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EREG Public Consultation Paper

Dear Fay,

hereby we send you the attached response of RWE Supply & Trading to the
EREG draft comitology guidelines on fundamental electricity data transparency.

Yours sincerely,

RWE Supply & Trading GmbH

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RESPONSE OF RWE SUPPLY & TRADING TO THE ERGEG DRAFT COMITOLGY GUIDELINES ON FUNDAMENTAL ELECTRICITY DATA TRANSPARENCY

This response is on behalf of the entire RWE Group including its various generation and supply businesses, RWE Supply and Trading and RWE Innogy.

RWE supports ERGEG's objective to refine and expand transparency requirements at European level. The draft rules will considerably improve transparency in Europe's electricity markets. We support the rapid adoption by the Commission of legally binding guidelines in this area under Article 18 of Regulation 714/2009. It is our firm belief that more transparency will positively affect electricity wholesale markets and benefit end-consumers.

RWE has already been involved in drafting the response from industry associations such as Eurelectric and EFET. Their responses to the specific questions raised largely reflect the views of RWE Group. We have only included comments on an individual company basis to qualify or expand on particular issues. We also have some general comments with respect to maximising the effectiveness of the Guidelines which are set out below.

- **The need to build on existing transparency platforms:** The establishment of the entsoe.net platform will be accelerated if it is based on the transparency platforms already existing in the EU e.g. the one operated by EEX. These existing platforms, which are established in many regions, should collect the data and forward it directly to entsoe.net, following a plausibility check. We can see no benefit from specifically appointing national TSOs as an intermediary, which would just be an additional burden on generators and ultimately consumers. Only where no transparency platform is available should national TSOs collect the data themselves or establish a new platform. In addition, the practicalities of implementation has to be carefully considered. Therefore, it may be better to start with single platforms at national level or per bidding area being linked to the common website. Ultimately there should be a standard European solution. However for the time being it could be country/control area specific what is the optimal solution for gathering data and which organisation is responsible for sending these data to the central information platform.
- **Renewable transparency:** Improved transparency for wind and solar generation is a key issue. In many Member States, wind and solar energy capacity has increased significantly during recent years. Others will follow suit. Due to its high volatility, especially wind but also solar power generation is frequently the fundamental driver for price development in the electricity spot and forward markets. Therefore we support the report's recommendation to publish a day-ahead forecast for wind and solar power generation output. However, there should also be a clear obligation on TSOs to make public all available forecasts during intra-day trading as and when they become available. Currently, German TSOs do not make these forecasts available beforehand to the public although Germans re-

renewable generation does have a significant impact on the availability of international cross border capacities and the neighbour energy markets as well. To improve the situation here there should be a second forecast at 8 a.m. during the intra-day market. Finally, with respect to larger offshore wind installations, we strongly recommend a specific reporting regime regarding outages in offshore grid connections where total capacity exceeds 500MW in total.

- **Clarification of requirements during unplanned unavailability:** RWE considers that the text needs to make clear that reporting “ex-post” means as quickly as possible after the outage occurs (e.g. within 2 hours), not after the repair has been made and the plant is again available. The current practice in Germany to report the outages immediately as they occur, the reason for the outage, and the expected length of the outage. This practice should be expanded across all European transparency platforms.
- **Clarification of legal obligations:** A “best effort” standard should apply. We do not consider it necessary to implement sanctions at this stage. In any case Regulators already have the powers contained in Regulation 714/2009 to implement binding guidelines. Regulators should enforce the guidelines in a flexible manner and, as far as possible, seek to use prevailing data definitions and procedures in fulfilling the guidelines once they are binding.
- **Standard and watertight European definitions:** Definitions need to be clear and unambiguous, particularly regarding the application of thresholds.

RESPONSES TO SPECIFIC QUESTIONS

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

We would encourage ERGEG to have additional categories of data to be released in order to further improve transparency:

- comprehensible description how congestions were calculated by TSO
 - open "base case scenario"
 - calculation method
 - detailed results for any declaration of congestions (bottlenecks)
- detailed description where congestions were located and what kind of grid asset is responsible for congestion (TSO-area, DSO-connections, DSO-transformer stations etc.)
- forecast of bottlenecks in the grid
- identification of borders and security level of those nodes without congestion (e.g. surplus of 2000MW at base case scenario in winter peak) individual re-dispatch measures (real-time), including volumes, location and cost
- minimum generation capacity needed to ensure grid stability
- requested and accepted grid connection capacity for each connection point

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 the guidelines should be made binding and implemented as soon as possible, taking into account any the need for IT requirements. Implementation by December 2011 would be reasonable.

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?

In addition to the points made by European associations, we would underline the need to define more specifically the role of DSOs and for data exchange between TSOs and DSOs.

In general the role of the TSO or entsoe.net, where they are not the data owner, could be defined in terms of quality control and verification.

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

In general, release of data should correspond with the time units used for balancing and settlement purposes (e.g. 15 minutes in Germany, 30 minutes in GB, 15 minutes in NL). However if data release requirements causes a loss in reliability, we would prefer reliability of data.

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.

RWE believes that benefits related to the transparency framework will greatly exceed expected costs. For example more information will increase liquidity and reduce bid-offer spreads in energy markets. This reduces costs for generators and suppliers and ultimately consumers. The cost of compliance is likely to be low since the data is mostly already being collected. However, implementing a standard uniform European system will however involve additional costs and care should be taken to avoid duplication.

Small generators might face a negative cost-benefit-analysis [see question 14]. Highly detailed data are not competitively relevant on European level but per bidding area. Currently, the benefit of a lot of detail is quite low. This may change over time.

Load issues

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 are concerned that the provision on the unavailability of consumption units will not sufficiently improve load transparency. Typical industrial installations consist of many small (< 100MW) units, but which together have a load of more than 100 MW. In such cases unavailability of one unit (even if < 100MW) can easily cause a reduction in load of the whole installation. We therefore recommend that the criteria should be clarified: the aggregate sum of all plants of a consumer operating a single location should be considered as one unit.

This problem of definition has had the effect that consumer units have not, as yet, released any information at all the EEX transparency platform.

Generation

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

RWE strongly supports the plan to make actual unit by unit generation output available as it is an important tool to analyse the market. Typically unit sizes are many times the 100 MW threshold. It would not be sensible to have consumer units of 100 MW reporting that they were unavailable, while a generation unit of

400 MW, which is part of a larger block of 1600 MW would not need to report on its availability.

RWE already makes available unit by unit information to the market for its power plants on a voluntary basis. As with load, the threshold needs to be carefully defined since capacity/unavailability may be below 100 MW while the plant capacity/unavailability relating to more than one unit may be considerably higher. In order to ensure consistency with the load definition, it could be possible for generation sites with several units below 100MW to report output for the whole site.

We do not see how such information can be used for any “collusive” behaviour between companies. ERGEG correctly points out that the output measured by frequency monitors is already available for many power plants to those market participants who subscribe to a service provider. A legal obligation would make sure that output data are available for all power plants to all market participants.

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?

We think it is not necessary to require units of only 10 MW installed generation capacity to report actual generation output. From our point of view, power plants of less than 100 MW have very little influence on the electricity market. At the same time the costs associated with reporting will be proportionally very high. In addition, we have the concern that small units would be more prone to false submission, decreasing data quality. Taking all this into account, we consider a limit of 100 MW as appropriate. There may, however, be exceptions depending on market size, legal obligations (e.g. EEG in Germany) and generation type (e.g. a 50 MW wind farm might be considered significant in a constrained region), or in cases where there are many smaller generation units at a single site and the generator could report on aggregate output. National regulation requires that generators over a certain threshold are equipped with real time metering; we would propose that for a start these thresholds are used for the obligation to report the actual unit by unit generation output. If these thresholds are different in different countries we would propose to harmonize these.

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, ideally, data should be referred to the *market time unit* in use rather than to *hours*. However this should take account of potential inaccuracies if data is provided more frequently.

In general, the threshold should be linked to the fuel type because this is more relevant for competition. The technology should be taken into account only if it is of additional relevance for the market (e.g. if CHP has relevant influence).

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. The data release on the use of balancing energy should be at the same time as data release on generation.