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CONSULTATION ANSWERS ON AMENDMENTS TO THE METHODOLOGY FOR PROCUREMENT OF COUNTERTRADE ENERGY

Energinet has received consultation responses from MFT, Green Power Denmark ('GDP'), Ørsted and Nord Pool.

Reference is made to Energinet's public consultation on Amendments to the methodology for procurement of countertrade energy ('Amendments to the methodology') in public consultation¹ from 22 December 2022 to 23 January 2023. The amendments apply to section 4 in the methodology for procurement of countertrade energy ('the original methodology²') in public consultation from 22 December 2021 to 8 February 2022 and approved by The Danish Utility Regulator's 28 June 2022 (DUR j.no. 21/01999) ('Approval by the Danish Utility Regulator').

The consultation concerns 4 specific amendments to the original methodology. It is not a consultation on the original methodology which has already been approved by the Danish Utility regulator.

Feedback on the original methodology

Both GPD and Ørsted has questioned in their responses to the consultation that:

- the decision on the capacity adjustment mechanism could be separated from the original methodology
- compliance with CACM related to the 70% rule
- the impact that countertrading will have on the intraday market.
- The purpose of countertrading and when countertrade can be requested

These responses are not related to the Amendments to the methodology and are covered by the Approval by the Danish Utility Regulator. Consequently, these responses will not be considered.

¹ [Amendments to the methodology for procurement of countertrade energy \(energinet.dk\)](#)

² [Høring over Energinets metode for indkøb af modhandelsenergi \(forsyningstilsynet.dk\)](#)

Intermediate changes

Ørsted states that the need for a new countertrade model is reduced due to delays in the implementation of the Nordic energy activation market (EAM).

It is correct that delays to Nordic EAM was announced on a stakeholder meeting in December 2022, however the go-live Q4 2023 has not been moved in the NBM roadmap and a new go-live date will not be published until after March 2023.

The original methodology was approved as it is transparent, none-discriminating and market-based and there are no reasons to delay the implementation. In fact, the current practice of procuring countertrade energy as special regulation creates significant imbalances in the imbalance calculation which prevents Energinet from complying with balance demands as a milestone during the transition to Nordic EAM. The current countertrade practice is therefore blocking the transition to the Nordic EAM, and only when all structural countertrade energy is procured in the intraday market, will Energinet be able to move forward with the implementation of Nordic EAM.

Ørsted also states that the German countertrade need has been declining since 2021, however this is partially due to the countertrade limit implemented by Energinet 9 September as a result of Ørsted and GDP's consultation response to the original methodology, where the large volumes were criticized due to the market impact. TenneT still has a need for structural countertrade because of TenneT Commitment to provide minimum capacities on DK1-DE/LU while still having internal grid congestions.

Lack of compliance with CCM for the balancing timeframe is also mentioned by Ørsted.

Ørsted states that according to the CCM for the Balancing Time Frame for CCR Hansa³ the capacity left from intraday shall be provided to the balancing market. As mentioned in article 8(d) in the CCM for the Balancing Time Frame for CCR Hansa under Rules for Taking into Account Already Allocated Cross-Zonal Capacity in the Balancing Time Frame: *"In the balancing time frame, the CCR Hansa TSOs or an entity acting on their behalf shall take into account the latest AAC for each MTU after the ID GCT which is a result of:"* (...) d. *"Capacity nominated in the intraday market, including the consideration of cross-border redispatch and countertrade and future ROSC processes"*, whereby it is explicitly stated that countertrade shall be considered in the AAC.

The changes to CCR Hansa CCM currently in consultation⁴ ensure that countertrade is included in the AAC provided to intraday, which means that the right ATC will be provided from the intraday market to the balancing market.

Ørsted also states that according to article 5(4) in the CCR Hansa CCM interconnector capacity cannot be corrected due to a situation where an internal AC grid element requires a correction. The CCR Hansa CCM is currently under implementation. Article 19 of CCR Hansa CCM concerns the stepwise implementation. CCR Hansa CCM is fully implemented once flowbased Intraday is implemented on both sides of the border and advanced hybrid coupling is implemented on the border. Once the CCR Hansa CCM is implemented it is correct that constraints in the internal grid on each side of the border will be a part of the outcome of capacities provided in intraday on the border without being included in the CCR Hansa CCM.

Energinet confirms that the capacity provided to the market – also when countertrading – shall adhere to the regional methodology for capacity calculation.

³ [CCR Hansa ID&DA CCM Second Proposal \(entsoe.eu\)](https://entsoe.eu)

⁴ [Amendment proposal on Art. 15\(1\) of CCR Hansa ID/DA Capacity Calculation Methodology - European Network of Transmission System Operators for Electricity - Citizen Space \(entsoe.eu\)](https://entsoe.eu)

GPG states that the original methodology was approved under the assumption that CACM 2.0 would specify certain elements of the 70% rule. Energinet does not agree. The original methodology was approved under the then/current CACM. No change in legislation is required for the original methodology to be valid.

Consultation responses related to the four suggested amendments to the methodology

1. The traded period for the first trading slot has been defined

All four consultation answers were positive towards the suggested amendment.

2. Net countertrade volumes have been made subject to publication on NUCS

Ørsted, GDP and MFT prefers to have the countertrade request published on NUCS instead of the net countertrade volume.

MFT Energy agrees with Energinet's assessment that it is the net countertraded energy which is relevant to the Danish intraday market. However, MFT Energy would have preferred netting the individual countertrades themselves, as the countertrade details contain information relevant to the neighboring markets, where the respective TSO's might not adhere to the same standard of transparency as Energinet.

Energinet's response:

The net countertrade volumes published on NUCS is a publication of what Energinet will procure in the intraday market, and therefore the relevant information to publish with regards to the trades in intraday market. However, Energinet understands that knowledge about countertrades on the borders prior to the release of cross-border capacity provides the market with more information about the cross-border capacity which is about to be released to the intraday market, and further to this the market is also provided with information about the energy which must be procured on the other side of the border. As such Energinet understands Ørsted, GDP and MFT Energy's preference for publication of the countertrade.

Energinet currently sends countertrades to ENTSO-e's Transparency Platform^[1] (ETP) under the tap called "Border – Bidding zone" every hour for the coming day and during the day, and therefore updates of the countertrades are continuously submitted to ETP complying with the Detailed Data Description^[2] V3VR (DDD) which is part of the Manual of Procedures (MoP). On page 55 in DDD, it follows that "The information shall be published as soon as possible but no later than 1 hour after the operating period".

To ensure that the market has timely information about the TSO trades, Energinet is considering increasing the publication frequency and start the submission to ETP already 14.00 (D-1). A frequency of data publication every 5 minutes would enable market participants to decide whether they prefer to get information from ETP and net the countertrade requests themselves or get the volumes from NUCS. The performance of ETP is currently not sufficient to allow more frequent data publications, however the feedback from ENTSO-e is that once the new ETP architecture is in place primo Q3 2023 more frequent publications are possible. For go-live May 2023 only DK1 - DE-LU will be a part of the setup and thus the net countertrade volume on NUCS equals the countertrade on the border on DK1 – DE/LU.

[1] [Data view \(entsoe.eu\)](#)

[2] [Manual of Procedures \(MoP\) \(entsoe.eu\)](#)

Ørsted finds that the amendment will lead to

- a lack of knowledge about the planned countertrade on the border which makes it difficult and more expensive for market participants to balance their portfolios. Historical countertrades published on ETP are not sufficient. Ørsted further suggests that also the reason for requesting countertrade is included per border which would prevent Statnett to ask for countertrade in order to handle reductions on NordLink.
- That the volume and price for netting is not included in the original methodology

Energinet's response:

As it follows from Energinet's response to MFT Energy countertrade per border is published on ENTSOEs transparency platform continuously and is therefore not only historical values. It is not explicitly stated in Ørsted's consultation answer why a lack of knowledge about the planned countertrade on the border makes it difficult and more expensive for market participants to balance their portfolios, but Energinet's understanding is that Ørsted finds it valuable if countertrades are published prior to the release of cross-border capacity for the same reasons as stated in the answer to MFT Energy. Please see Energinet's reply to MFT Energy where Energinet is considering increasing the frequency of publications on ETP.

Further to the publication of countertrades on ETP intraday cross borders capacities are also published on ETP every time the capacity is updated due to new trades in intraday, and the capacities are also accessible for market participants directly on the power exchanges intraday trading platform. As such, the market participants across Europe have access to the same information about countertrades and cross border capacities when balancing their portfolios

As Energinet already previously has replied during the consultation of the original methodology the methodology does not concern whether Energinet shall assist with countertrade, but how the countertrade energy shall be procured. Further to this the ENTSOE reporting on ENTSOE transparency platform also includes reason codes for the countertrade.

As described in chapter "4.3.2.5 Udliggning af modsatrettet modhandel" in the original methodology, opposite directed countertrade requests will be netted at the DA-price in the relevant bidding zone.

GPD finds that

- the publication of the net countertrade volumes enables Energinet to net the countertrade requests without the knowledge of the market.
- And requests that countertrade requests, capacity reductions, reason codes, and the netted price is published on NUCS

Energinet's response:

The publication of the net countertrade volumes provides the market with information of the volumes which are to be procured in the intraday market, which is the purpose of this publication. All updates to the countertrade volumes will be provided with a "version number". The version numbering on NUCS will provide the market with information about updates to the countertrade request at which point in time netting will be performed in case of none-traded opposite directed countertrade volumes. Additionally, Energinet will publish a description of the netting practice on the countertrade publication page on NUCS. Further to this, the market has information about the countertrades on the borders

(published on ETP) which enables the market participants to compare countertrade requests per border with the net countertrade volume published on NUCS.

Cross-border capacities provided to the intraday market are continuously updated and made available to all market participants in the intraday market both on the NEMOs trading platform and on ETP. Reason codes for requesting countertrade is also a part of the publication on ETP.

The DA price in the relevant bidding zone will be used for netting as written in the original methodology and is published daily on the NEMOs websites and on Energinet's web portal, Energy Data Service.

3. Publication of trading slots

MFT, Ørsted and GDP welcomed the publication of trading slots, whereas Nord Pool warned that narrow trading slots would decrease the successful application of an active trading strategy, but that wider trading slots such as the example provided in the original methodology still would enable that the volumes can be traded in a manner that fits well with the behaviour of other market participants.

Energinet will take this consideration into account, when agreeing on request deadline(s) for structural countertrade with neighbouring TSOs, and the length of the trading slots.

Energinet notices that Ørsted summary of general critical points includes that the market participants do not receive information about "where", "when", to "what extend" and due to which reason the countertrade is performed, however, with the publication of trading slots, net countertrade volumes with number versioning and the countertrade publications on ETP all these points are covered.

4. The defined request deadlines for countertrade for the individual trading slots have been removed from the methodology text.

GPD and Ørsted prefers that request deadlines are a part of the methodology and requests that the reasoning behind removing the request deadline from the methodology is further elaborated on, they also indicate that Energinet will allow neighbouring TSOs to request structural countertrade on an ad hoc basis and speculates whether this will mean that TSOs can use the countertrade model to a variety of operational issues.

MFT Energy is positive towards the change as it is recognized that the specific need for countertrading can change all the way up to the gate closure of the intraday XBID products.

Energinet's response:

The original methodology only includes one request deadline 14.30 (D-1) and one, two or three structural trading slots incl. request deadlines for countertrade can be applied as agreed upon between requesting TSOs. The removal of the structural countertrade request deadline is not a relaxation of structural countertrade requests deadline(s). Structural countertrade requests will not be permitted at an ad hoc basis. Energinet will still apply countertrade request deadline(s) towards requesting TSOs to minimize the manual work for the operations and to ensure that structural countertrade is traded well ahead of the operational hour.

With the current countertrade practice using special regulation to procure the countertrade volumes there are no request deadlines and countertrades - both structural and unexpected - are requested all 24 hours up until the operational hour. Allowing a second request deadline within a structural trading slot, or allowing several trading slots, increases the manual workload for the control centre but it does not enable the countertrade methodology to be applied for other operational purposes than today. The original methodology is applicable for both structural and unexpected countertrade. Further to this, countertrade requests shall be published on NUCS at least 10 minutes before Energinet trades in the intraday market and with the suggested amendment to publish the structural trading slot, the market participants are able to discover from the NUCS publication, whether more structural request deadlines have been agreed upon.

Energinet suggests the removal of the structural countertrade request deadline, as request deadlines are operational TSO business and future inclusion of interconnectors in the countertrade model might require an adjustment of the request deadline(s) as there are different procedures and timings for the calculation of countertrade and redispatch needs as well as e.g., new regional security analyses might require adjustments to the request deadline. Adjustments of the request deadline(s) should not lead to new amendments to the methodology.