



ACER CONSULTATION ON THE DEFINITION OF CAPACITY CALCULATION REGIONS

Introduction

Enel welcomes the opportunity to comment on the Capacity Calculation Regions (CCRs) proposal, which is one of the stepping stones in the creation of common European day-ahead and intraday electricity markets. In fact, the definition of CCRs is a prerequisite for the adoption of many methodologies pursuant to CACM Guidelines.

In our view, even if the proposed Capacity Calculation Regions are consistent with the legal requirements of CACM Guidelines, the chance to accelerate the creation of a common European electricity market has been missed. In fact, especially in Continental Europe, too many Regions have been created, thus making coordination and cooperation between TSOs more difficult.

We understand that this decision has been forced by differences between TSOs' operational procedures. At the same time, in order to reach the overarching goals defined in article 3 of the Guidelines, it is important to overcome them and define a credible roadmap (now missing) for the creation of increasingly wider Capacity Calculation Regions and the inclusion of Switzerland since the start.

- 1. Do you consider both the commitment from the CWE and the CEE TSOs to cooperate towards a merger of the CWE and CEE CCRs and the MoU signed on 3 March 2016 as sufficient to ensure that the CWE and CEE regions will develop and implement a common congestion management procedure compliant with the requirements of the CACM Regulation, as well as of Regulation (EC) No 714/2009? Or should the definition of the CCRs provide for a CCR already merging the proposed CWE and CEE regions to ensure compliance with the required common congestion management procedure?**

In our view, the correct definition of CCRs should take into consideration an adequate balance between level interconnections and the transparency/quality/timeliness of capacity calculations. Considering the level of interconnection, CWE and CEE regions should be merged in a single CCR. At the same time, the merging process must be able to preserve the quality of flow-based calculations. The information contained in the Memorandum of Understanding between CWE and CEE does not provide this level of details, for this reason we cannot advise to merge immediately the two regions. At the same time, TSOs and Regulators should start working for completing the integration in the short term.



- 2. Do you have comments on the description of the geographical evolution of the CCRs over time, as proposed by all TSOs in Annex 3 to the Explanatory document to the CCRs Proposal?**

In order to reach the overarching goals defined in article 3 of the CACM Guidelines, it is important to identify a credible roadmap for the creation of increasingly wider Capacity Calculation Regions and the inclusion of Switzerland since the start.

- 3. Should the CEE region (or a merged region) include the bidding zone borders between Croatia and Slovenia, between Croatia and Hungary, and between Romania and Hungary?**
- 4. Should the CEE region (or a merged region) include a bidding zone border between Germany/Luxembourg and Austria?**

In general, we believe that bidding zones should be consistent with current and future structural congestions. The definition of bidding zones requires the results of the technical study of ENTSO-E, which should be available soon. For these reasons, we believe that the process for definition of CCRs is not the adequate discussion venue for this issue.

- 5. Do you have comments on any other new element or development concerning the CCRs Proposal which occurred after the public consultation held by ENTSO-E from 24 August to 24 September 2015?**

We would like to stress two additional points:

1. The integration of RES in the electricity markets requires TSOs to increase the updates of capacity calculations, especially near time of delivery.
2. Transparency on redispatch and other remedial actions should be improved. After one year of Flow based market coupling, we observed that the lack of transparency has strong consequences on the understanding and the prediction of the prices for market parties. As requested by the market parties and approved by the NRAs, the TSOs should provide more transparency on the parameters that are price sensitive.