



Authority for
Consumers & Markets



REQUEST FOR AMENDMENT (RfA) BY ALL RELEVANT REGULATORY AUTHORITIES OF THE HANSA CAPACITY CALCULATION REGION

ON

**CCR HANSA TSOs PROPOSAL FOR A CAPACITY
CALCULATION METHODOLOGY FOR LONG-TERM
TIME FRAMES IN ACCORDANCE WITH ARTICLE 10(1)
OF COMMISSION REGULATION (EU) 2016/1719 OF
26 SEPTEMBER 2016 ESTABLISHING A GUIDELINE ON
FORWARD CAPACITY ALLOCATION**

3 July 2020

I. Introduction and legal context

This document elaborates an agreement of all relevant Capacity Calculation Region (“CCR”) Hansa Regulatory Authorities, reached on 3 July 2020, on the Hansa CCR TSOs’ proposal for a capacity calculation methodology for long-term timeframes (“LT CCM”) within the CCR Hansa.

The all Hansa CCR TSOs (“Hansa TSOs”) have developed this proposal pursuant to Article 10(1) of Commission Regulation (EU) 2016/1719 of 26 September 2016 establishing a guideline on forward capacity allocation (“FCA GL”).

Article 10(1) of the FCA GL requires that no later than six months after the approval of the common coordinated capacity calculation methodology referred to in Article 9(7) of Regulation (EU) 2015/1222, all TSOs in each CCR shall submit a proposal for a common LT CCM within the respective region.

The Hansa TSOs are the German TSOs, TenneT TSO GmbH and 50Hertz Transmission GmbH, the Dutch TSO, TenneT TSO NL BV, the Danish TSO, Energinet, the Swedish TSO, Svenska kraftnät, and the Polish TSO, Polskie Sieci Elektroenergetyczne S.A. The Hansa TSOs cooperate with the Norwegian TSO, Statnett, on the development of the regional terms, conditions, and methodologies, which the Hansa TSOs are obliged to submit for regulatory approval.

The all CCR Hansa Regulatory Authorities (“Hansa NRAs”) are therefore Bundesnetzagentur (“BNetzA”), Autoriteit Consument & Markt (“ACM”), Danish Utility Regulator (“DUR”), Energimarknadsinspektionen (“Ei”), and Urząd Regulacji Energetyki (“URE”). However, the views of Reguleringsmyndigheten for energi (“RME-NVE”) have been acknowledged in the process.

A draft proposal was consulted by the Hansa TSOs through ENTSO-E from 15 April 2019 until 15 May 2019.

The Hansa TSOs’ LT CCM proposal for the CCR Hansa - dated 18 June 2019 - was received by the last Hansa NRA on 3 July 2019.

On 13 December 2019, the Hansa NRAs requested ACER for a 6-month extension pursuant to Article 6(10) of the Regulation (EU) 2019/942. In the request for extension, the Hansa NRAs stated that within 6 months following the extension, if granted by ACER, the Hansa NRAs would strive to reach a unanimous agreement on the LT CCM proposal or on a possible RfA of that proposal.

By ACER decision 06-2020 of 7 February 2020, ACER granted the requested 6-month extension, thereby postponing the deadline for the Hansa NRAs’ decision-making on the proposal to 3 July 2020.

On 3 July 2020, the Hansa NRAs reached an agreement to request an amendment of the Hansa TSOs’ original proposal.

This agreement of the Hansa NRAs shall provide evidence that a decision on the proposal does not need to be adopted by ACER pursuant to Article 4(10) of the FCA GL. Therefore, this agreement is intended to constitute the basis on which the Hansa NRAs will each subsequently request amendments to the LT CCM proposal for CCR Hansa.

The legal provisions that lie at the basis of the proposal and this agreement by the Hansa NRAs on a RfA can be found in the Articles 3, 4, 6, 9, and 10 of the FCA GL. They are quoted here for reference:

Article 3 of FCA GL:

This Regulation aims at:

- (a) promoting effective long-term cross-zonal trade with long-term cross-zonal hedging opportunities for market participants;*
- (b) optimising the calculation and allocation of long-term cross-zonal capacity;*
- (c) providing non-discriminatory access to long-term cross-zonal capacity;*
- (d) ensuring fair and non-discriminatory treatment of TSOs, the Agency, regulatory authorities and market participants;*
- (e) respecting the need for a fair and orderly forward capacity allocation and orderly price formation;*
- (f) ensuring and enhancing the transparency and reliability of information on forward capacity allocation;*
- (g) contributing to the efficient long-term operation and development of the electricity transmission system and electricity sector in the Union.*

Article 4 of FCA GL:

1. TSOs shall develop the terms and conditions or methodologies required by this Regulation and submit them for approval to the competent regulatory authorities within the respective deadlines set out in this Regulation. Where a proposal for terms and conditions or methodologies pursuant to this Regulation needs to be developed and agreed by more than one TSO, the participating TSOs shall closely cooperate. TSOs, with the assistance of ENTSO for Electricity, shall regularly inform the competent regulatory authorities and the Agency about the progress of the development of these terms and conditions or methodologies.

[..]

5. Each regulatory authority shall be responsible for approving the terms and conditions or methodologies referred to in paragraphs 6 and 7.

[..]

7. The proposals for the following terms and conditions or methodologies shall be subject to approval by all regulatory authorities of the concerned region:

[..]

b. the regional design of long-term transmission rights pursuant to Article 31;

[..]

8. The proposal for terms and conditions or methodologies shall include a proposed timescale for their implementation and a description of their expected impact on the objectives of this Regulation. Proposals on terms and conditions or methodologies subject to the approval by several or all regulatory authorities shall be submitted to the Agency at the same time that they are submitted to regulatory authorities. Upon request by the competent regulatory authorities, the Agency shall issue an opinion within three months on the proposals for terms and conditions or methodologies.

9. Where the approval of the terms and conditions or methodologies requires a decision by more than one regulatory authority, the competent regulatory authorities shall consult and closely cooperate and coordinate with each other in order to reach an agreement. Where applicable, the competent regulatory authorities shall take into account the opinion of the Agency. Regulatory

authorities shall take decisions concerning the submitted terms and conditions or methodologies in accordance with paragraphs 6 and 7, within six months following the receipt of the terms and conditions or methodologies by the regulatory authority or, where applicable, by the last regulatory authority concerned.

10. Where the regulatory authorities have not been able to reach an agreement within the period referred to in paragraph 9, or upon their joint request, the Agency shall adopt a decision concerning the submitted proposals for terms and conditions or methodologies within six months, in accordance with Article 8(1) of Regulation (EC) No 713/2009.

11. In the event that one or several regulatory authorities request an amendment to approve the terms and conditions or methodologies submitted in accordance with paragraphs 6 and 7, the relevant TSOs shall submit a proposal for amended terms and conditions or methodologies for approval within two months following the requirement from the regulatory authorities. The competent regulatory authorities shall decide on the amended terms and conditions or methodologies within two months following their submission. Where the competent regulatory authorities have not been able to reach an agreement on terms and conditions or methodologies pursuant to paragraphs 6 and 7 within the two-month deadline, or upon their joint request, the Agency shall adopt a decision concerning the amended terms and conditions or methodologies within six months, in accordance with Article 8(1) of Regulation (EC) No 713/2009. If the relevant TSOs fail to submit a proposal for amended terms and conditions or methodologies, the procedure provided for in paragraph 4 shall apply.

12. TSOs responsible for developing a proposal for terms and conditions or methodologies or regulatory authorities responsible for their adoption in accordance with paragraphs 6 and 7, may request amendments of these terms and conditions or methodologies. The proposals for amendment to the terms and conditions or methodologies shall be submitted to consultation in accordance with the procedure set out in Article 6 and approved in accordance with the procedure set out in this Article.

13. TSOs responsible for establishing the terms and conditions or methodologies in accordance with this Regulation shall publish them on the internet after approval by the competent regulatory authorities or, if no such approval is required, after their establishment, except where such information is considered as confidential in accordance with Article 7.

Article 6 of FCA GL:

1. TSOs responsible for submitting proposals for terms and conditions or methodologies or their amendments in accordance with this Regulation shall consult stakeholders, including the relevant authorities of each Member State, on the draft proposals for terms and conditions or methodologies where explicitly set out in this Regulation. The consultation shall last for a period of not less than one month.

2. The proposals for terms and conditions or methodologies submitted by the TSOs at Union level shall be published and submitted to consultation at Union level. Proposals submitted by the TSOs at regional level shall be submitted to consultation at least at regional level. Parties submitting proposals at bilateral or at multilateral level shall consult at least the Member States concerned.

3. The entities responsible for the proposal for terms and conditions or methodologies shall duly consider the views of stakeholders resulting from the consultations undertaken in accordance with paragraph 1, prior to its submission for regulatory approval if required in accordance with Article 4 or prior to publication in all other cases. In all cases, a clear and robust justification for including or

not the views resulting from the consultation shall be developed and published in a timely manner before or simultaneously with the publication of the proposal for terms and conditions or methodologies.

Article 9 of FCA GL:

1. All TSOs in each capacity calculation region shall ensure that long-term cross-zonal capacity is calculated for each forward capacity allocation and at least on annual and monthly time frames.

Article 10 of FCA GL:

1. No later than six months after the approval of the common coordinated capacity calculation methodology referred to in Article 9(7) of Regulation (EU) 2015/1222, all TSOs in each capacity calculation region shall submit a proposal for a common capacity calculation methodology for long-term time frames within the respective region. The proposal shall be subject to consultation in accordance with Article 6.

2. The approach used in the common capacity calculation methodology shall be either a coordinated net transmission capacity approach or a flow-based approach.

3. The capacity calculation methodology shall be compatible with the capacity calculation methodology established for the day-ahead and intraday time frames pursuant to Article 21(1) of Regulation (EU) 2015/1222.

4. The uncertainty associated with long-term capacity calculation time frames shall be taken into account when applying:

(a) a security analysis based on multiple scenarios and using the capacity calculation inputs, the capacity calculation approach referred to in Article 21(1)(b) and the validation of cross-zonal capacity referred to in Article 21(1)(c) of Regulation (EU) 2015/1222; or

(b) a statistical approach based on historical cross-zonal capacity for day-ahead or intraday time frames if it can be demonstrated that this approach may:

(i) increase the efficiency of the capacity calculation methodology;

(ii) better take into account the uncertainties in long-term cross-zonal capacity calculation than the security analysis in accordance with paragraph 4(a);

(iii) increase economic efficiency with the same level of system security.

5. All TSOs in each capacity calculation region may jointly apply the flow-based approach for long-term capacity calculation time frames on the following conditions:

(a) the flow-based approach leads to an increase of economic efficiency in the capacity calculation region with the same level of system security;

(b) the transparency and accuracy of the flow-based results have been confirmed in the capacity calculation region;

(c) the TSOs provide market participants with six months to adapt their processes.

6. Where a security analysis based on multiple scenarios is applied for developing the capacity calculation methodology in a capacity calculation region, the requirements for the capacity calculation inputs, the capacity calculation approach and the validation of cross-zonal capacity as provided for in Article 21(1) of Regulation (EU) 2015/1222, except Article 21(1)(a)(iv) where relevant, shall apply.

7. When developing the capacity calculation methodology, the requirements for the fallback procedures and the requirement provided for in Article 21(3) of Regulation (EU) 2015/1222 shall be taken into account.

II. The TSOs' proposal

The LT CCM proposal for CCR Hansa covers the capacity calculation methodologies for the long-term time frame, where cross-zonal capacity shall be calculated for each forward capacity allocation time frame, and at least on annual and monthly time frames.

Furthermore, the proposal is based on a CNTC approach with a strong link to the adjacent CCRs, i.e. CCR Nordic and CCR Core.

The Article 4 of the proposal for proposal contains provisions on the methodology for determining operational security limits.

Here-within, the Article 4(4) of the proposal states that the Hansa TSOs can assess individually the operational security limits which cannot be reflected in the linearized security domains of the adjacent CCRs, including thermal limits of elements not considered in the linearized security domains of the adjacent CCRs, voltage stability limits, short-circuit limits and dynamic stability limits.

The Article 8 of the proposal contains provisions on the mathematical description of the applied capacity calculation approach with different capacity calculation inputs.

Here-within, the Article 8(1) of the proposal includes the mathematical description applying for the calculation of ATC on the DC lines between bidding zones.

III. Agreed Hansa NRAs' position

The Hansa NRAs cannot approve the proposal for the reasons, which are detailed below and request the Hansa TSOs to amend the proposal and to incorporate the following assessments of the Hansa NRAs pursuant to Article 4(11) of the FCA GL.

IV. Requests for amendments of the proposal

Amending references to Regulation (EU) no 714/2019 to references to Regulation (EU) 2019/943

The Hansa NRAs request the Hansa TSOs to amend references to Regulation (EU) no 714/2019 to references to Regulation (EU) 2019/943, in Recital (2), and in Article 2(1), of the LT CCM proposal.

However, this request does not include the reference in Article 2(1) of the LT CCM proposal to Regulation (EU) 543/2013, as the official title of Regulation (EU) 543/2013 includes a reference to Regulation (EU) no 714/2009.

Recital (2), Article 2(1), and Article 8(3), in conjunction with the European Commission's pending decision on Kriegers Flak Common Grid Solution

The current provisions on Kriegers Flak Common Grid Solution ("KF CGS") in the original proposal do not find a unanimous agreement for approval among Hansa NRAs because of uncertainties concerning the legal basis.

The concerned Danish and German Ministries are currently preparing an application to the European Commission ("EC") for a derogation for KF CGS in respect of available cross-zonal transmission capacity. The application for derogation has not yet been submitted, and not all Hansa NRAs are familiar with the scope of the application. However, it is currently presumed that the EC's pending decision will grant a derogation on KF CGS in respect of available cross-zonal transmission capacity, and will constitute the necessary legal basis for KF CGS in terms of the CCR Hansa LT CCM.

On the basis of this presumption, Hansa NRAs require the following amendments:

In the case that the EC's decision, granting a derogation on KF CGS, is published officially within the 2-month period that the Hansa TSOs have to submit an amended LT CCM proposal, ref. to Article 4(11) of FCA GL, the Hansa TSOs are requested within the amended proposal

- to insert references to EC's decision as the legal basis for the CCR Hansa LT CCM on KF CGS, in the Recital (2) and the Article 2(1), and
- to include explanations, in the recitals and in an explanatory document to the amended proposal, on the implications of the EC's derogation decision for the chosen approach on KF CGS in the CCM.

In the case that the EC's decision on a derogation on KF CGS is not published officially within the 2-month period that the Hansa TSOs have to submit an amended LT CCM proposal, ref. to Article 4(11) of FCA GL, the Hansa TSOs are requested within the amended proposal,

- to remove the provisions on KF CGS (Article 8(3) of the original proposal), and
- to add a provision that Hansa TSOs, provided EC's decision grants a derogation on KF CGS, and within two months after that decision is published officially,
 - will submit a new amended proposal on LT CCM, ref. to Article 4(12) of FCA GL, and
 - that the Hansa TSOs within that new amended proposal will
 - reinsert the provisions on KF CGS (Article 8(3) of the original proposal), and
 - insert references to EC's decision as the legal basis for the CCR Hansa LT CCM on KF CGS, in the Recital (2) and the Article (2)1, and
 - to include explanations, in the recitals and in an explanatory document to the amended proposal, on the implications of EC's decision for the chosen approach on KF CGS in the CCM.

In the case that the EC decides negatively on a derogation on KF CGS within the 2-month period that the Hansa TSOs have to submit an amended LT CCM proposal, ref. to Article 4(11), the Hansa TSOs are requested within the amended proposal

- to remove the provisions on KF CGS (Article 8(3) of the original proposal).

Article 4(4), allocation constraints on minimum import/export to be clarified in explanatory document
Ref. to Article 4(4), the Hansa NRAs request that the Hansa TSOs with a view to a better understanding of the implications of this provision clarify within an explanatory document to an amended LT CCM proposal for CCR Hansa,

- how allocation constraints on minimum import/export can be applied in long-term markets and can be used to calculate LTTRs capacities.

Article 8(1), examples in respect of the availability factor to be shown in explanatory document

Ref. to Article 8(1), the Hansa NRAs request the Hansa TSOs to perform and show within an explanatory document to an amended LT CCM proposal for CCR Hansa,

- a number of examples of actual calculations, notably in the respect of the availability factor.

Article 8(1), inclusion of a data flow sheet in explanatory document, to show overview of coordination between CCCs and TSOs of CCRs Nordic and Core, which is to result in collection of ATC values

Ref. to the general approach for the LT CCM proposal for CCR Hansa, being strongly linked to the adjacent CCRs, i.e. CCR Nordic and CCR Core,

- the Hansa NRAs request the Hansa TSOs to include a data flow sheet within an explanatory document to an amended LT CCM proposal,

- in order to show an overview of coordination, processes and responsibilities between the CCCs/RCCs and the TSOs of CCRs Nordic and Core that will result in the collection of the ATC values from CCR Core and CCR Nordic according to Article 8(1) of the LT CCM proposal for CCR Hansa.

V. Conclusion

The Hansa NRAs have assessed, consulted, closely cooperated and coordinated to reach the agreement that they cannot approve the Hansa TSOs' proposal according to Article 10(1) of the FCA GL.

According to Article 4(11) of the FCA GL, the Hansa NRAs hereby request an amendment to the proposal, which shall take into account the assessment stated above and shall be submitted by the Hansa TSOs no later than 2 months after receiving the last Hansa NRA's request for amendment.

The Hansa NRAs have agreed to inform their respective TSOs on the request for amendment of the proposal on the basis of this agreement by 3 July 2020.