

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

[REDACTED]

* 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?

ENTSO-E would like to invite ACER to enter into a deep dialogue with ENTSO-E and the TSOs in order to provide a balanced overview for future editions of ACER's cross-zonal capacity report.

While we agree with some statements, such as the 70% target will become increasingly difficult and costly to reach or that the barriers observed before the implementation of the 70% target still remain, there are others in which we disagree.

Some technical points that we also think shall be discussed for future editions of ACER cross-zonal capacity report: consideration of transitional target values, accommodating rounding errors (especially in the flow-based systems), how to handle individual validations (IVA's), definition of coordination areas in regions where the CCM is not yet implemented, consideration of price convergence or the significant inconsistencies in ACER's results once calculations are performed with real operational data from the Core capacity calculation tool for Core borders.

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.

Progress towards the integration of European electricity markets is in fact being made. Member States rely on a combined approach of maximizing capacities, building and reinforcing infrastructure, and remedial actions. However, it must be kept in mind that the grid has its physical limitations and capacities cannot be assigned beyond these limits. Therefore, raising the overall capacity of the European transmission grid is essential and cannot be achieved only by enforcing minimum capacities but must be accompanied by pushing grid expansion and future-proofing the market design.

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.

TSOs put considerable effort to maximise cross-zonal capacities, however, the picture across Europe is different and a yes/no answer is not able to represent the overall situation.

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?

There is important work on going from the TSOs on the bidding zones review as well as on the coordination of remedial actions including cost sharing on them. Once this work is finalised, further discussions shall take place on these points

As mentioned above, the physical limitations of the grid pose a threat to the achievement of the 70% target. However, the goal should be to provide the optimal capacity for market integration and whether the optimal capacity lies at 70% has not been assessed. Whether it is reasonable to orient oneself towards rigid percentage values should be the subject of investigation.

We invite ACER to a deep discussion with the TSOs on each of these elements.

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

Higher effectiveness of remedial actions as a result of the increased coordination, development of new grid infrastructure, improvement of existing grid infrastructure, and optimized use of network elements and a future-proof market design.

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.

TSOs consider transparency in capacity calculation a key aspect of the well-functioning of IEM. On top of the timely publication of cross-zonal capacity values and updates both in ENTSO-E's Transparency Platform and TSOs' specific transparency platforms, different additional efforts are taken at regional basis to complement this information. Detailed information on the quantity and quality of validation adjustments can for example be retrieved from the Core, SWE, and Italy North TSOs publication tools (JAO website). In addition, Core TSOs publish a quarterly report on JAO's website. Also, to better understand the entire capacity calculation process in Core, including the validation process, ENTSO-E has recently published a comprehensive explanatory video. Hence, a lot of information is already publicly available.

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.

In regions where CNTC is applied, only limiting CNECs are being studied in the capacity calculation process. That is quite justified as there are the ones threatening the grid security. Indeed, analysing MACZT on CNECs that are not limiting the capacity, would only obtain MCCC that are not accurate.

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.

The prices were very high across all EU in all BZ, so increased cross-border capacities would have not substantially solved the situation.
Moreover, if the increase will be only through the Virtual increasing of offered capacities above the technical limits, it will only have distributional effects e.g., lowering consumer prices in one bidding zone at the cost of another bidding zone due to higher redispatch costs.

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.

The overall picture shall be assessed, and changes in one timeframe will affect other timeframes. Each element cannot be observed in isolation.

Conclusions

Any other comment

ENTSO-E invites ACER to enter into a deep dialogue on the 70% monitoring and target with the TSOs. There is important room for improvement in the analysis of the MACZT report as significant details are not considered. A much more balanced way of presenting the results is possible and desirable. Further work around the 70% is needed and TSOs would like to initiate it jointly with ACER ASAP.

Contact

[Contact Form](#)