



## DUR'S ANSWER TO CONSULTATION ON ACER'S DRAFT DECISION ON CCR

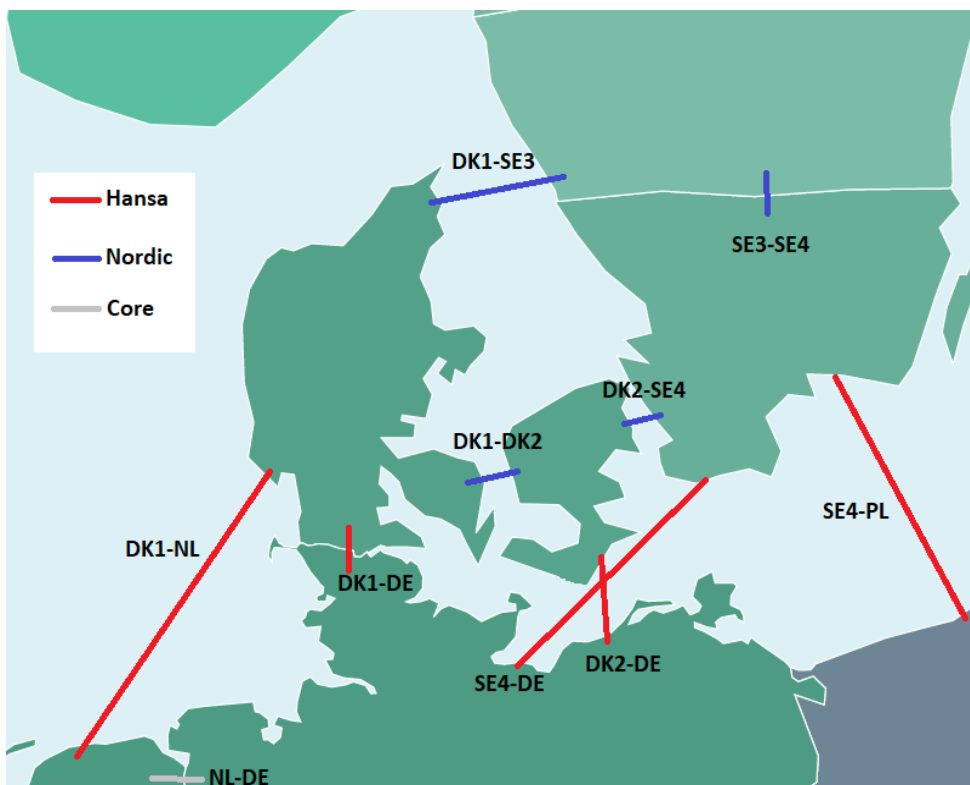
***Q1 - PLEASE PROVIDE YOUR COMMENTS CONCERNING THE ACER'S REASONING FOR DEFAULT REALLOCATION OF HANSA CCR BIDDING ZONE BORDERS AND THE REQUEST TO TSOs TO MAKE A PROPOSAL ON A SUITABLE TIMELINE FOR SUCH REALLOCATION.***

### THE PROPOSAL LACKS DOCUMENTATION OF A NET SOCIO-ECONOMIC BENEFIT FOR EUROPEA

*ACER have currently proposed that 1 year after ACER's decision, the TSOs will have to suggest a timeline for the change of CCR Hansa, where DK1-DE and DK1-NL are moved from CCR Hansa to CCR Core, and DK1-DK2 and DK1-SE3 are moved from CCR Nordic to CCR Hansa.*

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FIGURE 1 | TSOs' PROPOSAL: CCR CONFIGURATION

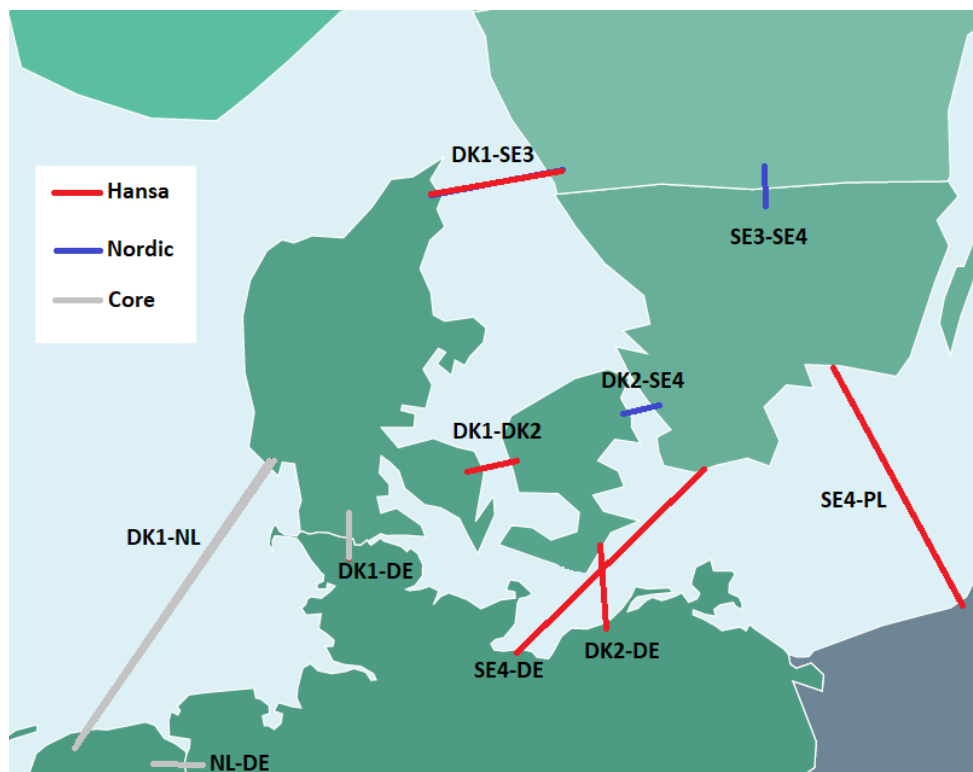


Note: Denmark in two CCRs: Nordic to the north, Hansa to the south.

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FIGURE 2 | ACER'S PROPOSAL: CCR CONFIGURATION



Note: Denmark in three CCRs: Nordic to the east, Core to the southwest and Hansa to the southeast and northeast.

The Danish Utility Regulator (DUR) welcomes the discussion on the future of the CCRs.

DUR agrees that it is relevant to look at the CCR configuration for the sake of the proper functioning of the European single market for energy. DUR is also in favour of further development of the present CCR configuration with 11 CCRs.

DUR acknowledges that the CCR configuration is important to deliver on the objectives of the Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management (“CACM GL”). A proper CCR configuration is important in order to “Ensuring optimal use of the transmission infrastructure”, “optimising the calculation and allocation of cross-zonal capacity”, “contribute to the efficient long-term operation and development of the electricity transmission system and electricity sector in the Union”, and “providing non-discriminatory access to cross-zonal capacity”.

ACER argues that with their proposed change to the CCR configuration, the capacity calculation on the border DK1-DE will be improved. ACER does however not argue how the change to the CCR configuration will affect the capacity calculation and regional security on other related borders. DUR finds that there should be performed an analysis of these issues prior to the decision of a fundamental change.

DUR is not convinced that ACER's arguments can be used as evidence that the proposed CCR configuration change leads to positive socio-economic benefit for the wider European market.

However, DUR takes note of the fact that the proposal will effectively place the Danish borders in three different CCRs. The internal coordination within the Danish electricity system consisting of two bidding zones, but operated by the same TSO, would then have to rely on inter-CCR coordination rather than coordination with a single CCR. The proposal is also likely to damage established cooperation within the Nordic power system and could thus result in less available capacity for trade in the Nordic due to hampered cooperation on the sharing of remedial actions placed in Western Denmark (DK1).

DUR also understands from the Danish TSO, Energinet, that this will have very concentrated and tangible consequences for the Danish consumers, as internal coordination in Denmark will be based on inter-CCR cooperation rather than in coordination within the Nordic CCR.

While DUR supports a proposal that would result in a wider socio-economic benefit for Europe, DUR fails to see that ACER have delivered a solid analysis that could substantiate a proposal having very concentrated and tangible consequences for any one country of EU.

#### **A WIDER DISCUSSION OF CCRS IS NEEDED RATHER THAN A STEP BY STEP APPROACH OF INDIVIDUAL REGIONS AND CCRS**

DUR is concerned that the discussion on the proposal is limited to a discussion on possible changes for CCR Hansa, CCR Nordic and CCR Core rather than having a wider European discussion of the most appropriate CCR configuration.

In ACER's decision no 04/2019 of 1 April 2019, ACER requested the TSOs to make an analysis of the future of the CCR configuration with a focus on CCR Hansa and CCR Channel. Due to BREXIT, the task was naturally limited to only focusing on CCR Hansa. The result of this approach was that the majority of the TSOs were not concerned with this analysis, as the result of it would not have any real impact on them.

In order to have a thorough analysis of the CCR configuration, which focuses on how to optimize capacity calculation and operational security, as requested by ACER; it is important that all TSOs contribute with data, information, and resources.

DUR urges ACER to change the scope and push for an assessment of the entire European CCR configuration with respect to what is optimal for the capacity calculation, coordination of remedial actions, and operational security.

Also, DUR fails to recognize, why the CCR Hansa discussion is significantly different from the discussions on CCR Italy North, CCR Baltic, and CCR SWE.

**A DECISION BASED ON A GREATER UNDERSTANDING OF FLOWS AND OPERATIONAL SECURITY WOULD ONLY DELAY THE IMPLEMENTATION OF A NEW CCR CONFIGURATION MARGINALLY**

ACER has stated that the CCR configuration change is not to be implemented prior to the implementation of Advanced Hybrid Coupling (“AHC”) in CCR Core and CCR Nordic. This means that the TSO timeline, which has to be delivered within one year after the CCR-decision according to the ACER proposal, has to take the implementation of AHC into account.

DUR welcomes this statement, as the change would otherwise have a significantly negative impact on Denmark due to increased unscheduled flows. However, this also implies, we are looking into a possible change in 2024 or 2025 as the earliest.

ACER has been reasoning in favour of their proposed CCR change, stating it would lead to less unscheduled flows on the DK1-DE border and in CCR Core, when more lines are added to the DK1-DE border in the future. This in turn would provide for a more precise capacity calculation and lower reliability margin.

The Danish TSO, Energinet, believes that the change in CCRs will not have any significantly positive impact on unscheduled flows and the reliability margin, whereas ACER views the opposite. These contradictive views underline the need for a thorough conduction for an assessment of the impact on unscheduled flows and the reliability margin on the basis on real data. With the implementation of flowbased capacity calculation with AHC in both CCR Nordic and CCR Core, the scheduled and unscheduled flows will change significantly. The assessment will have to be based on this information in order to give a result, which is relevant for the future. Before the implementation of the capacity calculations, it is not possible to calculate the impact of a change of the CCR configuration.

Because the changes await implementation quite far into the future, it seems relevant to postpone the CCR-decision and instead give the TSOs adequate time to make an assessment based on the implemented CCMs and ROSCs. Such an approach would also make it easier to include all of EU in the assessment and more importantly, the TSOs would also be in a better position to allocate scarce resources to conduct an assessment based on data; resources, which are currently occupied with implementation of the CCMs and ROSCs.

DUR would without hesitation support a change to the CCR configuration based on a more comprehensive assessment as described above. DUR would also agree to an accelerated implementation of possible changes to a CCR configuration based on such an assessment.

The differences between the processes, proposed by ACER and DUR respectively, are for the sake of comparison shown below. DUR's proposed approach has less substantial effect on implementation, but minimize the risk of taking a wrong decision.

	Assessment of CCR	Decision on change of CCR	Implementation of the change
ACER proposal	2021	March 2022	2024/2025
DUR proposal	2023/2024	2024	2025/2026

Furthermore, DUR's proposed approach has the advantage that the assessment may be based on an enhanced comprehension of flows and the regional operational security following from the new CCMs and ROSCs and enable a more systematic analysis of the whole CCR configuration.

DUR also believes that a more data-driven and comprehensive analyse could be a firm starting-point for the CCR-process going beyond 2025.

#### **SPECIFIC CHALLENGES FOR DENMARK**

The ACER proposal is limited to the DK1 and DK2 bidding zone borders. The change is bound to a negative impact on Denmark. The benefit for Europe is in contrast unclear and not substantiated.

The consequences for Denmark of the proposal are described below.

#### **CCR CHANGE LEADS TO LACK OF COORDINATION OF REMEDIAL ACTIONS IN DK1**

DK1 is presently the bidding zone in EU with the highest amount of remedial actions used compared to the consumption in the area. A large share of these remedial actions are used to solve congestion in Northern Germany. Remedial actions are however also presently used to solve issues in DK2 and SE3. Furthermore, Energinet and the Norwegian TSO, Statnett, are discussing, if remedial actions may be used to solve issues in Norway as well.

The use of remedial actions is presently following CCR Nordic and CCR Hansa methodologies.

In the CCR Core methodology for Coordinated Redispatch and Countertrading, the Article 9(1) states: “*Core TSOs shall share with the Core RSC(s) all potential RAs, designed in accordance with CSAM, which are at least sometimes able to address violations of current limits on XNEs.*”

All available resources in DK1 are able to address violations of current limits on XNEs in Northern Germany. This is because DK1 only has one AC border, and a change in the net position in DK1 will affect the flow on the DK1-DE border directly in a one-to-one relationship. The proposed CCR configuration means that Energinet will have to make all remedial actions in DK1 available for coordination in CCR Core. The CCR Hansa methodology however does not have the same requirement, which implies that with the current methodologies, Germany and the Netherlands will have priority access to remedial actions in DK1. Possible remedial actions for the use of CCR Hansa (DK2, SE3, and NO2) will only be the “leftovers”.

The current operation of the Danish and the Nordic power system does however rely on the sharing remedial actions between the bidding zone borders DK1-DK2, DK1-SE3, and DK1-NO2. DUR is concerned that CCR Core priority to remedial actions will hamper cooperation on remedial actions within the Nordic power system severely.

A change to the CCR Hansa methodology for Coordinated Redispatch and Countertrading would not be a solution. Energinet would not be able to provide all available remedial actions neither in CCR Core, nor in CCR Hansa, and Energinet is not technically able to “split” the remedial actions onto the two CCRs.

If there would be a geographical split, e.g. all remedial actions in the Northern part of DK1 belonged to CCR Hansa and all in the Southern part of DK1 belonged to CCR Core, this would be significantly discriminatory in respect of the market participants delivering the remedial actions. All of them would be able to deliver to both CCRs, and all of them are assisting to solve issues on the different borders today.

### **REMEDIAL ACTIONS IN DK1 SUBMITTED TO CORE CANT BE USED TO HELP SE3, SE4 AND DK2**

Remedial actions in DK1 are today used to maintain capacity on some bidding zone borders even during planned outages on otherwise critical grid elements and in order to re-establish a secure grid after contingencies. This benefits capacity on both DK1-SE3 (Hansa with ACER proposal), DK2-SE4 (Nordic with ACER proposal) and SE4-SE3 (Nordic with ACER proposal). This system protection scheme allows Energinet to re-establish system security and still offer 1700 MW export and 1300MW import capacity on the DK2-SE4 interconnector.

In case of a 400kV fault on the main 400kV lines across DK2-SE4, the system protection scheme will ensure an instant export of that fault to DK1, where more resources are available under normal conditions. This is done by reducing or increasing the loading on the DK1-DK2 bidding zone border and in some cases the Kontek Cable on the DK2-DE bidding zone border.

Energinet is most likely forced to reduce the capacity on the DK2-SE4 bidding zone border, if the ACER proposal is implemented, the hampered coordination between the three different CCRs (DK1-DE, DK1-DK2, and DK2-SE4) would most likely force Energinet to reduce capacity on the DK2-SE4 bidding zone border in situations where certain grid elements in DK2 are out of operation. This will be the case, as Energinet will not be able to move the fault across the whole of the Energinet control area, and do not have the necessary downregulation in DK2.

Similarly applies for the Westcoast corridor in Sweden, where the limitations make it difficult for Svenska Kraftnät to provide for the full capacity on the borders to Sweden, whenever there is a northbound flow. When there is full northbound flow in SE3 and a line trips, Svenska Kraftnät needs 1200-1500 MW downregulation combined in SE4, DK2 and DK1. The remedial actions are not adequate in SE4 and DK2, which means Svenska Kraftnät as well, relies on the downregulation in DK1. Germany and Poland can usually not deliver these neither due to various reasons. With all remedial actions in DK1 submitted to Core, it is possible that Svenska Kraftnät would have to reduce capacity on several interconnectors compared to today.

### **DENMARK WILL BEAR AN UNPROPORTIONED PART OF THE COSTS FOR RSCS/RCCS**

Both the Nordic RSC and TSCNET have equal sharing of the costs among the members/owners.

Danish consumers presently pays a share of 25 percentages of costs for the operation of the Nordic RSC. The Danish share of the consumption in the area covered by the Nordic RSC is, though, little less than 5 percentages.

The ACER proposal implies that Energinet will become a member of TSCNET and bear 1/13 of the costs for the operation of TSCNET. In the area covered by TSCNET, the Danish share of the consumption would be less than 1 percentage. The cost to TSCNET would be in addition to the cost of the Nordic RSC.

Thus, the ACER decision on CCRs would imply that Danish consumers would have to pay much more to the RCCs compared to the consumption volumes than the other EU countries. Those extra payments will be passed on to the tariffs, which Danish electricity consumers will be paying, while electricity consumers in other EU Member States will not face the same consequences.

***Q2 - PLEASE PROVIDE YOUR COMMENTS CONCERNING THE OPTION TO CANCEL SUCH REALLOCATION AND THE ASSESSMENT CRITERIA FOR MAKING SUCH A PROPOSAL.***

*ACER states the following about the option to cancel such reallocation:*

*”All TSOs have the right to disprove ACER’s opinion that the reallocation in point 1 is not efficient in which case they should propose an amendment of the proposal cancelling such reallocation and complemented by an EU-wide assessment, which proves that the proposed change in the CCR determination would not provide higher efficiency in terms of:*

- efficiency of capacity calculation and allocation in all timeframes; and*
- efficiency of regional operational security coordination in accordance with Article 76(1) of the SO Regulation, coordinated redispatching and countertrading in accordance with Article 35 of the CACM Regulation and redispatching and countertrading cost sharing in accordance with Article 74 of the CACM Regulation in all CCRs.”*

DUR does not find that ACER’s proposed option for the TSOs to cancel the reallocation is realistic. The capacity calculation methodologies and the regional operational security coordination methodologies are not yet implemented.

An EU wide assessment within 12 months after ACER’s decision will therefore have to be based on methodologies, which are not yet implemented. The tools and data needed for a solid and more comprehensive analysis will not be available within 12 months. Also, such an analysis would require the TSOs to cooperate, otherwise a more comprehensive analysis cannot be performed. In addition, TSOs can have different interest in the outcome of the



analysis, which could make fruitful cooperation even more challenging. In conclusion, it is difficult to see this as being realistic within the given timeframe.

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DUR is ready to provide further explanation and engage in dialogue with ACER and TSOs on the best possible way forward.

DUR agrees to an accelerated implementation of changes to the CCR configuration, if an analysis shows there is a socio-economic benefit to the European Union.

DUR has asked Energinet to provide all direct costs and benefits for Denmark of the ACER proposal.