



Martin Hájek

Director

Association for District Heating of the Czech Republic

Partyzánská 1/7, Praha 7, 1700 00

The Czech Republic

E-mail: hajek@tscr.cz

Mobile: +420 725 470 724

Prague, July 19th 2016

Subject: ADH CR's answers to ACER's questions regarding proposal for CCRs.

Dear Sirs,

the Agency for the Cooperation of Energy Regulators ('the Agency') invited stakeholders to express their views on the five questions with regard to the common proposal for capacity calculation regions which all TSOs have jointly developed pursuant to Article 15(1) of Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a Guideline on Capacity Allocation and Congestion Management. The Association for District Heating of the Czech Republic ('ADH CR') representing heat suppliers as well as most important electricity producers in the Czech Republic would like to use this opportunity to answer the questions.

1. Do you consider both the commitment from the CWE and the CEE TSOs to cooperate towards a merger of the CWE and CEE CCRs and the MoU signed on 3 March 2016 as sufficient to ensure that the CWE and CEE regions will develop and implement a common congestion management procedure compliant with the requirements of the CACM Regulation, as well as of Regulation (EC) No 714/2009? Or should the definition of the CCRs provide for a CCR already merging the proposed CWE and CEE regions to ensure compliance with the required common congestion management procedure?

ADH CR very much welcomed the MoU signed on March 3, 2016 between CWE and CEE TSOs to cooperate towards a merger of CWE and CEE CCRs. We are, however, concerned that this MoU may not be sufficient to ensure development and successful implementation of a common flow based congestion management procedure. We regard especially Germany/Luxembourg/Austria bidding zone as a major obstacle for a sound congestion management procedure and subsequently for merger of CWE and CEE CRRs and solution to this problem is unfortunately not entirely within the capacity of TSOs.

Regarding merger of CWE and CEE regions ADH CR prefers a two-step approach consisting in market coupling between CWE and CEE regions using current capacity calculation base (CEE on NTC/ATC) and development of common flow based capacity calculation in the next step. We regard this two-step approach as necessary for proper testing of a new flow-based capacity calculation methodology.

2. Do you have comments on the description of the geographical evolution of the CCRs over time, as proposed by all TSOs in Annex 3 to the Explanatory document to the CCRs Proposal?

ADH CR agrees that CWE and CEE regions should be the first to implement flow based capacity calculation methodology. We regard swift coupling of CWE – CEE regions as ‘conditio sine qua non’ for real integration of the European market foreseen by a number of strategic documents including Energy union. We do not have comments regarding later steps suggested.

3. Should the CEE region (or a merged region) include the bidding zone borders between Croatia and Slovenia, between Croatia and Hungary, and between Romania and Hungary?

ADH CR believes that all suggested borders should be included in the CEE region especially the one between Romania and Hungary should be included because of achieved high level of market integration. We would also like to point out that Serbian bidding zone border with rest of CEE should also be included as an integral part of CEE. It would have positive impact on connectivity in the region since Serbian profiles (Serbia – Hungary, Serbia – Romania) are frequently used for trading within CEE. Because of compatibility of the trading system used by Serbian PX and neighbouring CEE’s PXs the integration of Serbia should not be difficult to achieve.

4. Should the CEE region (or a merged region) include a bidding zone border between Germany/Luxembourg and Austria?

ADH CR fully supports CCR 6 as it was proposed including bidding zone border between Germany/Luxembourg and Austria. Cross-border exchanges on the DE-AT border have a significant impact on the congestions within the CEE region because the capacity on the DE-AT is not sufficient to cover requested exchanges. Resulting congestions significantly contribute to unscheduled flows from DE/LU/AT bidding zone limiting capacities available for trade on other borders within the CEE region and endangering safe security of transmission systems operation. Because DE-AT profile is important for congestion management in the whole region it has to be integral part of CEE CCR.

ADH CR welcomed the ACER Opinion No. 09/2015 from 23 September 2015 and considered it an initial step towards establishing a level playing field for electricity trade in Central Europe. Existing setting discriminates against many market participants including those producing electricity in the Czech Republic and it is also proving to be a significant obstacle for merger of CWE and CEE bidding zones and further market integration.

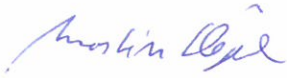
Implementation of a sound congestion management procedure at the German-Austrian border would significantly improve the situation, provide for equal conditions for all market participants and remove one of the important barriers in the market integration process. It would also contribute to security of transmission systems operation.

5. Do you have comments on any other new element or development concerning the CCRs Proposal which occurred after the public consultation held by ENTSO-E from 24 August to 24 September 2015?

Unfortunately it has to be noted that implementation of CACM Regulation requirements is experiencing a significant delay and several implementation projects are showing little progress. This should be taken into account at the finalisation of Electricity Balancing NC.

Thank you very much for this opportunity to express our opinions and your attention to our views.

Yours faithfully

A handwritten signature in blue ink, appearing to read "Martin Hájek". The signature is fluid and cursive, with a small flourish at the end.

Martin Hájek