

EFET response to ENTSO-E consultation on Core TSOs' proposal for the 1st amendment of the Day-Ahead Flow-based Capacity Calculation Methodology

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31 July 2020

The European Federation of Energy Traders (EFET)¹ would like to thank TSOs for the opportunity to provide comments on their proposed amendments to the Core day-ahead capacity calculation methodology (DA CCM). As a general note, we would like to highlight our support for the ACER decision from February 2019 on the Core DA and ID CCMs. We believe that the current version of the Core DA CCM sets the right standards for the future harmonisation of CCMs throughout Europe (as per article 21.4 of the CACM Regulation). In this context, any modification to the Core DA CCM should be scrutinised.

You will find below our comments on the draft amendments:

- **Extended LTA inclusion – new recital 24 and amendments to article 18 (and related amendments to articles 19 to 25)**

We understand the difficulties that TSOs expect to face when using the version of the LTA inclusion rules currently used in CWE with far more bidding zone borders in the Core region. The extended LTA inclusion method presented by the TSOs seems to be a valid option that would guarantee that the clearing point can always be at least part of the initial FB domain.

However, despite repeated requests to TSOs to have a dialogue on this question, we are missing a proper justification why the LTA inclusion process is still needed at all. This situation makes it impossible for us to support the proposed reform or call for an elimination of the LTA patch altogether.

Indeed, all except one (HR-SL) borders in the Core region will be using FTR options once Core flow-based capacity calculation starts to be performed. Our understanding is that the LTA patch was intended to ensure that the results of day-ahead capacity calculation would allow all allocated PTRs to be nominated, thereby preserving system security in such extreme cases. So far, the LTA patch has been maintained in CWE flow-based, even after all borders started using FTR options. With the potential to nominate transmission rights disappearing in

¹ The European Federation of Energy Traders (EFET) promotes and facilitates European energy trading in open transparent, sustainable and liquid wholesale markets, unhindered by national borders or other undue obstacles. We currently represent more than 100 energy trading companies, active in over 28 European countries. For more information, visit our website at www.efet.org

the whole Core region after the switch to FTR options, we see no system security threat justifying maintaining the LTA patch.

Should the main justification for maintaining the LTA patch revolve around financial questions, we request that the TSOs perform a quantitative analysis. This analysis – possibly with different scenarios – should show what impact the TSOs expect the suppression of the LTA patch would have on their own finances (congestion income) and on their capacity to guarantee the financial firmness of allocated transmission rights.

- **Third-country CNECs – amendments to article 20(6a) (and related amendments to Articles 4(8a), 11(7a) and 14(3a))**

We welcome the introduction of a mechanism to take account of third-country CNECs in Core flow-based market coupling. However, the process of approving a new CNEC (or set of CNECs) for a third-country TSO should not be left to the discretion of that TSO. The same process of collective validation as for Core TSO CNECs should be applied here.

- **CBA for CNECs – amendments to article 5(8c)**

We agree with simplifying the CBA for the selection of CNECs and restricting it to a comparison with the use of remedial actions. A comparison with bidding zone reconfigurations and network development seems disproportionate and should be part of the bidding zones review process.

- **Upper and lower values of FRM – amendments to article 8**

It is not clear to us what TSOs are aiming to achieve with the min and max value of the FRM. Article 8(5a), in particular, needs to be clarified further. More information is needed regarding the “two different implementation approaches” that lead to a min and a max value, who defines the approach, and the purpose of such a range.

- **Transparency and reporting – amendments to article 25 and 27**

Article 25 (2d.xiii): we are fine with restricting the information of forecasted net position per bidding zone (not per TSO in addition).

Article 25 (2e)/25 (2g)/27 (5d): We do not agree with the proposed deletion of Article 25(2)(e)(ii). We are of the opinion that without information about flows resulting from net positions resulting from the SDAC, the market will not receive the whole picture about the market situation and results will not be transparent. This is not aligned with the general move towards greater transparency on market results and functioning and therefore, not aligned with the Clean Energy Package requirements. In our view the point should be maintained.

We also do not see why flows should be published on a quarterly basis. Such information should be published on a daily basis, as published today by JAO.

Furthermore, outages of all CNEs should be published on the transparency platform, as today internal lines can be considered critical for capacity calculation but not critical for the transparency platform.

- **Implementation timeline – amendments to article 28(3)**

We disapprove of the TSOs amending the implementation timeline of the methodology. While we are conscious that Core flow-based will not go live in December 2020 but in Q2/Q3 2021, we believe that the implementation timeline of the methodology should not be amended. Many

elements of the methodology can be put in place before go-live. For instance, it is important that the transparency framework should be fixed and operational by the start of the parallel run in late 2020.

On a general note, TSOs should not take the habit of proposing amendments to methodologies approved by NRAs or ACER on the basis of delays in their implementation. Amendment procedures are themselves time-consuming, and TSOs should focus on reducing expected delays, rather than accommodating them by changing the legal framework of implementation projects.