

Minutes from Nord Pool's Customer Advisory Board meeting

27th February 2020 – Nord Pool AS, Lilleakerveien 2A, 0283 Oslo, Norway

1/20 Opening and introductions of visitors

Marianne W Jenssen welcomed everyone and introduced CAB members.

Per-Eilert Vierli, Hydro is permanently replacing Knut Harald Bakke, Jan Harald Sæth, Kinect is permanently replacing Therese Gjerde and Jean Baptiste de Gabory, Uniper will join as a new permanent member.

A few members were replaced by their other colleagues for this meeting only: Jesper Holm from Markedskraft instead of Torbjørn Haugen, Markus Back from Vattenfall instead of Johan Hagsten where both were speakers. Petri Eväsoja instead of Sebastian Sundberg from Fortum.

2/20 Nordic MNA Update

CAB was briefed on the Nordic MNA and its current status. A date for the go-live would be notified by the end of Feb 2020. Further assured CAB that customers can continue their business with Nord Pool as usual.

However, CAB was notified about some changes related to data and transparency: There will be no publishing of capacity reduction reason codes after Nordic MNA go live, System Price will be continued to be calculated and published based on order data from all Nordic NEMOs by Nord Pool, Bidding curves data will be published on Nord Pool data only.

Welcome and a Brief Update on New Nord Pool Owners by Nord Pool CEO

Kari Ekelund Thørud talked about the recent sales process, explained how the new owner, Euronext, are thinking related to the acquisition of 66% of Nord Pool shares and the areas that that currently are being addressed in this context. Questions and answer.

She also informed CAB about a project to investigate if and how Nord Pool could launch future/ forward products. At this stage this is an internal project which later will include customer consultation.

34% of Nord Pool is still TSO owned.

3/20 Presentation and Discussions on new Market Design Topics

Kristin Munthe – MSG – Statnett.

Kristin clearly stated the TSOs intention towards the market participants to build a robust market design by delivering on important milestones such as Flow based, Bidding Zone review and the 15 min resolution. However, at the same time she cleared that TSOs have a clear priority of maintaining the security of Supply and furthermore that Bidding Zone setup should relate to the physical reality. She further informed that the Bidding zone review has not yet been finalized. She presented options to be investigated such as split of NO4 bidding area into two bidding areas, as well as creation of a new Stockholm area as a separate bidding zone. Kristin noted that the Nordic region was the only which initially proposed alternative configurations as demanded by the European process.

Kristin further asserted that in order to achieve a robust 15 min resolution, Automation of TSO real-time operations was inevitable in their view and TSOs are working towards achieving this as soon as possible to expedite the delivery of 15 min resolution. CAB discussed the need for 15 min products in the DAM as well and agreed that IDM 15 min was to be prioritized first as this would provide a working solution to balance 15-minute positions.

CAB suggested that capacity allocation to real-time products to be left to the market to decide instead of TSO pre-reserving both cross-zonal and flexibility capacity. This should be a topic for discussions amongst NRAs, TSOs, Market Participants and Nord Pool going forward.

The erroneous market message on the latest NUCS was also discussed and was assured by Kristin that TSOs were investigating the unfortunate event and further reiterated that TSOs were obligated to use the ENTSO- E transparency platform.

To conclude, CAB showed concerns on increasing complexity of the market design leading to reduced trust and therefore highlighted the importance of Trust and Transparency.

Markus Back – Vattenfall

Vattenfall demonstrated 3 cases of sub optimal Nordic TSO operation in the reserve market, which led to improper market prices and unnecessary blocking of interconnector capacity. They emphasised the need to have a holistic approach. A vertical and horizontal reach on the market design can optimize the market operation and thereby reduce losses and give the right market signals.

Vattenfall along with other CAB members suggested Nord Pool to invite NRAs to the customer advisory Board. They further highlighted the absolute necessity of a transparent and holistic approach when analysing Flow-Based Market coupling, evaluating impact also on Intraday markets, aiming to maximize the total socio-economic welfare on all physical power markets

A suggestion was made that KPIs could be developed in order to measure and secure cost-efficient TSO operations within their activities on the power markets.

Jesper Holm – Markedskraft

A major part of the discussions was focused on flexibility specifically from the consumption side. Local congestions to be handled by TSOs, DSOs and Flexibility markets. A need for DSO transparency platform was put forth. These could lead to right signals for grid investment. Thus, the need for increased transparency was the key message delivered at the end of the presentation.

Nodal pricing was seen not to be good for EPADs as it creates unnecessary complexity, leading to increased risk aversion. FBMC was shown that it might not account for market behaviour. Multi Nemo Arrangements (MNA) was beneficial from their point of view as it would pave way for standardization of interfaces and APIs.

Consolidation of Nordic Balancing Model, improving the current market structure and focussing on transparency were few actions which were recommended by Markedskraft.

Petri Evasoja – Fortum

Petri, clearly stated the requirement of reducing the number of bidding zones to minimum by investing in the grid to remove bottlenecks. Highlighted the need to harmonize efforts across Nordic region to align and gain common goal of decarbonization and robust grid. Emphasised the need to have firmer deadlines for TSO projects like implementation of 15-minute ISP.

15 min resolution is prioritized and TSOs should in Fortum's opinion focus on the legal necessities as a minimum. Moving of a bulk of balancing market volumes to intraday is something that would be beneficial. They clearly appreciate the 0min IDGCT as in Finland and would like to see this on a pan Nordic level. Fortum also advocate for a single regulated MCO entity.

A well-functioning hedging market is essential for market participants to hedge risk. Recommendation for opening transmission grid investments for private capital for more speed and effectiveness.

4/19

General Status and updates from Nord Pool

Total Day Ahead Jan-Dec 2019: 381,52 TWh (2018: 395,55 TWh). Total Intraday Jan – Dec 2019 15,81 TWh (2018: 8,32TWh).

Intraday 0 min gate closure pilot in January was successfully kicked off in Finland and saw a positive response from the market participants.

The **development roadmap** was presented for 2020.

Data Services update: - Successful delivery of new SFTP service, CWE data products along with the New Market Data API. Focus in 2020 will be mainly to deliver intraday data products to the market majorly consisting of intraday historical and live data.

Open Comments:

CAB expressed no concern with TSOs trading in intraday if and only if TSO publishes inside information. Transparency is key.

CAB expressed an interest in extending the Zero min IDGCT in all Nordic and Baltic countries.

The following dates are decided for meetings in 2020

- **Thursday 28th May (with dinner)**
- **Thursday 12th November**

Place to be decided and informed about in due time

The following were present in the meeting

Visitor: Kristin Munthe Nordic TSOs-MSG representative

Jan Harald Sæth - Kinect, Håkon Egeland, Statkraft Energi AS, Thomas B. Houllind – Energi Danmark, Jesper Holm – Markedskraft, Trond Strøm, E-CO Energi, representing NAET, Petri Evasoja - Fortum- replacing Sebastian Sundberg, Eero Sirendi - Eesti Energia, Stefan Forsgren – Skellefteå Kraft AB, Markus Back- Vattenfall replacing Johan Hagsten, Frank Rasmussen– Ørsted, Per-Eilert Vierli – Hydro, Pekka Tynkkynen- UPM Energy Oy

Nord Pool :- Kari Ekelund Thørud, Marianne W Jenssen, Jan Ronnback, Jwalith Desu

Minutes: - Jwalith Desu/ Marianne W Jenssen