

## **Febeliec answer to the consultation by ACER on the definition of capacity calculation regions**

Febeliec, the Federation of Belgian Industrial Energy Consumers, would like to thank ACER for the consultation conducted by the Agency on the definition of capacity calculation regions (CCRs). With respect to the five questions raised by the Agency, Febeliec has following comments:

- **Question 1:** Do you consider both the commitment from the CWE and the CEE TSOs to cooperate towards a merger of the CWE and CEE CCRs and the MoU signed on 3 March 2016 as sufficient to ensure that the CWE and CEE regions will develop and implement a common congestion management procedure compliant with the requirements of the CACM Regulation, as well as of Regulation (EC) No 714/2009? Or should the definition of the CCRs provide for a CCR already merging the proposed CWE and CEE regions to ensure compliance with the required common congestion management procedure?
  - **Febeliec answer:** No comments (As concerns the legal compliance of this commitment and of the MoU, Febeliec does not want to formulate any specific comments)
  
- **Question 2, 3 and 4:** No specific comments.
- **Question 5:** Do you have comments on any other new element or development concerning the CCRs Proposal which occurred after the public consultation held by ENTSO-E from 24 August to 24 September 2015?
  - **Febeliec answer:** Febeliec regrets having to point out the rather disappointing results of the Flow-based allocation method since its introduction. Febeliec would like to mention at least three flaws:
    - The interference of non-competitive flows (e.g. loop flows). Referring to the study by the CREG on the peak prices in September and October 2015 in Belgium, Febeliec cannot but recommend TSOs and NRAs in CWE to work out solutions for the base case and for avoiding non-competitive flows in line with the Regulation (EC) No 714/2009.
    - Flow factor competition: Experience has shown that in case of cross-border congestion in CWE, smaller price zones are disadvantaged because of the social welfare maximisation criterion (power flows to larger control areas because of their higher GDP and thus social welfare impact). Febeliec insists a solution to be found for this problem not only in case of power shortage (spot price equals market price cap), but also during everyday operation of the algorithm throughout the year
    - No acceptable solutions have been implemented for Intraday or Balancing domain recalculation after day ahead flow based market clearing in CWE at this stage.

Febeliec cannot but observe that the current allocation methodology does not lead to strong market coupling, and thus definitely not to market integration. We therefore feel it is more important to improve the quality of market coupling and the market integration level within CWE, before moving on to extending this flow-based coupled area towards CEE, risking to slow down any quick evolutions in these fields.