



European Union Agency for the Cooperation  
of Energy Regulators

# CACM 2.0 workshop 2 on Capacity Calculation & Bidding zone review

15:00 – 16:30

10<sup>th</sup> of May 2021

Public information

# Opening

15:00 – 15:05

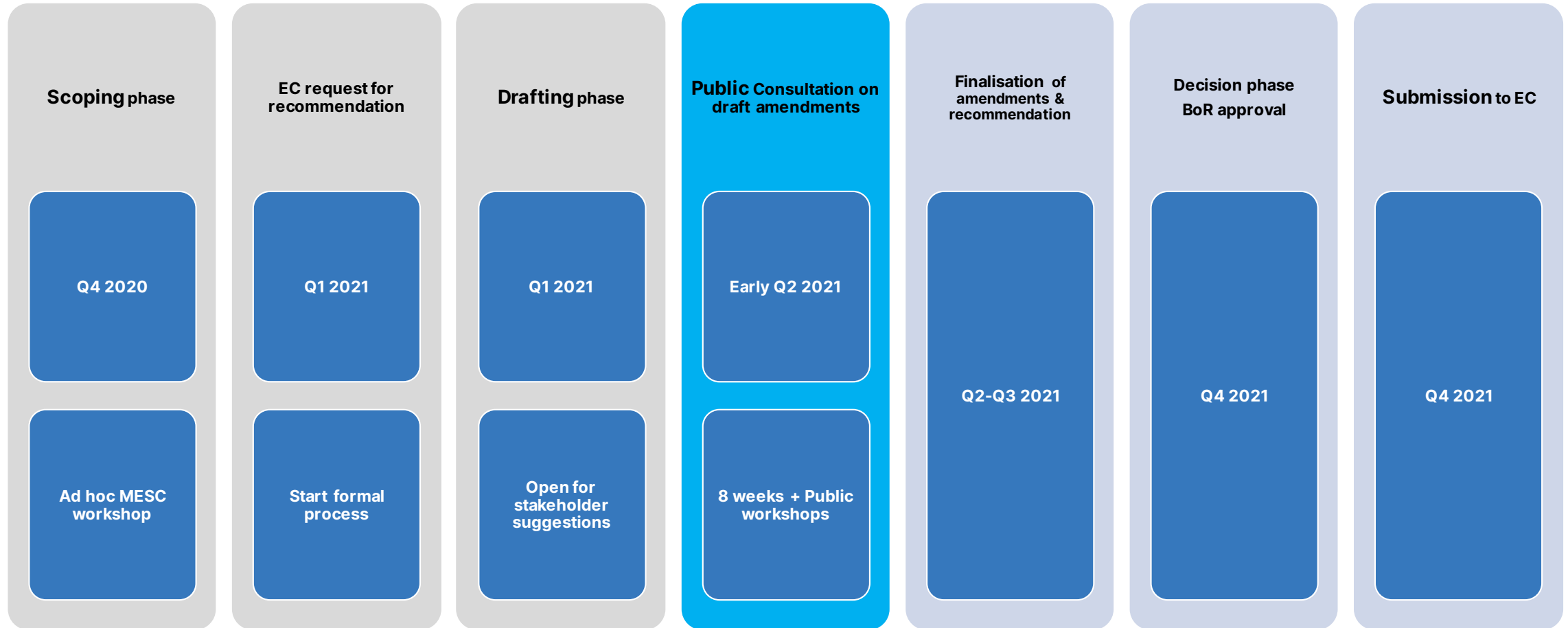
Christophe GENCE-CREUX, Head of Electricity Department, ACER

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Planning

Agenda

Housekeeping rules



AGENDA		
14.45 - 15.00	Dial-in time	Starts promptly at 15.00
15.00 - 15.05	Opening	Christophe GENCE-CREUX, Head of Electricity Department, ACER
15.05 – 15.15	<b>Presentation: Introduction to CACM amendments (structure, setup, Main topics) &amp; public consultation (how it works etc)</b> <ul style="list-style-type: none"> <li>▪ Mathieu FRANSEN. Market Codes Electricity, ACER</li> </ul>	
15:15 – 15:30	<b>Presentation: Capacity Calculation</b> <ul style="list-style-type: none"> <li>• Marco PASQUADIBISCEGLIE, ARERA</li> </ul>	
15:30 – 15:45	<b>Presentation: SOGL CGM+RDCT</b> <ul style="list-style-type: none"> <li>• Martin Povh, , ACER</li> </ul>	
15:45 – 16:00	<b>Presentation: Bidding zone review</b> <ul style="list-style-type: none"> <li>• Rafael MURUAIS GARCIA, ACER</li> </ul>	
16.00 - 16. 25	<b>Q&amp;A</b> (online submissions via chatbox)	<b>Moderator:</b> Christophe GENCE-CREUX, Head of Electricity Department,ACER

# Opening – Housekeeping rules

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- Please keep your **mic muted** and your **camera off** throughout the workshop.
- You may pose questions via **chat**; all attendees will view all questions (and if possible replies given in the chat).
- In case further clarifications are needed for a question you asked in the chat, you will be kindly asked to **open your mic**; please remember to **mute it** once clarifications have been provided.
- After the three agenda-items we have time for a **Q&A session** for this agenda-item (25 min) and go through the questions.
  - Please provide your questions for the Q&A in the chat during the presentations
- The slide pack will be shared with you after the end of the workshop and on the ACER website (including a recording of this workshop).

# Introduction to CACM amendments & public consultation

15:05 – 15:15

Mathieu FRANSEN, ACER

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structure, setup, main topics for consultation

how it works etc.

- Pursuant to Article 60(1) of the Electricity Regulation the Commission is empowered to amend the network codes within the areas listed in Article 59(1) and (2) in accordance with the relevant procedure set out in that Article. **In addition this article states that ACER may also propose amendments to the networks codes in accordance with paragraphs 2 and 3.**
- **Pursuant to Article 60(3) first sentence ACER may make reasoned proposals to the Commission for amendments, explaining how they contribute to market integration, non-discrimination, effective competition, and the efficient functioning of the market.**
- Pursuant to Article 60(3) second sentence states that where [ACER] **shall consult all stakeholders in accordance with Article 14 of Regulation (EU) 2019/942.**
- Pursuant to Article 14(1) ACER shall [...] in the process of proposing amendments of network codes under Article 60 of Regulation (EU) 2019/943 [...] **extensively consult at an early stage market participants**, transmission system operators, consumers, end-users and, where relevant, competition authorities, without prejudice to their respective competence, in an open and transparent manner, in particular when its tasks concern transmission system operators.
- **This public consultation is performed with the objective of providing input to a recommendation on reasoned amendments on the CACM regulation in accordance with Article 60(3) of the Electricity Regulation in accordance with Article 2(c) of the ACER Regulation and which was requested by the European Commission in accordance with Article 3(1) of the ACER Regulation.**

The consultation itself requests stakeholders to provide feedback in two ways for each section of the (new) CACM regulation:

## **Obligatory input on**

- general opinion on the proposed amendments per article ranging from strong disagreement to strong agreement or no opinion;
- whether the reasoning is considered sufficient;
- how the proposed amendments contribute to the achievement of the objectives pursuant to Article 59(4) [market integration, non-discrimination, effective competition, and the efficient functioning of the market]; and
- Under the 'summary' tab, stakeholders are requested to signal the importance of each of the new sections in the (new) CACM regulation;

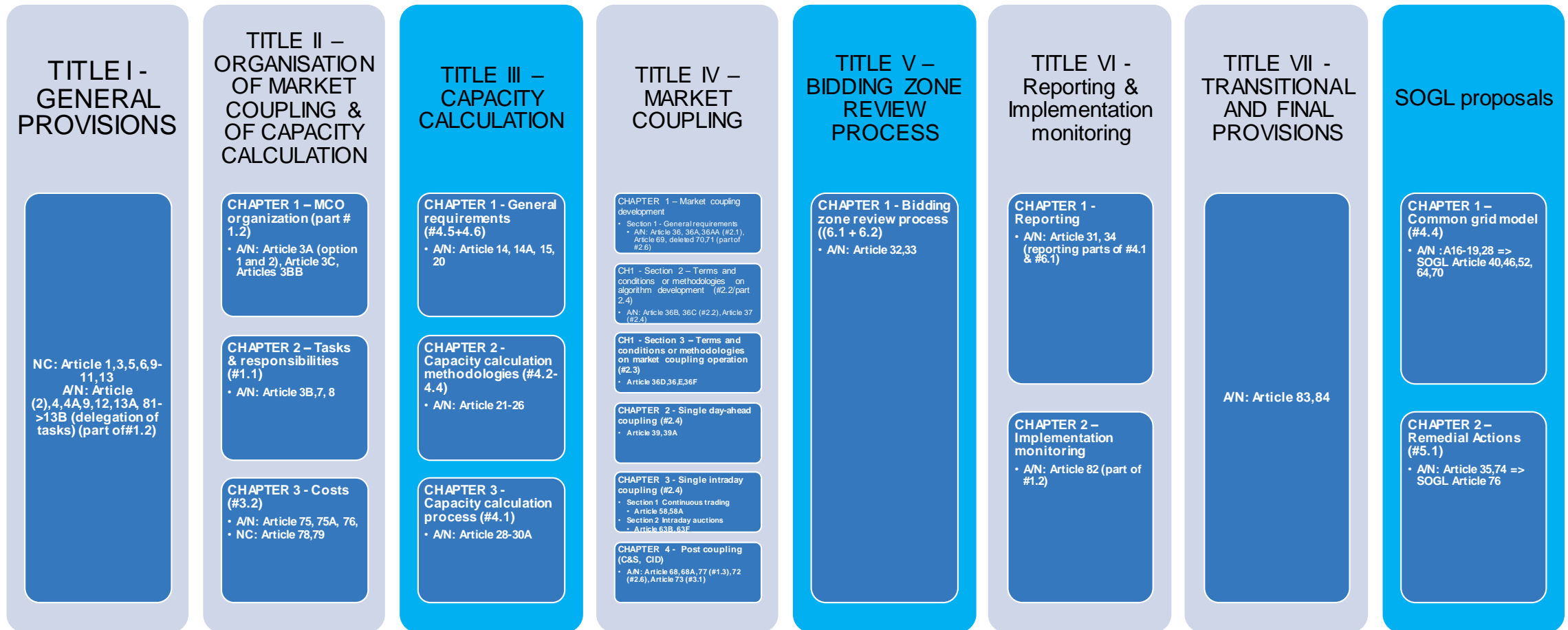
## **Optional input to**

- Provide additional consideration on the reasoning provided;
- Provide additional proposals for amendments including reasoning for each article.

Although this approach requires stakeholders to provide their position on all amendments and in a more closed manner we hope that this approach provides a lower entry barrier to participation while at the same time allowing other stakeholders to make detailed suggestions. In the obligatory section stakeholders always have the choice of 'no opinion' if they have none.

ACER also considers that this approach allows it to quickly process the input to the consultation, providing publically at an aggregate level, the direction coming from this consultation.





# Capacity Calculation

15:15 – 15:30

Marco PASQUADIBISCEGLIE, ARERA

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## Title III – Capacity Calculation

CH 1 - General requirements

CH 2 - Capacity calculation methodologies

CH 3 - Capacity calculation process

# Current status of capacity calculation

Flow based  
approach

- Core
- Nordic

Similar approach, few differences



cNTC  
approach

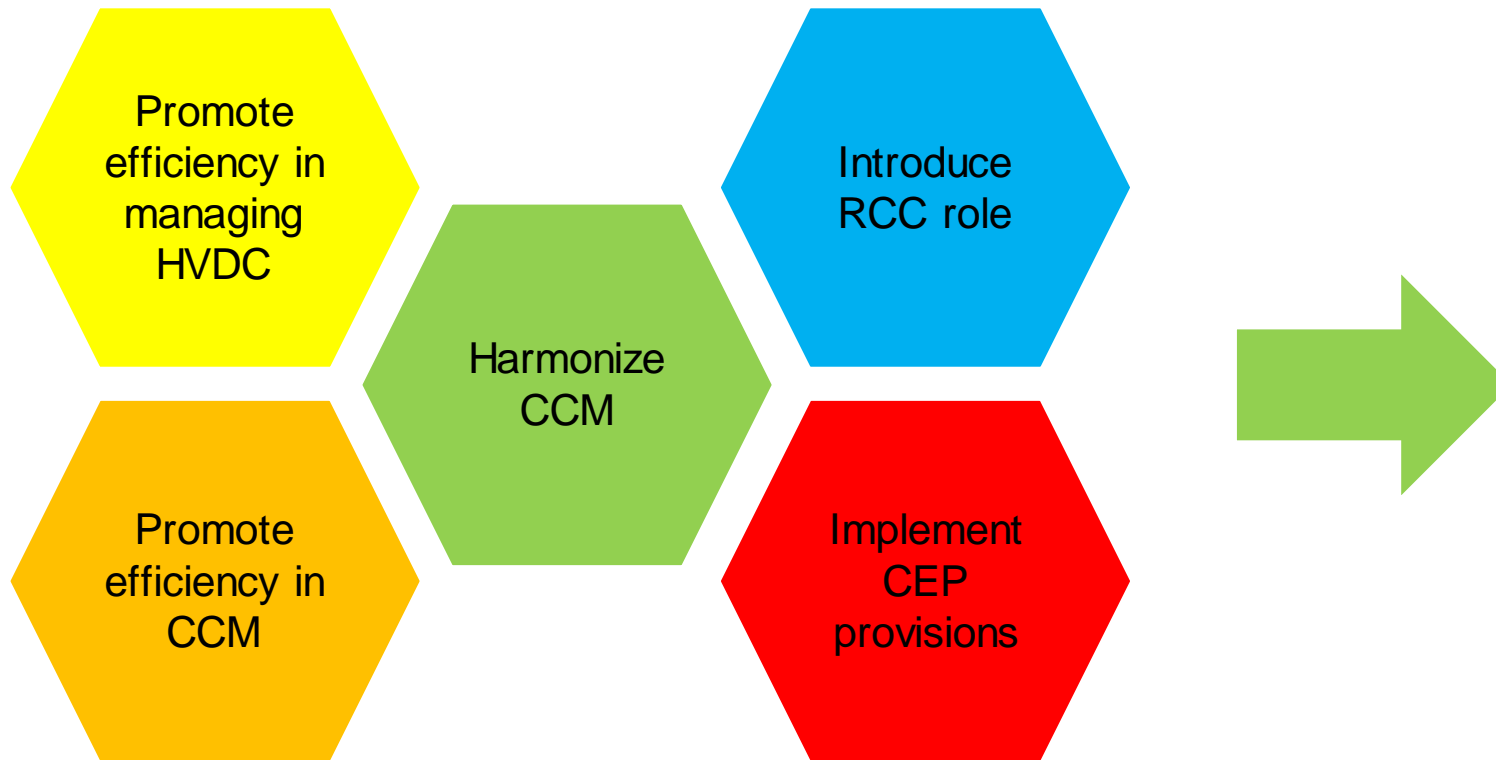
- Italy North
- SWE
- GRIT
- SEE
- Hansa
- Baltic

→ Full coordination on all borders

Mainly radial approach with  
few coordination

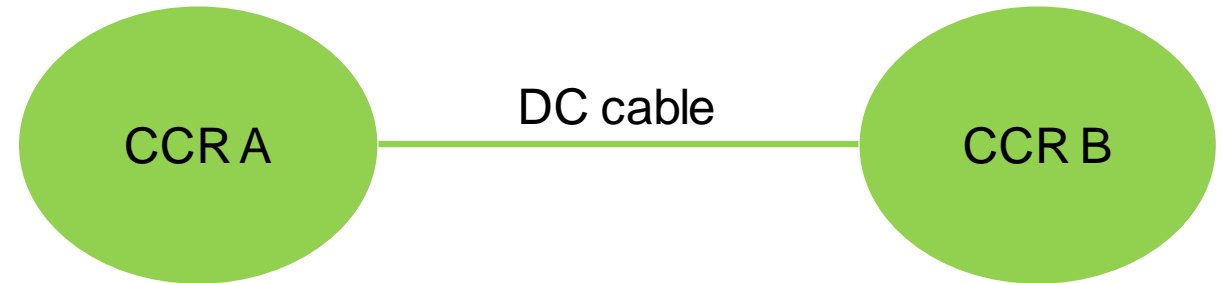


# Issues triggering the revision



- New criteria to identify CCR
- New criteria to allow cNTC
- New criteria for allocation constraints
- Capacity calculation encompassing 70% provisions
- Aligned steps for capacity calculation and validation

- DC cable is included in both CCRs
- TSOs in CCR B may be part or not of CCR A and viceversa
  - Final decision depends also on the consultation outcome
- DC cable incorporated in flow based by the mean of AHC
  - DC cable is considered a virtual bidding zone competing for capacity on CNECs



**This has an impact on  
Hansa, GRIT and SEE CCR**



## cNTC

- Allowed only if flows on a specific border are not influenced by flows on other borders within the same CCR or within a different CCR
- Applicable only to radial configurations

## 3<sup>rd</sup> countries flows

- May be taken into account in capacity calculation as per EC letter dated 16 July 2019
- How to deal with this is a political matter: for this reason no provisions is reported in the proposed amendments, but any discussion is left to the comitology process



## Allowed

- to deal with constraints not manageable as maximum flows on CNECs
- if needed to increase economic surplus

## Accompanied by

- a cost benefit analysis demonstrating that the allocation constraints are the most efficient way to cope with operational security

## Temporary limited

- Compulsory review every three years subject to a new cost benefit analysis
- If efficiency is not demonstrated allocation constraints shall be abandoned



## Option 1

- FB aligned to Core and Nordic methodologies
- cNTC mimicking flow based plus deriving a final cross-zonal capacity value by combining PTDF and remaining available capacity

This option is naturally coupled with a FRM computed for each network element

Align 70% monitoring and improve harmonization

Strong impact on TSOs to change cNTC methodologies

## Option 2

- Keeping general provisions
- Few additions to incorporate 70% provisions

This option is naturally coupled with a FRM computed for each network element only in FB, while keeping border computation for cNTC

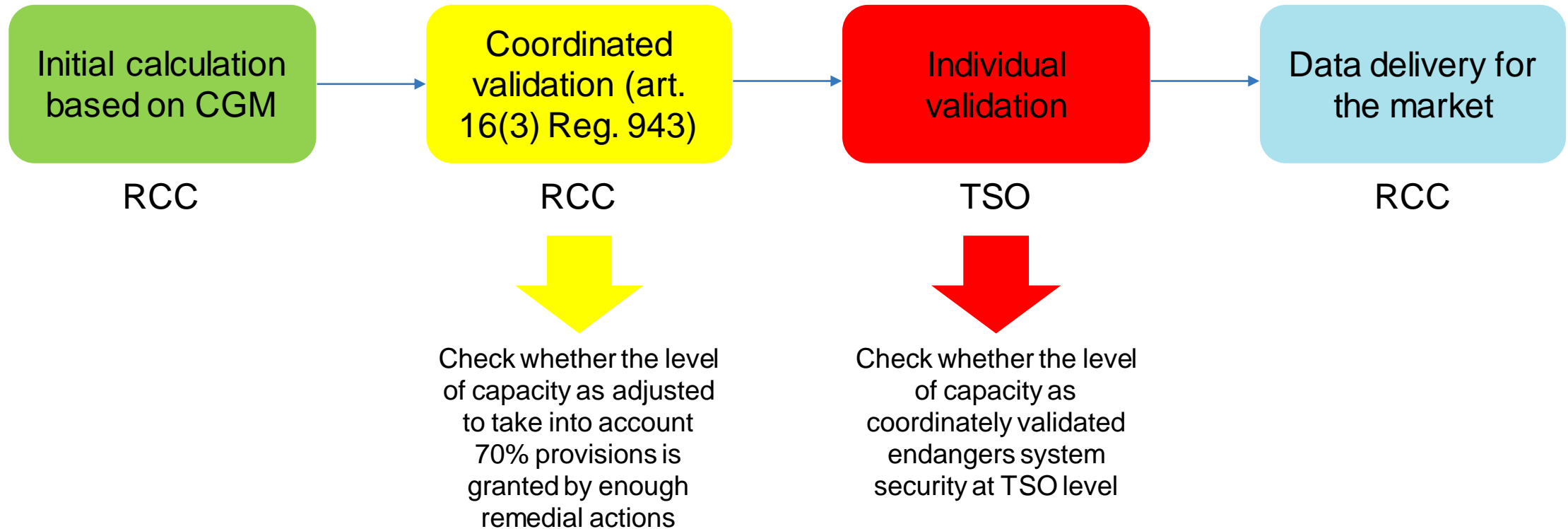
Lower degree of harmonization  
Potential differences in 70% application due to cNTC regional specificities

Harmonization postponed to 2025





# Steps for capacity calculation and validation



# SOGL regulation proposals

15:30 – 15:45

Martin POVH, ACER

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CH 1 – Common grid model  
CH 2 – Remedial Actions

- **Generation and load data provision removed from CACM Regulation**
- SO Regulation complemented to add equivalent requirements
- Article 40 of SO Regulation:
  - **Key organisational requirements, roles and responsibilities in relation to data exchange**
  - Few clarifications provided – no substantial change
- Articles 46 and Article 53 of SO Regulation:
  - Only slight clarifications and improvements necessary: add D-2 timeframe

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- **CGM provisions (Articles 16, 17, 18, 19 and 28) removed from CACM Regulation**
  - SO Regulation complemented to add equivalent requirements
  - Article 64 of SO Regulation:
    - Establishes a single Common Grid Model Methodology covering CACM, FCA and SO Regulation
    - Included missing provisions from CACM/FCA
  - Articles 67 and 70 of SO Regulation
    - Common provisions moved to Article 64
    - Add D-2 timeframe & capacity calculation
  - Best forecast of remedial actions
    - **Option 1:** Forecast of remedial actions not included in IGM/CGM
    - **Option 2:** IGMs for capacity calculation should include best forecast of remedial actions,
      - Until ROSC is implemented, IGMs for operational security analysis shall include best forecast of all remedial actions (i.e. congestion and loop flow free IGM)

- **Countertrading and redispatching (Article 35 and 74) removed from CACM Regulation**
- Article 76 of SO Regulation complemented to add equivalent requirements
- Generalised coordinated regional operational security analysis with all cross-border relevant network elements and remedial actions
- Two options for cost sharing:
  - **Option 1:**
    - Some network elements may not be subject to cost sharing
    - Cost sharing principles referring to Article 16(13) of Electricity Regulation and copying general objectives from Article 74 of CACM Regulation - details to be agreed at regional level
  - **Option 2:**
    - All network elements and remedial actions are in principle subject to cost sharing
    - All ambiguous provisions of Article 16(13) of Electricity Regulation are further clarified
    - Attempt to solve the legal problems (appeals) through political process (comitology)

# Reasons for shifting content to SO Regulation

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- **Main reason: GLDP, CGM and RDCT in CACM Regulation describe the same or are part of larger processes that are defined in SO Regulation**
- **The existing legal arrangement is not inherent in the system, but results from historical sequential development of CACM, FCA and SO Regulation – later Regulations described the processes more holistically**
- Having separate Regulations and separate methodologies for single process entails:
  - *High risk of inconsistency between legal provisions and developed TCMs*
  - *Non-transparency: different provisions describing the same process reduces understanding of the process*
  - *Legal uncertainty: conflicting or inconsistent provisions lead to disputes and likely implementation problems and delays*
- Generation and load data provision merged with Key organisational requirements, roles and responsibilities in relation to data exchange
- CGM provisions in CACM Regulation merged with CGM provisions in SO Regulation
- RDCT provisions in CACM Regulation merged with ROSC provisions in SO Regulation

# TITLE V Bidding Zone Review

15:45 – 16:00

Rafael MURUAIS GARCIA, ACER

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CH 1 Procedures & Criteria

CH 2 Reporting

# Why updating the bidding zone review (BZR) articles of CACM?



- **Need to ensure consistency** between Article 14 of the Electricity Regulation and the CACM formulation. In particular, with regard to:
  - **Additional potential trigger for the BZR** (interaction with the 70% target and action plans)
  - The **governance and decision** making process
  - **Timeline** for the BZR process
  - The time horizon of the BZR study (3 years)
- **Opportunity to streamline criteria used for the BZR study** without introducing fundamental changes.
- **Need to enhance transparency** and consultation during the BZR



# Main changes to the BZR articles (1)



## 1. Trigger:

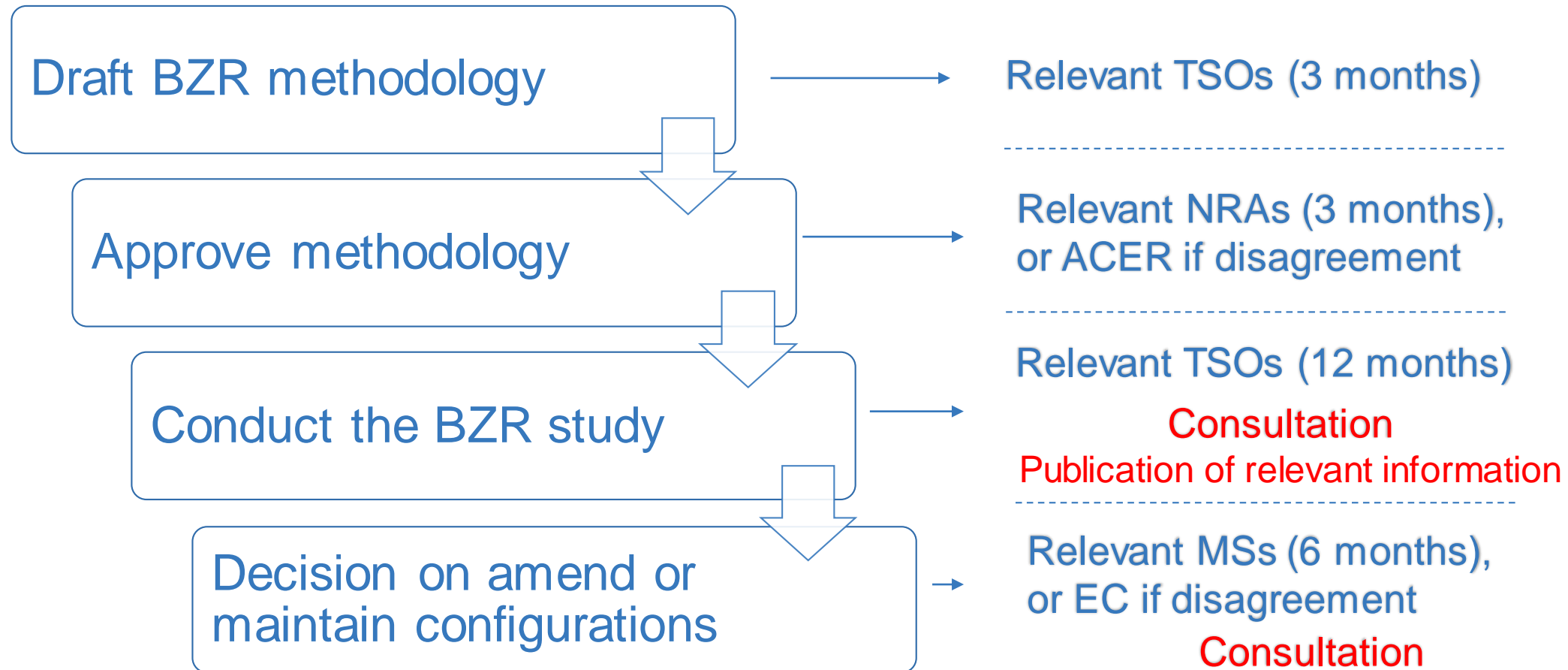
- **Just adding the need to choose between a BZR or an action plan in case of structural congestions are identified**

## 2. Participating and relevant TSOs/NRAs/MSs

- **Participating** TSOs are those in the geographical area (borders) where the analysis is performed
- **Relevant** TSOs/NRAs/MSs are within any of the capacity calculation regions of which the bidding zones borders referred above are part of.
- **A national BZR is still possible**, subject to conditions



## 3. The process and timeline



## 4. The criteria

- Reflecting the **high-level objectives** described in article 14 of the Electricity Regulation
- Aligning the **time horizon** of the BZR study (three years for the consideration of network projects)
- **Streamlining criteria (no fundamental changes)** but some overlapping criteria are merged or streamlined, and some aspects that are regulatory requirements are removed –e.g. the need for bidding zones to be consistent for all capacity calculation timeframes-.

## 5. Reporting obligations



- **No fundamental changes** in the relevant articles (Title VI, articles 31-34)
- **Main changes refer to ENTSO-E's technical report on structural congestions:**
  - Flow decomposition analysis is added, aiming to identify the bidding zones that contribute the most to the loading of relevant network elements
  - An assessment of whether the 70% target or linear trajectory is met (mirroring the Electricity Regulation reporting obligation)
  - Optional addition for the sole purpose of this report, a minimum frequency of occurrence of at least two percent may be used as a reference.
- **ACER's analysis on the efficiency of bidding zones is kept**, but as part of its regular monitoring activities.

# Q&A

16:00 – 16:25



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Provide your questions on the subject in the chatbox or raise your hand

We will group the questions and try to provide an answer or give you the floor to further explain your question if necessary.

# Closing

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If you have any further questions please send email to  
[ACER-ELE-2021-001@acer.europa.eu](mailto:ACER-ELE-2021-001@acer.europa.eu)



## Slide with planning after AEWG

- PC start on 15<sup>th</sup> of april till 10<sup>th</sup> of June
- 2 workshops in the week of the 11<sup>th</sup> of May (doodle to be shared to determine exact days)
- After 10<sup>th</sup> of June, processing of stakeholder responses, organise dedicated meetings with TSO and NEMO representatives



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