Interconnections can no longer be seen as a bilateral issue between two MSs. Delivering on the agreed minimum of interconnection capacity is key to achieving the ambitious political goals for vast offshore renewables (300 GW by 2050, 15 times higher than today) that will benefit the EU.

The 70% target, mandatory in all MSs by 2026, will become increasingly difficult and costly to reach. Progress towards the 70% target is unlikely to happen without tough trade-offs.

Lifting both internal and cross-zonal constraints is necessary to achieving the 70% target.

OLD BARRIERS PERSIST:
- Loop flows, i.e. internal trades within country A creating electricity flows through country B, thus negatively impacting other MSs;
- Insufficient and costly remedial actions;
- No mechanism in place for sharing the cost of remedial actions.

What can MSs and TSOs do to lift the barriers to cross-zonal trading?
- Speed up grid investment;
- Improve bidding zone design to reflect power system’s reality;
- Enable the use of all remedial actions (e.g. redispatching, counter-trading, phase shifters);
- Apply flow-based capacity calculation & allocation in meshed regions.

Reaching the 70% target requires a determined effort. Each MS’s actions (or inactions) impact other MSs and ultimately consumers.

The unilateral restrictions of capacity by a transmission system operator (TSO) can significantly impact market welfare and electricity prices in neighbouring MSs, and thus should be used only when strictly necessary and in a transparent manner.

NEXT STEPS
ACER invites stakeholders to input to our summer public consultation (21 July – 15 September), and webinar on 6 September.
ACER will issue a formal opinion to the European Commission and Parliament by the end of 2023.