

Response to the ERGEG Draft Comitology Guidelines on Fundamental Electricity Data Transparency

General comments

IFIEC and CEFIC welcome the European Commission's initiative concerning common rules and uniform guidelines on fundamental electrical data transparency in all Member States. By publishing relevant market data on electricity generation, consumption, transmission and interconnection, as well as national and international balancing, confidence in the market will be improved and a level playing field achieved.

ERGEG sees the level of fundamental data transparency as inconsistent and insufficient in some regions or Member States, even though the Congestion Management guidelines annexed to Regulation (1228/2003/EC) have been implemented in all Member States. Against the background of the ongoing liberalisation of the European Energy Market, national and international market information will make it easier for both active and new stakeholders to evaluate their costs and risks. Moreover, improved transparency is a prerequisite for helping regulators or other authorities to conduct effective monitoring of wholesale markets and pricing and bidding behavior of dominant market actors.

Such market surveillance is necessary to determine such as whether all available capacity was offered to the market, whether the resulting market prices equal marginal costs, or whether there is market abuse or market distortion (as shown by a difference between the power market prices and the marginal costs). In addition, such monitoring of marginal power pricing would show the CO₂ pass through in electricity prices, which is based on marginal pricing. This is key to determining the CO₂ factor for the financial compensation to electro-intensive industries to stop accelerating carbon leakage.¹

In IFIEC's and CEFIC's view, to establish uniform guidelines on fundamental electrical data transparency, it is necessary to take into account the different level of individual structures in the Member States, as well as the different level of implementation of the transparency obligation already achieved. Some Member States have fully implemented the congestion Management guidelines (1228/2003/EC). In this process, in some Member States, (e.g. Germany), there has been close co-operation between all stakeholders and the national regulation authority. Since 30 October 2009 all relevant data are available free on the homepage of the European Energy Exchange (EEX). Parallel to the implementation of a transparency platform, the stakeholders discussed model contracts between TSOs/EEX and generators/consumers. Also the system of Urgent Market Messages (UMM), as has been in place at NordPool for several years, is a concept that helps improving data transparency (and hence market confidence) and deserves to be considered for broader application in other regions.

With the transfer to a European transparency platform, IFIEC and CEFIC see the need for a wide coordination between all stakeholders in the specific Member States. The framework guideline should provide for a minimum standard of data transparency which will facilitate international information exchange. National governments or groups of stakeholders should be allowed to go further, on a voluntary basis, by publishing more detailed information.

¹ For more on market surveillance and transparency of wholesale markets see *Joint response by IFIEC Europe and CEFIC to the Public Consultation by the Directorate General for Energy on measures to ensure transparency and integrity of wholesale markets in electricity and gas*, July 2010.

Most important aspects / Highlights

1. Agreement of a publication obligation of market relevant information and data.

The presented ERGEG-draft includes a threshold for the publication obligation by power plants or consumer installation equal or greater than 100 MW. IFIEC and CEFIC reject the proposal to reduce this threshold to a limit of 10 MW in all regions or Member States. In most bidding areas only the alteration of generation or consumption greater than 100 MW is relevant to the market. The reduction of the threshold under 100 MW would lead to unnecessarily high administrative burden but has no more benefits for the transparency. Instead, to reduce administrative burdens, even the possibility of setting the threshold above 100 MW should be examined.

- **IFIEC and CEFIC call for a threshold of at least 100 MW per generation and consumption unit.**

2. Published Information on unavailabilities of consumption units in anonymous manner

The publication of unavailabilities of industrial consumption units must take place anonymously, because other companies from the same industrial sector can draw conclusions about particular manufacturing processes, operating schedules and manufacturing costs. This information could have direct impact on other products or other commodity markets and thus is competitively sensitive.

- **IFIEC and CEFIC call for continuing to publish unavailabilities of industrial consumption units in an anonymous manner.**

3. Information to ETSO-E

The discussion in some Member States has shown that such companies, that were obligated to publish information to the national transparency platform, see a danger of possible data-abuse. This particularly applies in abidance by the law and the contracts regarding rules for data transfer, the provision of data and the security of data. Different national laws and provisions related to the security of data and the releasing of data, must be adapted to a common European level and become legally binding. This applies also to necessary liability regulation, in case of data-abuse and breach of contract harming the reporting companies.

- **IFIEC and CEFIC argue in favor of the perpetuation of national registration authorities / transparency platforms and the application of national legislative provisions.**

4. Handling of malfunction messages / Use existing transparency platforms to provide the data

In IFIEC's and CEFIC's view, it is necessary to strictly control all reported and published data. Therefore it is necessary to get direct access to the sender of the data and the possibility of penalization, in case of no- or malfunction messages. Because of the direct contact to the reporting establishments by the national TSO and regulation authorities, IFIEC and CEFIC consider it appropriate, that market data/information is send first to the national transparency platform. The ERGEG draft suggests this possibility. From there, the information can be passed to a central transparency platform in a suitable way, taking into account the contracted agreements. In this context, standardized data formats need to be agreed. The establishment and the implementation of standardized data formats for the data exchange between national and centralized European transparency platform is easier to handle, than the data exchange between each individual company and the central transparency platform.

- **IFIEC and CEFIC encourage the ERGEG proposal that generators, consumption units and DSOs send the information first to the national transparency platform. This platform can pass this information through in standardized data formats to a central transparency platform.**

5. Perpetuation of already existing transparency platforms

The installation of national transparency platforms for the implementation of the Congestion Management guidelines (1228/2003/EC) and the development and implementation of necessary IT-solutions, have produced cost to the TSO (and in Germany, the energy exchange). These costs are covered by offering premium content or similar services. The implementation of and the switch to a centralized European transparency platform would remove this possibility of cost recovery. Therefore it is necessary, as described in section 4, that the information is sent first to the national platform.

- **In IFIEC's and CEFIC's view, it is necessary that all stakeholders have access to a national platform of transparency free of charge. In addition, it has to be possible for the platform operator to market additional supply of services for recovering the costs.**

6. Implementation of consistent general technical definitions

The national implementation in the Member States has shown that there are differences in national and international technical definitions. For the implementation of a centralized European platform it is necessary to find an agreement on standardized technical definitions. This definition has to be implemented in all Member States, because in many cases, the information is not available in a standardized form or quality for all.

- **IFIEC and CEFIC advise the implementation of consistent general technical definitions. Therefore consistency could be developed by building on existing UCTE-definitions. All stakeholders should be involved in this process.**

Conclusion

IFIEC and CEFIC see implementing a Centralized European platform of transparency as a considerable initiative towards the objective of a single European market in electricity. By liaising with those Member States in which a platform of transparency is already implemented, it should be possible to pass market information to this national platform. The particular Member States should agree the general technical definitions by involving all stakeholders. In the view of IFIEC and CEFIC, a general reduction of a threshold under 100 MW is not necessary, because in many bidding areas, only the alteration of generation or consumption greater than 100 MW is relevant to the market.

The unavailabilities of industrial consumption units must be disclosed in an anonymous manner because this information could have direct consequences of other products or other commodity markets.

Answers to ERGEG's questions

Q3 and Q4: *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?*

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?

First practical experiences have shown that the current level of published data is adequate.

- **In IFIEC's and CEFIC's view, there is no demand for a more detailed reporting and publication obligation.**

Q5: *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?*

For later purpose, the storage of data is necessary. Therefore the data should be stored for a certain time and be available for all stakeholders. In face of marginal costs for electronic data storage, data provision for a longer time is conceivable.

- **In IFIEC's and CEFIC's view, data storage should for 5 years.**

Q6: *Are the suggested market time units for information reporting and publication requirements adequate and compatible with wider transparency in a European perspective?*

Information which becomes relevant to the market, should immediately be made available to all stakeholders at the same time. It must be prevented that single stakeholders get an informational advantage. The publication requires an efficient intraday market. An outage of a generation or consumption unit requires a replacement or disposition in a very short time, which generally take place on the intraday market. A short-term publication of this outage-information must not prevent an economically reasonable replacement. In bidding areas with no sufficient and liquid intraday markets, the information could be published with a delay of 2 hours.

- **IFIEC and CEFIC argue for an immediate publication of information which becomes relevant to the market. In bidding areas without a liquid intraday market the information can be published with a delay of 2 hours.**

Q8: *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?*

- **See section 6**

Q9: *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?*

The publication of unavailabilities of industrial consumption units must be disclosed in an anonymous manner, because other establishments of the same industrial sector can draw conclusions about particular manufacturing processes, operating schedules and manufacturing costs. This information could have direct consequences of other products or other commodity markets and is therefore relevant for competition.

- **IFIEC and CEFIC argue for continuing to publish unavailabilities of industrial consumption units in an anonymous manner.**

Q13: *Should unavailability of generation infrastructure relate to a given plant or a given unit? Please justify your position.*

Power plants often consist of several generation units with an energy output < 100 MW. The occurrence of an outage of generation units < 100 MW at the same time is not very likely. Therefore it is appropriate to take into account the unavailability of one single unit. Equally, the unavailabilities of consumption units must also refer to a single unit.

- **IFIEC and CEFIC argue to refer relating the unavailabilities of generation and consumption units to a basis of "per unit".**

Q14: *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 presented ERGEG draft includes a threshold for the publication obligation equal or greater than 100 MW. IFIEC and CEFIC reject the proposal to reduce this threshold to a limit of 10 MW in all regions or Member States. In many bidding areas only the alteration of generation or consumption greater than a limit of 100 MW is relevant to the market. The reduction of the threshold to under 100 MW would lead to an unnecessarily high administrative burden, but with no additional benefits for transparency. Therefore, a threshold of at least 100 MW should be set.

- **IFIEC and CEFIC argue for a threshold of at least 100 MW per generation and consumption unit.**

Q15: *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 costs of generation and thus the associated prices at the wholesale market depend to a great extent on the required fuel. The publication linked to the fuel requirements is preferred to the publication linked to the generation technology.

- **IFIEC and CEFIC argue for a publication of information of generation units linked to the fuel requirement.**