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Bidding Zones review
eurelectric's view and comments

MESC, 6th March 2018

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Comments on the outcome of the review

➢ The conclusion

  ➢ We feel that a recommendation is proposed by ENTSO-E (TSOs of the corresponding study region) solely because it is driven by CACM Reg.

  ➢ We acknowledge though that unfortunately the current legal framework of CACM Reg. does not allow flexibility in terms of not issuing a recommendation when sufficiently robust and credible analysis has not been carried out/completed

➢ The overall outcome

  ➢ a lot of information (market, technical reports, review report), as a result of intense and challenging work

  ➢ A lot of questions raised. A few examples :

    ➢ 225 kV congestion management by each TSOs

    ➢ FB modelling…

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How to do it again?

- The timing
  - CACM foresees a review every three years
  - This one took 5 years, and is not conclusive

- Before any other review : built on the experience
  - List the problems
  - Find solutions, together with stakeholders

- Only then, the perimeter of the new review can be defined
  - Experts and/or model based scenarios?
  - Which expert based scenarios?
    - For instance : one splitting/merger at a time, or big/small countries scenarios?

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Our recommandations

- Even more transparency with stakeholders, from the right beginning
- Effective quantitative analysis needs a very structured process
  - Otherwise, pears will be compared with apples
- The review should not be under pressure for delivering in time
  - It is a very serious subject : changes in the BZ configuration can have large consequences
  - Therefore, any change needs to be comprehensively assessed
- The back testing is key
  - It is the only way to check that the computation results are relevant/correct
- There is probably a balance to find between accuracy and complexity
  - For instance : use of FB? How to deal with operational porcesses evolving at the same time?
- In any case, the priority is the confidence needed in the results
- And : a clear picture is needed, for both trading and investments decisions

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