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Flow Based CCM and Parallel Runs: Update on the situation

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Background

- TSOs' "second amendment" of the Nordic Capacity Calculation Methodology in 2020
 - Following an ACER decision on LT CCM, The DA/ID CCM was amended to be more coherent with the LT CCM
- NRAs noted concerns among the market participants especially on **transparency, sufficiency of the parallel runs** and ensuring that FB will **deliver the benefits it should**
- Introduction of flow-based methodology is a major change
 - NRAs want to ensure that stakeholders get a sufficient opportunity to understand and learn before actual go-live of FB
- When approving the methodology, Nordic CCR NRAs decided to introduce a checkpoint to ensure transparency and sufficient parallel runs for the stakeholders
 - Minimum of 12 months of parallel runs, checkpoint in the middle

The Checkpoint

- The purpose of the checkpoint is to **determine whether the approved methodology**, including the operational implementation of it, **is ready to start the final six months of parallel runs** ahead of the actual **go-live**.
- After a **minumum of 5 months** the TSOs shall deliver a report for the CCR NRAs to for evaluation
- The Report shall include data covering a minimum of 3 consecutive months
- After the checkpoint, 6 months of uninterrupted parallel run using the “approved” level of operational implementation



What do the NRAs assess?

Nordic CCR NRAs have defined and agreed to specific criteria, according to which the functionality and efficiency of the methodology will be assessed

- **Stakeholder feedback** received in written form during the parallel runs.
 - TSOs obliged to organize a stakeholder meeting based on a draft report
- **How the ID -capacities available for trade are affected** by the implementation of flow-based CCM for the day-ahead timeframe
- A calculation of **DA socio-economic effects** from flow-based capacity calculation compared to the current capacity calculation method in use.
 - The change in the sum of consumers' surplus, producers' surplus and congestion income for between NTC and FB
- Use of **fallback measures**
- **Delays** in delivering parameters (for allocation, for transparency)

What do the NRAs assess?

- What if the assessment shows that the operative implementation of FB is not working sufficiently well?
 - Extended parallel runs
 - TSOs requested to improve the operational implementation of the methodology, and/or
 - Nordic TSOs are requested to amend the methodology itself
- The CCR NRAs preference is to receive a report that can be easily approved. We have urged the TSOs to take the necessary additional time to fix any possible issues instead of delivering a report that might not be acceptable

What is the situation now?

- External parallel runs started in March 2022
- TSOs run some of the parallel runs in NEMOs' Simulation Facility
- NEMOs have had significant issues with the system
 - No access to SF since summer
 - The **reporting period of 3 months has been halted** and will be restarted
 - The FB delay might cause issues with other linked methodologies and projects
 - TSOs are looking at alternative ways of performing the required simulations
- The TSOs own level of operations seems to be relatively stable.
 - TSOs can create the FB parameters, no significant fallbacks or delays
 - Without the SF data, it is impossible to verify that FB brings the benefits it should

Next Steps

- The TSOs have indicated that they are now planning to send the report for the NRAs during Summer 2023
 - Some questions on the timeline remain due to the situation with SF
- Stakeholder feedback delivered as part of the report will be assessed carefully
 - The purpose of the parallel runs is to make it easier for the market participants to prepare
 - NRAs urge the stakeholders to express their views
- NRAs will assess the report
 - If the operations are at a sufficient level, the TSOs are allowed to continue the 6 remaining months of parallel runs
 - After that, the **Nordic capacity calculation using flow-based will go live.**

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