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IU Capacity Calculation Region TSOs' proposal for the application of the net transfer capacity (CNTC) approach to our Capacity Calculations pursuant to Article 20(7) of the CACM regulation.

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**21 May 2018**

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All Transmission System Operators of the IU region taking into account the following,

### Whereas

- (1) Commission Regulation (EU) 2015/1222 establishes a guideline on capacity allocation and congestion management (hereinafter referred to as the “CACM Regulation”), which entered into force on 14 August 2015.
- (2) This document is a common proposal developed by all Transmission System Operators (hereafter referred to as “TSOs”) of the IU Capacity Calculation Region as defined in accordance with Art. 15 of CACM Regulation (hereafter referred to as “IU Region”) regarding the proposal for the application of a CNTC approach (hereafter referred to as “IU CNTC methodology”) in accordance with the CACM Regulation. This proposal is required by Article 74(1) of the CACM Regulation.
- (3) This proposal takes into account the TSOs' proposal for a day-ahead and intraday capacity calculation methodology (hereinafter referred to as the “Proposed IU DA and ID CC Methodology”) in accordance with Article 20(2) of the CACM Regulation and submitted to the NRAs of the IU Region for approval on 15/9/2017.
- (4) The IU CNTC Methodology Proposal takes into account the general principles and goals set in the CACM Regulation.
  - a. According to Article 20 (1) of the CACM Regulation, the approach to use in the common capacity calculation methodologies shall be the flow-based approach, unless the TSOs concerned are able to demonstrate that the application of the capacity calculation methodology using the flow-based approach would not yet be more efficient compared to the coordinated net transmission capacity approach and assuming the same level of operational security in the concerned region, in which case a coordinated net transmission capacity approach can be applied. This coordinated net transmission approach is set up in accordance with the definition of Article 2 (8) of the CACM Regulation;
  - b. In accordance with Article 20 (2) of the CACM Regulation, the IU CC Methodology Proposal shall be submitted within 10 months after the approval of the proposal for a capacity calculation region in accordance with Article 15 (1) of the CACM Regulation;
  - c. In the context of this proposal, the definition of “coordinated capacity calculator” is important and is defined in Article 2 (11) of the CACM Regulation as: “the entity or entities with the task of calculating transmission capacity, at regional level or above”;
  - d. According to Article 9 (9) of the CACM Regulation, the expected impact of the IU CC Methodology Proposal on the objectives of the CACM Regulation has to be described.
  - e. The TSOs of the IU Region aim at ensuring consistency with the other CCRs in which same bidding zones are concerned whilst acknowledging different characteristics of the interconnectors within the CCRs; and
- (5) The IU CNTC Methodology contributes to and does not in any way hinder the achievement of the objectives of Article 3 of the CACM Regulation. In particular this IU CNTC Proposal:
  - a. Establishes a common justification for the IU CNTC approach and as such serves the objective of promoting effective competition in the generation, trading and supply of electricity in accordance with Article 3(a) of the CACM Regulation;

- b. Contributes to the objective of ensuring optimal use of the transmission infrastructure in accordance with Article 3 (b) of the CACM Regulation; by using last available inputs based on the best possible forecast of transmission systems at the time of each capacity calculation, updated in a timely manner;
- c. Contributes to the objective of respecting the need for a fair and orderly market and price formation in accordance with Article 3 (h) of the CACM Regulation; by respecting the already allocated capacity, and by delivering the capacities to the single day ahead and intraday coupling processes.

**SUBMIT THE FOLLOWING PROPOSAL TO ALL NATIONAL REGULATORY AUTHORITIES OF THE IU REGION:**

## **TITLE 1 General Provisions**

### **Article 1 Subject matter**

1. This IU CNTC methodology is the common proposal of all TSOs of the IU Region for the application of a CNTC approach for the capacity calculation in the IU Region pursuant to Article 20 and in accordance with Article 20(7) of the CACM Regulation.

### **Article 2 Definitions and interpretation**

1. For the purposes of the IU CNTC Methodology, the terms used shall have the meaning given to them in:
  - a. Article 2 of the CACM Regulation;
  - b. Article 3 of the SO GL Regulation; and
  - c. Article 2 of the Proposed Capacity Calculation Methodology
2. In this IU CNTC Methodology, unless the context requires otherwise:
  - a. the singular indicates the plural and vice versa;
  - b. headings are inserted for convenience only and do not affect the interpretation of this IU CNTC Methodology; and
  - c. any reference to legislation, regulations, directives, orders, instruments, codes or any other enactment shall include any modification, extension or re-enactment of it when in force.

### **Article 3 Scope**

1. The scope of this IU CNTC Methodology is limited to the borders within the IU capacity calculation region ("IU Region") as defined under Article 15 of CACM Regulation.

## **TITLE 2**

### **Request for the application of the net transfer capacity**

#### **Article 4**

#### **Principles**

1. The IU TSOs decided not to pursue a flow-based approach for the capacity calculation in the IU Region in accordance with Article 20 of CACM since a flow-based approach would not be more efficient compared a CNTC approach for the following reasons:
  - a. The IU Region consists of independently controllable HVDC interconnectors, whereas flow-based mechanisms mainly prove to be more efficient than a CNTC approach in highly meshed AC grids;
  - b. The proposed CNTC methodology provides the full MPTC of the interconnector (i.e. maximum possible amount) to the day-ahead market unless in the specific case of a planned or unplanned outage with significant impact on the interconnector exists in one of the bidding zones to which that interconnector is connected in which case a more detailed calculation is triggered for operational security purposes. A flow-based methodology would not lead to higher volumes of available cross-zonal capacity (and can only result in equal or lower cross-zonal capacities); and
  - c. The feasibility, nor the impact, of applying a flow-based approach for the Great Britain transmission system is demonstrated at this point in time and will require further study.
2. The IU TSOs shall be able to amend this proposal, in accordance with Article 9(12) of CACM Regulation, where changes in the IU TSO proposal in accordance with Article 20(2) would require so.

## **TITLE 3**

### **Miscellaneous**

#### **Article 5**

#### **Publication of the IU CNTC Methodology**

1. The IU TSOs shall publish the IU CNTC Methodology without undue delay after all national regulatory authorities of the IU Region have approved the Proposed IU CNTC Methodology or a decision has been taken by the Agency for the Cooperation of Energy Regulators in accordance with Article 9 (10), Article 9(11) and 9(12) of the CACM Regulation.

#### **Article 6**

#### **Implementation of the IU CNTC Methodology**

1. This CNTC Methodology will be implemented following approval by the relevant regulatory authorities within the IU Region and within the timescales set out in the corresponding IU Capacity Calculation Methodology.

## **Article 7 Language**

1. The reference language for this common capacity calculation Proposal shall be English. For the avoidance of doubt, where TSOs need to translate this IU methodology into their national language(s), in the event of inconsistencies between the English version published by TSOs in accordance with Article 9(14) of the CACM Regulation and any version in another language, the relevant TSOs shall be obliged to dispel any inconsistencies by providing a revised translation of this IU methodology to their relevant national regulatory authority.