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E.ON Position on

**ERGEG Draft Comitology Guidelines on Fundamental
Electricity Data Transparency**

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1 General Remarks

E.ON **welcomes** and appreciates the ERGEG Draft Comitology Guidelines on Fundamental Data Transparency. E.ON is convinced that transparency on fundamental data is crucial to promote a **level playing field** in the market by reducing information asymmetry and ensuring a more efficient functioning of wholesale market competition. Thus, E.ON especially supports the notion of having, in the long run, one central European platform for transparency information.

Transparency in fundamental data should be, from our perspective, one of the cornerstones of the **Tailor Made Regime to ensure transparency and market integrity** for energy markets on which DG Energy consulted stakeholders recently¹. Disclosure of fundamental transparency together with trade transparency on an anonymous base to the public will facilitate the role of monitoring authorities and incentivize an effective oversight.

E.ON believes that as a consequence of an improved framework in fundamental transparency, reliability of price formation on competitive power markets will be further enhanced. Consumers will benefit from a better functioning of electricity markets. Furthermore, transparency on load and production from different sources will have a crucial role in promoting demand elasticity to price signals and fostering investments in smart systems to enable demand side participation in the power market.

At the moment, E.ON notes—despite the ERGEG efforts—a low level of harmonization in transparency requirements and a very broad difference in publication between regions/countries at European level. There are frontrunners in publication and countries where really nothing is happening, thus we support ERGEG's proposal and would like to emphasize the need to ensure **harmonization** and **consistency** to allow market players to have a comprehensive approach to transparency measures.

E.ON shares ERGEG's assessment to have **detailed** and **legally binding** transparency rules for the European Internal Electricity Market. Such an approach will support further **market integration** by providing a common view to all potential new entrants. In particular, we invite ERGEG and afterwards the Agency for the Cooperation of Energy Regulators supported by ENTSO-E, to lead the harmonization process of the initiatives launched by different National Regulators, TSOs and other platforms towards a single European approach. Of course, an appropriate gradual approach is necessary to ensure effective commitments. However, in our view, a European model on transparency requirements should be fully implemented in all parts of Europe within no more than 2 years.

In order to be able to derive advantage of the benefits expected from enhanced transparency, E.ON believes that it is of utmost importance that all definitions are clear, well planned timelines have been agreed upon and all players and key institutions, most importantly generators, dispatchers, DSOs, traders and EEX, have been closely involved in the process of coordinating and planning.

¹ European Commission - "Public Consultation by the Directorate General for Energy on measures to ensure transparency and integrity of wholesale markets in electricity and gas - 31 May 2010".



2 Specific Remarks

Issues on the Draft Comitology Guidelines contents

E.ON believes that data reported from generators to TSOs on plant-by-plant basis for units above a certain threshold will be *also* published with the same level of detail. However, this is not clearly stated in the draft guidelines. Given the reasons abovementioned we urge ERGEG to address this issue with a specific provision.

The Draft Comitology Guidelines do not include a provision for **Urgent Market Messages (UMM)**, meaning a web-based notification in real time of any relevant event that can produce effect in market outcomes within the fundamental data transparency framework, such as unplanned outages of generation units or transmission infrastructures. We recommend ERGEG introducing a provision to address this.

With regard to **transparency on load data**, we believe that as a first step is necessary to develop consistent and operatively practicable methodologies. Indeed, the publication of vertical load can be especially challenging in countries with a much differentiated structure in electricity distribution.

More detailed remarks on issues and clarifications requested for specific items will be attached to this document.

Questions for public consultation

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

E.ON believes that all major issues related to a transparency framework in fundamental data have been dealt with. We observe, nonetheless, that the primary aspect of timely implementation has not been considered. Although we understand that ERGEG is performing an advisory role, we believe it is necessary to identify an indicative timeline, or rather a roadmap, considering the formal steps and the alleged date of entry into application of the guidelines.

Furthermore, it is also necessary to define clear responsibilities. Therefore, we would like to point out that a project aiming to realize a central European platform including generation and grid data does not have to be handled by ENTSO-E alone. For example, in the discussion on developing definitions, the generators' point of view could be fundamental. Similarly, there should be a focus on a stronger communication to existing regional approaches such as EEX or NORDEL. Therefore, the **governance** of a central platform should include an effective involvement of all parties affected by transparency reporting obligations. This will ensure that all relevant perspectives will be taken into account.

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

E.ON believes that the timescale needed to implement the requirements included in the guidelines is closely related to the clarity on the contents, the completeness and granularity of data required (e.g. level of aggregation, real time update) and the responsibilities assigned to stakeholders involved.



However, in relation to the most critical information to be provided (e.g. real time data of single units under a certain threshold), a phase-in period might be granted to allow investments, tests and full application. At this stage, we believe that the overall implementation should not exceed 2 years, also taking into account difficulties for smaller players. Of course the Comitology process should be better clarified in terms of time needed to adopt the final version of the guidelines.

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?

See below, question 4.

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?

E.ON believes that the role of all entities involved should be better specified. ERGEG proposes a central European platform where all the data will be available. The option of having a central platform will ensure harmonization and facilitate access, availability and use of data published. However, a few issues may arise in relation to timing of publication, quality/completeness of information as well as regarding responsibilities in case of failures. Thus, we emphasize that interfaces and processes shall be carefully crafted. A clear definition of roles is necessary to avoid that the ultimate result is ineffective.

E.ON welcomes the approach of "**Regional platforms**". Regional solutions should be operated in a parallel way. Furthermore, each regional approach should be the direct interface to the integrated central platform on EU-level. The definitions used when discussing the central platform should be based on the regional approaches. Thus, we support the existing best practices, like EEX, to be developed at regional level.

Generation units should in this case be responsible for delivering generation information to the regional platform while the communication to the central EU-platform should be organized by the regional platforms themselves. In any case, it must be ensured a single path to transfer information from the generation undertakings to the information platform. This is important to ensure consistency of all data and to minimize bureaucracy and costs.

In regard to **responsibilities**, there are at least five areas that can be identified: *owning; providing, collecting, publishing and archiving/storing* data.

Thus, within the framework proposed, for example **generators** will be '*owners*' of generation data and '*providers*' of this data to the relevant TSO. **TSOs** will be responsible both as '*owners*' and '*collectors*' of aggregated load and generation and transmission/interconnection data as well as '*providers*' to a **central platform** of all data, including generation data received from generators. The central platform will then be responsible for '*publishing*' and '*archiving/storing*' all data received within the time limits yet to be defined in the guidelines. We underline that obligations of different parties involved (consumers, TSOs, generators) must be defined as much as possible precisely to avoid shortcomings and misinterpretations as it is for the transparency requirements under the



current congestion management guidelines.

Data should be provided by the 'owner' on a **best effort basis**. Acknowledging the complexity of managing a large amount of data and several interfaces, we don't believe that a system of penalties would be needed unless in case of data manipulation or prolonged non-compliance with transparency provisions.

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 assume that the responsibility of storing the data for availability to market participants is assigned to the platform operator. Thus we believe that storage for 3 years is sufficient.

Concerning the **form of publication** we agree that download shall be facilitated, the platform shall be available in English and free of charge; it should be possible to download historical data using simple queries. Due to the large amount of data to be handled, we believe that the platform operator should also provide suitable advanced electronic data interchange mechanisms for automatic data download.

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

We agree that market time units used depend on local market design. However the definition of *Market time unit* (2.5.5) seems ambiguous. We suggest rephrasing it. The definition should result in:

"Market time unit is the ~~longest~~ period during which the market price is calculated. Since the market time unit can vary from 15 minutes to 1 hour depending on local market designs, when the market time units of two bidding areas are not the same and a data item has to be published for those two bidding areas, market time unit is the shortest possible common time period for the two bidding areas".

We generally recommend that deadlines for data submission should be related to the relevant gate closures rather than a general day-ahead stage. This would make it possible to take into account differences in market structures.

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.

E.ON believes that the implementation of infrastructure to realize the new transparency requirements will be related to higher costs in IT infrastructures, but E.ON also believes that the benefits related to the transparency framework will exceed expected costs. In particular, E.ON is convinced that those measures will trigger a positive effect on market development by enhancing trust in wholesale markets and price formation.

E.ON believes that costs are mostly related to investments in IT infrastructures and coordination.



Benefits expected can be defined all together as the enhancement of social welfare that can be achieved by market mechanisms. This will increase both allocative and technical efficiency. In more detail:

Expected costs: Compliance to regulation, coordination between responsible parties, implementation of IT platforms (e.g. data processing and quality assurance; data communication; data storage), operational processes for data delivery

Expected Benefits:

- Reduction in information asymmetry; incentive to market entry, liquidity increasing and risk reduction;
- Clear transparency requirements for fundamental data will be a basis for rules on market integrity,
- Fostering market integration;
- Better possibility for consumers and other market participants to react to changes in fundamentals; thus incentive to demand response/demand elasticity; as a consequence, incentive to invest in new smart systems,
- Enabling more efficient use of transmission network and interconnections; as a consequence, security will also benefit.
- Increasing efficiency in forecasts, aid in keeping balanced positions, minimizing risks to be subject to imbalance penalties. TSOs' needs to intervene with balancing actions will therefore be reduced.

When costs for fulfilling the transparency requirements are occurring at units with regulated income, it has to be ensured that the regulatory framework/grid fee calculation methodology of the national authorities guarantees a fair and fast refinancing of such costs.

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?

We believe that concerning aggregated load data, regular updates per market time unit and per bidding area at the latest one market time unit after the operational one is appropriate. However, this should only apply to consumption units that actively participate in the energy market.

Additional remarks with regard to the methodology for load transparency requirements

There is a clear need to involve DSOs in the design of such a system if contribution of information is required. As described in the IIA, the methodology should use transparency data from generation, large consumption units and renewable production in an appropriate manner.

In the definition of the harmonized method for load transparency (forecast and reporting), the assessment of benefits and costs has to be taken into consideration. Especially in countries with



a higher number of DSOs and large amount of distributed and renewable generation it might be needed to use statistical elements. Forecasts of production from renewable sources should be part of a standardized system to avoid discrepancies.

In particular with regard to publication of **vertical load data** described in 4.1.1 (mandatory after 2013), we see the need for a clearer definition of roles of DSOs.

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?

We agree with the principle that information of consumption units is important but that only information on unavailabilities of consumption units that actively participate in the energy market should be reported and published on individual basis. Additionally, only consumption units higher than 100MW should be included. Same is valid for participation in DSM.

However, we emphasize that a clear definition of generation/consumption unit is needed. We believe that where consumption and generation units are placed in the same site, they should be considered separately when assessing whether or not the installed capacity is above the threshold of 100MW and will thus be subject to mandatory disclosure of fundamental data.

Additionally, we highlight that the definition of a scheduled unavailability of a consumption unit (4.1.3.7) might be ambiguous. Since consumption units follow industrial processes and economic trends there is the risk that this definition remains only theoretical. The issue of economic trend needs to be covered in the methodology in appropriate manner. Differently, obligations of timely disclosure of planned and unplanned unavailability should be clearly defined. A more detailed discussion on best practices could be helpful.

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.

E.ON believes that the principle to identify the completeness of obligations on information disclosure should be the likely impact on market outcomes. Thus the bidding area and those grid elements affected by the planned and actual outages that could restrict market activities should be clearly identifiable. Indeed, it may happen that the outage of a specific grid element implies constraints to generators. Therefore, the affected grid elements should be identified as this is important for market participants to understand the impact on markets.



Based on the currently available information, this is especially relevant for the so called "Critical elements" in the "Flow Based" methodology for grid capacity calculation of the transmission grid. Publication is necessary for follow up of the critical branches.

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.

E.ON acknowledges the issues that may arise due to the application of a single absolute threshold. Nevertheless, a relative threshold would imply a dynamic approach and would add further complexity in the management of systems and compliance to obligations with limited effect in terms of expected benefits.

Therefore, we believe that a single threshold of 100MW for relevant units (i.e. generation, consumption and interconnection) is more appropriate.

As mentioned above, where flow based methodology is implemented, specific publications should be made with regard to critical elements.

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.

E.ON believes that TSOs shall publish clear definitions and methods in order to enable market participants to understand how available transmission **capacity is calculated**.

Generation

Concerning generation assets, E.ON believes that responsibility of generation companies shall be clarified in detail. In particular, the proposal to promote a central and common platform across Europe will affect the principle that *"the owner of the data is responsible for its publication"*. Since we support the implementation of a single platform, we think that it would have no more sense duplicate obligations in regard to the same data.

Standard agreements and regulatory provisions would be helpful to identify clear responsibilities of parties involved and also to clarify the implementation of processes included TSO-Generators (or Central platform-Generators)



Furthermore, agreements between the regional platforms and the central platform are needed.

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

E.ON believes that the level of detail of unavailability of generation infrastructure should be related to the *specific unit* and the information shall be published at the central platform including name of the unit. The release of fundamental data is strictly related to the market integrity of the electricity market. Since those data can influence market outcomes, this issue should be addressed with clear definitions of inside information, clear rules for information release and restrictions on insider dealing. A deep breakdown of data will increase market participants' understanding of market events, thus dissolving information asymmetry that might otherwise emerge and also reduce the risk of misuse of "inside information" in physical markets.

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?

E.ON supports ambitious transparency targets since we expect relevant benefits from an improved framework in transparency. Nevertheless, we believe that there is a cost-benefit analysis and practical consequences need to be taken into account. In our view, *marginal* costs to include all units greater than 10MW – instead of 100MW – would overrun the *marginally* expected benefits. Since impacts of smallest power plants on market outcomes are likely to be very limited, the effort required would not be appropriate. Additionally, data processing would be widely affected; the amount of information would increase enormously with negligible benefits and most likely quality issues would arise.

A limit of 10MW would seem to be disproportionately low. Indeed, if concerns are being raised about the appropriateness of 100MW being the threshold for transmission infrastructure information across Europe, it is not clear why a change in generator availability as low as 10MW is crucial in understanding supply/demand fundamentals. A consistent 100MW threshold would seem more appropriate for all generation types.

Concerning generation output, solar and wind should be communicated by generation unit, as far as the installed capacity is more than 100MW.

We would like to underline that the estimation of scheduled generation (4.3.2.3 and aggregated actual generation output (4.3.2.9) should be instead include all generation assets. However, the calculation and publication of aggregated data should be under the responsibility of TSOs. This must be clearly stated in the Guidelines. We understand that to some extent, such reporting will necessarily be based on statistical elements.

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?



Concerning aggregated data, we think that the obligation to disclose information “per generation type” is sufficient. We note that data should be referred to the *market time unit* in use rather than to *hours*.

It should also be clarified that the calculation of the aggregate generation output—including all generation assets—is under the responsibility of the TSO.

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 think that the list of data proposed is comprehensive of all data related to balancing actions. However, specific deadlines should be referred to the market time unit in use in each specific market instead of “hours” (e.g. 2 hours for publishing imbalance prices and prices for balancing resources before the next procurement procedure) as this might conflict with market specifics. For example, the procurement procedure in the GB Balancing Mechanism is ongoing every half hour, with a one hour gate closure. Therefore, the requirement mentioned above does not make sense in the GB Balancing Mechanism context.

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?

Trade transparency refers to trade information on executed transaction in respect of power, CO₂ and gas products on a real/near real-time basis in standardized products on Regulated Markets, Regulated Multilateral Trading Platforms (MTFs) and OTC-Markets (broker platforms). This would involve parties that are different from TSOs, generators and Consumers. In particular, we believe that disclosure to the public on trades shall be made primarily by the operators of Regulated Markets, MTFs and broker platforms on an anonymous basis. The implementation of a trade transparency framework might involve the establishment of a ‘trade repository’ that hopefully and most likely will be different from the central platform for fundamental transparency.

Therefore, we support that rules in this regard are defined separately, although in connection with the framework on Fundamental Electricity Data Transparency.