

All TSOs' of the Nordic Capacity Calculation Region for a coordinated redispatching and countertrading cost sharing methodology in accordance with Article 74 of Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management

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DATE 17<sup>th</sup> of March 2018

All TSOs of the Nordic Capacity Calculation Region, taking into account the following:

### Whereas

- (1) This document is a common methodology of the Transmission System Operators (hereafter referred to as “TSOs”) of Capacity Calculation Region (hereafter referred to as “CCR”) Nordic in accordance with Article 15 of Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on Capacity Allocation and Congestion Management (hereafter referred to as the “CACM Regulation”)
- (2) This methodology is a common methodology for coordinated redispatching and countertrading cost sharing (hereafter referred to as “CRCCS Methodology”) in accordance with Article 74 of CACM regulation.
- (3) This CRCCS methodology takes into account the general principles, goals and other methodologies set in the CACM Regulation, Commission Regulation (EU) 2017/1485 of 2 August 2017 establishing a guideline on electricity transmission system operation (hereafter referred to as “SO Regulation, Regulation (EC) No 714/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the network for cross-border exchanges in electricity (hereafter referred to as “Regulation (EC) No 714/2009”). The goal of the CACM Regulation is coordination and harmonisation of capacity calculation and capacity allocation in the day-ahead and intraday cross-border markets, and it sets requirements for the TSOs to cooperate on the level of CCRs, on a pan-European level and across bidding zone borders. The SO Regulation defines rules and requirements for methodology development for the purpose of safeguarding operational security, frequency quality and the efficient use of the interconnected system and resources.
- (4) In accordance with Article 9(9) of the CACM Regulation, the proposed CRCCS Methodology across the Nordic CCR contributes to and does not in any way hinder the achievement of the objectives of Article 3 of CACM Regulation. The CRCCS Methodology ensures fair and non-discriminatory treatment of TSOs (Article 3(e) of the CACM Regulation). It ensures operational security by specifying the cost sharing principles for the process for coordination of countertrading and redispatching actions thus enabling the use of countertrading and redispatching in a regionally coordinated way. This in addition ensures equal treatment of TSOs. Further the methodology ensures transparency in the actions taken by TSOs by obliging them to record all actions taken and the subsequent cost of these actions.
- (5) The CRCCS Methodology complements Capacity calculation methodology (CCM) of CCR Nordic in promoting effective competition in the generation, trading and supply of electricity, ensuring optimal use of the transmission infrastructure, contributing to the efficient long-term operation and development of the electricity transmission system and electricity sector in the Union and optimising the calculation and allocation of cross-zonal capacity (Article 3(a) of the CACM Regulation).
- (6) The eligible costs are determined in a transparent and auditable manner, as required by CACM Article 74(3), as the coordinated capacity calculator (hereafter referred to as the “CCC”) – following Article 78(2)(a) of the SO Regulation – is obliged to recommend to the relevant TSOs the most effective and economically-efficient remedial actions, following the updated list of possible remedial actions and their anticipated costs, which each TSO – following Article 78(1)(b) SO Regulation – is obliged to submit to the coordinated capacity calculator.

- (7) The CRCCS Methodology follows the requirements in articles 74.5(a) of CACM Regulation as the need to utilise countertrading and redispatching is documented through the operational security analysis carried out by the CCC and in real time by the TSOs.
- (8) Planning the use of remedial actions, including countertrading and redispatching will take place in advance of operation, while the activation of measures will be done as close to the time of operation as possible. This will allow for the planning to be updated with the latest information. And will lead to continuous improvements of remedial actions and by that this methodology will fulfill the requirement of article 74.5(d)
- (9) The CRCCS Methodology follows the requirements by articles 74.6(a-c) and (f) in CACM Regulation as it provides incentives by fair cost sharing for TSOs and the TSOs and CCC to manage congestions in a coordinated and effectively manner.
- (10) The CRCCS Methodology follows the requirements by articles 74.5(c) in CACM Regulation as when the CCC or the TSOs propose to use countertrading and redispatching the impact of operational security will be assessed, and the selection of the measures to use will be based on the economic efficiency and the impact of the given measure. According to the methodology developed in accordance with article 76.1 in SO Regulation redispatching and countertrading with cross-border relevance will be identified, tested and coordinated as solutions to avoid violations of operational security limits in the operational security analysis are thereby verified as being needed to ensure system security.
- (11) In CCR Nordic costs for redispatching and countertrading will according to article 35.5 (a) in the CACM Regulation be based on prices of redispatching and countertrading resources in the relevant electricity markets for the relevant time-frame. The acquisition of redispatching and countertrading resources is in CCR Nordic normally made by bids from the balancing market but could also be resources available through appropriated mechanisms and agreements applicable to each CCR Nordic TSO control area according to article 35.3 in the CACM Regulation.
- (12) The mechanism to verify the actual need for redispatching and countertrading follows the requirements put out by article 78.2 and 78.3 of the SO Regulation to be followed by the CCC in the coordinated regional operational security assessment and by the individual TSO assessment following article 78.4 of the SO Regulation.

**SUBMIT THE FOLLOWING CRCCS METHODOLOGY TO ALL REGULATORY AUTHORITIES OF THE NORDIC CCR:**

**Article 1**

**Subject matter and scope**

1. This CRCCS Methodology shall be considered as the common methodology of the TSO's in accordance with Article 74 of CACM Regulation and shall cover the coordinated redispatching and countertrading cost sharing on any of the:
  - a. existing and future bidding zone borders and interconnectors included in CCR Nordic to which the CACM Regulation applies; and
  - b. critical network elements and cuts, according the Article 2 in the Nordic CCM, with cross border relevance which are included in CCR Nordic.

**Article 2**

**Definitions and interpretation**

1. For the purposes of the CRCCS Methodology, terms used in this document shall have the meaning of the definitions included in Article 2 of the CACM Regulation, of Regulation (EC) 714/2009, Directive 2009/72/EC and Commission Regulation (EU) 543/2013.
2. In addition, the following definitions shall apply:
  - a. "Requester" means a TSO who is requiring remedial actions to be applied in accordance with CCR Nordic CRC methodology.
  - b. "costs" are the actual costs and income incurred by a TSO in accordance with appropriate mechanisms and agreements applicable to its control area for the activated remedial actions such as countertrading and/or redispatching needed to relieve a physical congestion. This is limited to, and only if applicable:
    - i. Costs and income of increase or decrease generation and/or load pattern
    - ii. Availability payments for upward and downward regulation
    - iii. Cost related to curtailment of renewables
    - iv. Activation and start-up costs
    - v. Activation of balancing energy bids according to Commission Regulation (EU) 2017/2195 Article 29 in connection with Title V Articles 44 to 57.
3. In this CRCCS Methodology, unless the context requires otherwise:
  - a. The singular indicates the plural and vice versa.
  - b. Headings are inserted for convenience only and do not affect the interpretation of the methodology.
  - c. References to an "Article" are, unless otherwise stated, references to an article of this CRCCS Methodology ; and
  - d. Any reference to legislation, regulations, directives, orders, instruments, codes or any other enactment includes any modification, extension or re-enactment of it when in force.

### **Article 3**

#### **Actions of cross border relevance**

1. The coordinated cost sharing principles for remedial actions such as redispatching or countertrading for CCR Nordic applies to the following cases:
  - a. If remedial actions such as redispatching and/or countertrading is used for critical network element owned by one TSO in the capacity calculation for day ahead or intraday market in accordance with the CCM for CCR Nordic;
  - b. If remedial actions such as redispatching and/or countertrading is used for interconnector owned by more than one TSO in the capacity calculation for day ahead or intraday market in accordance with the CCM for CCR Nordic.
  - c. If remedial actions such as redispatching and/or countertrading not used in capacity calculation is needed in real time operations to guarantee firmness of day ahead or intraday capacities in case of fault, failure or unexpected outage on interconnectors between TSOs of CCR Nordic;
  - d. If a TSO of CCR Nordic activates redispatching and/or countertrading by request from an adjacent CCR due to fault in adjacent CCR TSOs AC grid;

### **Article 4**

#### **Cost sharing principles for actions of cross-border relevance**

1. Costs and income incurred by the use of remedial actions such as redispatching and/or countertrading and, according to article 3.1.a shall be covered by requesting TSO.
2. Costs and income incurred by the use of remedial actions such as redispatching and/or countertrading, according to article 3.1.b and c shall be shared equally between the TSOs responsible for the interconnector.
3. Costs and income incurred by the use of redispatching and/or countertrading, according to article 3.1 e shall be covered by that TSO in whose control area the physical congestion took place.
1. If TSOs uses remedial actions such redispatching or countertrading to ensure firmness of Physical Long Time Transmission Rights (hereafter referred to as "PTR"), and only in case of nomination, the cost sharing shall be as follows;
  - a. If the implementation of PTRs is based on a common agreement between two TSOs or from a third party, e.g. NRAs of CCR Nordic, the costs shall be shared according to the Congestion income distribution methodology (CID) developed in accordance with article 73 in CACM
  - b. If the implementation of PTRs is based on a unilateral decision by one TSO or Third party, e.g one NRA of CCR Nordic, the TSO acting in the country where the decision is taken shall cover the cost.
2. For monitoring purposes, TSOs shall collect data on redispatching and countertrading activities. CCR Nordic TSO will publish redispatching and countertrading related information on ENTSO-E Transparency platform according to Article 13 of Commission Regulation (EU) No 543/2013 of 14 June 2013 on submission and publication of data in electricity markets.

## **Article 5**

### **Monitoring of the use of countertrading and redispatching**

1. TSO shall at least monitor and record the following information related to redispatching and countertrading per market time unit according to requirements by Commission Regulation on Transparency No 543/2013 Amending Annex 1 to Regulation No 714/2009 of the European Parliament and the Council.
  - a. Information related to redispatching
    - i. The action taken (production increase/decrease, load increase/decrease)
    - ii. The identification, location and type of network elements concerned by the action
    - iii. The reason for the action
    - iv. Capacity affected by the action taken (MW)
    - v. The costs incurred in a given month (EUR)
2. TSO shall monitor and record the following information related to countertrading per market time unit according to requirements by Commission Regulation on Transparency No 543/2013 Amending Annex 1 to Regulation No 714/2009 of the European Parliament and the Council.
  - a. Information related to countertrading
    - i. The action taken (that is to say cross-zonal exchange increase or decrease)
    - ii. The bidding zone concerned
    - iii. The reason for the action
    - iv. Change in cross-zonal exchange (MW)
    - v. The costs incurred in a given month (EUR)

## **Article 6**

### **Implementation of the CRCCS Methodology**

1. CCR Nordic TSOs shall implement this methodology no later than 6 months after the regulatory approval and implementation of:
  - a. The coordinated redispatching and countertrading methodology required by Article 35 of the CACM Regulation.

## **Article 7**

### **Language**

The reference language for this Methodology shall be English. For the avoidance of doubt, where TSOs need to translate this Methodology into their national language(s), in the event of inconsistencies between the English version published by TSOs in accordance with Article 9(14) of the CACM Regulation and any version in another language, the relevant TSOs shall be obliged to dispel any inconsistencies by providing a revised translation of this Methodology to their relevant national regulatory authorities.