

Approval by Capacity Calculation Region Hansa Regulatory Authorities

of

**Capacity Calculation Region Hansa TSO Proposal for a
Capacity Calculation Methodology in accordance with
article 10(1) of Commission Regulation (EU) 2016/1719
of 26 September 2016 establishing a guideline on
forward capacity allocation**

11 December 2020

I. Introduction and legal context

This document elaborates an agreement of all Capacity Calculation Region (“CCR”) Hansa Regulatory Authorities, reached on 11 December 2020, on the Hansa CCR TSOs’ amended 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.

The Hansa TSOs’ Amended LT CCM proposal for the CCR Hansa - dated 3 October 2020 - was received by the last Hansa NRA on 19 October 2020.

Article 4(9) of FCA GL requires Regulatory Authorities of the region to consult and closely cooperate and coordinate with each other in order to reach agreement. A decision is required by each Regulatory Authority in CCR Hansa by 19 December 2020, two months after receipt at the last Regulatory Authority.

This agreement of the Hansa NRAs is intended to constitute the basis on which all CCR Hansa Regulatory Authorities will each subsequently make national decisions pursuant to FCA GL Article 4(7)(a) to approve the proposal submitted by CCR Hansa TSOs.

The legal provisions relevant to the submission and approval of the proposal, and this CCR Hansa Regulatory Authority agreed opinion, 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 longterm 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 CCR Hansa 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.

The main elements of the capacity calculation methodologies are:

- The CCM is proposed to be a Coordinated Net Transmission Capacity methodology, with the argument that CCR Hansa only has radial interconnectors, no meshed grid and no loop flows.
- 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.
- The proposed methodology has an important link to the adjacent CCRs; Nordic and Core, both with respect to the rules for sharing the power flow capabilities of critical network elements among different CCRs and to the scenarios to be used in the security analysis.

- *No special rules for Krieger's Flak combined grid solution are included in the proposal, however article 19 states that the proposal will be amended, following the outcome of the European Commission derogation decision for this interconnector. If the derogation is granted, the Hansa TSOs will amend the method pursuant to Article 4(12) of FCA GL within two months after that decision is officially published.*

III. Agreed Hansa NRAs' position

The Hansa NRAs found initially that the original proposal did not fulfil all of the requirements of FCA GL. The Hansa NRAs therefore requested the Hansa TSOs to amend the proposal. Among the main issues requested by NRAs were the legal references to be updated, an explanation of the availability factor mentioned in Art. 8(1) and a removal of the special provisions for the hybrid connector CGS Kriegers Flak until a legal provision has been given. As a response to the request for amendment, all Hansa TSOs made several amendments to the original proposal.

The Hansa NRAs have closely cooperated and coordinated with each other in order to reach agreement on the amended proposal. Following the amendments, all Regulatory Authorities of CCR Hansa find that the methodology meets the requirements of FCA GL and therefore is approvable.

IV. Conclusions

All CCR Hansa Regulatory Authorities have assessed, consulted and coordinated and closely cooperated to reach an agreement that the long-term capacity calculation methodology for CCR Hansa meet the requirements of FCA GL and as such can be approved by All CCR Hansa Regulatory Authorities.

The amended proposal for capacity calculation methodology was received by the last CCR Hansa Regulatory Authority on 19 October 2020. All CCR Hansa Regulatory Authorities must therefore make their decisions latest 19 December 2020, on the basis of this agreement and in accordance with the two months deadline as set out in FCA GL. Following national decisions taken by each Regulatory Authority, all CCR Hansa TSOs will be required to publish the regional LT CCM on the internet in line with Article 4(13) of FCA GL.