

Public consultation on the ENTSO-E proposals for technical specifications for cross-border participation in capacity mechanisms

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Public Consultation

ENTSO-E proposals for technical specifications for cross-border participation in capacity mechanisms

This consultation is addressed to all interested stakeholders.

Stakeholders are invited to fill out this online survey by **9 August 2020, 23:59 hrs (CEST)**.

For questions, please contact ACER at: ACER-ELE-2020-014@acer.europa.eu

Consultation objective and background

This consultation aims to gather stakeholder views on the proposed technical specifications for cross-border participation in capacity mechanisms.

On 3 July 2020, the European Network of Transmission System Operators for Electricity (ENTSO-E) submitted to ACER their proposals for technical specifications for cross-border participation in capacity mechanisms pursuant to Article 26(11) of Regulation (EU) 2019/943, and consisting of:

- a methodology for calculating the maximum entry capacity for cross-border participation;
- a methodology for sharing the revenues;
- common rules for the carrying out of availability checks;
- common rules for determining when a non-availability payment is due;
- terms of operation of the ENTSO-E registry; and
- common rules for identifying capacity eligible to participate in the capacity mechanism.

According to Article 26(11), ACER shall approve these proposals based on the procedure set out in Article 27 of Regulation (EU) 2019/943, amending them where required. In order to inform its assessment and if required, identify areas for amendment, ACER invites all interested third parties to submit their views on the proposals by responding to this online survey during a consultation period of 4 weeks.

Following this consultation, ACER will consider stakeholder feedback and expects to take a decision on the proposals, including potential amendments, within the next three months as required by Article 27 of Regulation (EU) 2019/943, i.e. by 5 October 2020.

Related documents

- ENTSO-E, Cross-border participation in capacity mechanisms: Proposed methodologies, common rules and terms of operation in accordance with Article 26 of the Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity (recast), version of 3 July 2020

(https://www.acer.europa.eu/Official_documents/Public_consultations/PC_2020_E_12/200703%20Single%20document%20for%20XB%20CM%20methodologies.pdf)

- ENTSO-E proposed methodologies, common rules and terms of reference related to cross-border participation in capacity mechanisms: Explanatory document, version of 3 July 2020 (https://www.acer.europa.eu/Official_documents/Public_consultations/PC_2020_E_12/200703%20Explanatory%20document%20for%20XB%20CM%20methodologies.pdf)
- ENTSO-E, Public consultation on draft methodologies and common rules for cross-border participation in capacity mechanisms: Response to public consultation comments received during the consultation held from 31 January to 13 March 2020, version of 3 July 2020 (https://www.acer.europa.eu/Official_documents/Public_consultations/PC_2020_E_12/200703%20Response%20to%20public%20consultation%20on%20XB%20CM%20methodologies.pdf)
- Regulation (EU) 2019/942 of the European Parliament and of the Council of 5 June 2019 establishing a European Union Agency for the Cooperation of Energy Regulators (recast) (<https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX%3A32019R0942>)
- Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity (recast) (<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32019R0943>)
- ACER Guidance Note on Consultations (https://www.acer.europa.eu/Official_documents/Other%20documents/Guidance%20Note%20on%20Consultations%20by%20ACER.pdf)
- ACER Rules of Procedure (AB Decision No 19/2019) (https://www.acer.europa.eu/en/The_agency/Organisation/Administrative_Board/Administrative%20Board%20Decision/Decision%20No%2019%20-%202019%20-%20Rules%20of%20Procedure%20of%20the%20Agency.pdf)

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Privacy and confidentiality

ACER will publish all non-confidential responses, including the names of the respondents, unless they should be considered as confidential, and it will process personal data of the respondents in accordance with Regulation (EU) 2018/1725 (<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32018R1725>) of 23 October 2018 on the protection of natural persons with regard to the processing of personal data by the Union institutions, bodies, offices and agencies and on the free movement of such data, taking into account that this processing is necessary for performing ACER's consultation task. For more details on how the contributions and the personal data of the respondents will be dealt with, please see ACER's Guidance Note on Consultations (https://www.acer.europa.eu/Official_documents/Other%20documents/Guidance%20Note%20on%20Consultations%20by%20ACER.pdf) and the specific privacy statement attached to this consultation.

Article 7(4) of ACER's Rules of Procedure (RoP) (<https://s-intranet/Drive/Departments/Electricity/ED%20Deliverables/Decision%20No%2019%20-%202019%20-%20Rules%20of%20Procedure%20of%20the%20Agency.pdf#search=rules%20of%20procedures>) requires that a party participating in an ACER public consultation explicitly indicates whether its submission contains confidential information.

***Is your submission to this consultation confidential?**

- YES
 NO

Consultation questions

ACER seeks the opinion of stakeholders with respect to the following elements of the ENTSO-E proposal.

Methodology for calculating the maximum entry capacity

1. Do you agree with the proposed methodology for calculating the maximum entry capacity for cross-border participation? If not, please explain which elements of the methodology should be changed or otherwise improved.

2. Should the methodology allow for calculating capacity contributions from Member States with no direct network connection with the Member State applying the capacity mechanism?

In order to limit the complexity of the calculation, at least in this initial phase of implementation of the methodology, Terna agrees with the approach taken by ENTSO-E which consists in not considering the contribution from Member States which have no direct network connection with the Member State applying the capacity mechanism. Furthermore, participation of non-interconnected countries would entail additional complexity (e.g. in terms of revenue sharing methodology). As a matter of fact, pursuant to article 26.2 of Regulation (EU) 2019/943, the Member State applying the mechanism is entitled to require foreign capacity to be located in a Member State with a direct connection. However, at a later stage, different requirements may be gradually deployed and amendment requests may be initiated, in order to incorporate any of the above-mentioned considerations into the methodology, allowing improvements of the methodology itself.

Methodology for sharing the revenues from the allocation of entry capacity

3. Do you agree with the proposed methodology for sharing the revenues from allocating entry capacity? If not, please explain which elements of the methodology should be changed or otherwise improved.

Common rules for the carrying out of availability checks

4. Do you agree with the proposed common rules for the carrying out of availability checks? If not, please explain which elements of the proposed rules should be changed or otherwise improved.

Common rules for determining when a non-availability payment is due

5. Do you agree with the proposed common rules for determining when a non-availability payment is due? If not, please explain which elements of the proposed rules should be changed or otherwise improved.

Terms of the operation of the ENTSO-E registry

6. Do you agree with the proposed terms of the operation of the ENTSO-E registry? If not, please explain which elements of the proposed terms should be changed or otherwise improved.

Common rules for identifying capacity eligible to participate in the capacity mechanism

7. Do you agree with the proposed common rules for identifying capacity eligible to participate in the capacity mechanism? If not, please explain which elements of the proposed rules should be changed or otherwise improved.

General provisions and other comments

8. Do you agree with the general provisions of the ENTSO-E proposals (Title 1)? If not, please specify which provisions should be changed or otherwise improved, and explain why.

We would like to express our views in particular on two aspects; the first relates to how costs incurred for the implementation of cross-border participation are covered (reference to Article 3), whilst the second refers to the conditions listed in the ENTSOE proposal for implementing the content of the proposal (reference to article 4).

Related to the first aspect, pursuant to article 26(10) of Regulation (EU) 2019/943, the TSO where the foreign capacity is located shall carry out the following tasks:

- (a) establish whether interested capacity providers can provide the technical performance as required by the capacity mechanism in which the capacity provider intends to participate, and register that capacity provider as an eligible capacity provider in a registry set up for that purpose;
- (b) carry out availability checks;
- (c) notify the transmission system operator in the Member State applying the capacity mechanism of the information it acquires under points (a) and (b) of this subparagraph and the second subparagraph.

Article 3 of the ENTSO-E proposal establishes that the costs incurred to carry out these tasks should not be borne by the TSO where the Capacity Market Unit is located. It also states that the NRA where the capacity mechanism applies shall specify technical details on how these costs are to be covered following consultation with the NRA where the capacity is located. In particular, ENTSO-E requires that these costs are covered in a similar way as costs arising from corresponding tasks, as listed in Article 26(10) of Regulation (EU) 2019/943, carried out for domestic Capacity Providers.

While we acknowledge the reason for this principle, we believe that it should only be applied as a last-resort solution in cases where the Authorities are not able to reach an agreement. Thus, it would be appropriate that every detail on how these costs are to be covered should be the subject of an agreement between the competent regulatory authorities, especially considering that many parameters affecting the cost coverage are very uncertain (e.g. for how long the cross-border participation will take place, how many member states will allow cross-border participation from a given MS in the future with possible free-riding effects).

On the second aspect related to the implementation period, we fully support applying the methodologies, common rules and terms of operation related to the technical specifications for cross-border participation in capacity mechanisms only as a result of the conditions listed by ENTSO-E, namely: (a) the Registry is fully operational; (b) on electrical borders where the participation of cross-border capacity providers in Capacity Mechanisms is enabled by the legal, regulatory and contractual frameworks of both Member States involved and concerned entities; (c) for Delivery Periods which were not engaged under another legal, regulatory or contractual framework, before the full implementation of the Registry.

As a matter of fact, all the conditions listed are essential to allow an effective functioning of cross-border participation; in particular, the second condition ensures that all aspects of detail, which are not covered by the proposal and are, therefore, subject to an agreement between the Member States, are specified and regulated.

9. Do you have any other comments on the ENTSO-E proposals that we should take into account in our assessment?

Terna is pleased to provide a response to the ACER public consultation on the ENTSO-E proposals for technical specifications for cross-border participation in capacity mechanisms.

Terna, as a member of ENTSO-E, contributed to the drafting of the proposal in object and believes that the proposed methodologies, common rules and terms of operation fulfil the purpose of reflecting the principles and criteria set out in article 26 of Regulation (UE) 2019/943. In the present response, Terna would like to raise awareness of some points that It considers significant, as described in the answers.

Contact

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