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ACER consultation: the definition of Capacity Calculation Regions (CCRs)

EDF Response

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GENERAL COMMENTS

EDF welcomes the opportunity to express its views on this consultation on the definition of capacity calculation regions and encourages the approval of TSOs' proposal for Capacity Calculation Regions (CCRs) dated 29th October 2015, as part of the implementation of the Capacity Allocation and Congestion Management (CACM) Guideline¹.

EDF wishes to recall its full support to the general objectives of CACM, aiming at increasing the efficiency in the use of transmission infrastructure to enhance cross-border trade in the day-ahead (DA) and intraday (ID) timeframes. Improvement of congestion management (such as intraday recalculation of cross-border capacities), as well as efficient cost allocation of redispatching and countertrading actions, should be considered as a high priority with significant economic benefits for Europe.

Considering these objectives and expectations, we regret that national regulatory authorities (NRAs) have not been able to find an agreement in the last months on the TSOs' proposal, which now requires ACER to adopt the final decision in accordance with Article 9(11). The definition of CCRs is namely a prerequisite for the adoption of many methodologies pursuant to CACM. In practice, refusing the approval is likely to delay CACM implementation for more than six months. We therefore call for a prompt adoption of the CCR definition and to implement as soon as possible all improvements foreseen in CACM, where TSOs and NRAs are ready and willing to foster their cooperation.

For the sake of clarity, EDF provides responses to the questionnaire proposed by ACER to provide some suggestions and feedbacks on the present TSOs' proposal, but wishes to stress that it should neither block, nor delay the adoption of ACER's decision on the subject.

CCR delineation should first support quick improvement towards a more efficient operation of day-ahead and intraday market coupling at regional and EU level.

¹ Commission Regulation 2015/1222 of 24th July 2015 establishing a guideline on capacity allocation and congestion management.

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?**

EDF supports the initiative of CWE and CEE TSOs committing to further cooperate to develop a common Flow-Based (FB) methodology and to merge in the near future, considering that in the long run, such merger will certainly provide some benefits to the functioning of day-ahead and intraday markets in Europe. However, considering the challenge and the vast number of reforms needed to implement a day-ahead Flow-Based market coupling in CEE, we do not expect TSOs to implement this new capacity calculation methodology overnight and we do not expect that an early merger of both regions would fundamentally speed up this process.

EDF responded in the previous ENTSO-E consultation that regional coordination should follow a progressive and pragmatic approach, relying on existing entities (such as Coreso or TSCnet). The difficulty to approve the present proposal at EU level demonstrates that governance issues can significantly delay the achievements and improvements expected from CACM implementation and should be taken into account in order not to jeopardize the current progressive and pragmatic harmonization of capacity calculation methodology at regional and EU level.

In our view, the benefits of quick wins that can be easily achieved with the present TSOs' proposal of CCR delineation (such as the development of Flow-Based for the intraday timeframe, or an increased transparency) should not be delayed because of governance difficulties resulting from CCR extension.

We also noticed that the MoU signed on March 2016 only deals with the development of a common Flow-Based methodology in the day-ahead timeframe (without mentioning intraday, redispatching or cost allocation), which is probably the easiest progress that can be achieved for both regions. However, CCR definition should reflect a consistent picture, where capacity allocation and cost allocation of congestion management actions, in day-ahead as well as in intraday, should be optimized to ensure the efficient use of existing transmission infrastructure. Defining a common view on all above mentioned issues is likely to be more difficult and can induce implementation delay. For this reason, EDF would rather favor a merging of both CCRs at a later stage.

- 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?**

Besides TSOs commitment to merge CEE and CWE in the MoU, Annex 3 does not fully respond to stakeholders requests from the previous ENTSO-E consultation, as far as it does not foresee clear timelines for the geographical evolution of other CCRs. Concerning long term CCR configuration, it also provides several alternatives for the extension of some regions (such as Hansa Region).

We would expect the geographical evolution to be based on an impact assessment, including criteria, models or scenarios, to justify the proposed outlook and timelines for future enlargement or merger of CCRs while providing an indicative roadmap². For the sake of completeness, we would also expect an outlook that would include the future interconnectors to be commissioned beyond 2018, such as FABLink, IFA 2, Viking, NSN projects.

Concerning the evolution of small CCR such as Hansa (Region 2) or Channel (Region 9), we observe that HVDC interconnectors cannot be easily integrated in larger CCR as of today. However, the difficulty to develop a capacity calculation methodology on DC cables should not prevent TSOs from an increased coordination in cross-border redispatching measures and coordinated use of HVDC and Phase Shifting transformers within a larger CCR (such as for instance, on the new HVDC link on the France – Spain border).

Concerning non EU-countries, we would like to recall the need to carry on TSOs effort to integrate bidding zone borders of non-EU countries in the CCR, in order not to undermine the functioning and processes of market coupling on those borders.

An indicative roadmap to provide a long term outlook, together with a periodical review of the CCRs following structural evolution, accompanied by a full impact assessment of the current situation and possible changes, could also be envisaged to facilitate the potential evolution of CCR configuration.

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?

No opinion

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

On this issue, EDF is waiting for the publication of the on-going analyses developed in the framework of the review process of existing bidding zone configuration that ACER and ENTSO-E have started as a pre-implementation of CACM Guideline provisions.

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?

All stakeholders and in particular ACER and ENTSO-E should ensure a development of the regional cooperation within CCRs pursuant to CACM consistent with the recently adopted system operation Guideline³ which has a direct link with CACM Guideline on different matters (e.g. building of the Common Grid Model, regional coordination on remedial actions activation,...).

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² This comment is also valid for the CCRs proposal itself, which is not based on an impact assessment or criteria, such as the observed interdependency across bidding zone borders. For instance, the proposal to separate the France-Switzerland border (FR-CH) in the future from the other Italian northern borders (Region 4) should be further justified and explained by an impact assessment and the analysis of different options.

³ Draft Commission Regulation establishing a guideline on electricity transmission system operation voted in comitology by Member States on 4th May 2016.