

ERGEG Draft Comitology Guidelines on Fundamental Electricity Data Transparency

A EURELECTRIC response paper



The **Union of the Electricity Industry-EURELECTRIC** is the sector association representing the common interests of the electricity industry at pan-European level, plus its affiliates and associates on several other continents.

In line with its mission, EURELECTRIC seeks to contribute to the competitiveness of the electricity industry, to provide effective representation for the industry in public affairs, and to promote the role of electricity both in the advancement of society and in helping provide solutions to the challenges of sustainable development.

EURELECTRIC's formal opinions, policy positions and reports are formulated in Working Groups, composed of experts from the electricity industry, supervised by five Committees. This "structure of expertise" ensures that EURELECTRIC's published documents are based on high-quality input with up-to-date information.

For further information on EURELECTRIC activities, visit our website, which provides general information on the association and on policy issues relevant to the electricity industry; latest news of our activities; EURELECTRIC positions and statements; a publications catalogue listing EURELECTRIC reports; and information on our events and conferences.

EURELECTRIC pursues in all its activities the application of the following sustainable development values:

Economic Development

■ Growth, added-value, efficiency

Environmental Leadership

■ Commitment, innovation, pro-activeness

Social Responsibility

■ Transparency, ethics, accountability

ERGEG Draft Comitology Guidelines on Fundamental Electricity Data Transparency

WG Wholesale Markets & Trading

Juan José ALBA RIOS (ES) Chair

Marcel CAILLIAU (BE) Vice-Chair

Mehmet Feridun ALAK (TR), Octavian ANDREI (RO), Dominique BAECHLER (CH), Janusz BOROWSKI (PL), Lars BRUUN (DK), Markos CHAMPAKIS (GR), Mihaela CONSTANTINESCU (RO), Hakon EGELAND (NO), Håkan FEUK (SE), Ferenc FRANKO (HU) Elena FUMAGALLI (IT), John GRIEM (DK), Egor GRINKEVICH (RU), Petteri HAVERI (FI) György KOBOR (HU), Fernando LASHERAS GARCIA (ES), Henrique LOBO FERREIRA (PT), Tahir MAJID (GB), Michel MATHEU (FR), Rory Mc GOWAN (IE), Mats G. NILSSON (SE), Peter O'SHEA (IE), Ruud OTTER (NL), Carlo POLIDORI (LU), Viktoriya POPOVSKA (BG), Edgar ROECK (AT), Drago SKORNSEK (SI), Volker STEHMANN (DE), Yasin E. SUUDI (TR), Dimitar TANURKOV (MK), Giuseppe TRIBUZI (IT), Konstantinos TSIROULIS (GR), Ekaterina USMAN (RU), Pekka VILE (FI), Karel VINKLER (CZ), Bernhard WALTER (DE), Krzysztof ZAMASZ (PL), Audrey ZERMATI-MALKIN (FR)

Anne-Malorie GERON (Secretariat), Marco FORESTI (Secretariat)

Contact:

Marco FORESTI – mforesti@eurelectric.org

ERGEG Draft Comitology Guidelines on Fundamental Electricity Data Transparency

EURELECTRIC welcomes the ERGEG Draft Comitology Guidelines on Fundamental Electricity Data Transparency as an indispensable legislative tool to achieve EU-wide harmonised and legally binding transparency requirements for all relevant parties.

As previously advocated in our Position Paper of 2006, EURELECTRIC believes that transparency on fundamental data is crucial to promote a level playing field in the market and is an important step forward towards more efficient and better integrated wholesale markets.

In our view, these guidelines on fundamental data should be one of the cornerstones of the tailor made regime to ensure transparency and market integrity for energy markets on which DG Energy consulted stakeholders recently. In fact, release of fundamental data is strictly related to market integrity and is crucial to the successful development of efficient wholesale electricity markets. By improving market efficiency, significant benefits can be delivered to consumers in terms of enhanced security of supply and lower prices.

While we understand that the implementation process will be challenging especially for certain markets, we believe that the current Guidelines should define a clear deadline for the full implementation of transparency requirements, ideally no longer than 2 years from their adoption. Finally we believe that the European Commission, ERGEG, the Agency for the Cooperation of Energy Regulators, in cooperation with all relevant market stakeholders, should lead the harmonisation process towards a European-wide solution.

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?

EURELECTRIC believes that ERGEG should identify a clear and reasonable timeline taking into account all the steps needed and a target for the implementation of the overall framework.

The guidelines are quite clear about the required data to be published, however at many places they lack precision about who is responsible (e.g. TSOs, DSOs or generators) to provide the information and how these entities should build a well functioning process for achieving their task¹. We also think the guidelines lack precision on how data update will be dealt with in cases of errors in already published data or in case of missing data provided at a later stage.

We believe that many items need a more precise definition². Moreover, other items like reservoirs filling rate (4.3.2.7) need to be further clarified. In this point, for instance, it is assumed that the water volume in the reservoirs is sufficient to determine the electrical storage (MWh), while in practice this is more complicated as some reservoirs could be interconnected, and dispatch decisions on one plant might change the abilities of another one.

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

We believe that the timescale needed depends on the clarity of the definitions, the level of aggregation and the frequency of disclosure of the data required as well as on the responsibilities assigned to the various stakeholders involved. In any case, the start date of the reporting obligations should be the same for all markets and all stakeholders.

In relation to the most demanding information to be provided a phase-in period should be granted to allow investments, tests and full application. In general we believe that the overall implementation should not exceed 24 months following the final approval.

However, it should be noted that paragraph 4.1.2 allows delaying the publication of "total load³" until end 2013; as this information is the sum of "power generated by generation units in TSO and DSO networks", it actually also allows delaying some of the generation data up to the same date.

¹ See for example the 4.3.2.10 requirement.

² In our responses to the next questions we will touch upon some of them (e.g. generation unit, generation type, forecast margin, etc.).

³ Total load definition requires also that TSOs have data about decentralised information, like dispersed PV and small generation units connected to DSO grids. As such injection is not measured, part of "total load" will be an estimation.

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?

Market participants' liability for disclosing information must be clarified: data should be provided on a "best effort" basis and the platform should perform plausibility checks.

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?

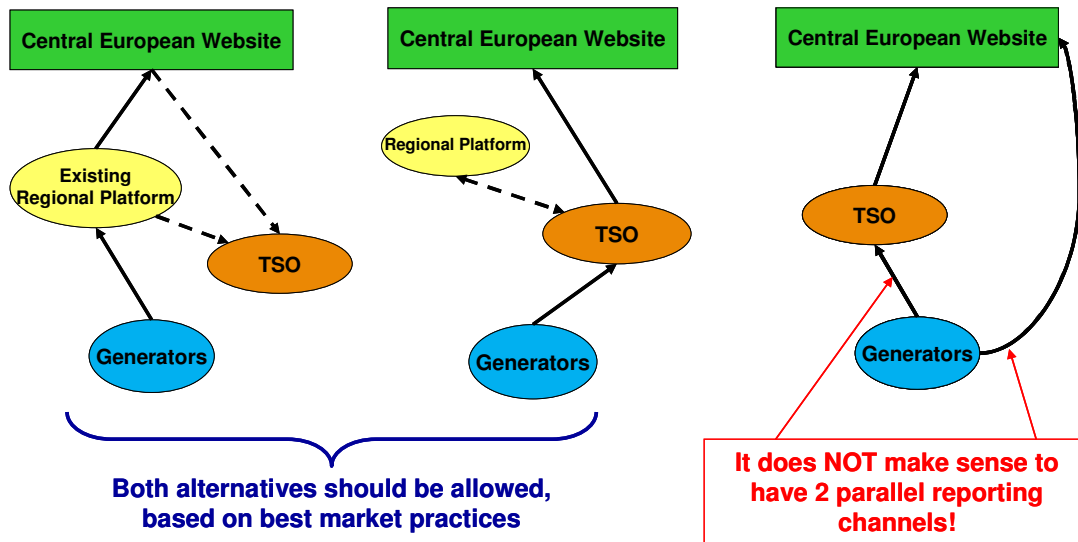
The option of having a central (web) platform will ensure harmonisation and facilitate access, availability and use of data published. Nevertheless, we do not see the need of giving an exclusive role to TSOs in collecting transparency data. While in certain countries this is already the case, in others, market participants send their data to regional platforms (e.g. Nord Pool, EEX). Since the purpose of the guidelines is to improve data transparency (and not providing TSOs with additional operational data), we believe that the responsibility for collecting data should not necessarily lie with TSOs. However, where TSOs already receive the data (via existing operational processes), it is necessary that such data is sent only once, in order to avoid duplication of work and costs and discrepancies or inconsistencies between both set of data (operational and transparency).

As an example, in many markets TSO have already put in place a well defined process in order to receive the necessary data for generation overhaul planning, or they have already tele-measurement in place allowing them to follow the (real-time) output and other plant data. Moreover, some existing national transparency platforms are based on operational data that is already available with the TSOs. In such markets it does not make sense to ask now generators to provide this information a second time.

It is also important to realise that harmonising definitions for transparency purposes might also influence these already existing data exchanges between generators and the TSOs. Indeed, different definitions (used for transparency purposes and for operational purposes) could result in inconsistencies between data used for operations and for operational issues.

We agree with ERGEG proposal of establishing a central European platform where all the data will be available. Provided this ultimate goal is ensured, market participants must have the right to decide to whom disclose data (e.g. to Power Exchanges or TSOs which report to the central platform on their behalf) subject to NRA approval. Market participants should forward the data only once (either to the central platform, either to a regional platform or to the TSOs). TSOs, regional platforms and the central platform should be organised to exchange the data with each other whenever required. Our views on how reporting should be organised are summarised in the following figure 1.

Figure 1: Reporting and publication of fundamental data



Regardless of the reporting model, we believe that harmonising definitions, processes and requirements should be the key priority and the first objective to be achieved.

Finally, with regard to the governance of the central European platform, we believe it is fundamental to ensure an effective involvement of all market participants (as it is now for example in EEX or Nord Pool). This will ensure that all relevant points of view will be taken into account.

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?

Generally yes.

However, it is important to precise “which” data have to be stored. Let us consider for example an overhaul planning published on the 1/1/2011 stating that particular unit is in overhaul during the month of September, while a couple of months later (e.g. 1/5/2011) it is decided to delay this overhaul to the month of October. The guidelines should now precise which program has to be stored for 3 years: the 1/1/2011 or the 1/5/2011 planning. As there are many units that could be subject to a review of the overhaul planning, the number of data to be stored could become huge.

On the same basis, to limit the amount of data, in our view there is already some redundancy in the requirements: the paragraph 4.3.2.3 requires to publish the ex-ante “available” capacity, while the paragraph 4.3.2.4 requires to publish the ex-ante “unavailability”, both items seem to be complementary, whereby the 4.3.2.3 is unclear on “when” the availability information is required for the next 3 years: is this only once every year at a certain date, or should it be published at every change (as for the 4.3.2.4 requirement)? Further on, 4.3.2.4 and 4.3.2.5 both require information on “PLANNED

unavailability”, the first one “ex-ante” and the latter one “ex-post”. It is difficult to understand what is the need of 4.3.2.5 “ex-post PLANNED unavailability” as it seems a double requirement with the ex-ante delivered data.

Further to this, in our assessment, it will be up to market participants to aggregate the data of information under 4.3.2.3 and 4.3.2.4 to have a view over the next 3 years about the available generation capacity in the market: the 2 pieces of information are not useful if considered separately. We believe, therefore, that the publication platform should immediately provide the aggregated information (sum of 4.3.2.3 and 4.3.2.4) by generation type, in order to give the market an overview of the situation with a single piece of data.

Finally, we believe that some information should ideally be kept public for a longer time than 3 years. More specifically, historical data related to transmission cross-border points (or inter-TSO connecting points) should be available for longer periods, since this allows NRAs and market players to monitor the grid developments and to compare them to the market behaviour⁴.

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

EURELECTRIC agrees that market time units used depend on local market design. However the definition of *Market time unit* (2.5.5) is unclear⁵.

For consistency reasons, we suggest requiring for *Transmission, Load, Generation and Balancing, 1 hour* as “market time unit”. This should be the minimum requirement as it represents the shortest possible common time period for all type of data in all markets. In those markets where existing market rules require Load, Generation or Balancing data for shorter periods (i.e. 30 or 15 minutes) such additional requirements may be kept in place.

EURELECTRIC would also like to point out that “availability for the next 3 years” (4.3.2.3) might be less reliable information for the second and third year. Many companies do not have already a clear view on the revision planning, as this depends, amongst others, also on the number of running hours which are unknown 3 years in advance.

⁴ Since electricity transmission projects normally need much more than 3 years to be completed, it would be convenient to keep track of the historical changes in transmission grids on information such as:

- Planned extensions and dismantling projects (location, type of asset, estimated date of completion, etc.);
- Annual planned outages and historic actual outages in cross-border interconnections;
- Monthly and yearly reports on structural congestions, together with their historic estimated costs at each moment (if any significant change is introduced, its justification should be provided)

On the other hand, there have been some concerns among market players that some TSOs may have been reducing the Long Term Available Transfer Capacity by increasing its Reliability Margin Capacity, as a consequence of the effects of the uncertainty associated to Renewable Energy Sources that could have impact on the control area borders. Assuming that no new capacity is developed, the Available Total Commercial Capacity in long term would be reduced. For this reason, we believe that the historic series of Total Transmission Capacity, Reliability Margin Capacity, Net Transfer Capacity and Available Transmission Capacity, at least on control area borders, are of great importance to assess these effects. The possibility to consult this data for free should be ideally maintained longer than 3 years.

⁵ Market prices are not “calculated” but are the result of supply/demand matching. Moreover, the guideline should specify which “market price” (forward, day-ahead, intraday, or balancing?) point 2.2.5 refers to. We also do not see what data items refer to 2 bidding areas at the same time; it would be good to give some examples.

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.

EURELECTRIC believes that benefits related to the transparency framework will exceed expected costs. Nevertheless, the compliance efforts of the parties involved as well as their coverage should be analyzed in greater detail. National regulatory frameworks need to ensure fair recognition of compliance expenditures for grid operators in particular.

Expected compliance costs include: coordination and execution of processes between involved parties (generators, consumers, DSOs, TSOs, power exchanges, etc.), implementation of IT platforms (e.g. data processing and quality assurance; data communication; data storage).

Expected benefits include:

- Enhancing customers trust in the market and confidence in price formation;
- Incentive to market entry, liquidity increase 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 in reacting to changes in fundamentals;
- Enabling more efficient use of transmission network and interconnections; as a consequence also security will be benefit;
- Incentive to demand response/demand elasticity; as a consequence, incentive to invest in new smart systems;
- Increasing efficiency in forecasts, helping in keeping balanced positions, minimising risks to be subject to imbalance penalties. TSOs needs to intervene with balancing actions will therefore be reduced.

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 agree with the proposed timeframes for the load publication, although some of them would need further clarification.

We believe that regular update per market time unit and per bidding area at the latest H+1 is appropriate. The same principle should apply to generation units. Moreover, as for

generation units, also consumption units with installed capacity >100MW should be subject to disclosure of actual consumption on a site by site level. Similar procedure should apply for these consumption units as for generators – they should report directly to TSOs or to existing regional platforms, independently from connection to DSO or TSO grid no matter whether they are connected to TSO or DSO grid.

Besides that, we believe a number of definitions and requirements in the load section are unclear and should be adjusted.

We believe that the definition of “total load” specifies that it is deduced from a sum of generation on TSO and DSO level: it should be clarified that part of it (like residential PV or other small plants) is an estimate. The responsible party (TSO, DSO) for such estimation and the followed load forecast methodology should be defined in order to come to consistent data. At the same time, we believe that the total load should be published even though the figure will be always partly based on estimations.

Apart from that, precise definition of roles and responsibilities of DSOs is missing in the draft. Even though they are not involved in the trading, DSOs are also ranked among affected parties because they play an important role in providing information to TSOs and additional criteria to report incur additional costs. DSOs should be therefore associated to the load forecast methodology preparation process and designing the system of data exchange. We anticipate that the use of statistical elements in the methodology will be necessary in countries with a higher number of DSOs.

Another point which would require further clarification is where exactly the hourly actual load (4.1.3.1) will be measured (whether at the HV exit point or at the consumer metering point) because addition of some criteria for continuous online reporting would have significant impact on processes in many countries (even though a form of data submission from the exchange point between TSO and DSO is already in place).

Year-ahead estimates of the total load (4.1.3.5) are a very complex issue as the load demand can significantly change over this time period. EURELECTRIC would welcome some precisions as to how the load forecast methodology will take this into account.

4.1.3.6 Introduces “forecast margin” without elaborating too much on both its definition and the related process/methodology. EURELECTRIC would appreciate additional explanations on these particular points.

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 that only information on unavailabilities of consumption units that can have impact on market outcomes should be released. Thus only consumption units higher than 100MW should be included.

We do not see a need to disclose the “name” of the consumption unit.

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.

In certain cases the outage of a specific grid element implies constraints to generators; therefore the affected grid elements should be clearly identified, as it is important for market participants to understand the impact on markets.

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.

EURELECTRIC believes that a relative threshold implies additional complexity in the management of systems and compliance to obligations with limited effect in terms of benefit expected.

To ensure symmetry among all relevant data (i.e. generation, consumption and interconnection), we believe that a single threshold of 100MW for relevant units should be established.

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.

No opinion.

Further down in the section on Transmission and interconnectors, point 4.2.2.7 introduces ramping rates for DC interconnectors. We believe that such ramping rates actually create an ex-ante limitation of the offered capacity and should therefore be abandoned.

GENERATION

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

We agree with the request on specific units, provided that competition authorities approve such level of details (in some markets this may cause concerns of collusion)⁶. In any case the definition of “unit” needs to be better specified.

The scope of setting information thresholds on plant basis is to assure coverage of the relevant events affecting wholesale market. As an example, a plant with 2 units of 50 MW should have the same disclosure obligations as a plant with one unit of 100 MW, because the potential effects on the market outcome are the same. A similar example can be used for wind farms: while it is not relevant for the market to have information about each individual windmill (e.g. 2 - 10 MW), it is still important to be informed about events (e.g. a common cable fault) that affect the availability of a whole wind farm (e.g. 100 - 500 MW).

With regard to unplanned outages, EURELECTRIC generally agrees that the information should be disclosed immediately “when **expected** to last longer than 1 hour”. In any case, the transparency guidelines should precise that information about the duration of planned outages (and all other ex-ante requirements) should be provided on a “best effort” basis: duration (and cause) of the outage, in fact, frequently remains unclear for some time after the event. For these reasons companies should not be held liable if such information proves later to be incorrect, provided they have updated it as soon as possible (unless it is demonstrated that the incorrect information was disclosed on purpose).

It should be noted that providing immediate information about unplanned outages also involves the risk of market-manipulation or of diffusing non reliable and distorting information. In order to assure the soundness of provided information, we believe it would be appropriate to better define the term “immediately” with a precise maximum time lag for disclosing information.

The same applies to the term “undue delay” which also needs a more precise definition⁷.

⁶ In order to keep a level playing field amongst all markets, such an approval should be carried out at EU level.

⁷ From a legal perspective, it would be appropriate to replace the wording “undue delay” by a precise wording like “no later than x hours”. For information that is “available” in a dispatching, this time could be very short, but always depending on the necessary practicalities to make it available to the transparency platform (e.g. depending on whether the TSO has tele-control or not of a plant). But for all “manual” information, like changes in overhaul planning, it would be reasonable to have more time as this needs some process time.

Such definitions, and related provisions on what is allowed or prohibited during this time lag, should be appropriately specified in the upcoming regulation on Market Integrity being prepared by DG ENER (“Regulation on Energy Market Integrity and Transparency – REMIT”)

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?

While we generally agree with the principle of disclosing generation output unit by unit, we would like to highlight a series of concerns that have to be taken into account in the final drafting of these guidelines and in their implementation:

- The existence of potential competition issues (e.g. risk of collusion⁸) should be carefully assessed in close cooperation with relevant authorities (also at EU level): the requirements of these guidelines should be approved by competition authorities before their adoption by comitology in order to avoid ex-post regulatory intervention to correct undesired effects.
- The application of the unit by unit aggregation level could result impractical in those markets with a limited level of liquidity and integration (especially in the intraday market).
- In certain markets (e.g. Nord Pool) implementation would cause conflict with current rules that would have to be adapted.
- The definition of “unit” is unclear and needs to be better specified.

In our view *marginal* costs to include all units greater than 10MW – instead of 100MW – would overrun the *marginal* expected benefits. Since impacts of smallest power plants on market outcomes are likely to be very limited, the effort required would be not appropriate. Additionally data processing would be widely affected; the amount of information will increase enormously with negligible benefits and most likely quality issues will arise.

Thus we believe that the obligation to update the output on a unit by unit basis must be limited to units equal or greater than 100MW.

Moreover, as for load units, generation output should be disclosed for **each hour** and not for each 15minutes⁹.

⁸ If the publication of information is too close to real time, or even before real time as in paragraph 4.3.2.6, it could result in an increase of the reciprocal knowledge of operators, thus arising the risk of implicit collusion or price leadership behaviours.

⁹ In those markets where existing market rules require Load, Generation or Balancing data for shorter periods (i.e. 30 or 15 minutes) such additional requirements may be kept in place.

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?

We think that the availability of data in real time on a unit by unit basis allows the highest level of detail of information and different aggregations can be performed by each market player. Therefore we think that the obligation to disclose information “per generation type” is sufficient.

In any case, it should be clarified to which generation type belong specific technologies¹⁰.

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?

The text should make better distinction between transparency needed for the capacity reservation (for balancing) process and the energy use. For both processes, not only aggregated “volumes” need to be transparent (with immediate disclosure), but also the number of used bids and offers as well as average and marginal “prices”.

Moreover, EURELECTRIC believes that an additional chapter creating the necessary transparency for congestion management (redispatching) is necessary.

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?

We believe that wholesale market transparency requirements need to be widely analysed and discussed with market stakeholders. This would be more accurately done through ad hoc consultation by DG Energy on the upcoming market integrity regulation.

¹⁰ For example: to which generation type do blast furnace plants belong to: waste or gas? Another example with plants that use more fuels at the same time (like biomass and coal): how should these plants be classified? And how should CHP plants be classified? Finally, some plants could use either gas or coal (or even more fuels): how to classify these plants?



Union of the Electricity Industry - EURELECTRIC aisbl
Boulevard de l'Impératrice, 66 - bte 2
B - 1000 Brussels • Belgium
Tel: + 32 2 515 10 00 • Fax: + 32 2 515 10 10
VAT: BE 0462 679 112 • www.eurelectric.org