

Public Consultation on the the SEE CCR TSOs' proposal for the methodology for splitting long-term cross-zonal capacity

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Public Consultation on the the SEE CCR TSOs' proposal for the methodology for splitting long-term cross-zonal capacity

The objective of this consultation is to gather views and information from stakeholders regarding the methodology for splitting cross-zonal capacity ('MSCZC') for the South East Europe ('SEE') region, developed in accordance with Article 16 of the FCA Regulation[1]. The input from the consultation will inform the Agency's evaluation when preparing its decision on that proposal.

We invite all interested stakeholders to answer this public consultation, including regulatory authorities, nominated electricity market operators and transmission system operators in accordance with Article 8 (1) of Regulation (EC) No 713/2009.

Replies to this consultation should be submitted by **30 August 2020, 23:59 hrs (CEST)**.

Questions should be addressed to ACER at: ACER-ELE-2020-020@acer.europa.eu

[1] Commission Regulation (EU) 2016/1719 of 26 September 2016 establishing a guideline on forward capacity allocation - OJ L259, 27.9.2016, p. 42.

Introduction

* Name and surname

* Company

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Article 7(4) of ACER Rules of Procedure (RoP) requires the submitting party in an ACER Public Consultation to indicate explicitly whether the submission contains confidential information and to claim any confidentiality in accordance with Article 9 of the RoP.

* Is your input into this consultation confidential?

- ☐ YES
- ☐ NO

- * If the submission contains confidential information, confidentiality claims shall be submitted by: (1) identifying each part of the submission which is considered to be confidential; (2) clearly identifying the specific persons or undertakings with regard to which such information is to be considered confidential; (c) justifying each of your confidentiality claims; and (d) providing a non-confidential version.

In case of failure in following the procedure mentioned above, ACER may assume that all the information provided (including any attachment) contains no confidential information and that there are no objections to the disclosure of such information (including any attachment) in its entirety (Article 7(4) of the RoP).

Please, explain what is the reasoning of your confidential submission.

For further details see the [ACER guidance note on consultations](#).

Publication of responses and privacy

ACER will publish all non-confidential responses, including the names of the respondents, unless they should be considered as confidential, and it will process personal data of the respondents in accordance with Regulation (EU) 2018/1725 of 23 October 2018 on the protection of natural persons with regard to the processing of personal data by the Union institutions, bodies, offices and agencies and on the free movement of such data, taking into account that this processing is necessary for performing ACER's consultation task. For more details on how the contributions and the personal data of the respondents will be dealt with, please see ACER's Guidance Note on Consultations and the specific privacy statement attached to this consultation.

Context

Related documents

- [Regulation \(EU\) 2019/942 of the European Parliament and of the Council of 5 June 2019 establishing a European Union Agency for the Cooperation of Energy Regulators](#)
- [Regulation \(EU\) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity](#)
- [Commission Regulation \(EU\) 2016/1719 of 26 September 2016 establishing a guideline on forward capacity allocation](#)
- [ACER Guidance Note on Consultations](#)

Legal background

In accordance with Article 16 of the Commission Regulation (EU) 2016/1719 on forward capacity allocation (the 'FCA Regulation'), TSOs in each Capacity Calculation Region ('CCR') shall submit a proposal for the methodology for splitting cross-zonal capacity ('MSCZC') in a coordinated manner between different long-term time frames within the respective region.

By 1 October 2019, the SEE TSOs submitted to the SEE regulatory authorities a 'South East Europe

(SEE) TSOs proposal for a MSCZC methodology.

In a letter dated 26 May 2020 and received by the Agency on the same day, the president of RAE[1], on behalf of all regulatory authorities from the SEE CCR, informed the Agency that they jointly agreed to request the Agency to adopt a decision on the Proposal pursuant to Article 4(10) of the FCA Regulation.

According to the letter, the main reason of disagreement on the Proposal related to diverging technical interpretations on the necessity and implications of the inclusion in the MSCZC of a provision allowing TSOs to reserve capacity for day-ahead allocation.

The Agency needs to adopt a decision on this proposal by 26 November 2020. In the context of adopting this decision, the Agency seeks the opinion of stakeholders on the below-mentioned issue. Other comments and concerns are also welcome.

[1] RAE, the Regulatory Authority for Energy, is the regulatory authority from Greece.

Consultation topics and questions

The consultation concerns one issue: the necessity and implications of the inclusion in the MSCZC of a provision allowing TSOs to reserve capacity for day-ahead allocation.

Day-ahead reservation of capacity

SEE TSOs proposal and NRAs observations

In their Proposal, SEE TSOs suggest that all calculated long-term capacity be split between different long-term time frames.

During discussions between SEE NRAs, SEE TSOs and ACER over the Proposal, some SEE NRAs observed that in a previous version of the Proposal, subject to a TSO-led public consultation from 29 July 2019 to 2 September 2019, 10% of the calculated long-term capacity was set aside for daily allocation. Absent a proper justification from SEE TSOs, stakeholders objected to the approach.

Some SEE NRAs raised the concern that at bidding zone borders where scarcity was observed in the past, applying the Proposal could result in all available capacity being allocated over long-term timeframes, and no capacity being available for daily allocation. Those NRAs are in support of setting aside 20% of the calculated long-term capacity for daily allocation.

Neither NRAs nor TSOs provided evidence of such scarcity in the past, nor an explanation for what would be an appropriate percentage of long-term capacity to be set aside for daily allocation.

ACER's observations

As a general principle, ACER acknowledges that adequate level of cross-zonal capacities is required for proper functioning of single day-ahead coupling ('SDAC') that promotes market liquidity and competition in the day-ahead market.

Following a proper design of capacity calculation in day ahead and long-term timeframes, the day-ahead capacity calculation should by principle always produce significantly more capacities compared

to the long-term capacity calculation because of uncertainties resulting in a reliability margin, outages considered in the long-term timeframes, etc. In such context, there should be no explicit need to set aside a percentage of the calculated long-term capacity for the SDAC.

In a context of scarcity cross-zonal capacity, in the event of improper design of the long-term and day-ahead capacity calculation methodologies which could result in little or no available capacity for SDAC, TSOs and NRAs should opt for the offer of Financial Transmission Rights (FTR) over Physical Transmission Rights. This would ensure that all physically available cross-zonal capacities are available for SDAC.

However, ACER acknowledges that there could be a time gap between the implementation of SDAC and the time when FTRs could be introduced, when scarcity of cross-zonal capacities for SDAC would have negative effect on SDAC. ACER therefore acknowledges as a measure of last resort that some of the calculated long-term capacity be set aside for daily allocation.

This measure must be **justified** and **limited in time**.

The provisional implementation timeline is as follows:

- 2021: SDAC coupling for the BG-GR, BG-RO borders;
- 2023: implementation of the long-term capacity calculation methodology and the associated splitting rules.

ACER suggests the following approach:

1. ACER will confirm the Proposal from SEE transmission system operators, whereby all calculated long-term capacity (100%) will be split over long-term timeframes (no reservation of long term capacity for the day-ahead timeframe);
2. ACER will include a monitoring provision, whereby SEE TSOs will observe and report on levels of cross-border capacity across all timeframes after the implementation of the SDAC. The report will be submitted to SEE regulatory authorities ahead of the implementation of the long-term splitting rules, in order to support a possible amendment to those rules if necessary.

Please share your views on ACER's suggested amendments to the Proposal.

