

ERGEG
Electricity_transparency@ergereg.org

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Nordenergi response to ERGEG consultation on draft Comitology Guideline on Fundamental Electricity Data Transparency

Nordenergi, the joint collaboration between the Nordic associations for electricity producers, suppliers, and distributors, welcomes the start of the process towards establishing legally binding transparency requirements in the electricity market. Appropriate and harmonized requirements for the collection and publication of such data will facilitate market integration. The ERGEG draft is based on previous work such as Commission Decision 2006/770, ERGEG “Guidelines of Good Practice on Information Management and Transparency” from 2006, as well as regional transparency reports of the ERGEG Electricity Regional Initiatives, which imply a solid basis.

In general it must be considered, that transparency in the electricity market serves a three-fold purpose:

- To give market participants in the competitive market equal access to credible information as a basis for their activities in the market
- To give TSOs information for operation and development of networks/system
- To give regulatory authorities a basis for monitoring market functionality

The ERGEG paper would gain by addressing these three aspects more clearly – also for each data-requirement. This would clarify what data needs to be published in real time and what data could be published with a delay. It should also be considered that too much transparency between producers could harm competition and for that reason some information should only be available to the respective market control and regulatory authorities. Right aggregation level of data would also be beneficial for presenting the relevant data in a user friendly manner.

The economic and commercial importance of data supplied (including the timing) raises the question of not only data quality itself, but also the liability of the data providers. It is relatively easy to provide correct exact information ex-post, but it may be more difficult ex-ante or real time; while for example an unplanned outage is happening. The liability issue was raised already in 2006, and should be discussed in the current draft guideline as well.

Concerning data collection and publication Nordenergi fully supports the establishment of a Central Information Platform. However, for instance TSOs and PXs should also be allowed to publish the same data as this is stated in the paper. The accessibility and user friendly presentation of the data on the Central Information Platform as well as on other websites are crucial. For a lot of data it is required that it has to be updated after the “normal” deadline if new information becomes available. For the market

participants these “last minute news” should furthermore be singled out clearly as “urgent messages” or equivalent.

The paper states, that the contents refer to “minimum requirements”. Of course individual TSOs or PXs should be allowed to collect and publish additional information provided there is a legal basis or data-providers are willing to do so. However, concerning the “Central Information Platform” where uniformity is crucial, the provision and publication of additional types of information is hardly beneficial.

For most data required the deadline for the communication to the “Central Information Platform” is stated. In a number of cases deadlines are missing. If no specific deadline is considered this should be stated positively.

Nordenergi responses to the specific 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?

Yes. As a real time unit by unit production reporting can be problematic with respect to competition, a thorough impact assessment by competition authorities should be made in order to analyze the risk. In addition, actions to ensure that the guideline will be implemented in all member states should be described more firmly. ACER could have a role in monitoring the national implementation.

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

The implementation should be as soon as possible, with a reasonable time frame for practical implementation. Taking that into account, the start date of the reporting obligations should start at the same date for all stakeholders. A preliminary timescale should be published.

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?

Yes. 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. In case of incorrect data, the central platform must enable corrections. To ensure data quality, it is important that data is sent to the central platform via one channel only to avoid duplicate reporting.

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?

Yes. The roles of TSOs and other channels to be used should be clarified. It should be possible for the market participants to choose other channels than TSOs when they provide data to central platform. Equally the TSOs should be entitled to outsource their data collecting responsibility to appropriate regional platform such as Nord Pool Spot.

Participants should send the required information only once to either the national/regional or the European structure. The national or regional structure would then be responsible for sending the information on to the central European information collection point. In that way data consistency would be ensured and unnecessary costs for the participants minimized. In order to minimize costs further and allow easy use of data, harmonised definitions of the information requirements are extremely important.

Furthermore, the responsibilities of different participants regarding data quality should be made clear.

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? Yes.

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

Nordenergi welcomes that data are now to be provided and published by bidding area rather than by control area. Concerning "market time unit" there are variations from 15 minutes to 1 hour, and for unit from 10 MW to a 100 MW. The use of different market time units is in itself a market-barrier which should be addressed. There should be similar standards for generation, load and transmission of 100 MW and the time units should be of 1 hour (or 15 minutes for balancing).

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.

The costs of non-transparency and "non-harmonization" will be higher than the costs of implementing the guideline. Nevertheless, costs that are mostly linked to implementation and reporting processes for generators, consumers, TSOs and DSOs should be minimised by market parties reporting data only once and by harmonising definitions and requirements.

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?

Nordenergi agrees with the time frame. In general, there should be as much symmetry as possible between published load and generation data concerning units and time frames, in order to facilitate comparison and analysis of data by market players.

In general, data quality is more important than quantity. Peak load forecasts are more important than forecasts for one hour average load. If possible forecasting methodologies should be published.

9. The draft document suggests that the information on unavailability's 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?

Planned and unplanned outages over a 100 MW and presumably lasting for longer than 1 hour for consumption units should be published as soon as discovered, as high consumption affects the prices similar to generation. In that respect, rules should be symmetric for generation and for load.

Transmission and interconnectors

10. Should the publication obligations regarding planned or actual outages of the transmission grid and interconnectors require publication of location and type of asset (i.e. identify the part of the transmission infrastructure that is 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.

Outages which have impact on price formation on both the internal transmission grid and the interconnections should be clearly identified, including location and asset type as this will permit identifying the relation to potential or actual congested lines.

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.

Nordenergi agrees with the suggested absolute threshold of 100 MW. A relative threshold would imply additional complexity.

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.

In general, Nordenergi agrees with the publishing requirements described in paragraphs 4.2.2.1 to 4.2.2.7. However, the definition of 4.2.2.7 is slightly unclear considering "intraday transfer limits" referring to commercial intraday trade or reserved capacity for intraday trade and would benefit from clarification.

Nordenergi supports a yearly report on structural congestion made by the TSO (4.2.4.5). Concerning "corrective measures", measures actually used as countertrading and capacity reduction on other transmission lines should also be described. Furthermore, actions taken to fulfil investment plans aimed at reducing congestion should also be included in the yearly report.

Generation

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

Information by plant is sufficient, but it must be supplemented with the size of the unavailability (e.g. 100 MW from 400 MW) and by type of generation. Similar to transmission, the information must allow the market player to judge the effect on market and electricity flows.

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 thresholds for generation units appropriate?

Nordenergi thinks that unit by unit output data publication as described in 4.3.2.8 might be problematic since it in some cases could lead to decreased competition amongst producers. Therefore, a thorough analysis is needed by competition authorities in order to investigate whether this is a plausible way to go. Especially for flexible production, e.g. hydro production linked to reservoirs, real time unit or plant specific production data in combination with hourly prices may after analysis reveal the price expectations and forecasts of producers. By mutually observing their respective production patterns, producers could analyze their competitors pricing strategies, which over time may lead to a decrease in competition. Therefore steps in that direction should be discussed with the competition authorities before decision-making (see also answer to question 1).

To increase transparency and trust in the market, the paragraphs 4.3.2.4 and especially 4.3.2.5 are crucial to increase transparency in order to create credibility in the market and a level playing field for trading. For price forecasts and price formation the availability of production capacity is central. Planned outages due to maintenance as described in 4.3.2.4 should be published as soon as decision is taken. Unplanned outages, described in 4.3.2.5, should be published as soon as they happen.

For the handling of unplanned outages a variation of the current Nord Pool market model might be considered: In the Nordic market producers are obliged to publish unplanned outages immediately after they happen, and within 60 minutes at the latest, via Nord Pool's urgent market message (UMM) system (see also above) containing the name of the unit, the capacity concerned, the start of the outage, a tentative stop date and the reason for the outage. In the period between the start of the outage and the publication of the UMM, all trading operations of the producer concerned are scrutinized by Nord Pool's market surveillance to ensure that the producer cannot abuse his insider knowledge.

In summary, Nordenergi thinks, that a strict handling of the transparency rules concerning capacity availability in combination with publishing real time generation data aggregated by generation type (and/or by price area) real time production data could guarantee the market needs for transparency and at the same time minimizing the risk of competition. A step to unit by unit real time publication would require in our opinion a thorough assessment from the competition authorities.

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?

Nordenergi agrees on linking the threshold to generation type. However, the definitions in Annex 1 on generation types could benefit from clarification. For example the role of biomass and waste, and the question how multi-fuel stations are treated should be taken into account.

Nordenergi suggests to considering following aggregation levels:

- Thermal power plants
 - CHP
 - Gas turbines
 - Other thermal production
- Nuclear
- Hydro
- Wind
- Solar
- Other renewable energy

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?

Nordenergi welcomes the effort to introduce transparency in the balancing markets, which is essential to promote their cross border integration. Balancing markets differ widely in Europe, so in general, a description of the relevant product, the volume procured and the price should be published. If interconnector capacity is reserved for balancing purposes the volume and the prices should be published.

In general, some of the definitions in the guideline could benefit from more explanation.

4.4.1.3 Volume of contracted balancing reserve capacity.

This heading covers at least 3 issues, which makes it hard to understand. Contracting of balancing reserve capacity is not used in some countries – they have balancing energy procurement only, so the figure may only tell “part of the story”. In addition there is a mixture of contracted capacity, available bids and activated reserves, which hardly makes much sense. It is also unclear whether “bids” relates to volume only or include values too.

4.4.1.6 Average and marginal prices paid by transmission system operators for balancing resources.

The TSO payment for balancing energy will typically be either according to marginal prices or according to pay as bid. Only in the last mentioned situation “average price” will make any sense.

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?

Transparency rules on wholesale market data should await further legislative process, as outlined in the Commission paper “Initiative for the Integrity of traded Energy Markets”, which has been in public consultation recently.

Yours sincerely,



Lars Aagaard, chairman of Nordenergi
Danish Energy Association

On behalf of
Juha Naukkarinen, Finnish Energy Industries
Kjell Jansson, Swedenergy
Hans Erik Horn, Energy Norway