



CROATIAN ENERGY REGULATORY AGENCY
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**ACER - Agency for the Cooperation of
Energy Regulators**

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By e-mail

Subject: ACER consultation:

Definition of capacity calculation regions

In order to make an informed decision determining capacity calculation regions (hereinafter: CCR), the Agency for the Cooperation of the Energy Regulators (hereinafter: the Agency) has initiated a consultation process. The aim of the consultation is to obtain comments of interested stakeholders on particular issues of the CCRs proposal submitted by all TSOs, as well as general comments regarding elements of the CCRs proposal which were introduced after the public consultation held by ENTSO-E from August 24 to September 25, 2015. Although the Agency will consult the NRAs and the TSOs concerned pursuant to Article 8(1) of Regulation (EC) No 713/2009 separately, the Croatian Energy Regulatory Agency (hereinafter: HERA) considers Question #3 raised in the consultation document of decisive influence on the integration and coupling of the Croatian electricity market within the internal EU electricity market. Consequently, HERA is obliged to distinctly express its opinion within the consultation process.

Therefore, in line with Question #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?*” our response is as follows:

The border between Croatia and Slovenia and the border between Croatia and Hungary should be within the CEE or a larger CWE-CEE capacity calculation region.

First of all, the Croatian transmission grid is significantly affected by loop-flows derive from North and West Europe. As a consequence, loop flows through the Croatian transmission grid are directly dependent on bidding zones in the CEE region. Secondly, it should be emphasized

that JAO already allocates cross-border capacities for two Croatian borders (SI-HR and HU-HR) on a yearly, monthly, and also (as a transition solution only) daily level. Furthermore, since most of the cross-border trade of Croatian market participants is carried out on the borders with Slovenia and Hungary using the same conditions as other CEE borders in JAO, inclusion of those borders in the CEE region would enable better security of supply and allow higher penetration of RES in the region. Additionally, the Croatian TSO (HOPS) is a shareholder of JAO.

HOPS is also one of the shareholders of TSC, fostering regional European cooperation for power systems security, a regional cooperation that overlaps CWE and CEE CCRs.

With the continuation of regional projects (e.g. HOPS participation in the CWE-CEE DA FB CC Project), a swifter integration of the integrated European electricity market will be possible. Incidentally, Slovenian and Croatian parties (TSOs, NEMOs and NRAs) initiated the process of day-ahead market coupling (based on a NTC method in the first phase of the coupling).

With the inclusion of the borders between Croatia and Hungary and Croatia and Slovenia in CEE CCR or a larger CCR where a flow-based method for capacity calculation shall be implemented, more capacities will be available to the market participants.

Taking into account previous circumstances, HERA considers the inclusion of the bidding zone borders between Croatia and Slovenia and between Croatia and Hungary in the CEE region the only option for mentioned borders. This solution follows CACM stipulations.

We are convinced that the Agency will recognize the importance and validity of the arguments presented herein.



Best regards,

Tomislav Jureković

President of the Board of Commissioners
Croatian Energy Regulatory Agency

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