

Public consultation on ACER's 2023 market monitoring report on cross-zonal capacities and the 70% margin available for cross-zonal electricity trade (MACZT)

Fields marked with * are mandatory.

Objective

The objective of this consultation is to gather views from stakeholders regarding the findings of ACER's market monitoring report on '**Cross-zonal capacities and the 70% margin available for cross-zonal electricity trade (MACZT)**'. Based on the findings of the report and the stakeholders' input gathered, ACER will issue a formal opinion to the European Commission and European Parliament by the end of 2023.

Target group

This consultation is addressed to all interested stakeholders, including market participants, regulatory authorities, nominated electricity market operators, and transmission system operators.

Contact and deadline

The contact point for this consultation is: ewpmm@acer.europa.eu

All interested stakeholders are invited to submit their comments **by 15 September 2023, 23.59 hrs (CET)**.

More information on ACER's monitoring of cross-zonal capacities is available [here](#).

General terms of the consultation

* Name of the respondent

* Email

* Company

* Country of origin (headquarters)

* Countries where your company is active

* Activity

* Should the following answers to this public consultation be treated as confidential?

- Yes
 No

The Agency will publish all non-confidential responses, and it will process personal data of the respondents in accordance with Regulation (EC) No 45/2001 of the European Parliament and of the Council of 18 December 2000 on the protection of individuals with regard to the processing of personal data by the Community institutions and bodies and on the free movement of such data, taking into account that this processing is necessary for performing the Agency's consultation task. For more details on how the contributions and the personal data of the respondents will be dealt with, please see the [Agency's Guidance Note on Consultations](#) and [the privacy statement](#) referred to this consultation.

General feedback - Evolution of cross-zonal capacity levels

To what extent do you agree with the conclusions illustrated in ACER's 2023 market monitoring report on cross-zonal capacities and the 70% margin available for cross-zonal electricity trade (MACZT)?

- Strongly agree.
 Agree.
 Neutral.
 Disagree.
 Strongly disagree.

What changes would you suggest for future editions of ACER's cross-zonal capacity report?

A complete assessment would require full monitoring of capacity allocation and fulfilment of the 70% requirement in the intraday timeframe as well. Already now – and even more so with the upcoming implementation of Euphemia-based auctions in the intraday timeframe – any capacity reductions in the ID timeframe dilutes fulfilment of the 70% requirement. The 70% requirement loses importance for price formation in the market unless applied to the ID timeframe as well, so if ACER wants to maintain the relevance of the Monitoring Report it must also fully cover the ID timeframe.

Based on the data presented in Chapter 1 of ACER’s report, do you believe that the current development of cross-zonal capacities across the EU is sufficient to enable the integration of European electricity markets?

- Yes
- No

Please clarify your answer.

We wish to see more transparency and progress to meet the 70% target across Europe. However, it is difficult to answer this question for all Member States since the status of complying to action plans and/or derogations might differ across Europe. For the case of Sweden we can conclude a low level of transparency and quality of justifications. Please see our responses regarding Sweden below.

Margin available for cross-zonal trade in the EU in 2022

Considering the results of the monitoring exercise of 2022, do you believe that enough progress is being made across the EU to fulfil the 70% cross-zonal transmission capacity target by 2026?

- Yes
- No

Please clarify your answer.

We wish to see more transparency and progress to meet the 70% target across Europe. However, it is difficult to answer this question for all Member States since the status of complying to action plans and/or derogations might differ across Europe. For the case of Sweden we can conclude a low level of transparency and quality of justifications. Please see our responses regarding Sweden below.

In ACER’s report, several elements are presented as critical limitations to the achievement of the 70% cross-zonal transmission capacity target. Please rank them by order of relevance:

5 stars correspond to the biggest threat.

Lack of a mechanism to share remedial actions costs	
Lack of sufficient remedial actions	
Suboptimal bidding zone configuration and resulting loop flows	
Lack of sufficient grid developments	

Unilateral capacity reductions applied by TSOs



Do you see any other threat to the achievement of the 70% target?

Poor enforcement of the target from regulators. Members states without either an action plan or derogation should comply with the 70 % target and if this is not the case they should be held accountable by the regulators. This however is not the case of e.g. Sweden, which have not had a derogation since 2021.

What would be the key enabler(s) for reaching the 70% target by 2026?

TSOs should fully apply Article 16 of the Electricity Regulation and monitor capacity availability across the whole European network.

NRAs should ensure strict observance of the rule on all CNECs and report progress according to a consistent methodology.

Better monitoring and enforcement of the article 16 of the Electricity Regulation by regulators.

Have you been affected by unilateral capacity reductions, such as allocation constraints or individual validation adjustments?

- Yes
- No
- Not applicable

Please clarify your answer - in particular, the extent to which you were affected.

In order to handle internal grid constraints in Sweden the Swedish TSO have implemented sum allocation restrictions for DK1, SE3 and NO1.

Do you believe that enough transparency and justification is provided by TSOs in the application of validation adjustments, or other similar unilateral reductions of cross-zonal capacities?

- Yes
- No

Please clarify your answer.

No. In the case of Sweden there is limited transparency on grid constraints and limiting CNECs, in particular due to the Swedish requirement on anonymization of CNECs. This is an issue not only regarding unilateral capacity reductions on the interconnectors to/from Denmark but also for the upcoming flow-based implementation, where market participants will suffer from lack of information on the Swedish grid.

Further, we find that regardless of the level of transparency and quality of justifications, the lack of strict enforcement of the EU regulations and 70% requirement will ultimately lead TSOs continue the practice of unilateral capacity reductions.

Do you consider that ACER's current MACZT monitoring exercise on regions that apply a CNTC capacity calculation methodology provides a complete assessment?

- Yes
- No

Please clarify your answer, and potential suggestions to improve this monitoring.

Unnecessary constrained capacities limit EU welfare

Do you believe that additional cross-border transmission capacity would have played a critical role in coping with the effects of the energy crisis of 2022?

- Yes
- No

Please clarify your answer.

In general, there is a socio-economical benefit of adding cross border capacity in times where large price spread between bidding zones occur and the benefits outweigh the costs. The energy crisis of 2022 was driven by gas shortage that translated to high electricity prices for consumers. The high electricity prices could not be structurally mitigated by additional cross-border capacity and therefore this cannot be considered a critical element in coping with the effects of the crisis.

Do you see a risk for re-dispatching costs to offset the potential gains from increased cross- border transmission capacity and further market integration?

- Yes
- No

Please clarify your answer.

Conclusions

Any other comment

We take this opportunity to recommend further harmonisation of reporting and compliance monitoring by TSOs, NRAs and ACER.

Contact

[Contact Form](#)