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# EDISON COMMENTS ON ERGEG DRAFT COMITOLGY GUIDELINES ON FUNDAMENTAL ELECTRICITY DATA TRANSPARENCY

## WHO WE ARE

Born in 1881, Edison is one of Europe's oldest energy companies. In 2009, it reported sales revenues of 8.867 mln €, and is carrying out an ambitious investment plan in the electricity and gas sectors. Edison had to diversify its business, when the national monopoly on electricity was established in Italy in 1963. Thanks to the first wave of EU Directives in 1996, it could re-focus its business on energy once again, this becoming the largest new entrant on the Italian market.

With 50,3 TWh produced in 2009, it is now Italy's second largest electricity generator. Thanks to 7.000 MW of new highly efficient and low emission plants (CCGT thermo plants, as well as hydro and wind power plants), the Company has now a total installed capacity of 12.500 MW. In the hydrocarbons business, Edison has an integrated presence in the natural gas chain, from production to importation, distribution and selling, with sales of 13.2 billion cubic meters in 2009.

In 2009 the new LNG terminal in Rovigo started to contribute to the diversification of Italy's supply sources with its regasification capacity of 8 bcm of natural gas a year, equal to 10% of Italy's demand for natural gas. The start up of Galsi and ITGI pipelines will further connect Italy to Algeria and Caspian Sea, two areas rich in hydrocarbons.



## **GENERAL REMARKS**

Edison welcomes the opportunity to answer the ERGEG public consultation on Draft Comitology Guidelines on Fundamental Electricity Data Transparency. We agree with ERGEG that a minimum common level of fundamental data transparency across Europe is a pre-condition for the correct functioning of wholesale electricity markets. For this reason, we welcome the effort to elaborate regional reports on transparency (e.g. the Report on Transparency of the Central South Region) within the framework of ERGEG Electricity Regional Initiatives (ERI) as a good starting point. However, Edison thinks that new transparency guidelines are now much needed to take further steps in the definition of EU wide binding transparency requirements.

In our market experience as generators and traders, we have noticed that a lack of binding common transparency obligations and requirements ensuring the availability of the same data in all European electricity markets do often lead to a lack of timely and reliable information across different market areas. A quantitative and qualitative improvement of fundamental data availability and publication in all European countries could therefore contribute to foster market integration as well as market liquidity and integrity.

We share ERGEG's view on data items regarding demand, supply and availability of transmission infrastructure and balancing as the necessary information on physical conditions influencing wholesale markets. Hence, the publication of these data on a non discriminatory basis is of utmost importance in order to guarantee a level playing field among different market participants as well as an adequate level of transparency on TSOs' grid management.

The easy access to a minimum set of physical information on a common European platform contributes to reduce the informative advantage of assets operators, thus promoting market competition. Nevertheless, it should be duly considered that the development of this central platform shouldn't justify any delay in the implementation of new transparency obligation.

Moreover, as stressed in the consultation document, clear and shared definitions of each single data item are much needed in order to guarantee the consistency and the applicability of these Guidelines. This way we suggest that existing definitions developed at national and regional level be taken in due care by the party running the central information platform who shall also consult all the stakeholders involved. We also believe that existing regional or national platforms should be duly exploited, especially in a first transition period.



We finally want to stress the need that both NRAs and ACER properly monitor the implementation of these Transparency Guidelines. That is paramount not only to ensure the consistency of transparency requirements across all European countries but also to guarantee the quality of published data which should be constantly updated in accordance with changes in reference markets.

## **ANSWERS TO QUESTIONS**

### **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?**

As highlighted in the general remarks, we believe that information on the basic physical conditions necessary to assess wholesale markets is properly covered by the data listed in the document.

Nevertheless, some more indications should be provided with regard to governance processes in order to streamline the cooperation among different stakeholders, avoiding unnecessary burdens connected to the implementation of new requirements.

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

As far as the adoption of the document is concerned, we wish the comitology procedure ended up at the same time of the entry into force of the Third Energy Package (March 2011), since these guidelines would complete the existing legislative framework on transparency of fundamental data.

With regard to the implementation of the Guidelines, we wish the new transparency requirements were implemented as swiftly as possible, being of utmost importance for the well functioning of wholesale electricity market. Still, we acknowledge that the level of fundamental data transparency in the European countries is highly heterogeneous. Hence, an interim period seems to be greatly needed in order to allow all the parties involved to



comply with the new rules with a special focus on data items whose importance requires a faster implementation.

- 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?**
- 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?**

As far as roles and responsibilities are concerned, we believe that, given the nature of the information requested in these Comitology Guidelines, TSOs should be primarily responsible of data collection and data provision to the central information platform, provided the necessary cooperation of the other market players (i.e. generators and consumption units). Furthermore, the expertise gained through the development and the running of ENTSO.NET transparency platform places ENTSO-E as a suitable party, though not the only one, for managing the new European central platform.

However, as previously mentioned, some more indications on roles and responsibilities and on governance processes should be included in the document, though bearing in mind the central role of national TSOs as information broker and liaison with the central European platform. That is essential for the information providers to avoid possible duplications of reporting channels which could impose unnecessary burdens on market players. Moreover, we think that data should be provided on a “best effort” basis in order to limit companies’ liability on information provision.

Edison finally wishes to point out that the parties responsible of monitoring (NRAs and ACER) should pay due attention to the quality of data provided to the national and European transparency platforms.



**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?**

We believe that the 3 years period for the free availability of data on the transparency platform is adequate, taking into account storage costs and the actual benefits for market players.

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

Edison generally agrees with the market time units identified by ERGEG Guidelines for information reporting and publication requirements.

**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.**

In Edison view, the higher level of information on physical conditions of the electricity markets entails clear benefits for all market players in terms of competition, market integration and market liquidity. Moreover, the information requirements on transmission and interconnectors could enable market operators to have a better knowledge on dispatching operations and the generation capacity management carried out by TSOs. However, these benefits are closely linked to the quality of information provided, thus requiring an adequate monitoring of the implementation of these Guidelines.

In our view, the costs connected to the new transparency provisions should be carefully assessed by ERGEG and minimized through an implementation design aimed at maximizing the use of existing reporting channels. In any case we believe that regulators should take in utmost care that market operators, such as generators and consumption units, cannot be overburdened of unnecessary costs related to the new transparency rules.



## 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?**

Edison agrees with the timeframes for publication requirements on load data.

We also suggest as a blanket rule that load data should be published as close as possible to real time, therefore some shorter term updates (e.g. intraday) of load estimates could be useful to market participants (e.g. for balancing purposes).

- 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?**

Edison shares ERGEG's view on the disclosure of unavailabilities (> 100 MW) of consumption units carried out in an anonymous manner.

## TRANSMISSION AND INTERCONNECTORS

- 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.**

Edison thinks that information regarding planned or actual outages of the transmission grid and interconnectors should be timely published identifying the location and the type of the



asset. This can be of great importance for market players (e.g. generators, consumers and traders) in the evaluation of the effects of outages on the rest of the network operations.

**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.**

We believe that the 100 MW threshold should apply for outages in the transmission infrastructures consistently with load and generation data. In our view, lower thresholds risk imposing additional complexity in managing information at the central platform level.

**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.**

Edison is particularly in favour with the requirements for a monthly report on location and reasons of cross-border congestion (4.2.4.4) and a yearly report on structural congestion having effects on cross-border capacity (4.2.4.5). We also wish to add that a weekly report on cross-border congestion for the week W-1 would be of much use for market players in order to have information closer to real time on flows management in the electricity network.



## GENERATION

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

We think that the identification of either plants or units as the relevant subjects for providing information on unavailability of generation infrastructure should take into account the current level of aggregation applied at national level.

In any case we believe that the definition of “units” given in these Guidelines should be better specified in order to be widely shared across European markets and applicable as a common reference for information provision under the new transparency rules.

**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 proposed for generation units doesn't imply particular problems for the Italian market where this threshold is already applied in the definition of relevant generation units to be integrated in the TSO control system. Nevertheless, we think that related costs and benefits for the overall European system should be carefully assessed before lowering the threshold under 100 MW at EU 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?**

Edison thinks that a further aggregation by fuel requirements of information related to actual aggregated generation output could be useful to market participants to increase transparency on market prices and market composition.





## BALANCING AND WHOLESALE DATA

**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?**

We believe that the data items proposed in the Guidelines are sufficient and useful to increase transparency on balancing markets.

**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?**

Edison thinks that wholesale market data transparency should be addressed by the record keeping obligations on transactional data included in the Third Package<sup>1</sup> and possibly, if the Third Package doesn't prove to be effective, by additional ad hoc legislative proposals on energy market transparency and integrity.

Hence, we agree with ERGEG that the focus of these transparency Guidelines should be limited to data items related to physical condition affecting electricity markets, whereas requirements on wholesale market data should be left out of this piece of legislation.

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<sup>1</sup> Art. 40 Directive 2009/72 EC.