

ACER consultation on its proposed amendments to the all TSOs' proposal for the capacity calculation regions ('CCR') determination



EFET response – 25 January 2021

The European Federation of Energy Traders (EFET*) welcomes the opportunity to provide comments regarding ACER's proposed amendments to the proposal for the '*definition of capacity calculation regions in accordance with Article 15(1) of the Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management*', which was submitted by all TSOs to ACER on 9 November 2020. The definition of CCRs is an important topic for us, as we expect that the benefit from increased coordination will lead, over time, to more cross-zonal capacity being made available to the market by the TSOs and thus, to deeper integration of European electricity markets¹.

The current proposal primarily aims to update the CCRs delineation in line with recent decisions. We appreciate that ACER's amendments are accompanied by an all-TSOs impact assessment of the proposed delineation of CCRs and an evaluation of alternatives², as this helps market participants to make better-informed comments.

However, we agree with ACER that the assessment report does not constitute a reason to conclude that no change is needed in future regarding the DK1-NL and DK1-DE/LU bidding zone borders and that TSOs shall be granted an 12 additional months to perform this assessment. This would allow for efficient planning of the long-term development of the internal energy market by providing timely signal regarding the future evolution of CCRs.

On a general note, we would suggest a periodic review of the overall delineation of CCRs, e.g. every four or five years, accompanied by a full impact assessment of the current situation and the potential need for changes. As mentioned in previous EFET statements on CCR delineation, it appears to us that the CCRs of "buffer regions" (Channel and Hansa) should be thought of as temporary, and that these CCRs should be progressively integrated in larger CCRs in the coming years³. Besides this, it is important to keep in mind that the development of methodologies at CCR level was intended as an interim step towards harmonisation at a later stage, e.g. article 21.4 CACM requires the harmonisation of capacity calculation

¹ See also [EFET response to ENTSO-E consultation on all TSOs' proposal for definition of CCRs](#)

² https://eepublicdownloads.entsoe.eu/clean-documents/Network%20codes%20documents/Implementation/ccr/200930_ALL_TSOs_CCR_Assessment_report.pdf

³ See footnote 1

methodologies by 31 December 2020. ACER and the NRAs should keep this objective in mind and hold the TSOs accountable to attaining it, based on best practice.

Below, you can find some more detailed comments on the proposal at hand.

Q1 - Please provide your comments concerning the ACER's reasoning for default reallocation of Hansa CCR bidding zone borders and the request to TSOs to make a proposal on a suitable timeline for such reallocation.

We appreciate that the Sweden-Germany border has been allocated to the Hansa CCR and we agree with ACER that, in the long-run, the DK1-DE/LU and DK1-NL bidding zone borders should be allocated to Core CCR because the location and size of physical congestion on these borders can only be accurately simulated within the flow-based capacity calculation in meshed networks.

We support the recommendation that all TSOs submit an amendment to the determination of CCR by 12 months after the adoption of the present decision.

Q2 - Please provide your comments concerning the option to cancel such reallocation and the assessment criteria for making such a proposal.

We support ACER proposal and we would welcome a thorough assessment on its eventual cancellation.

Q3 - Please provide any comments related to the necessary amendments due to Brexit.

ACER concluded, in discussions with the European Commission, that Brexit will lead to the disappearance of the Channel and Ireland and United Kingdom (IU) CCRs, since these CCRs would no longer contain bidding zone borders under the scope of the capacity calculation regions. Indeed, article 15 of the CACM Regulation only applies to bidding zone borders fully located in the EU, which is no longer the case for the Channel and IUK CCR borders since the changed status of UK TSOs to non-EU TSOs.

However, we appreciate to see the inclusion of bidding zone borders with the UK into the respective CCRs in the current proposal. We also suggest maintaining these CCRs in the future, after the UK and the EU reach more in-depth agreements.

Q4 - Please provide any further comments on the proposed CCR determination.

We reiterate that point 12 of the Preamble recognises the importance of interconnected power systems operated by non-EU TSOs. However, in our view, the point is of a rather general nature and its content should be substantiated further in the body of the proposal with concrete references to borders with non-EU TSOs when those are of particular importance to the functioning of the internal energy market (IEM), such as Switzerland, the UK, Norway and the Western Balkans.

We understand and acknowledge the political complexities around this issue and the need for inter-TSO or intergovernmental agreements to be established in some cases. But we would also remind ACER of the importance of safeguarding the electricity market and system in synchronous grid of Continental Europe and other synchronously interconnected EEA and non-

EU countries. To improve system security and ensure smooth and efficient electricity trading, it is therefore important for such non-EU TSOs to take part in related coordination activities for the development of methodologies and processes on a CCR level.

- Norway: As we understand, the 3rd EU Energy Package has been applicable in the EEA EFTA States since October 2019. Therefore, it is not clear to us why bidding zone borders with Norway are not included in the Hansa and Nordic CCRs. We would appreciate additional information and call for the inclusion of bidding zone borders with Norway in the respective CCRs.
- Switzerland: Switzerland is part of the synchronous grid of Continental Europe and deeply interconnected with the EU Internal Electricity Market. Independently from the complexities surrounding the negotiations on intergovernmental agreements between the Swiss Federation and the EU, EFET considers the inclusion of Switzerland into the CCR coordination processes crucial for the functioning of the EU Internal Electricity Market, in particular with view to the better integration of the Italian electricity market with the liquid markets of CWE. In the short term we insist on ensuring the participation of Swissgrid in the coordination processes and the inclusion of Swiss CNECs into capacity calculation in the Core and Italy North region through practical arrangements. In the long term, we recommend the inclusion of Swiss bidding zone borders into the respective CCRs and the full participation of Switzerland in the IEM, including market coupling.
- Energy Community: We understand that it is not feasible to include bidding zone borders with Serbia, Bosnia and Herzegovina, Montenegro, North Macedonia, Albania and Kosovo into the SEE CCR until CACM is implemented by the Energy Community Contracting Parties. As this will take some time, we recommend in the short term to consider including Western Balkans CNECs into capacity calculation in the Core and SEE regions through practical arrangements. In the long term, we recommend the inclusion of the Energy Community Contracting Parties into the SEE CCR through the evolution that is foreseen in the All TSOs' proposal for CCRs from October 2015 and their full participation in the IEM, including market coupling.
- The UK: UK TSOs are now non-EU TSOs. However, we appreciate that the proposed amendments keep the bidding zone borders with the UK in the Channel and IU CCRs. As in the case of Norway, we suggest maintaining these CCRs in the future, after the UK and the EU reach more in-depth agreements.