

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?

We agree that cross-border transmission capacity can make a big contribution towards market efficiency and security of supply and should therefore be maximised. We welcome efforts and progress in this direction, particularly grid reinforcements.

The 70% value is enshrined in legislation, but somewhat arbitrary. Instead, a broader range of factors must be considered when assessing whether TSOs are making available an appropriate amount of capacity for interconnection.

ACER's approach in assessing the availability of cross-border capacity uses the data of that "critical network element with contingency" (CNEC) at each border with the lowest availability. To use an analogy: this is like using road traffic flow data from the slowest individual road at a border (for example a bridlepath) in order to assess overall cross-border traffic between two countries. Clearly, the smaller CNECs are much less relevant than the greater ones. Ideally, the sum of all CNECs should be used. In addition, we suggest to take into account all offered capacities including long-term capacities (not only the flow-based domain) as this would give a more accurate picture of the capacity made available to market participants. This is what TSOs have done in their assessment which unsurprisingly has led to a much less bleak picture.

We therefore do not believe that the numbers presented in ACER's report form an appropriate basis for "recommendations" such as the conclusions described in paragraph 131.

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.

European electricity markets are integrated already. A more relevant question would be, whether greater levels of integration are required, what contribution greater amounts of allocated interconnection capacity would make towards achieving this, what costs would be associated with this and how costs and benefits compare. This trade-off may yield different results depending on the bidding zones under considerations. For offshore bidding zones, for example, it is particularly critical that interconnection capacity is fully utilised for the export of offshore wind production.

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 are under significant pressure to maximise the transmission capacity at the bidding-zone borders and are complying with the law. According to the progress report of the German TSOs the current situation is much more aligned with European requirements.

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?

Ultimately, to make available additional capacity networks need to be reinforced. We support any efforts in this direction.

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

We are less interested in the somewhat arbitrary 70% number but very much support network reinforcements to remove bottlenecks both within and between bidding zones.

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.

Not directly, but clearly any reduction in cross-border flows affects market outcomes.

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.

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.

Any additional cross-border transmission capacity makes a positive contribution to security of supply and market efficiency. Whether this would have played a critical role in 2022 is uncertain. The levels of interconnectivity in 2022 were sufficient to ensure security of supply. Whether additional interconnectivity would have caused significantly different prices for end customers is unclear.

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.

Redispatching cost are determined by a wider range of factors. High redispatch costs can be an indication for a need to reinforce the grid.

Conclusions

Any other comment

We share the desire of ACER and other market participants to maximise cross-border transmission capacity. The 70% rule is somewhat arbitrary and we believe the monitoring of cross-border capacity should be more nuanced than only looking at that one value. We note the differences between the TSOs', NRAs' and ACER' s assessment which confirms that the issue is even more complex than described in ACER's report. In particular ACER's approach to only look at the "least available" CNEC paints an unrealistic picture. Therefore, we question whether further policy recommendations should be derived from this report. If so, it would be good to subject any recommendations to public consultation as well.

Contact

[Contact Form](#)

