

Public

# Meeting minutes

## REMA Scheduling and Dispatch Cross-Border Q&A

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**Date:** 26/09/2024      **Location:** Microsoft Teams  
**Start:** 15:00      **End:** 16:00

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### Agenda

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#	Topics to be discussed	
1.	Introductions	NESO (5 minutes)
2.	Intro to the REMA programme and overview of central scheduling	NESO (10 minutes)
3.	Central scheduling cross-border Q&A	All (10 minutes)
4.	Overview of hybrid scheduling	NESO (5 minutes)
5.	Hybrid scheduling cross-border Q&A	NESO (10 minutes)
6.	Overview of zonal self-scheduling	NESO (5 minutes)
7.	Zonal self-scheduling cross-border Q&A	NESO (10 minutes)
8.	Closing remarks	NESO (5 minutes)

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### Discussion and details

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#	Topics to be discussed
1.	<p><b>Central Dispatch Q&amp;A</b></p> <ul style="list-style-type: none"> <li>There was a question about whether price formation would take place day-ahead or in real time, and about what the implications would be for cross-border trade and for the compatibility with power exchanges. An explanation was given around how central dispatch models have a combined system operator / market operator entity that operates the day-ahead and real-time markets. There is potential to include an intraday market as well.</li> <li>Some risks were highlighted on financial hedging. A clarification was given on the nature of financial forward trading to act as a hedge against the real-time price.</li> <li>There were concerns around how MRLVC could work under central dispatch, especially with there being no power exchanges. It was discussed that a solution might exist through the provision of price curves submitted by the system operator, but that this would need to be tested.</li> <li>A point was made about the interactions that long-term trading of gas could have with a centrally dispatch market.</li> </ul>
2.	<p><b>Hybrid Dispatch Q&amp;A</b></p> <ul style="list-style-type: none"> <li>It was pointed out that one of the key features of interconnectors is that they are highly flexible and able to respond to market conditions in real-time. An overarching concern is that moving to central dispatch, or a hybrid model would imply losing the interconnectors' ability to move close to real-time and providing that benefit to the market. A potential solution highlighted was the option to have intraday runs. Intraday runs might be a necessary feature</li> </ul>

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to capture the flexibility between day-ahead and real-time, recognising that flexibility needs to be helpful to system operations and that the right balance needs to be struck.

- The point was raised that any decision about flows cannot be made unilaterally. It needs to be beneficial to the TSOs on the other end and acceptable to all involved parties.

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### 3. Zonal self-dispatch

- It was mentioned that the magnitude of the impact of zonal pricing on cross-border trade depends on how the zones are designed. The bigger the zones, the less market liquidity is affected making trade inefficient. Another consideration which was highlighted is the total capacity of interconnection in a zone, as well as the planning of future interconnectors.
  - It was highlighted that it is important to consider impacts on the connected TSOs. An issue with zonal pricing that was raised is that it appears constraints are being offshored. This is difficult to do by GB without considering other jurisdictions. It was highlighted that, for example, zones that are too small will be at the expense of the neighbouring market.
  - A question was raised over the methodology of coupling of zones within GB and whether this would be flow-based or NTC-based, as getting back to SDAC would demand flow-based coupling.
  - It was highlighted that one of the hidden costs of zonal pricing is the possible impact on liquidity. In the Nordics there are several zones and they operate a virtual hub concept. It is difficult in those markets to get strong signals with supply and demand.
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