

# Comments of the Czech Republic to the public consultation of ACER: The definition of capacity calculation regions

Deadline: 20<sup>th</sup> July 2016, to the address: consultation2016E02@acer.europa.eu

**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?**

## On the commitment to cooperate towards a merger of the CWE and CEE CCRs

*The Czech Republic approves this commitment and regards it as sufficient for the practical realization of the CWE-CEE CCRs merger. The MoU forms a good base for the cooperation of related parties, the cooperation that is required in order to develop a common day ahead flow-based capacity calculation methodology and to merge both CCRs.*

*At the same time, the Czech Republic endorses two different roadmaps for the development of congestion management methodologies: one roadmap for the CEE region and one roadmap for the CEE – CWE CCRs merger. Having in mind complexity and sensitivity of related issues for individual Member States and their stakeholders, the Czech Republic is convinced that this two-fold process approach will ensure both the implementation of a flow-based solution in both regions and reaching the common goal in the near future.*

*The Czech Republic supports the conclusion of the TSOs of the CEE region, namely that they cannot adopt complete CWE flow-based methodology as they would lose their flexibility of solving particular - especially technical - issues. Also, experience from past months has shown how challenging it is to find a consensus on all technical - yet decisive - issues which will shape a final result. That is why all CEE TSOs agreed at their High-Level Meeting (HLM) to continue developing their own flow-based methodology. We have to avoid the danger that a common CEE-CWE solution based solely on the CWE methodology would not fit to specific CEE needs and that such a complex process covering a large number of stakeholders could fail in delivering expected results. As soon as a final decision on CCRs is made, then a strategic decision how to proceed can be taken.*

*The Czech Republic appreciates successful cooperation between TSOs of the two regions: establishing, bottom-up, TSC and TSCNET and intensive day-to-day cooperation on operational issues are good examples of functional regional and inter-regional cooperation that needs to continue also in the field of capacity calculation activities.*

## As regards CCR already merging the proposed CWE and CEE regions

*The Czech Republic supports the All TSOs proposal in Article 8 and 9, namely at first to create 2 regions (CWE and CEE) and to merge them in the next step. The Czech Republic therefore prefers the current two CCRs approach and their gradual merger. We support a creation of separate CWE and CEE regions as we believe that such an approach will enable reaching solutions in an easier*

and timely way. Creating separate CWE and CEE CCRs will not only fulfill expectations of grid users and citizens, but will also be welcomed by a vast majority of CEE TSOs.

The “CORE region” already discussed in the past geographically covers, in our point view, the result of the merging process of the CWE and CEE regions.

**2. Do you have comments on the description of the geographical evolution of the CCRs over time, as proposed by all TSOs in Annex 3 to the Explanatory document to the CCRs Proposal?**

The Czech Republic fully endorses the proposal of Annex 3. The approach of two regions will take into consideration regional specificities and is in line with CACM. It is feasible to prepare two methodologies in two regions to achieve the ultimate goal – merger of the two regions.

**3. Should the CEE region (or a merged region) include the bidding zone borders between Croatia and Slovenia, between Croatia and Hungary, and between Romania and Hungary?**

Definitely yes. All regional parties have already been intensively cooperating in integration projects – that is why their factual and also institutional status should reflect their achieved harmonization level. And, Romania is a fully-fledged member of the 4M MC.

**4. Should the CEE region (or a merged region) include a bidding zone border between Germany/Luxembourg and Austria?**

Definitely yes, both CEE region and merged region should include a bidding zone border between DE/LU and AT.

Czech transmission system operator ČEPS has been providing facts about dangerous (and costly) impacts of the DE-AT bidding zone and exclusion of the DE-AT border from the regional capacity allocation procedure on the transmission system of the Czech Republic for some years now. The most authoritative and comprehensive analysis of consequences of the common bidding zone provides the ACER opinion 09/2015:

**[ACER Opinion 09-2015 on the compliance of NRAs’ decisions approving methods of cross-border capacity allocation in the CEE region \(2015\)](#)**

By the application of a correct allocation of capacity at the German-Austrian border, the splitting of the bidding zone could significantly contribute to the decreased overloading of transmission grids by unplanned flows. These unplanned flows pose a threat to stability of the Czech transmission system and require implementation of costly remedial measures.

In 2012 and 2013, ČEPS published two studies together with partner TSOs of Poland, Slovakia and Hungary focused on the impact of the DE-AT bidding zone on neighboring systems:

**[Position of ČEPS, MAVIR, PSE Operator and SEPS regarding the issue of Bidding Zones Definition \(2012\)](#)**

**[Joint study by ČEPS, MAVIR, PSE and SEPS regarding the issue of Unplanned flows in the CEE region \(2013\)](#)**

*The Czech Republic hopes that the 09/2015 opinion of ACER will not be called into question. The implementation of the ACER opinion will enable a fast progress in the electricity market integration of the CEE region, which has been hampered by discussion on the common zone ever since 2006 and has since then negatively influenced also the regional development of flow-based methodology.*

*Other independent parties came to very similar conclusions:*

*THEMA in 2013:*

[Loop flows – Final advice \(2013\)](#)

*ENTSO-E in 2014:*

[Technical Report – Bidding Zone Review Process \(2014\)](#)

*Internal legal analysis of ENTSO-E proves lawlessness of the common bidding zone.*

*ACER in 2015:*

[Annual Report on the Results of Monitoring the Internal Electricity and Natural Gas Markets in 2014 \(2015\)](#)

*Splitting the DE/AT bidding zone would systematically solve the problem of congestions. On the other hand, (future) PST installations will improve particular operational situations.*

**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?**

*No other comments.*