

ERGEG

By email: [electricity.transparency@ergeg.org](mailto:electricity.transparency@ergeg.org)

29 October 2010

Dear Sir, Dear Madam

**Re: ERGEG Public Consultation on Draft Comitology Guideline on Fundamental Electricity Data Transparency**

Centrica Energy welcomes the opportunity to respond to this consultation issued BY ERGEG on Power Market Transparency. We understand that the conclusions of this consultation will form the basis of advice to the European Commission as part of its forthcoming work on a Regulation for Energy Market Integrity and Transparency.

We support the principle of transparency and the role that improved transparency can play in the development of a liberalised competitive market. Harmonisation and consistency of data provision are essential for the development of the internal market. Access to fundamental data on regulated assets is a clear requirement for the efficient functioning of the system and for the development of cross border trade in Europe. As regards access to information about non-regulated elements of the value chain, we would urge caution that the desire for overarching transparency does not unnecessarily or inadvertently impact commercial practices and operations and the investment climate, all of which could have knock on effect on the objectives of security of supply and climate change policies.

Centrica is active in the European electricity markets, primarily in North-West Europe. In its home market of Great Britain operates as both supplier and power production of gas, wind and nuclear generation. Centrica is also active in the wholesale electricity markets in Germany, France and the Benelux region.

The structure of our response is in two parts. The first adheres to the list of questions raised in ERGEG's consultation; the second includes comments on elements of the draft guidelines which we

believe would benefit from further clarification. These are structured according to the section titles used in the draft guidelines.

If any element of our response is unclear or you require further detail of any of our comments or suggestions, please do not hesitate to contact me.

Yours sincerely,

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## **ERGEG Public Consultation on Draft Comitology Guideline on Fundamental Electricity Data Transparency**

### **Introduction**

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We support the principle of transparency and the role that improved transparency can play in the development of a liberalised competitive market. Harmonisation and consistency of data provision are essential for the development of the internal market. Access to fundamental data on regulated assets is a clear requirement for the efficient functioning of the system and for the development of cross border trade in Europe. As regards access to information about non-regulated elements of the value chain, we would urge caution that the desire for overarching transparency does not unnecessarily or inadvertently impact commercial practices and operations and the investment climate, all of which could have knock on effect on the objectives of security of supply and climate change policies.

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### **Part 1 – Responses to ERGEG 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?*

There are no major policy issues or problems which should be included in the draft guidelines.

We have however, included minor issues within the second part of our response, under the section titles used in the draft guidelines.

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

The timescale to implement the new set of transparency requirements may vary depending on the extent of data currently being published by market participants and the system requirements for the new rules.

We would assume that in the interest of cost and efficiency that existing IT communication systems will continue to be used for the purpose of this new information, wherever possible. Nonetheless, expanding these communication systems to include new data fields or more regular reporting could still take some time, and with it costs.

The requirement to publish all information on a common European platform will require a consistency in information format, which may not currently exist. We would therefore propose that an impact assessment be carried out to assess this point in more detail, and following this to determine the necessary timeframe and forecast costs for implementation.

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?*

One issue is not covered in the Guidelines: the liability of individual market participants. The owner of the data is not always the one responsible for publishing the information. For example, generators provide information to the relevant TSO, who in turn publishes and/or passes the data on to a data platform. Here, the generator's role in first providing the data should be a clear obligation, however its role in publishing the data should be on a best efforts basis; with the TSO being obliged to publish/pass it on to a publishing platform, and so forth.

Other than this, we do not believe that a more firm specification of market participants' role is needed. It is quite possible that processes currently differ between Member States. As long as the final objective of improved transparency in both quality and timeliness is addressed, this should not require a rigid, single process across all Member States. For example on load, the TSO is responsible for collecting and sending all the relevant data to the central platform. The manner in which the initial collection is made might differ between Member States, for example whether load data is fed via the power supplier or directly to the TSO. This process issues should be left to the Member States, which is best able to take account of current local market processes.

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?*

We have covered the issue of liability in our response to question 3 above.

Where data items have been identified through this transparency initiative that are additional to what is currently published at national or regional level, then in the interest of market transparency we believe that they should be published at this/these levels and not only on a new ENTSO-E platform. Data provision should not become a monopoly service for ENTSO-E.

Where data is published at national/regional and central European level, then it is essential that it be consistent in terms of quality and timeliness of publication.

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 agree with the availability of historic data being for a period of 3 years.

On the subject of basic data transparency, it must be clarified exactly what historic data needs to be stored. Should this only refer to final version data or also include draft/interim versions. A requirement for keeping the latter would be costly. For example if forecast data needs to be stored in original and all interim updated versions as well as the final production/consumption data, this would increase the costs and complexity of data storage.

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 the market time unit should depend on the local market design. Nonetheless, the definition of 'market time unit' under paragraph 2.5.5 is not entirely clear. We would suggest rephrasing this: "**Market Time Unit** is the period during which the market price is calculated. This can vary from 15 minutes to 1 hour depending on local market design. When the market time units of two bidding areas are not the same and a data item has to be published for these two bidding areas, the market time unit is the shortest possible common time period for the two bidding areas."

We note that in certain section of the Draft Guidelines that actual time references are used. For example references are made to 15 minutes in 4.3.2.8, 4.3.2.10 and 4.3.2.11; and to 1 hour in 4.3.2.6 and 4.3.2.9. We would suggest that the Guidelines should refer only to 'market time unit' and not to other time period references to ensure conformity between different elements.

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 benefits of this transparency initiative are expected to outweigh the costs for the market as a whole, provided some detailed changes and clarifications are made, as suggested in this response, primarily in order to ensure consistency of data provision. The benefits should hopefully lead in time to improved market integration, market liquidity and competition. The costs will predominantly be in the fields of IT, communication and compliance.

### **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 load publication.

On the issue of forward capacity auctions, the Guidelines should include the words 'where these exist', as these types of auctions do not exist in all Member States.

To ensure as complete a picture as possible is provided to the market, it is important that new connections are also taken into account when publishing data and not just existing customer connections.

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 do not believe that information for consumption units should be made in an anonymous manner, not least because this is the opposite of what is required for generation units. The data requirements should be the same for both consumption and generation.

The detail on reporting and unplanned outage for a consumption unit does not currently include any indicative timeframe for making such a report, unlike the rules for generation.

Relating to the 100MW size of consumption that would be subjected to this requirement, we believe that greater clarity is required.

- Does the 100 MW refer to maximum demand of the consumption unit or the capacity of the connection? (this may have changed over time)
- Does the 100 MW refer to total usage of the consumption unit or import to the consumption unit? (thus taking account of potential onsite generation)
- The definition of 'consumption unit' in paragraph 2.5.3 is also unclear. Does this refer to the whole site or a supplier/meter connection? Some large industrial sites may have more than one meter reference point for security reasons, and may also have relationships with more than one electricity supplier.

### **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.*

The publication of outages on transmission and interconnector grids should include location details, as this can clearly affect the ability to move electricity around the transmission system. An outage can lead to a curtailment of connected generators and consumption units, and thus affect the wider power market.

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.*

We support the use of a 100MW threshold as it offers clarity, consistency and simplicity of approach.

Whilst a relative threshold might appear more suitable in some smaller power markets, it could however introduce additional complexities to the publication of data. This is especially important when designing the data items and data units of the central data platform.

Where there are markets where the 100MW threshold is considered too high, the Member States could consider the use of a lower threshold for local platforms if an impact assessment concluded that the complexity and costs were outweighed by the transparency benefits.

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 paragraph 4.2.4.5 on a yearly congestion report, it is not entirely clear if the information it contains should be ex ante (and include all possible corrective measures that could be implemented to increase the yearly capacity together with estimated costs) or also ex post, and thus include what of these possible corrective measures were indeed used and what was the cost of taking these measures. The text of this element in the Guidelines must be clarified.

In the same way that information on transmission planned and unplanned outages can help the market identify potential impacts to trading prices and outcomes; information on expected congestion is also important, as stated in response to question 10. This information should be provided on a per congestion basis.

It would be useful to see both information on short term, temporary congestion and more long term, enduring difficulties. For both categories, information should include details on the measures that were used to ease congestion including costs and revenues. For enduring congestion concerns, information should contain details of future investment plans that are to be put in place to alleviate the identified long lasting congestion concerns. This latter can also be used when assessing the adequacy of network development plans being prepared by TSOs.

We trust that this part of the Guidelines will conform to the existing Congestion Management Guidelines annexed to the Cross Border Electricity Regulation, and take account of the work being carried out by ERGEG and ENTSO-E in developing a framework guideline and network code on capacity congestion.

### **Generation**

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

The terminology of generation unit is not sufficiently clear from the draft guidelines. The terminology 'generation plant' is not included in the guidelines at all. It is essential that this is clarified to ensure that data is published to the correct granularity envisaged by the authorities and ensure consistency across markets.

For example, a site could comprise a number of independently controlled CCGT modules, each with a number of generators. It is unclear whether 'generation unit' (defined in 2.5.4) relates to the site, each module or each generator. Given that a site could comprise different types of plant, we believe that the data should be published for the equivalent of the 'balancing mechanism unit' which is the term used by National Grid in Great Britain, and the level at which data will be published from November. This fits with the balancing markets regime.

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 do not believe that publishing of data at 10MW threshold provides much additional information to the market, and that the costs of implementation/compliance could outweigh the benefit.

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?*

It is not entirely clear what this question is asking as the terminology 'fuel requirements' and 'generation technology' are not defined in the draft guidelines.

Where plants are dual fuel, it must be clear under what categorisation data should be published.

Regarding disclosure of information, we would suggest this be according to market time unit, as per our response to question 6 and not necessarily hourly as is suggested by the question and the text of the draft guidelines.

### **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 have no additions to the list of balancing requirements

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 do not believe that wholesale market data should be contained within this Guideline, which should focus on fundamental data of the electricity system. We look forward to responding to future consultation on this subject as discussions progress within the Commission and ERGEG/ACER.

## **Part 2 – Additional Comments on the Draft Guidelines**

In this second part, we have provided a few remarks on the content of the draft guidelines, structured according to the section titles of the ERGEG document:

### **Subject and Scope**

The current Guidelines text suggests that only generation and load connected to the transmission grid is required to submit data. It may be worth considering whether large scale generation and load that



are connected to the distribution networks should also be captured by these Guidelines. When assessing the impact, consideration must be given to the potential of netting the impact of import and export flows between the distribution and transmission grids.

### ***Definitions***

As identified above in some of the individual responses, we believe that many of the definitions would benefit from further clarification. This is critical to ensure consistency in the granularity of data published across all the markets concerned.

We have also suggested within our responses to the consultation questions a few additional definitions to be included within this section of the Guidelines, for terms that are often used within the text. Two other important terms are 'generator' and 'consumer':

- Whilst data is attributed per 'generation unit', the obligation to submit the data is placed on a generator, a term not defined within the Guidelines. In drafting a definition, it must be recalled that the owner, operator and user can differ, e.g. for a joint venture the ownership of the asset and the operator of the facility may differ. This is important not only when considering who submits the data to the TSO but also who owns and has access to the generation data. This is important when considering the implications of using or misusing insider information, which is discussed further below.
- Similarly distinctions would be useful relating to data from and obligations placed on 'consumer' and 'consumption unit'.

### ***Transmission and Interconnection***

The granularity of information on transmission appears to be less than for generation and load, which is remarkable considering it is a regulated activity. We would thus welcome more disaggregating of transmission level data.

In paragraph 4.2.1, we note that information is required to be published per 'transmission line' or 'interconnector project'. These terms are not however identified within the draft guidelines. It is not entirely clear what level of granularity 'transmission line' especially refers to.

### ***Generation***

We do not believe that the draft guidelines on generation planned and unplanned outages offer sufficient clarity at present. These elements in particular are at the core of any market integrity regime, where clear focus on detail is necessary in order to assess any concern of market manipulation and misuse of insider information.

To be practical and enforceable, the clarity of data requirements, rules and process is paramount, to ensure not only market confidence but also to provide legal certainty to the parties concerned. In developing the elements of the guidelines on planned and unplanned outages, ERGEG must consider the availability of information to be released and the timing of its release, and thus ensure the development of meaningful rules governing the use of generation information.

On the particular text propose in paragraphs 4.3.2.4 and 4.3.2.5 of the draft guidelines, we have the following comments:

- Planned outages:
  - o Decisions on planned outages are made and refined over a period of time, taking account of a number of factors including market dispatch profiles, market prices, availability of labour and equipment, the scale and urgency of the maintenance work. It must therefore be understood that while generators can and do inform the TSO of when outages are planned, that the timing can change over time. Information can thus only be provided on a best efforts basis.
  - o The estimated length of the outage must also be made on a best efforts basis. Maintenance work can sometimes lead to a longer shut down period than originally expected, or indeed shorter.
  - o The term 'immediately' must also be better explained in this section, especially when considering the interrelationship between transparency and market integrity rules, as discussed above.
- Unplanned outages:
  - o Again the term 'immediately' would benefit from enhancement. We would also suggest the addition of a maximum acceptable delay for the provision of data between generator and transmission.
  - o Relating to the detail provided to the TSO when a generation station trips, this cannot include a requirement to include both start and stop times. When an outage occurs, details of the expected length and/or cause will not usually be known. Indeed this may not be known until an inspection of the fault has safely been carried out. What could however be indicated is a rough timescale estimate for the return to operation, e.g. within the day, within a week, or within months. As more knowledge is gathered upon inspection and repairs (if needed) are carried out, more detail can be provided to the TSWO and the market. Again, the provision of data should be on a best effort basis.

### ***Monitoring***

It is important the monitoring work is carried out not only to assess whether information is published by the parties concerned, but on the quality and timeliness of the data provided.

- Where monitoring uncovers persistent or prolonged faults in the quality of data or delays in its publication, the assessment by the regulatory bodies should consider the use of penalties to address such non-compliance or data manipulation.