

The Director

Ljubljana, 18 January 2018
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Mr Laurent Schmitt
Secretary-General
ENTSO-E
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1000 Brussels
Belgium
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By e-mail only

Subject: Request for a Technical report on current bidding zones

Dear Mr. Schmitt, *dear Laurent.*

I refer to the Agency's letter of 16 October 2017 by which ENTSO-E was requested, according to Article 34 of Commission Regulation (EU) 2015/1222 (the 'CACM Regulation'), to provide a technical report on the current bidding zone configuration covering the years 2015 to 2017 and to deliver this report within nine months after receipt of that letter.

The Agency understands from ENTSO-E that ENTSO-E is not capable to provide a technical report covering also the year 2017 within the set nine-month deadline as this deadline started before the end of the year 2017 and therefore leaves ENTSO-E effectively with less than nine months for taking into account also the developments of the whole year 2017. The Agency also understands from ENTSO-E that ENTSO-E is concerned that, according to Article 34(4) and (5) of the CACM Regulation, it shall deliver its technical report within nine months after the Agency's request with regard to the last three full calendar years preceding the Agency's request, i.e. 2014, 2015 and 2016.

In the Agency's view, a technical report on the current bidding zone configuration which is to be delivered in the course of this year can only provide a meaningful, up-to-date basis for the Agency's final assessment of the bidding zone configuration according to Article 34(1)(b) of the CACM Regulation if it also covers the full calendar year 2017.

Therefore, in accordance with Article 34 of the CACM Regulation, the Agency resubmits its request that ENTSO-E delivers to the Agency this technical report covering the area of the whole EU and of the significantly impacted third countries, and at least the calendar years

2015 to 2017. This request for a technical report consumes the Agency's request of 16 October 2017.

In that regard, the Agency invites ENTSO-E fully to take into account the requirements of Article 34(2) of the CACM Regulation and, in particular, to include in the technical report:

- (a) A list of structural congestions and other major physical congestions, including locations and frequency. As ENTSO-E's previous relevant report of 2014 did not provide sufficient details on structural congestions, it is essential that the requested technical report discloses the location, the frequency (e.g. statistics) and the type (e.g. real-time, intraday, day-ahead, etc.) of structural (physical) congestions, as well as other major physical congestions and critical network elements limiting further cross-border exchanges – including information on what remedial actions are applied to remedy these congestions;
- (b) An analysis of the expected evolution or removal of physical congestions resulting from investment in networks or from significant changes in generation or in consumption patterns in the short to mid-term timeframe;
- (c) An analysis of the share of power flows that do not result from the implementation of capacity allocation mechanisms, for each capacity calculation region, where appropriate.

Furthermore, the Agency invites ENTSO-E thoroughly to review the inputs provided by individual TSOs so that the technical report can become a reliable document, detailing the constraints in the European power grid.

In accordance with Article 34(4) of the CACM Regulation, ENTSO-E should deliver the requested technical report no later than nine months after receipt of this letter. Nevertheless, the Agency would very much appreciate if ENTSO-E could provide the technical report well before 15 August 2018 so that the Agency can timely use it as an input for its final assessment of the bidding zone configuration.

Please do not hesitate to contact me or Mr Christophe Gence-Creux (christophe.gence-creux@acer.europa.eu, tel: +386 (0) 820 53 407), Head of the Electricity Department, should you have any question regarding this letter.

Yours sincerely,



Alberto Pototschnig

Copy:

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