
IU Capacity Calculation Region TSOs' proposal for
redispatching and countertrading cost sharing methodology in
accordance with Article 74(1) of Commission Regulation
(EU) 2015/1222 of 24 July 2015 establishing a guideline on
capacity allocation and congestion management

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All Transmission System Operators of the IU region taking into account the following,

Whereas

- (1) Commission Regulation (EU) 2015/1222 establishes a guideline on capacity allocation and congestion management (hereinafter referred to as the “CACM Regulation”), which entered into force on 14 August 2015.
- (2) This document is a common proposal developed by all Transmission System Operators (hereafter referred to as “TSOs”) of the IU Capacity Calculation Region as defined in accordance with Art. 15 of CACM Regulation (hereafter referred to as “IU Region”) regarding the proposal for the Redispatching and Countertrading cost sharing methodology (hereafter referred to as “IU RD and CT Cost Sharing methodology”) in accordance with the CACM Regulation. This proposal is required by Article 74(1) of the CACM Regulation.
- (3) The TSOs of the IU Region (hereafter referred to as “IU TSOs”) aim at ensuring consistency with the Redispatching and Countertrading cost sharing methodologies of other Capacity Calculation Regions in which same bidding zones are concerned whilst acknowledging the specific characteristics of the interconnectors within the IU Region.
- (4) This proposal takes into account the TSOs' methodology for a day-ahead and intraday capacity calculation methodology (hereinafter referred to as the “Proposed IU DA and ID CC Methodology”) in accordance with Article 20 of the CACM Regulation and submitted to the NRAs of the IU Region for approval on 15/9/2017.
- (5) This proposal takes into account the TSOs' proposal for the coordinated Redispatching and Countertrading methodology (hereinafter referred to as the “Proposed IU RD and CT Methodology”) in accordance with Article 35 of the CACM Regulation and submitted to the NRAs of the IU Region for approval on 17/03/2018.
- (6) Changing the flow over an HVDC interconnector in the IU Region for Redispatching and Countertrading purposes results in an imbalanced situation in the control areas to which the interconnector is connected (since the HVDC interconnector is between two different Synchronous Areas). Therefore the TSOs at both ends of the HVDC interconnector need to activate energy in order to restore the balance (locally or cross-border). By doing so the TSOs need nevertheless to consider local physical congestion issues for finding the energy.
- (7) The IU Region is made of HVDC interconnectors of bidding zone borders between two synchronous areas. Therefore there are no unscheduled flows related to IU trades because of the controllability of the HVDC. As there are no unscheduled flows from a IU point of view, there is no “polluter”. Hence the costs related to costly Remedial Action applied in the frame of IU Region shall be borne to the Requesting TSO.
- (8) The IU RD and CT Cost Sharing Methodology contributes to and does not in any way hinder the achievement of the objectives of Article 3 of the CACM Regulation. In particular this IU RD and CT Cost Sharing Methodology:

- a. Establishes a common process for the Redispatching and Countertrading cost sharing by defining a set of harmonised rules for congestion management and as such serves the objective of promoting effective competition in the generation, trading and supply of electricity in accordance with Article 3(a) of the CACM Regulation;
- b. Contributes to the objective of ensuring optimal use of the transmission infrastructure in accordance with Article 3 (b) of the CACM Regulation by ensuring TSOs to solve physical congestion at the least cost using last available inputs based on the best possible forecast of transmission systems and market results at the time of each security analysis, updated in a timely manner, for the detection of coordinated Redispatching and Countertrading needs;
- c. Contributes to the objective of ensuring and enhancing the transparency and reliability of information in accordance with Article 3 (f) of the CACM Regulation by providing mechanism to verify the needs, monitor, assess the impact and allow improvement of Countertrading in the IU Region in accordance with Article 74 (5) of the CACM Regulation; and
- d. Contributes to the objective of respecting the need for a fair and orderly market and price formation in accordance with Article 3 (h) of the CACM Regulation by developing rules within this methodology that ensure a fair distribution of costs and benefits between the involved TSOs .

SUBMIT THE FOLLOWING PROPOSAL TO ALL NATIONAL REGULATORY AUTHORITIES OF THE IU REGION:

TITLE 1

General Provisions

Article 1

Subject matter

1. This IU RD and CT Cost Sharing methodology is the common proposal of all TSOs of the IU Region in accordance with Article 74(1) of the CACM Regulation.

Article 2

Definitions and interpretation

1. For the purposes of the IU RD and CT Cost Sharing Methodology, the terms used shall have the meaning given to them in:
 - a. Article 2 of the CACM Regulation;
 - b. Article 3 of the SO GL Regulation; and
 - c. Article 2 of the Proposed IU RD and CT Methodology
2. In this IU RD and CT Cost Sharing Methodology, unless the context requires otherwise:
 - a. the singular indicates the plural and vice versa;
 - b. headings are inserted for convenience only and do not affect the interpretation of this RD and CT Cost Sharing Methodology; and
 - c. any reference to legislation, regulations, directives, orders, instruments, codes or any other enactment shall include any modification, extension or re-enactment of it when in force.

Article 3

Scope

1. The scope of this IU RD and CT Cost Sharing Methodology is limited to the cost sharing of the total cost of coordinated Redispatching and Countertrading within the IU Region as defined in Article 4(3) of this Proposed IU RD and CT Cost Sharing Methodology
2. Coordinated Redispatching and Countertrading in the IU Region consist of the following aspects:
 - a. Volume information and availability exchange and price information exchange;
 - b. detection;
 - c. coordination;
 - d. selection of RD and CT Actions
 - e. activation of RD and CT Actions and update nomination on the IU Interconnector
 - f. total cost calculation;
 - g. reporting; and
 - h. cost sharing & settlement

Aspects (a) to (e) set out above are detailed in the separate Proposed IU RD and CT Methodology, The scope of this RD and CT Cost Sharing Methodology refers to aspect (f) to (h).

3. In order to implement this RD and CT Cost Sharing Methodology, border-specific Coordinated Redispatching and Countertrading operational procedures (hereafter referred to as “RD and CT Procedures”) will be established during the implementation phase between relevant TSOs of each

bidding zone border in the IU Region. These RD and CT Procedures shall comply with the rules and principles laid out in this IU RD and CT Cost Sharing Methodology.

TITLE 2

Cost Sharing

Article 4

Principles

1. As stated in Articles 4(2) and 4(6) of the Proposed IU RD and CT Methodology, all coordinated Countertrading and Redispatching in the IU Region are cross-border relevant.
2. In accordance with Article 35 (5) of CACM Regulation, the total cost of coordinated Redispatching and Countertrading will be determined transparently by summing the costs/incomes of Participating TSOs involved in Countertrading. The details and procedures of this total cost of coordinated Redispatching and Countertrading calculation process will be described in the relevant RD and CT Procedures that will be established during the implementation phase.
3. The participating TSOs will incur costs or receive income from RD and CT actions taken to achieve the desired cross border flow specified by the requesting TSO. The relevant elements considered for Countertrading and Redispatching are:
 - a. Charges for RD & CT Actions, incurred by the Requesting and Assisting TSOs for activation of energy;
4. Costs related to the change of flow for Countertrading and Redispatching purposes, incurred by the Assisting and/or Facilitating TSO. Following a RD and CT Action, the Assisting TSO and Facilitating TSO will offset their costs incurred against any income received and:
 - a) if costs exceed income, the Requesting TSO will pay the respective balances to the Assisting TSO and/or Facilitating TSO; or
 - b) if income exceeds costs, the Requesting TSO will receive the respective balance from the Assisting TSO and/or Facilitating TSO.
5. This IU RD and CT Cost Sharing Methodology, in accordance with Article 74 (6) of the CACM Regulation, provides incentives to manage congestion, including remedial actions and incentives to invest effectively:
 - a. Provides incentives to manage congestion, including remedial actions and incentives to invest effectively as the Requesting TSO bears the net costs or financial gains for coordinated Redispatching or Countertrading and thus incentivises the Requesting TSO to invest effectively in order to reduce the frequency and magnitude of physical congestion in its area impacted by bidding zone border exchange because of the cost sharing principles outlined within this methodology
 - b. It is consistent with the responsibilities and liabilities of the TSOs involved;
 - c. It ensures a fair distribution of costs and benefits between the TSOs involved as the total cost calculation, as specified in Article 4(3), is cost neutral for Assisting and Facilitating TSOs;
 - d. It does not impact the methodology for sharing congestion income set out in Article 73 of the CACM Regulation;
 - e. It facilitates the efficient long-term development and operation of the pan-European interconnected system and the efficient operation of the pan-European electricity market as it incentivises the Requesting TSO to invest effectively in order to reduce the number and magnitude of physical congestion impacted by IU bidding zone border exchange because of the cost sharing principle outlined in Article 4(4);

- f. It facilitates adherence to the general principles of congestion management as set out in Article 16 of Regulation (EC) No 714/2009;
 - g. It allows reasonable financial planning due to the use of the Requestor pays principle and costs being limited to the number of congestions which each individual TSO faces;
 - h. It is compatible across the day-ahead and intraday market time-frames, as explained in Article 5(3) of the Proposed IU RD and CT Methodology; and
 - i. It complies with the principles of transparency and non-discrimination, as specified in Article 5 of this Proposed IU RD and CT Cost Sharing Methodology.
6. For the avoidance of doubt the costs and incomes not considered to be a part of RD and CT actions are:
- a) Any costs that would have been incurred regardless of the activation of CT and RD action by the Requesting TSO
 - b) Redispatch and Countertrade actions that are covered by the Countertrading and Redispatch methodology of another Capacity Calculation Region
 - c) Income that is not directly generated from activation of energy by Requesting or Assisting TSOs in relation to coordinated CT and RD actions, including but not limited to congestion income, capacity payments and ancillary services revenues.

Article 5 Monitoring and Reporting

1. All coordinated Redispatching and Countertrading, including costs and volumes, will be reported as described in Regulation (EC) 543/2013 on submission and publication of data in electricity markets (hereinafter referred to as the “Transparency Regulation”) and in Commission Regulation (EC) 1227/2011 for Energy Market Integrity and Transparency (hereinafter referred to as the “REMIT Regulation”).
 - a. In line with the REMIT Regulation, all coordinated Redispatching and Countertrading will be reported within 1 hour from the activation of the coordinated Redispatching and Countertrading.
 - b. Coordinated Redispatching and Countertrading volumes and costs are to be reported according to the Transparency Regulation in order to monitor the use of remedial actions with costs. This mechanism will allow the assessment of impact of the remedial actions based on operational security and economic criteria in accordance with Article 74(5) (c) of CACM Regulation.
2. The Requesting TSO shall record their justification for requesting coordinated Redispatching and Countertrading, or the reason for the rejection of a coordinated Redispatching and Countertrading request, the associated impact and the cost of any related RD and CT Actions taken. Upon NRA request, the Participating TSOs shall provide further justifications, impacts and associated costs in a report for monitoring.
3. Once per year, the Requesting TSO reports will be shared amongst all IU TSOs who will review the remedial actions and make improvements within the Operational Procedures where required, as

- required in Article 74 (5) (d) of the CACM Regulation. TSOs will publish the requested reports at least once per year and the publication will be one report including all IU Requesting TSO reports.
4. In accordance with Article 74.5(a) of the CACM Regulation, the mechanism to verify the actual need for coordinated Redispatching or Countertrading between the TSOs involved is included in the detection and the coordination process described in Articles 8 (4, 6), 9 (5) and Article 10 of the Proposed IU RD and CT Methodology.
 5. Pursuant to Article 74.5(e) of the CACM Regulation, process allowing monitoring of IU Region by the competent regulatory authorities will be effectively done by the monitoring mechanisms described in the Proposed IU DA and ID CC Methodology and the monitoring report of Article 5(2) of this IU RD and CT Cost Sharing Methodology.

TITLE 3 Miscellaneous

Article 6 Publication of the IU RD and CT Cost Sharing Methodology

1. The TSOs shall publish the IU RD and CT Cost Sharing Methodology without undue delay after all national regulatory authorities have approved the Proposed IU RD and CT Methodology or a decision has been taken by the Agency for the Cooperation of Energy Regulators in accordance with Article 9 (10), Article 9(11) and 9(12) of the CACM Regulation.

Article 7 Implementation of IU RD and CT Cost Sharing Methodology

1. This RD and CT Cost Sharing Methodology will be implemented upon implementation of the Proposed IU CT and RD Methodology, according to Article 16 of the Proposed IU RD and CT Methodology.

Article 8 Language

1. The reference language for this common capacity calculation Proposal shall be English. For the avoidance of doubt, where TSOs need to translate this IU RD and CT Cost Sharing Methodology into their national language(s), in the event of inconsistencies between the English version published by TSOs in accordance with Article 9(14) of the CACM Regulation and any version in another language, the relevant TSOs shall be obliged to dispel any inconsistencies by providing a revised translation of this IU RD and CT Cost Sharing Methodology to their relevant national regulatory authority.