

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

Please specify

* 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?

It is astonishing that the results of the ACER report do not agree with the results of national reports provided by TSOs and NRA. Apparently, this is because ACER's analysis is solely based on monitoring the available capacity on the smallest critical network element (CNEC) without taking into account the overall situation. With this methodology, the probability of a failure of the 70% target is artificially increased. Furthermore, some countries are using comprehensive bidding zone action plans, wherefore it would be more feasible for monitoring the advancement of fulfilling these action plans, instead of a solely CNEC. Otherwise, the result of ACER's report must be seen as biased, and the conclusions must be seen as inappropriate.

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.

The current development of inter-zonal capacities is probably not yet fully sufficient to enable the full integration of the European electricity markets. Increased cross-border electricity trade leads to increased overall social welfare, and interconnection capacities are a pre-requisite for this. However, the objective of operational security for the power system has an equal importance. Therefore, a balanced trade-off needs to be found between the 70% target to allow for market integration and price convergence as well as managing grid operation and development.

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.

We observe that member states are well on track to fulfil their annual targets of their action plans. According to their national reports, some member states have already even reached or exceed the 70% target on all CNECs. Thus, the progress achieved within these action plans needs to be considered to achieve a reliable assessment.

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	
Unilateral capacity reductions applied by TSOs	

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

We don't see the reconfiguration of bidding zones as a method to increase the availability of cross-zonal capacity. But it is rather a threat as it would create uncertainty and thus risk further grid development.

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

- 1) grid development
- 2) improved cross-border redispatch
- 3) improved mechanisms to share costs from remedial actions

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.

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.

Not applicable.

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.

Not applicable.

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.

In principle, more cross-border transmission capacity can positively contribute to cross-border electricity trading and thus security of supply. As security of supply was always guaranteed also during the crisis phase in 2022, additional transmission capacity would not have changed anything. Given the fundamental nature of the crisis (gas shortage, shortage of French nukes and shortage of hydro power due to drought) there is no evidence that additional transmission capacity would have changed electricity prices significantly in means of "critical". In addition, different national measures have been introduced with contradictory effect to cross-border trading, such as the "Iberian Exception".

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.

Redispatch costs should be seen as a natural part of a future and more volatile power system, due to an increased volume of RES generation. In this regard, a comparison between redispatch costs and overall welfare gains, e.g. through further market integration, should create the future basis when it comes to an efficient development of electricity markets. Furthermore, it should be considered that redispatching and its costs are rather a short-term topic while capacity expansion is a long-term measure. Therefore, a comparison between the two is not appropriate. Finally, costs for redispatching dependent on several other factors such the general price level in energy markets.

Conclusions

Any other comment

While the provision of cross-zonal capacity is one of many measures of an integrated market, the mere focus on the 70% target is arbitrary. There are several other measures in place that can improve the future power system, e.g. grid expansion and development.

Given the significant differences between ACER's report and national reports on the progress of the 70% target and the progress of bidding zone action plans, we don't see ACER's report as a basis for reliable policy recommendations.

Contact

[Contact Form](#)