on planned and unplanned unavailability (4.3.2.5):

EDF supports the publication within 30 minutes of the information to the market (total outage and partial unavailability and return to normal conditions disclosed in almost real-time) and considers that first disclosure and then updates of the forecasted return (day/hour) should be done on a daily basis in order to ensure reliability and completeness of the consolidated information.

EDF suggests that the first step should concern the disclosure within 30 minutes of the total outage for units which capacity exceeds or equals 100 MW. In a second step, in line with the gradual European approach that EDF requests, the partial unavailabilities should be integrated to the publication. This last evolution will indeed need a significant reorganization of processes and, subsequently, IT developments.

Ex-ante and ex-post information on wind and solar generation (4.3.2.10 and 4.3.2.11)

As previously mentioned, ex-ante and actual information regarding wind and solar generation should be under the responsibility of the generators. However, if requested by the NRAs, TSOs, who are the best players to handle the intermittent generation information, could endorse this responsibility on behalf of the data owners. EDF strongly supports the imperious necessity to develop reliable information regarding intermittent generation and urges ERGEG to expand the ex-ante information not only for the next day but also for the next 7 days (peak and off-peak averages) in order to anticipate, even with a less reliable level of information, the electricity wholesale market conditions.

2. What timescale is needed to implement the Comitology Guideline on Fundamental Electricity Data Transparency seen from your organisation's point of view?

EDF considers that ERGEG should take into account the initiatives already implemented, otherwise it would lead to huge developments and subsequently increase the implementation timescale.

As far as EDF is concerned, the lack of clear definitions hampers the reliable assessment of IT development needs and adjustments of EDF's internal procedures. Under the timeframe for the ex-ante unit per unit disclosure and its related update frequency described above, EDF would be able to align with the suggested request for data disclosure within a reasonable timeframe once a stabilized and common definition of the whole set of data is available. Should the process lead to different detailed definitions, EDF estimates that at least three years are necessary to achieve a full implementation level.

Because the main objective is to reach a common level of fundamental data transparency, binding for all Member States, and given heterogeneous situations in the different bidding areas, this target should be met through progressive implementation. Therefore EDF suggests

that a consistent schedule be defined describing the successive implementation stages. In order to both ease the implementation and meet main market expectations, a prioritisation of the data to be published by all Member States for each stage would then be necessary.

However, as TSOs already have access to most of the relevant data concerning Transparency publications due to their fundamental activity as system operators, TSOs could disclose this data on behalf of the data owners, thereby reducing IT complexity and delays for improving Transparency.

3. Do you see a need for more firm specification of the role of each market participant in delivering transparency data to the TSO/information platform in the Comitology Guideline on Fundamental Electricity Data Transparency?

The roles, depending on the information to disclose, should be clarified between the owner of information (generators for generation data, TSOs for interconnection data, consumer for consumption units data, etc.), which shall be responsible for accurate transparency data delivery, and the handler of information (local TSOs in that case) which shall put in place the means to transfer the information to the central platform.

Data accuracy should be asked to the owners of information on a reasonable endeavour basis and should not create any legal liability towards market participants. Data accuracy assessment should, in the scope of market surveillance, remain in NRAs area of competence. The larger than 100 MW consumption units information should be disclosed by the local TSO on behalf of the customers. Regarding specifically intermittent generation, generators are the prime responsible for providing forecast/actual output. Nevertheless, it seems that this role could be endorsed by the TSOs, best player at the crossroad of all information flows to bear the acknowledgement of the forecast/actual output of this type of generation, on behalf of the producers.

The issue of appropriate coordination between DSOs and TSOs, when relevant, should be addressed explicitly.

4. Do you see a need for more firm specification of the role of the TSO in collecting data in the Comitology Guideline on Fundamental Electricity Data Transparency?

EDF agrees that all the data should be sent to the central platform by the local TSO, and thereby does not support the possibility, for a consumer or a generator, to send directly the information to the central platform. This suggestion is made to ensure consistency in data collection.

5. Taking into account the interface between wider transparency requirements and the costs of data storage, do you consider storage of basic data for 3 years, to be made available for free, as sufficient ?

EDF believes that the storage costs are negligible compared to all the costs incurred by the development/maintenance and Human Resources associated with the implementation of a central platform. In addition, it is possible that a larger timespan imposed for data storage could be useful for new entrants.

6. Are the suggested market time units for information reporting and publication requirements adequate and compatible with wider transparency in a European perspective?

The overall goal should be to harmonize the market time units between all Member-States. EDF suggests that one hour could be the market time unit reference for all Member-States.

7. How do you see the costs and benefits of the proposed transparency framework for fundamental data in electricity? If possible, please provide qualitative and/or quantitative evidence on the costs and benefits or ideas about those.

Transparency brings clear benefits to all European wholesale markets stakeholders: better visibility on the fundamentals of the electricity markets should help lowering risk premium, price volatility and bid/ask spreads as well as increase the liquidity of the European electricity markets. However, assessing those benefits will always remain a difficult task.

In front of the qualitative assessment of the benefits, ERGEG should estimate the costs incurred by generators, consumers, TSOs and DSOs. ERGEG should make explicit, on the one hand, the part of those costs borne by TSOs/DSOs (under appropriate allowed revenues) and, on the other hand, the part of those costs incurred by generators. Such estimate should be made once definitions are stabilized.

Going from a voluntary approach to binding and different standards will lead to additional costs. These costs shall in the end be passed on to customers.

In order to minimize the global implementation costs of the ambitious recommendations required in the Draft Guideline, EDF urges to take into account what has already been developed in the local initiatives. The necessary harmonization of those requirements should not be detrimental to early movers.

Regulators should bear the responsibility to estimate the risk of implicit collusion brought by transparency.

Load issues

8. Do you see a need for publication of load data linked to different timeframes or an update of load data linked to different timeframes than those suggested in the draft document?

The timeframes (daily, weekly and monthly information) addressed in the consultation are the proper ones. The way to update and present them could, from EDF's point of view, be improved.

EDF considers that the month-ahead estimate (4.1.3.4) leaves an important timeframe for the market parties unupdated: the orphan Week+2. EDF suggests that the TSO should publish, each Friday, a daily vision for the next week plus a weekly vision for the Week+2.

In order to properly assess the possible tensions on the supply/demand balance for the next week (4.1.3.3 – week-ahead estimate per day), the TSO should also publish a forecast of the hourly peak demand (for each day of the next week). In addition, the daily forecast disclosed the previous Friday for the remaining days of the current week should be updated every day.

The development of the intraday market, due in particular to the increase of intermittent generation, should encourage the intraday updates of the load estimates for the remaining hours in order to allow market parties to have the best information for their hedging process of imbalances to avoid the costs of imbalance.

9. The draft document suggests that the information on unavailabilities of consumption units is disclosed in an anonymous manner identifying the bidding area, timeframes and unavailable load. Do you consider these pieces of information sufficient for the transparency needs of the internal wholesale electricity market or should also the name of the consumption unit be published?

As requested in the Draft Guideline, EDF considers appropriate to publish anonymous information for the larger than 100 MW consumption units.

Transmission and interconnectors

The requirements for Transparency publication on the transmission and interconnection fields are treated on a comprehensive manner by the draft Guideline. EDF considers that challenging offered capacities should remain in the scope of market surveillance and be an exclusive competence of NRAs. The data obligation put on TSOs should focus on available capacity between controlled areas under the scrutiny of NRAs, including HVDC lines.

EDF considers that information on the planned outages on interconnections for a calendar year would not be satisfying. In fact, the vision for market players of the planned outages reducing the available capacity for the important months of January to March disclosed only by the end of

the previous year is too late for hedging purposes. EDF suggests to provide this information at least twice a year for the next rolling year.

The reservation of priority rights capacities between Member States and surrounding countries (4.2.4.7) should be communicated and updated by the TSOs and not by the contractual parties. TSOs have the duty to disclose the rules in force regarding borders access.

10. Should the publication obligations regarding planned or actual outages of the transmission grid and interconnectors require the publication of the location and type of the asset (i.e. identify the part of transmission infrastructure that due to planned outage or a failure is facing a limitation in its transmission capacity) or should the information on transmission infrastructure equipment outage be non-identifiable? Please justify your position why either identified information would be necessary or why only anonymous information on the transmission infrastructure outages should be published.

EDF recommends that the information disclosed by the TSOs should focus on offered capacities between bidding areas. NRAs should be in charge of TSOs surveillance regarding the accuracy and consistency of offered capacities publication.

However, in order to support stakeholders own assessment on transmission and interconnectors system analysis, the location and type of transmission asset facing an outage should be identified if this outage impact the cross border capacities offered to the market.

11. The requirement to disclose outages in the transmission infrastructure is proposed to be placed on such events where the impact on capacity is equal to or greater than 100 MW during at least one market time unit. Do you consider this absolute, Mw based threshold appropriate, or should the threshold be in relation to e.g. the total generation or load of the bidding area, or alternatively, should the absolute threshold be complemented with a relative threshold? The relative threshold would mean, for example, that the publishing requirement would apply if a planned or actual outage of transmission infrastructure would equal to or be greater than 5 per cent (or any specified percentage value). This question on relative threshold stems from the fact that for some bidding areas the proposed 100 MW threshold may be relatively high. However, raising the general European threshold might in the majority of the European bidding areas lead to too low a threshold and a vast amount of information being reported.

In order to be consistent with the load and generation fields, EDF considers important to remain with a systematic and consistent threshold of 100 MW.

12. With regard to publishing requirements on congestion (in paragraph 22 (d) and (e)), what kind of information do you consider important to receive and how frequently? Please justify your position.

The question and the reference to a “paragraph 22 (d) and (e)” are unclear.

Generation

13. Should unavailability of generation infrastructure relate to a given plant or a given unit? Please justify your position.

From EDF perspective, the unavailability should be related to generation units. Operations are conducted on a unit per unit basis with little consideration whether it forms part of one plant. For instance, plants with two different production types (fuel oil and coal) would provide no consistent information to market players about the availability of each technology. Moreover, this will lead to an issue of consistency to manage different thresholds.

EDF has no doubt that a unique threshold for generation units, defined on a technical basis, independent of their potential different owners, will provide the appropriate level of information to market parties in order to assess the wholesale electricity conditions.

14. The draft document proposes that actual unit by unit output for units equal to or greater than 10 MW be updated real time as changes occur. Do you consider the 10 MW threshold for generation units appropriate?

The 10 MW threshold is too low. Operationally, 15 minutes outputs for small units are usually not directly metered. Moreover, too detailed information will not provide valuable information to the market parties. From EDF's point of view, the reference threshold of 100 MW per unit suggested in the consultation is the relevant level.

15. The requirement to disclose hourly information on actual aggregated generation output is now related to generation type. Should this threshold be linked to fuel requirements or generation technology?

The generation types proposed in the Annex 1 of the draft Guideline are the proper ones.

Balancing

16. The transparency requirements on balancing have been widened compared to the Transparency Reports prepared within the framework of the Electricity Regional Initiatives. Is the proposed list of data items sufficient - also taking into account the evolution towards cross-border balancing markets?

EDF is on the one hand provider of balancing offers and, on the other hand, a Balancing Responsible Party (BRP) bearing significant imbalance charges. EDF strongly supports more transparency regarding balancing and estimates that the balancing field transparency issues have been properly and in a comprehensive way addressed by the Draft Guideline.

However, EDF stresses the highly heterogeneous status and rules of balancing in the various bidding areas.

Nevertheless, EDF considers that potential TSO to TSO balancing activation should not penalize the BRPs. Therefore, EDF welcomes a fully transparent set of rules and indicators and suggests that the TSO to TSO transactions from balancing mechanism be described per borders (volumes, TSO beneficiaries, and financial impacts, etc.).

EDF also recommends to publish the aggregated imbalances (whether positive or negative) per market time units.

Furthermore, it should be avoided to disclose the bidding prices associated with the balancing offers. The method of each player to price its contribution to the balancing mechanism should be monitored by the NRAs but not disclosed to market parties because it would lead to undue behaviors when system constraints occur.

EDF fully supports the communication of data related to the ancillary services requested by control areas, such as: (a) hourly primary frequency control reserve and utilization; (b) hourly secondary frequency control reserve and utilization; (c) actual system frequency; (d) secondary frequency control signal (“level N” for France).

Wholesale Data

17. The transparency requirements on wholesale market data have been deliberately left outside the draft Guidelines as they will most likely be addressed by other legal measures that are currently under preparation. Should some basic wholesale data, i.e. information on aggregate supply and demand curves, prices and volumes for each standard traded product and for each market timeframe (forward, day-ahead, intraday) as well as prices and volumes of the OTC market still be part of the Comitology Guideline on Fundamental Electricity Data Transparency

EDF acknowledges that wholesale market oversight is being currently addressed by the DG Energy through legislation review and new proposals. During last summer, the stakeholders have been consulted regarding :

- the Transparency and Integrity of the Wholesale Markets in Electricity and Gas,
- the revision of the Market Abuse Directive and,
- the Derivatives and Market Infrastructures.

For that reason, EDF shares ERGEG’s opinion that transparency requirements on wholesale market data should remain outside the scope of the present consultation.

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