

REQUEST FOR AMENDMENT BY THE REGULATORY AUTHORITIES IN CAPACITY CALCULATION REGION NORDIC

ON

**The Nordic TSOs' proposal for the coordinated
redispatching and countertrading cost sharing
methodology for Capacity Calculation Region Nordic
in accordance with Article 74 of Commission
Regulation (EU) 2015/1222**

16 September 2018

Introduction

- 1) On 17 March 2018, the Regulatory Authorities (NRAs) of the Capacity Calculation Region Nordic¹ (CCR Nordic) and the Norwegian Regulatory Authority² (together the Nordic NRAs) received from the Transmission System Operators (TSOs) of the CCR Nordic³ and the Norwegian TSO (together the Nordic TSOs) a proposal for Coordinated Redispatching and Countertrading Cost Sharing Methodology (CRCCSM) in accordance with Article 35 of the Commission Regulation (EU) 2015/1222 establishing a guideline on capacity calculation and congestions management (CACM GL).
- 2) According to Article 9(7)(e) of the CACM GL, the proposal is subject to approval by all the NRAs of CCR Nordic⁴.
- 3) The Nordic NRAs have in cooperation analysed the proposal and have reached a common conclusion that the proposed CRCCS methodology needs to be amended before it can be approved at national level by each NRA. Therefore, according to Article 9(12) of Regulation 2015/1222 the Nordic NRAs request the Nordic TSOs to submit an amended proposal that takes into account the comments given below.

¹ The Swedish Energy Markets Inspectorate (Ei), The Danish Utility Regulator (DUR) and The Finnish Energy Authority (EV)

² The Norwegian Water Resources and Energy Directorate (NVE)

³ Svenska Kraftnät (SvK), Fingrid, and Energinet.dk (ENDK)

⁴ Until Regulation 2015/1222 applies in Norway, NVE and Statnett are not formally part of the process. NVE, will however closely follow the process and may approve the proposed CRCCSM from Statnett according to national legislation.

Nordic CCR Regulatory Authorities Position

General Remarks

- 1) This proposal is highly interlinked with the proposal made in accordance with Article 35 of CACM GL. Nordic NRAs find that many of the requirements in CACM GL Article 74(5-6) have influence on both proposals. Nordic NRAs also find that cohesion between the two proposals would strengthen them. If Nordic TSOs find it appropriate, the two proposals could be merged into one, which combine the coordination process from the Article 35 proposal with the requirements of CACM GL art. 74.
- 2) The proposal assigns tasks to the CCC, but at the same time refers to SO GL in several places. However, SO GL refers to the RSC. It should be clarified that the CCC is one of the RSC activities, cf. SO GL.
- 3) The Whereas of the amended proposal should be thoroughly revised to be aligned with the underlying CRCM proposal and to explain and justify the compliance to the. CACM art. 35 (4) and CACM art. 35 (5a). It should also specify the basic principles underlying the relevant markets used for coordination of redispatching and countertrading resources of cross-border relevance in the CCR Nordic ref. CACM art. 35 (5a).
- 4) The explanatory document for cost sharing is missing. We would like to see examples of how cost sharing would work in practice in a number of examples.
- 5) Several articles mention remedial actions “such as” redispatch and countertrading. “Such as” is an open expression, and TSOs should specify and justify which other costs are eligible for sharing.
- 6) In Whereas (9) the paragraphs 74.6 d,e are not included. The method should according to CACM be consistent with at least CIDM and ITC mechanism. The TSOs should at first clarify why these paragraphs are not addressed and secondly show their compatibility and how 74.6.e is met.

Article 1 on subject matter and scope

- 7) The subject matter and scope is inconsistent with the CACM art. 35 proposal (CRCM). This creates unwanted uncertainty. The wording in the proposal should be revised such that subject matter and scope is aligned with the CACM art. 35 and 20(2) proposals CRCM and CCM respectively.

Article 2 on definitions and interpretation

- 8) Article (2)(a) defines “requester”. This definition was not part of the CRCM proposal (CACM art. 35). The use of “requester” has to be aligned with the proposal under CACM GL art. 35, as it is unclear how “requester” is used in the coordination process of redispatch and countertrade when it is the CCC recommending / requesting a remedial action. The definition of requester should relate to the determination of the costs eligible for sharing between relevant TSOs, cf. CACM art. 74(3). Moreover, it should be explained and justified that the definition of the requester in the context of the Nordic CCM proposal complies with the “polluter-pays principle”, ref ACER Recommendation High-Level Principle No. 3.
- 9) The definition of costs in article 2.b in the proposal is far too vague to be approvable and must be thoroughly revised to clearly define the costs eligible for sharing. The amended definition must be thoroughly revised to be aligned with the amended CRCM proposal and linked to the bid prices of the resources activated for the relevant purpose based on the Nordic balancing market, cf. CACM art. 35(4) and 35 (5a) and comply with the criteria of coordination, efficiency, non-discrimination and transparency in CACM art. 74 and the CACM objectives 3 (a-h). This implies e.g. that the elements in Article 2 b) ii, iii and iv must be deleted from this definition.
- 10) The article 2 b) v) referring to EB GL must also be deleted from the definition of costs unless it is clarified exactly what sort of costs are referred to and it is justified that including this element in the cost definition is compliant to the requirements mentioned in the request 8) above.

Article 3 on actions of cross-border relevance

- 11) Article 3 should be revised to be aligned with the amended CRCM proposal and the relevant use of amended definitions of requester and eligible costs following the RfA points above.
- 12) CACM art. (74)(5) requires a mechanism to verify the actual need for the redispatching and countertrading between TSOs involved. The mechanism for verification of actions of cross-border relevance as opposed to actions that are not of cross-border relevance seems to be the core issue, but is not highlighted in the proposal. The amended proposal should clarify this delimitation. Article 3(1) lists the redispatching and countertrading actions to which the coordinated cost sharing principles apply. The amended proposal should apply to all remedial actions listed in CACM art. (35).
- 13) The amended proposal should specify what is meant by “adjacent CCR”.
- 14) In Article 3(1)(a+b) it is stated that cost sharing principles apply to remedial actions such as redispatching and countertrading actions which are used in the capacity calculation for the day ahead or intraday market. It is unclear whether

using redispatching and countertrading in the capacity calculation in itself implies any cost for a TSO. Please revise the wording in the amended proposal.

15) In Article 3(1)(d) it is stated that cost sharing applies to actions following activation requests from adjacent CCRs due to fault in adjacent CCRs' AC grid. The methodology should not mention the reasons another CCR might have for using redispatch and countertrade (fault, CCM etc.), as that is decided in the adjacent CCR. The important part is that the TSOs in the other CCR pay, when they need help to redispatch or countertrade.

16) Article (3) should reflect that cost sharing principles also should cover redispatching and countertrading actions following a fault in AC-grid with cross-border relevance.

Article 4 on cost sharing principles for actions of cross-border relevance

17) The wording of this article should be reconsidered to ensure compatibility with related CACM requirements, consistency with the requested amendments of definitions of "requester"/polluter and "costs" in article 2. Please revise the Article.

18) Article 4("new" 1) regarding firmness of Physical Long Term Transmission Rights (PTRs) does not belong in a CACM proposal and should be removed.

Article 5 on monitoring of the use of countertrading and redispatching

19) The amended proposal should specify what is meant by "record" and clarify whether this record will be publicly available.

20) The proposal now describes only that data will be published according to Commission Regulation (EU) No 543/2013, which is not relevant considering the Countertrading & Redispatching Cost sharing proposal according to CACM. The TSOs should elaborate on how the CACM art. 74 (3) requirements on transparency and auditability will be achieved, specifying all data that will be shared, and where it will be available to be compliant with transparency requirements. The NRAs consider auditability to concern data that will be given by request and transparency to concern data that is publicly available. The proposal should make a distinction between these, when explaining how the data will be shared and where.

Article 6 on implementation of the CRCCS Methodology

21) The implementation of this proposal should coincide exactly with the CACM art. (35) proposal (CRCM). It is unclear what cost sharing principles will apply between implementation of CRCM and CRCCSM if the CRCCSM is implemented 6 months after CRCM.