

Public consultation on ACER's 2023 market monitoring report on cross-zonal capacities and the 70% margin available for cross-zonal electricity trade (MACZT)

Fields marked with * are mandatory.

Objective

The objective of this consultation is to gather views from stakeholders regarding the findings of ACER's market monitoring report on '**Cross-zonal capacities and the 70% margin available for cross-zonal electricity trade (MACZT)**'. Based on the findings of the report and the stakeholders' input gathered, ACER will issue a formal opinion to the European Commission and European Parliament by the end of 2023.

Target group

This consultation is addressed to all interested stakeholders, including market participants, regulatory authorities, nominated electricity market operators, and transmission system operators.

Contact and deadline

The contact point for this consultation is: ewpmm@acer.europa.eu

All interested stakeholders are invited to submit their comments ~~by 15 September 2023, 23.59 hrs (CET)~~ **by 22 September 2023, 23.59 hrs (CET)**.

More information on ACER's monitoring of cross-zonal capacities is available [here](#).

General terms of the consultation

* Name of the respondent

* Email

* Company

* Country of origin (headquarters)

* Countries where your company is active

* Activity

* Should the following answers to this public consultation be treated as confidential?

- Yes
 No

The Agency will publish all non-confidential responses, and it will process personal data of the respondents in accordance with Regulation (EC) No 45/2001 of the European Parliament and of the Council of 18 December 2000 on the protection of individuals with regard to the processing of personal data by the Community institutions and bodies and on the free movement of such data, taking into account that this processing is necessary for performing the Agency's consultation task. For more details on how the contributions and the personal data of the respondents will be dealt with, please see the [Agency's Guidance Note on Consultations](#) and [the privacy statement](#) referred to this consultation.

General feedback - Evolution of cross-zonal capacity levels

To what extent do you agree with the conclusions illustrated in ACER's 2023 market monitoring report on cross-zonal capacities and the 70% margin available for cross-zonal electricity trade (MACZT)?

- Strongly agree.
 Agree.
 Neutral.
 Disagree.
 Strongly disagree.

What changes would you suggest for future editions of ACER's cross-zonal capacity report?

While the report correctly makes the distinction between progress towards the 70% threshold and the compliance with the transitory targets (action plans & derogations), it could be interesting to highlight and critically assess the actual values (i.e. the ambition levels) of these action plans and derogations. This is particularly relevant in combination with the observation that the increasing ambition level becomes more and more difficult to reach, in the coming years.

Based on the data presented in Chapter 1 of ACER's report, do you believe that the current development of cross-zonal capacities across the EU is sufficient to enable the integration of European electricity markets?

- Yes
- No

Please clarify your answer.

While the current level of cross-zonal capacities supports the integration of electricity markets, the ambition level should be higher to support the energy transition, in particular the foreseen increase in renewable integration, which critically rely on liquid, fair and well-functioning cross-zonal markets, especially close to real-time.

Margin available for cross-zonal trade in the EU in 2022

Considering the results of the monitoring exercise of 2022, do you believe that enough progress is being made across the EU to fulfil the 70% cross-zonal transmission capacity target by 2026?





- Yes
- No

Please clarify your answer.

Even though TSOs may seem to comply, to a higher or lower extent, with the values in the action plans and derogations, these transitory targets are not very ambitious and very unlikely to be sufficient to meet the 70% threshold by 2026. Furthermore, the current monitoring and application of the 70% target is only applied to the day-ahead market while CREG considers that its application to the intraday market is also needed according to the Electricity Regulation, even if not enshrined yet in the regional capacity calculation methodologies.

In ACER's report, several elements are presented as critical limitations to the achievement of the 70% cross-zonal transmission capacity target. Please rank them by order of relevance:

5 stars correspond to the biggest threat.

Lack of a mechanism to share remedial actions costs	
Lack of sufficient remedial actions	
Suboptimal bidding zone configuration and resulting loop flows	
Lack of sufficient grid developments	



Do you see any other threat to the achievement of the 70% target?

What would be the key enabler(s) for reaching the 70% target by 2026?

A successful bidding zone review or, if the latter cannot be achieved the consideration of a nodal market design as an alternative to the current zonal model.

Have you been affected by unilateral capacity reductions, such as allocation constraints or individual validation adjustments?

- Yes
- No
- Not applicable

Please clarify your answer - in particular, the extent to which you were affected.

Given the nature of EU (Core) markets, allocation constraints and individual validation adjustments have an impact on all zones in a flow-based market coupling. More directly, Elia still applies allocation constraints on a BE level (even though the impact can be considered limited and this will be phased out). IVAs are mainly used to reduce capacities on lines to deal with overloads in the (internal) Dutch transmission network, impacting capacities on all Core borders.

Do you believe that enough transparency and justification is provided by TSOs in the application of validation adjustments, or other similar unilateral reductions of cross-zonal capacities?

- Yes
- No

Please clarify your answer.

While progress has been made in the publication of information on the JAO Publication Tool, the actual reasons for applying IVAs (and the absence of other solutions) is, at times, far from clear.

Do you consider that ACER's current MACZT monitoring exercise on regions that apply a CNTC capacity calculation methodology provides a complete assessment?

- Yes
- No

Please clarify your answer, and potential suggestions to improve this monitoring.

Unnecessary constrained capacities limit EU welfare

Do you believe that additional cross-border transmission capacity would have played a critical role in coping with the effects of the energy crisis of 2022?

- Yes
- No

Please clarify your answer.

Difficult to assess whether higher capacities would have lead to lower (absolute) price levels, but in any case price spreads would have been lower between neighbouring zones. For example, France could have largely benefited from higher import flows, during specific hours where the most extreme price peaks materialized.

Do you see a risk for re-dispatching costs to offset the potential gains from increased cross- border transmission capacity and further market integration?

- Yes
- No

Please clarify your answer.

It is important to note that, with a proper polluter-pays principle, increased redispatching costs are borne by the consumers that are served by the TSOs who provide insufficient (internal) capacities on their lines, for whatever reason. The gains from increased cross-zonal capacities, in terms of socio-economic welfare, are found on an EU / regional level. Hence, there is an inherent distributive / fairness question in this trade-off, which is not considered by offsetting welfare gains against redispatch costs.

Conclusions

Any other comment

Contact

[Contact Form](#)