
All TSOs' proposal for amendment of the Congestion Income Distribution (CID) methodology in accordance with Article 57 of the Commission Regulation (EU) 2016/1719 of 26 September 2016 establishing a Guideline on Forward Capacity Allocation

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All TSOs, taking into account the following,

Whereas

- (1) This document is a common amendment proposal developed by all Transmission System Operators (hereafter referred to as “**TSOs**”) regarding a methodology for congestion income distribution (hereafter referred to as “**FCA CID methodology**”) in accordance with Article 57 of Commission Regulation (EU) 2016/1719 establishing a guideline on Forward Capacity Allocation (hereafter referred to as the “**FCA Regulation**”).
- (2) On 15 March 2019, all Transmission System Operators (hereafter referred to as “**all TSOs**”) submitted to all national regulatory authorities all TSOs’ proposal for a methodology for congestion income distribution in accordance with Article 57 of the FCA Regulation, together with a supporting document. On 22 May 2019, all national regulatory authorities approved the FCA CID methodology proposal.
- (3) In a letter dated 12 July 2021, ACER requested all TSOs, pursuant to Article 4(12) of the FCA Regulation, to submit, as soon as possible, and no later than 1 June 2022, the relevant proposals for amendments of the four methodologies mentioned in Article 4(6), points (c), (d), (e) and (g) of the FCA Regulation for ACER’s approval in order to allow for a timely implementation of the long-term flow-based allocation in the Core and Nordic capacity calculation regions (hereinafter referred to as “**CCRs**”). ENTSO for Electricity, on behalf of all TSOs, proposed postponed submission dates, to which ACER agreed in a letter dated 26 January 2022.
- (4) The FCA CID methodology takes into account the general principles and goals set in the Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity (hereafter referred to as “**Regulation (EU) 2019/943**”).
- (5) The FCA CID methodology applies the requirements set out in Article 73 of the Commission Regulation (EU) 2015/1222 establishing a guideline on Capacity Allocation and Congestion Management (hereafter referred to as the “**CACM Regulation**”). In particular, the FCA CID methodology takes into account the congestion income distribution methodology in accordance with Article 73 of the CACM Regulation (hereafter referred to as the “**CACM CID methodology**”). The FCA CID methodology follows the principles set out in the CACM CID methodology for sharing of congestion income on a bidding zone border by applying the same sharing keys.
- (6) Furthermore, this FCA CID methodology takes into account the general principles, goals and other methodologies set in the FCA Regulation. The goal of the FCA Regulation is the coordination and harmonisation of forward capacity calculation and allocation in the long-term capacity markets, and it sets requirements for the TSOs to co-operate on a pan-European level; on the level of CCRs, and across bidding zone borders. The Article 51 of the FCA Regulation

also sets rules for establishing European Harmonised Allocation Rules and regional/border specific annexes (hereafter referred to as “**HAR**”). In addition, the Articles 49 and 59 of the FCA Regulation set out rules for the establishment, the functioning and the cost sharing of a Single Allocation Platform for long-term capacity allocation (hereafter referred to as “**SAP**”). The FCA Regulation sets out also rules for establishing capacity calculation methodologies based on either the flow-based approach (“**FB approach**”) or the coordinated net transmission capacity approach (“**coordinated NTC approach**”). The present FCA CID methodology addresses congestion income distribution under a NTC, coordinated NTC and flow-based approach.

- (7) Article 57 of the FCA Regulation requires all TSOs to develop a proposal for a methodology for sharing congestion income from forward capacity allocation within six months after the approval of the congestion income distribution methodology in accordance with the CACM Regulation. The Article 61 of the FCA Regulation sets rules for establishing of the methodology for sharing costs incurred to ensure firmness and remuneration of long- term transmission rights (hereafter referred to as “**FCA FRC methodology**”). The remuneration of long-term transmission rights (hereafter referred to as “**LTTRs**”) and the cost to ensure firmness of LTTRs are therefore outside the scope of this FCA CID methodology.
- (8) According to Article 4 (8) of the FCA Regulation, the expected impact of the proposed FCA CID methodology on the objectives of the FCA Regulation has to be described and is presented below.
- (9) The proposed FCA CID methodology generally contributes to the achievement of the objectives of Article 3 of the FCA Regulation and the usage principles for congestion income set in Regulation (EU) 2019/943. In particular, the FCA CID methodology serves the objective of promoting effective long-term cross-zonal trade with long-term transmission rights, non-discriminatory access to cross-zonal capacity as it lays down objective criteria and solutions for the distribution of congestion income to be applied by all involved TSOs, thus creating a solid basis for congestion income distribution at European level. One default solution is provided for all bidding zone borders whereas the FCA CID methodology also allows for specific sharing keys in limited specific cases under the conditions described herein. This limited room for flexibility under certain conditions allows capturing appropriately the specificities of different interconnectors and national frameworks (e.g. legal framework on congestion management for exempted interconnectors).
- (10) Congestion income indicates how much market participants value the possibility for cross-border trade, how interconnections are used and where capacity should be increased. Via the possibility to consider investment costs in the sharing key, more certainty can be achieved for a more optimal sharing key for future investments and thus, long-term operation and development of the electricity transmission system and electricity sector in the European Union is supported.
- (11) Furthermore, the FCA CID methodology ensures fair and non-discriminatory treatment of all affected parties, as it sets rules to be applied by all parties. Further, the methodology takes into account congestion income derived by interconnections on bidding zone borders owned by legal

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entities other than TSOs, preventing exclusion of such congestion income from the application of the FCA CID methodology as long as these interconnections are operated by certified TSOs.

- (12) Regarding the objective of transparency and reliability of information, the FCA CID methodology provides clear rules and a solid basis for congestion income distribution in a transparent and reliable way. In addition, the FCA CID methodology, as well as the specific sharing keys, will be published by TSOs, thus increasing transparency and reliability of information. Furthermore, the data used to calculate the congestion income is published by the SAP pursuant to Article 47 of the FCA Regulation.
- (13) In conclusion, the proposed FCA CID methodology contributes to the general objectives of the FCA Regulation and the Regulation (EU) 2019/943 to the benefit of all market participants and electricity end consumers.
- (14) Article 57 of the FCA Regulation requires all TSOs to develop the FCA CID methodology. The list of TSOs responsible for the development of the FCA CID methodology under the relevant legislation and for its submission to ACER is the following: APG - Austrian Power Grid AG, VÜEN-Vorarlberger Übertragungsnetz GmbH, Elia - Elia Transmission Belgium S.A., ESO – Electroenergien Sistemen Operator EAD, HOPS d.d. - Croatian Transmission System Operator Plc., ČEPS - ČEPS, a.s., Energinet - Energinet, Elering - Elering AS, Fingrid - Fingrid OyJ, Kraftnät - Kraftnät Åland Ab, RTE - Réseau de Transport d'Electricité S.A, Amprion - Amprion GmbH, TransnetBW -TransnetBW GmbH, TenneT GER - TenneT TSO GmbH, 50Hertz - 50Hertz Transmission GmbH, BCAB - Baltic Cable AB, IPTO - Independent Power Transmission Operator S.A., MAVIR ZRt. - MAVIR Magyar Villamosenergia-ipari Átviteli Rendszerirányító Zártkörűen Működő Részvénytársaság ZRt., EirGrid - EirGrid plc, Terna - Terna SpA, Augstsprieguma tīkls - AS Augstsprieguma tīkls, LITGRID - LITGRID AB, CREOS Luxembourg - CREOS Luxembourg S.A., TenneT TSO - TenneT TSO B.V., PSE - Polskie Sieci Elektroenergetyczne S.A., REN - Rede Eléctrica Nacional, S.A., Transelectrica - Compania Nationala de Transport al Energiei Electrice S.A., SEPS - Slovenská elektrizačná prenosová sústava, a.s, Svenska Kraftnät - Affärsverket Svenska Kraftnät, SONI - System Operator for Northern Ireland Ltd Slovenská elektrizačná prenosová sústava, a.s., ELES - ELES,d.o.o, REE - Red Eléctrica de España S.A.U,

SUBMIT THE FOLLOWING FCA CID METHODOLOGY TO ACER:

TITLE 1

General Provisions

Article 1

Subject matter and scope

1. The FCA CID methodology shall be considered as the common proposal of all TSOs in accordance with Article 57 of the FCA Regulation and shall cover the distribution of congestion income from forward capacity allocation for all existing and future bidding zone borders and interconnectors, owned by TSOs or by other legal entities, within and between Member States, to which the FCA Regulation applies and where congestion income from forward capacity allocation is collected.
2. In the specific case where there are several TSOs on the same side of a bidding zone border, this CID methodology shall only apply to the TSO generating an income from capacity allocation on a bidding zone.
3. This FCA CID methodology shall not apply to the TSOs of the bidding zone borders where national regulatory authorities decide that long-term transmission rights shall not be issued by the respective TSOs or that other long-term cross-zonal hedging products shall be made available by the respective TSOs, according to Article 30(7) of FCA Regulation.
4. Where congestion income derives from transmission assets owned by legal entities other than TSOs, these parties shall be treated in a transparent and non-discriminatory way. The TSOs operating these assets shall conclude the necessary agreements compliant with this FCA CID methodology with the relevant transmission asset owners to remunerate them for the congestion income from forward capacity allocation corresponding to the transmission assets they operate on their behalf.

Article 2

Definitions and interpretation

1. For the purpose of the FCA CID methodology, terms used in this document shall have the meaning of the definitions included in the FCA Regulation, CACM Regulation, the HAR, the SAP, the Directive (EU) 2019/944 and the Commission Regulation (EU) 543/2013, as amended from time to time.
2. In addition, in this FCA CID methodology, the following terms shall have the meaning below:
 - a. "Long-Term Congestion Income" means the revenue accrued by the allocation of Long-Term Transmission Rights.
3. In addition, in this FCA CID methodology, unless the context requires otherwise:
 - a. a bidding zone border may consist of one or more interconnector(s) for the purposes of the congestion income distribution;
 - b. unless specified otherwise, the terms used apply in the context of the CACM Regulation and the FCA Regulation;
 - c. the singular indicates the plural and vice versa;
 - d. the table of contents and headings are inserted for convenience only and do not affect the interpretation of this FCA CID methodology; and
 - e. any reference to legislation, regulations, directives, orders, instruments, codes or any other enactment shall consider any modification, extension or re-enactment of them when in force.

TITLE 2

Collection of Long-Term Congestion Income and distribution to the bidding zone borders

Article 3

Collection and calculation of congestion income per CCR

1. For each relevant market time unit within (hereafter referred to as “MTU”) an auction Product Period the congestion income generated on a bidding zone border direction, shall be equal to the marginal price of the respective border direction auction multiplied by the sum of long-term transmission rights in MW allocated at that border direction in the relevant MTU incorporating any Reduction Period where relevant.
2. For CCRs applying the NTC or coordinated NTC approach, congestion income assigned to the bidding zone border direction shall be equal to the congestion income generated on a bidding zone border according to Article 3(1).
3. For CCRs applying the flow-based approach:
 - a. First the sum of the congestion income generated within a CCR shall be calculated for each MTU within an auction Product Period as sum of congestion income generated on each bidding zone border direction within the relevant CCR according to Article 3(1).
 - b. Congestion income assigned to the bidding zone one borders for each MTU shall be calculated as a proportional share from the sum of the congestion income calculated in previous paragraph. The basis for this proportional distribution should be in accordance with the CACM CID methodology i.e. final amount of day-ahead congestion income assigned to a bidding zone border in the corresponding MTU with consideration of redistributions due to non-intuitive flows and allocation constraints. In CCRs where not all bidding zone borders issue LTTRs, only shares of bidding zone borders where LTTRs are issued should be considered in the distribution. In CCRs where all bidding zone borders issue LTTRs, all bidding zone borders including external borders shall be considered in the distribution.
 - c. In the case price convergence occurs across the whole CCR, final bidding zone border day-ahead congestion income in a given MTU used as the basis for proportional distribution in previous paragraph should be calculated in accordance with the CACM CID methodology with each market spread in the CCR set to 1.
 - d. In the case that the single day-ahead coupling process is unable to produce results, i.e. the fallback procedures are triggered, as approved in accordance with Article 44 of the CACM Regulation, Long-Term Congestion Income of decoupled bidding zone borders for relevant MTUs is not summed up and is assigned according to Article 3(2).

4. In accordance with the applicable HAR, the SAP, when determining the results of an auction, shall calculate the Long-Term Congestion Income generated by the accepted bids. The SAP shall collect the due amount (volume of accepted bids times the marginal price considering reduction periods, taxes and levies) from the Registered Participants and distribute the long- Long-Term Congestion Income, assigned to the bidding zone border according to Article 3(2) and 3(3), to TSOs pursuant to this FCA CID methodology.
5. The SAP shall distribute the Long-Term Congestion Income to the relevant TSOs based on the rules set forth in this FCA CID methodology.

TITLE 3

Congestion income distribution on the bidding zone border

Article 4 Sharing keys

1. The TSOs on each side of the bidding zone border shall receive their share of Long-Term Congestion Income based on a 50%-50% sharing key.
2. In cases where the ownership shares or the shares of investments costs of TSOs on both sides of specific interconnectors on the concerned bidding zone border are different from a 50%-50% split, the concerned TSOs may also use a sharing key due to the different ownership shares, different shares of investments costs, exemption decisions¹ or decisions on cross-border cost allocation² by competent national regulatory authorities or the Agency. The sharing keys for these specific cases shall be published in a common document by ENTSO for Electricity on its web page for information purposes only. This document shall list all these specific cases with the name of the interconnector, the bidding zone border, the involved TSOs/parties, the specific sharing key applied and the motivation / reasons for the deviation from the 50%-50% sharing key. The document shall be updated and published promptly as soon as any changes occur. Each publication shall be announced in an ENTSO for Electricity's newsletter and at the website of the SAP.
3. For bidding zone borders consisting of several interconnectors where the capacity is auctioned separately for interconnectors, the Long-Term Congestion Income associated with each interconnector is directly allocated to the TSO(s) of that interconnector based on relevant auctions.
4. In case the bidding zone border consists of several interconnectors with different sharing keys or which are owned by different TSOs and where the capacity is auctioned jointly, the Long-Term

¹ Exemption decision granted to these entities by relevant competent regulatory national authorities in accordance with Article 63 of Regulation (EU) 2019/943.

² Decisions on cross-border cost allocation granted to these entities by relevant competent regulatory national authorities or the Agency in accordance with Article 12(4) or (6) of Regulation (EC) 347/2013.

Congestion Income shall be assigned first to the respective interconnectors on that bidding zone border based on each interconnector's contribution to the allocated long-term capacity. The interconnector's contribution to capacity allocation is determined according to the agreement between all relevant TSOs on the bidding zone border based on the technical evaluation of the capacity contribution of each interconnector to the capacity allocation or the availability of each interconnector. The principles of the technical evaluation for these specific cases shall be published in a common document by ENTSO for Electricity on its web page for information purposes only. The document shall be updated and published promptly as soon as any changes occur. Each publication shall be announced in an ENTSO for Electricity's newsletter and at the website of the SAP.

5. In case specific interconnectors are owned by entities other than TSOs or entities other than TSOs have a share in the investment costs of an interconnector, the reference to TSOs in this Article shall be understood as referring to those entities. Where applicable, the sharing keys are calculated according to the exemption decision granted to these entities by relevant competent national regulatory authorities in accordance with Article 63 of Regulation (EU) 2019/943.

TITLE 4

Final provisions

Article 5

Publication and Implementation of the FCA CID methodology

1. The TSOs shall publish the FCA CID methodology without undue delay after a decision has been taken by the Agency in accordance with Article 4(10) and (11) of the FCA Regulation.
2. The TSOs of each CCR shall implement the methodology at the date of implementation of the capacity calculation methodology within their respective CCR in accordance with Article 10 of the FCA Regulation or at the date of the implementation of the methodology for sharing costs incurred to ensure firmness and remuneration of long-term transmission rights in accordance with Article 61 of the FCA Regulation, whichever comes later.

Article 6

Amendment of the Congestion Income methodology

Any change of existing rules or methodologies related to and affecting the FCA CID methodology shall lead to an amendment of the present FCA CID methodology in accordance with Article 4(9) of FCA Regulation in due time.

Article 7

Language

All TSOs' proposal for amendment of the Congestion Income Distribution (CID) methodology in accordance with Article 57 of the Commission Regulation (EU) 2016/1719 of 26 September 2016 establishing a Guideline on Forward Capacity Allocation

The reference language for this FCA CID methodology shall be English. For the avoidance of doubt, where TSOs need to translate this FCA CID methodology into their national language(s), in the event of inconsistencies between the English version published by TSOs in accordance with Article 4 (13) of the FCA Regulation and any version in another language the relevant TSOs shall, in accordance with national legislation, provide the relevant national regulatory authorities with an updated translation of the FCA CID methodology.