

# Public consultation on the ENTSO-E proposals for technical specifications for cross-border participation in capacity mechanisms

Fields marked with \* are mandatory.

## Public Consultation

### ENTSO-E proposals for technical specifications for cross-border participation in capacity mechanisms

This consultation is addressed to all interested stakeholders.

Stakeholders are invited to fill out this online survey by **9 August 2020, 23:59 hrs (CEST)**.

For questions, please contact ACER at: [ACER-ELE-2020-014@acer.europa.eu](mailto:ACER-ELE-2020-014@acer.europa.eu)

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## Consultation objective and background

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This consultation aims to gather stakeholder views on the proposed technical specifications for cross-border participation in capacity mechanisms.

On 3 July 2020, the European Network of Transmission System Operators for Electricity (ENTSO-E) submitted to ACER their proposals for technical specifications for cross-border participation in capacity mechanisms pursuant to Article 26(11) of Regulation (EU) 2019/943, and consisting of:

- a methodology for calculating the maximum entry capacity for cross-border participation;
- a methodology for sharing the revenues;
- common rules for the carrying out of availability checks;
- common rules for determining when a non-availability payment is due;
- terms of operation of the ENTSO-E registry; and
- common rules for identifying capacity eligible to participate in the capacity mechanism.

According to Article 26(11), ACER shall approve these proposals based on the procedure set out in Article 27 of Regulation (EU) 2019/943, amending them where required. In order to inform its assessment and if required, identify areas for amendment, ACER invites all interested third parties to submit their views on the proposals by responding to this online survey during a consultation period of 4 weeks.

Following this consultation, ACER will consider stakeholder feedback and expects to take a decision on the proposals, including potential amendments, within the next three months as required by Article 27 of Regulation (EU) 2019/943, i.e. by 5 October 2020.

### Related documents

- ENTSO-E, Cross-border participation in capacity mechanisms: Proposed methodologies, common rules and terms of operation in accordance with Article 26 of the Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity (recast), version of 3 July 2020

([https://www.acer.europa.eu/Official\\_documents/Public\\_consultations/PC\\_2020\\_E\\_12/200703%20Single%20document%20for%20XB%20CM%20methodologies.pdf](https://www.acer.europa.eu/Official_documents/Public_consultations/PC_2020_E_12/200703%20Single%20document%20for%20XB%20CM%20methodologies.pdf))

- ENTSO-E proposed methodologies, common rules and terms of reference related to cross-border participation in capacity mechanisms: Explanatory document, version of 3 July 2020 ([https://www.acer.europa.eu/Official\\_documents/Public\\_consultations/PC\\_2020\\_E\\_12/200703%20Explanatory%20document%20for%20XB%20CM%20methodologies.pdf](https://www.acer.europa.eu/Official_documents/Public_consultations/PC_2020_E_12/200703%20Explanatory%20document%20for%20XB%20CM%20methodologies.pdf))
- ENTSO-E, Public consultation on draft methodologies and common rules for cross-border participation in capacity mechanisms: Response to public consultation comments received during the consultation held from 31 January to 13 March 2020, version of 3 July 2020 ([https://www.acer.europa.eu/Official\\_documents/Public\\_consultations/PC\\_2020\\_E\\_12/200703%20Response%20to%20public%20consultation%20on%20XB%20CM%20methodologies.pdf](https://www.acer.europa.eu/Official_documents/Public_consultations/PC_2020_E_12/200703%20Response%20to%20public%20consultation%20on%20XB%20CM%20methodologies.pdf))
- Regulation (EU) 2019/942 of the European Parliament and of the Council of 5 June 2019 establishing a European Union Agency for the Cooperation of Energy Regulators (recast) (<https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX%3A32019R0942>)
- Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity (recast) (<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32019R0943>)
- ACER Guidance Note on Consultations ([https://www.acer.europa.eu/Official\\_documents/Other%20documents/Guidance%20Note%20on%20Consultations%20by%20ACER.pdf](https://www.acer.europa.eu/Official_documents/Other%20documents/Guidance%20Note%20on%20Consultations%20by%20ACER.pdf))
- ACER Rules of Procedure (AB Decision No 19/2019) ([https://www.acer.europa.eu/en/The\\_agency/Organisation/Administrative\\_Board/Administrative%20Board%20Decision/Decision%20No%2019%20-%202019%20-%20Rules%20of%20Procedure%20of%20the%20Agency.pdf](https://www.acer.europa.eu/en/The_agency/Organisation/Administrative_Board/Administrative%20Board%20Decision/Decision%20No%2019%20-%202019%20-%20Rules%20of%20Procedure%20of%20the%20Agency.pdf))

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## Privacy and confidentiality

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ACER will publish all non-confidential responses, including the names of the respondents, unless they should be considered as confidential, and it will process personal data of the respondents in accordance with Regulation (EU) 2018/1725 (<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32018R1725>) of 23 October 2018 on the protection of natural persons with regard to the processing of personal data by the Union institutions, bodies, offices and agencies and on the free movement of such data, taking into account that this processing is necessary for performing ACER's consultation task. For more details on how the contributions and the personal data of the respondents will be dealt with, please see ACER's Guidance Note on Consultations ([https://www.acer.europa.eu/Official\\_documents/Other%20documents/Guidance%20Note%20on%20Consultations%20by%20ACER.pdf](https://www.acer.europa.eu/Official_documents/Other%20documents/Guidance%20Note%20on%20Consultations%20by%20ACER.pdf)) and the specific privacy statement attached to this consultation.

Article 7(4) of ACER's Rules of Procedure (RoP) (<https://s-intranet/Drive/Departments/Electricity/ED%20Deliverables/Decision%20No%2019%20-%202019%20-%20Rules%20of%20Procedure%20of%20the%20Agency.pdf#search=rules%20of%20procedures>) requires that a party participating in an ACER public consultation explicitly indicates whether its submission contains confidential information.

### \*Is your submission to this consultation confidential?

- YES  
 NO

## Consultation questions

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ACER seeks the opinion of stakeholders with respect to the following elements of the ENTSO-E proposal.

### Methodology for calculating the maximum entry capacity

1. Do you agree with the proposed methodology for calculating the maximum entry capacity for cross-border participation? If not, please explain which elements of the methodology should be changed or otherwise improved.

We support the response submitted by the GB Interconnectors Forum

2. Should the methodology allow for calculating capacity contributions from Member States with no direct network connection with the Member State applying the capacity mechanism?

We support the response submitted by the GB Interconnectors Forum

### Methodology for sharing the revenues from the allocation of entry capacity

3. Do you agree with the proposed methodology for sharing the revenues from allocating entry capacity? If not, please explain which elements of the methodology should be changed or otherwise improved.

We support the response submitted by the GB Interconnectors Forum

Nemo Link is of the opinion that these proposals do not provide fair reward for interconnector infrastructure in facilitating cross-border participation in capacity markets primarily because of the methodology for sharing of congestion revenues. We believe all congestion revenues should accrue to interconnectors and not be shared with onshore TSOs running the CM. To do otherwise fails to adequately remunerate owners of existing interconnectors for their initial investment costs and operating and maintenance costs and fails to incentivise further investment to alleviate congestion and therefore does not promote the objectives of Regulation 943/2019. This principle is already well established in energy markets, and should also be reflected in capacity markets. Furthermore, the sharing of revenues with TSOs operating a CM does not appear to be consistent with Articles 19.2 and 26.9 of Regulation 943/2019 which make clear that congestion income can only be used for maintaining the availability of existing interconnectors or for building new ones (in GB for example, the independent system operator that would be running the capacity markets is forbidden by licence to build interconnectors - this would also apply to other independent SOs).

### **Common rules for the carrying out of availability checks**

4. Do you agree with the proposed common rules for the carrying out of availability checks? If not, please explain which elements of the proposed rules should be changed or otherwise improved.

We have no comment on this section

### **Common rules for determining when a non-availability payment is due**

5. Do you agree with the proposed common rules for determining when a non-availability payment is due? If not, please explain which elements of the proposed rules should be changed or otherwise improved.

We have no comment on this section

### **Terms of the operation of the ENTSO-E registry**

6. Do you agree with the proposed terms of the operation of the ENTSO-E registry? If not, please explain which elements of the proposed terms should be changed or otherwise improved.

We have no comment on this section

### **Common rules for identifying capacity eligible to participate in the capacity mechanism**

7. Do you agree with the proposed common rules for identifying capacity eligible to participate in the capacity mechanism? If not, please explain which elements of the proposed rules should be changed or otherwise improved.

We have no comment on this section

### **General provisions and other comments**

8. Do you agree with the general provisions of the ENTSO-E proposals (Title 1)? If not, please specify which provisions should be changed or otherwise improved, and explain why.

We have no comment on this section

9. Do you have any other comments on the ENTSO-E proposals that we should take into account in our assessment?

1/ We have strong reservations over the use of both the MEC and a SSF which appear to penalise interconnectors twice. We note the combination of these factors could lead to little or no capacity mechanism revenues accruing to interconnector TSOs, and instead be channelled to the onshore TSOs running the CM. This may generate perverse financial incentives for onshore TSOs to target levels of MEC or SSF that maximise revenue to the onshore TSO with consequences for system security and unfair reductions in interconnector revenue.

2/ The definitions of both "scarcity" and "system stress" should also be clearly outlined in the methodologies, ideally with reference to the security of supply standards of Member States.

3/ The proposals fail to recognise the unique contribution of HVDC interconnectors. The controllability of HVDC interconnectors means they are not affected by system constraints compared to AC grids where loop flows can serve to reduce the cross border commercially available capacity. Therefore, where a capacity provider in the neighbouring market fails to meet its commitments, an HVDC interconnector can still deliver the requested energy through a market-led response.

## Contact

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