



ACER
Trg republike 3
1000 Ljubljana
Slovenia
Sent by e-mail: consultation2016E02@acer.europa.eu

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Handled by	Ruud Otter
Dial-direct	+31 70 311 4366
E-mail	rotter@energie-nederland.nl
Date	20 July 2016
Subject	Response to the consultation: "The definition of capacity calculation regions"

Dear Madam, Dear Sir,

The Market Parties Platform is the cooperation of CWE national energy associations, covering the Austria, Benelux countries, France, Germany and Switzerland. We thank ACER for the opportunity to give our opinion on the proposals for the definition of capacity calculation regions (CCRs). We see these CCRs as important building blocks for further integration/cooperation of TSOs, which is vital for the integration of the electricity market.

Consultation questions:

- 1. Do you consider both the commitment from the CWE and the CEE TSOs to cooperate towards a merger of the CWE and CEE CCRs and the MoU signed on 3 March 2016 as sufficient to ensure that the CWE and CEE regions will develop and implement a common congestion management procedure compliant with the requirements of the CACM Regulation, as well as of Regulation (EC) No 714/2009? Or should the definition of the CCRs provide for a CCR already merging the proposed CWE and CEE regions to ensure compliance with the required common congestion management procedure?*

In earlier statements we were advocating for an early merger of the CWE and CEE regional capacity calculation. Given the many disputes on the borders of this region we would urge the TSOs to work much more closely together.



We welcome the MoU as a proposal to make progress with a pragmatic approach and regret that the national regulatory authorities have not been able to find an agreement in the last months on the TSOs proposals. We also take note of the concerns expressed by several actors including TSOs that an immediate merge of CWE and CEE will trigger lengthy legal and governance issues likely to engender delays in the achievements and improvements expected from CACM guidelines. (e.g. introduction of FB intra-day in CWE). Also market conditions in CEE and CWE still differ very much. Considering the challenge and the vast number of reforms needed to implement a day-ahead Flow-Based market coupling in CEE, implementing this new capacity calculation methodology will take time whilst an early merger of both regions would not necessarily speed up this process. We see some advantages in this approach, especially since some CWE TSOs have indicated steps in transparency around flow based. For us this transparency (in particular non anonymous flow based parameters) is a fundamental point that needs to be improved.

On the other side we see that with the MoU, TSOs still have freedom to work independently from the other region. In the SG1 meeting of the Pentilateral Energy Forum (12 July 2016) we understood that regulators also want to pursue a pragmatic approach in a joint region. However, it is not very clear what this approach exactly is and whether we can rely on that.

In conclusion, it is difficult to judge what approach will bring the most effective way forward. It would be helpful if regulators formulated a similar MoU indicating more in detail what their pragmatic approach in a joint CWE-CEE CCR is and how to overcome the issues mentioned in the TSO MoU. It should be possible to make progress in part of the regions and in the same time come to an integrated calculation for the CWE-CEE region. Here we have some suggestions:

- Mainly to have full transparency on capacity calculation, whether it is flow based or ATC based. This means that in this respect major steps still have to be taken in CWE, CEE and on the borders of the two regions.
- It should be possible to have an integrated calculation with different ways of calculation in different countries or sub regions. This is still the case in CWE, where a stepwise approach was chosen.
- Benefits of quick-wins that can be easily achieved (such as the development and introduction of FB intra-day in CWE) should not be delayed because of governance difficulties resulting from CCR extension.

2. *Do you have comments on the description of the geographical evolution of the CCRs over time, as proposed by all TSOs in Annex 3 to the Explanatory document to the CCRs Proposal?*

We still see too many CCRs in this proposal and hence too many coordination and integration efforts. In our view, such proposal would require TSOs to overcome difficulties in cooperating, and ensure a common interpretation of the conditions of the CACM Guideline. In that perspective it would be useful that NRAs/ACER come up with an interpretation of the CACM Guideline, which would provide a clear



way forward. We also noticed that governance and decision-making is not clearly defined in the CACM code, and would therefore welcome further information on how TSOs plan on completing the integration of the markets at each step. Past experience should make it possible to speed up the process. Also here guidance from NRA's is essential.

Moreover, we think that Switzerland should be included in the CWE CCR from the start. Given the central geographical location and the role of the Swiss electricity network in Europe, it is crucial that it is taken into consideration in the capacity calculation processes. Not doing so would mean that an important network in Central Europe is ignored when calculating the capacities. We see this as a technical inclusion regardless the position of Switzerland towards EU legislation.

3. *Should the CEE region (or a merged region) include the bidding zone borders between Croatia and Slovenia, between Croatia and Hungary, and between Romania and Hungary?*

Yes, as it relates to the attribution of already existing bidding zone borders to the CEE region and accordingly falls within the scope of the process to define CCRs pursuant to Art 15 of the CACM Guideline. Whether they should remain as bidding zone borders, however, is up to the bidding zone delimitation process under the CACM guideline. The calculation in a CCR should be indifferent to the bidding zone delimitation, as it has to treat all connections in a non-discriminatory way.

4. *Should the CEE region (or a merged region) include a bidding zone border between Germany/Luxembourg and Austria?*

Definition of bidding zone borders is not within the scope of the decision on CCRs. Instead, this question is currently looked at in bidding zone review process pursuant articles 32 to 34 of the CACM Guideline. In our view CCRs are meant to calculate capacity in a given geographical area and should be indifferent to bidding zone delimitation within that area. Currently the Germany/Luxembourg/Austria bidding zone is part of the CWE regional capacity calculation. If bidding zones are to be defined differently this has to be managed with the CCRs that exist at that moment. In this case this would be the CWE CCR or the merged CWE-CEE CCR.

5. *Do you have comments on any other new element or development concerning the CCRs Proposal which occurred after the public consultation held by ENTSO-E from 24 August to 24 September 2015?*

We also see a strong link with the Regional Security Centre definition and the CCR definition. The information for capacity calculation is available in these RSCs. In CEE and CWE we observe two overlapping RSCs, Coreso and TSC, covering most of the countries that are at stake in this merger discussion. Many TSOs already work together operationally.



Please do not hesitate to contact us for further information or clarification.

Yours Sincerely,

A handwritten signature in blue ink, appearing to read 'Ruud Otter'.

Ruud Otter

Chairman Market Parties Platform