



Communication to Market Participants CWE Flow-Based Market Coupling

Date: 1 August 2013

Subject: Outcome of the CWE FB MC Survey - Executive Summary of Responses

Dear Market Participant,

We would like to thank all the respondents for their participation to the CWE survey/public consultation on the FB methodology and implementation approach. Project Partners are currently assessing the submitted comments which will be included in the approval package to Regulators.

Today, we are pleased to provide you with a first feedback on the online survey which took place from 2nd May until 1st July. You will find attached to this communication the report of the comments addressed by the respondents.

From the project perspective our first analysis is that these comments can be structured according to the following main concerns:

- **Transparency:** Request for publication of capacity calculation inputs for better price forecast and predictability
- **Fairness:** Assessment of FB impact on smaller countries (e.g. NL and BE)
- **FB compared to ATC:** Explanation needed regarding welfare losses, volatility of inputs and prices, impact on forecast, forward and intraday capacities
- **Allocation principles:** Publication of the algorithm's functioning (including intuitive patch)
- **Timings:** Worries regarding the tight deadlines and request for review of timings (publication of capacities, shadow auctions, etc.)
- **TSO operational process:** Request for knowledge of harmonization among TSOs, internal procedures, etc.
- **Process clarification:** Need to clarify and adapt the shadow auction process, fallback and rollback solutions, etc.
- **External parallel run performance:** Dissatisfaction with simulation results in terms of reliability and stability (errors, about 25% of missing days, no clear improvement observed, request for data-download via ftp)



CWE partners will carefully consider the aforementioned concerns, and commit to work in close cooperation with Market Parties and Regulators, in order to foster the implementation of Flow Based in a way which secures benefits for all parties involved, while respecting the proposed planning.

During the next months, it is foreseen to address the concerns raised and provide additional explanation on open questions in formal market communications but also during upcoming Flow-Based User Group meetings and Market Forums in order to further exchange with Market Parties and prepare the CWE FB MC implementation. In this regard, the communication tools deployed by the CWE initiative (Parallel Run publications, Q&A Website etc...) will also play a crucial role in supporting a constructive dialogue.

Therefore, please be already informed that the next CWE Flow-Based MC Market Forum will take place on 10th October 2013 in Brussels. Of course the very useful feedback given through the consultation will be taken into account for the Forum's preparation and clear answers to your questions/concerns will be provided. Please see the Save the Date attached, further details will follow.

Best Regards,

CWE Flow-Based Market Coupling Project Partners