

ACER Decision on the determination of capacity calculation regions: Annex II

*For information only*

## **Evaluation of responses to the public consultation on the proposal for the determination of capacity calculation regions**

### **1 Introduction**

On 9 November 2020, ENTSO-E submitted a common proposal for the determination of CCR ('the Proposal') on behalf of all transmission system operators ('TSOs') to ACER for approval.

In order to take an informed decision and in accordance with Article 14(6) of Regulation (EU) 2019/942, ACER launched a public consultation on 5 January 2021 inviting all interested stakeholders, including regulatory authorities and TSOs, to provide any comments on the Proposal and ACER's views on possible amendments. The closing date for comments was 25 January 2021.

The public consultation invited stakeholders to comment on the Proposal and, more specifically, to provide comments on the following topics related to possible amendments of the Proposal:

- (i) the status of DK1-NL and DK1-DE/LU bidding zone borders; and
- (ii) the status of Channel and IU capacity calculation regions ('CCRs').

### **2 Responses**

By the end of the consultation period, ACER received comments from 13 respondents.

This evaluation paper summarises all of the respondents' comments and how these were considered by ACER. The table below is organised according to the consultation questions and provides the respective views from the respondents, as well as a response from ACER clarifying how their comments were taken into account in the present Decision.

Respondents' views	ACER views
<p><b>Question 1.1: Please provide your comments concerning the ACER's reasoning for a default reallocation of Hansa CCR bidding zone borders into the Core CCR and the request to TSOs to make a proposal on a suitable timeline for such reallocation.</b></p>	
<p>9 respondents provided an answer to this question.</p>	
<p>3 respondents (Energie-Netherland, EFET, MPP) are in favour of the discussed reallocation of bidding zone borders.</p> <p>One of these respondents (EFET) shared its expectation that increased coordination and available cross-zonal capacity following such change will lead to deeper integration of European electricity markets. The respondent further suggested to have periodic reviews of the determination of CCRs (e.g. every 4-5 years) and the 'buffer regions' (e.g. Hansa) should be considered as temporary CCR and integrated in larger CCR(s) in the coming years.</p> <p>Two of these respondents (Energie-Netherland, MPP) noted that the same approach as used for the BE-DE/LU bidding zone border (i.e. ALEGRO interconnector) should be used for the DK1-DE/LU bidding zone border (i.e. COBRA interconnector).</p>	<p>ACER generally agrees with the potential benefits of the reallocation of the bidding zone borders of the Hansa CCR. However, the scope of these benefits can currently not be fully assessed or is expected to be limited with an additional burden on DK1 in case of such change. Therefore, ACER did not confirm the reassignment of these bidding zone borders in this decision but instead required another assessment once more information is available.</p> <p>ACER supports regular reviews of the CCR determination and agrees that CCRs consisting of interconnectors between bigger CCRs should be phased out in the long term.</p> <p>ACER agrees that if the DK1-DE/LU bidding zone border is assigned to the Core CCR, the evolved flow-based solution (i.e. similar solution as advanced hybrid coupling, which is applied for HVDC interconnectors within the Core CCR) should be applied for this interconnector.</p>
<p>5 respondents (DUR, Energinet, ENTSO-E, Nordpool, Ørsted) shared their preference for remaining within the current Hansa CCR.</p> <p>3 of these respondents (DUR, Energinet, Ørsted) provided comments related to the additional burden for the Danish TSO, consumers and market participants following the involvement in an additional CCR. Energinet (i.e. TSO of Denmark) further listed additional expected costs due to the possible additional involvement in the Core CCR and subsequently in the central Europe system operation region (and the respective RCC) as well as the cost for not sharing frequency restoration reserves between DK1 and DK2.</p>	<p>ACER acknowledges that a change of the Hansa CCR could burden Danish stakeholders due to the simultaneous involvement in different regions. ACER does not share the view on costs arising from the possibility of sharing the reserves since such sharing of reserves can also be done under a different CCR. While ACER acknowledges any relevant national costs related to a change of CCRs, a decision on changing the CCRs needs to consider all the costs and benefits at European level. In the course of this decision, ACER could not definitely confirm that the benefits would outweigh the likely costs of such change. Therefore, ACER decided not to</p>

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<p>3 respondents (DUR, Energinet, Nordpool) stress the good coordination and cooperation among Nordic TSOs.</p> <p>One respondent (DUR) states that in case the Danish TSOs needs to become a co-owner of multiple RCCs, paying an equal share of costs per owner in each of them would not be proportionate.</p>	<p>confirm a reallocation of the relevant bidding zone borders but a reassessment once more information is available.</p> <p>ACER agrees that in case where the ownership in two RCCs is necessary, the cost distribution should be reviewed and amended if deemed necessary. However, this is not in the scope of this decision.</p>
<p>5 respondents (BNetzA, Energie-Netherland, ENTSO-E, MPP, Nordpool, Ørsted) provided general comments related to the ongoing implementation projects on a CCR level and related challenges.</p>	<p>ACER generally agrees on the importance of ongoing implementation projects at a CCR level.</p>
<p>One respondent (BNetzA) states the importance of timely decision on future CCR amendments, which are at the same time not rushed and/or based on insufficient ground to allow for long-term planning of investments in the electricity sector.</p>	<p>ACER agrees.</p>
<p>5 respondents (BNetzA, ENTSO-E, DUR, Energinet, Nordpool) claim that ACER's proposed approach is lacking sufficient arguments and would pre-empt an analysis by changing the status quo of the CCR determination (i.e. reversing the burden of proof)</p>	<p>ACER agrees on the need of sufficient reasoning for introducing amendment by its decision. However, ACER generally deems it possible to revise a proposal if the available information and/or assessment shows that such revision is necessary in accordance with Article 5(6) of Regulation 2019/942. Following further analysis and consultation with the TSOs and regulatory authorities, ACER concluded that the current status based on available information does not require a decision to change the CCR configuration at this stage.</p>
<p>One respondent (DUR) believes that ACER's argumentation for including the DK1-NL and DK1-DE/LU bidding zone borders in the Core CCR does not fully consider negative effects on other bidding zone borders and is not convinced that such change would lead to positive socio-economic benefits in the EU. The respondent further shares its preference for a more extensive assessment of all CCRs at a later stage (i.e. after ROSC and</p>	<p>ACER deems it important to consider all impacts on all impacted bidding zone borders of the internal energy market following a change of the determination of CCRs. ACER sees the main potential for a sustainable change in socio-economic benefits in the efficiency of ROSC and the efficiency of capacity calculation and allocation. Since the scope of possibly increasing overall efficiency of ROSC, considering all impacted</p>

Respondents' views	ACER views
CCM implementation) than the one proposed by ACER in its public consultation.	CCRs, is not sufficiently clear at the moment, ACER requires TSOs to reassess this in the future.
One respondent (BNetzA) is of the opinion that the described requirements for analysing the efficiency of the CCR determination lacks sufficient details and a precise scope for the investigations to be carried out (e.g. qualitative or quantitative analysis)	ACER does not agree that more detailed requirements are needed for a future assessment. The general principles presented in the public consultation and the subsequent decision ensure that the emphasis of a future assessment of the determination of CCRs is put on the most relevant issues (i.e. efficiency of capacity calculation and allocation and efficiency of regional operational security coordination). TSOs should remain with some freedom on how exactly to prove the higher efficiency of a change (e.g. qualitative analysis, quantitative analysis or a combination of both), which will be consequently further assessed by ACER, the regulatory authorities and consulted stakeholders, if relevant.
One respondent (BNetzA) stresses the importance that DE/LU-DK1 and NL-DK1 belong to the same CCR.	ACER agrees.
Two respondents (BNetzA, ENTSO-E) mention that the target model for bidding zone borders of the Hansa CCR (i.e. advanced hybrid coupling) needs to be considered when analysing the efficiency of the region.	During the process of this decision, ACER put a major focus on comparing the efficiency of advanced hybrid coupling versus the application of Core flow-based on the DK1-DE/LU bidding zone border.
Two respondents (BNetzA, Nordpool) mentioned the importance of considering also other regional methodologies (besides CCMs and ROSC) when deciding on a change of CCRs. One of these respondents (Nordpool) further shared their concerns of moving DK1-DK2 out of the current fallback solution applied in the Nordic CCR and elaborated that the required time to adapt regional methodologies needs to be considered when proposing a timeline to implement a change of CCRs.	ACER agrees that also other regional methodologies should be considered when changing CCRs. However, ACER is of the opinion that these other methodologies can efficiently address any eventual change of CCRs without major restrictions (provided that sufficient time is available for such considerations before a change is implemented). Therefore, ACER deems it important to put the main focus on the methodologies which have the most significant, ongoing impact in their efficiency following a change of the CCRs.

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One respondent (Ørsted) shares its concern that moving DK1 out of the Nordic cooperation would result in issues related to security of supply.	ACER disagrees. A shift of bidding zone borders in the CCR would be done based on higher efficiency of cross regional coordination and should not result in increasing security of supply-related issues.
One respondent (Ørsted) claims that TSOs already sufficiently proved the efficiency of the current CCR determination.	ACER disagrees. The material included in the submitted Proposal could not be considered as sufficient to prove the efficiency of the existing CCR configuration. ACER acknowledges however that more detailed information was submitted during the proceedings, which made ACER open to reconsider its initial position.
One respondent (Ørsted) shares concerns regarding the non-approved or consulted status of Core methodologies in Denmark.	ACER does not share these concerns. Any newly introduced methodologies should be approved by the relevant regulatory authorities (i.e. also following a change of CCRs)
Two respondents (ENTSO-E, Energinet) believe that an outcome of a flow-based approach are largely similar to an outcome of a cNTC approach on the DK1-DE/LU bidding zone border due to the radial characteristics of flows on this AC bidding zone border	After further analysis throughout the decision process, ACER agrees that the expected flows on the DK1-DE/LU bidding zone border are showing almost radial characteristics, which would likely lead to insignificant differences between the outcome when comparing the possible applications of Core flow-based and cNTC combined with advanced hybrid coupling on the DK1-DE/LU bidding zone border.
Two respondents (ENTSO-E, Energinet) state that it is more likely for a congestion to occur within the connected bidding zones than at the DK1-DE/LU bidding zone border itself.	ACER generally agrees with these observed situations.
One respondent (ENTSO-E) states that all CNEs of the Core and Nordic bidding zones should be monitored through the methodologies of these CCRs, while the distribution between the interconnectors on the DK1-DE/LU bidding zone border will not be disclosed with the currently foreseen cNTC method from CCR Hansa.	ACER agrees but deems it highly relevant to be able to monitor each CNE on the DK1-DE/LU bidding zone border.

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<p>One respondent (ENTSO-E) explains that there can be different flow distributions on the interconnectors on the DK1-DE/LU bidding zone border depending on the generation scenario, which can lead to a different limiting CNE on this bidding zone border. The respondent further states that this is not relevant due to a zone to zone PTDF of 1 on this bidding zone border (since this is the only AC bidding zone border which connects the Danish peninsula)</p>	<p>ACER disagrees with the respondent's view that this is not relevant but concludes that the impact of the different possible flow distribution over the DK1-DE/LU AC interconnectors is likely negligible.</p>
<p>One respondent (ENTSO-E) claims that regional operational security coordination is already done in an efficient way, since Energinet is already cooperating with TSCNet (i.e. regional coordination centre of the Central Europe system operation region)</p>	<p>ACER understands that Energinet is already exchanging information with a RCC of Core. However, ACER is of the opinion that it could lead to a more efficient result if the use of remedial actions of DK1 were optimised together with remedial actions from the Core CCR.</p>
<p>One respondent (Energinet) explains the current procedures in case of outages in the concerned geographic area and that changing the assignment of bidding zones would create similar issues elsewhere (i.e. shift of the problem from the Core to the Nordic CCR)</p>	<p>ACER is aware that a change of the Hansa CCR bidding zone borders would not fully resolve inefficiencies due to cross-regional coordination. However, the CCRs should be determined (and consequently where cross-regional cooperation should take place) in a way to minimise such efficiency losses to the smallest possible extent. Therefore, ACER invites TSOs to assess the efficiency of the CCR determination around the Hansa CCR once the first version of ROSC is implemented.</p>
<p>One respondent (Energinet) is of the opinion that ACER is not competent to decide to change the capacity calculation approach on the DK1-DE/LU and DK1-DE/LU bidding zone borders from cNTC to flow-based.</p>	<p>ACER disagrees, since it is fully competent to decide on the Proposal and revise it in accordance with Article 5(6) of Regulation 2019/942. This includes a change of allocation of bidding zone borders to CCRs if such revision improves the overall efficiency.</p>
<p>One respondent (Energinet) claims that the flow distribution on the different interconnectors on the DK1-DE/LU bidding zone border is always very similar regardless of the distribution of load and generation in DK1. The potential difference and following inefficiency is comparable with the loss due to linearization inaccuracies when FB is applied.</p>	<p>ACER agrees to the likely negligible impact of the flow distribution over the different interconnectors on the DK1-DE/LU bidding zone border.</p>

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<p>Two respondents (Energinet, DUR) share their concerns regarding the prioritisation of all remedial actions for the Core CCR (in accordance with the Core ROSC methodology) and potential negative consequences for the Nordic CCR if the discussed bidding zone borders would be reallocated.</p>	<p>ACER would like to inform the respondents that such concerns can be addressed by the methodology for cross-regional operational security coordination in accordance with Article 75(1) of the SO Regulation.</p>
<p>One respondent (Energinet) argues that a shift of bidding zone borders would not be in line with the objectives of the CACM and SO Regulation, giving priority of Danish remedial actions to other member states is beyond ACER's competences and that the DK1-DK2 bidding zone border is a national interconnector and therefore outside the competence of ACER.</p>	<p>ACER generally disagrees with these views in the context of the CCR decision, since the determination of CCRs impacts more than one Member State and needs to be decided in a way that ensures the overall efficiency of the internal energy market in line with the objectives of the CACM Regulation.</p>
<p>One respondents (DUR) questions why the discussion on optimising the CCR determination is limited to the CCR Hansa and does not address the Italy North, Baltic or SWE CCRs.</p>	<p>While ACER deems it important to also ensure the efficiency of the CCR determination related to these other CCRs, the circumstances for these are quite different (e.g. Italy North has more significant 3<sup>rd</sup> country impact; Baltic directly includes the relevant bidding zone borders, SWE has different geographical circumstances). However, ACER invites all TSOs to consider all CCRs for any improvement of efficiency of the determination of CCRs.</p>
<p><b>Question 1.2: Please provide your comments concerning the option to cancel such reallocation and the assessment criteria for making such a proposal.</b></p>	
<p>7 respondents provided an answer to this question.</p>	
<p>3 respondents (DUR, Energinet, Ørsted) state general disagreement to the approach. Two of these respondents (DUR, ENTSO-E) share their opinion that an assessment within 12 months would be difficult to perform correctly as it should be based on methodologies which are not yet implemented. One respondent (DUR) further states that different interests of TSOs would make it even more challenging to perform such task.</p>	<p>ACER is of the opinion that a decision on the amendment can already be made before the implementation of relevant methodologies, if the improved efficiency of such amendment is already sufficiently evident. However, ACER agrees that more details on the efficiency of regional operational security coordination can be provided once the relevant methodologies are implemented. Therefore, ACER amended this requirement accordingly.</p>

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3 respondents (EFET, Energie-Nederland, MPP) support the proposed approach.	
<b>Question 2: Please provide any comments related to the necessary amendments due to Brexit.</b>	
6 respondents provided an answer to this question.	
5 respondents (Energie-Netherlands, ENTSO-E, MPP, NGESO, NGV) consider these amendments as unfortunate but acknowledge them as an unavoidable consequence of the Brexit. Most of these respondents urge the UK and the EU to keep the resulting amendment to the necessary minimum and see benefit in close coordination.	ACER generally agrees.
One respondent (EFET) appreciates that the Proposal still includes the relevant bidding zone borders and CCRs and suggest to keep them in the future.	ACER does not deem it possible to keep the UK bidding zone borders, as these are out of scope of this determination of CCR since the time of UK's withdrawal from the EU.
One respondent (NGESO) asks about the future cooperation between the UK and the EU and more specifically about the expected cooperation framework between ACER and the UK and how the capacity values will be determined from EU's side for the interconnectors with the UK.	These questions are out of scope of this decision and cannot be fully answered at the time of this decision.
One respondent (ENTSO-E) questions the implication of Brexit and the deletion of these CCRs on the IU system operation region.	While this is out of scope of this decision, this question is addressed in the parallel decision process on the system operation regions.
One respondent (ENTSO-E) asks for clarifications on the impact on the IE/NI bidding zone regarding the continued application of EU Regulations including the foreseen aim of establishing multi regional loose volume coupling arrangements with the UK.	While this question is also mainly out of scope of this decision, ACER deems it relevant to mention that once the foreseen interconnector between France and Ireland is operational, the IE/NI bidding zone will again be under the scope of the CCR determination and subject to subsequent regional methodologies.



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	It is not possible to provide clarification related to multi regional loose volume coupling arrangements with the UK at the time and under the scope of this decision.
<b>Question 3: Please provide any further comments on the proposed CCR determination.</b>	
4 respondents provided an answer to this question.	
One respondent (ENTSO-E) generally comments on the foreseen amendments related to the GRIT CCR, the Baltic Cable TSO and Kraftnat Aland TSO.	ACER agrees and acknowledges the received comments.
One respondent (ElGrid) questions the competence of EU institutions and ACER and shares its preference for a maximum import and export approach per bidding zone for available cross-zonal capacity and criticises to the 70% target.	This feedback is largely out of scope of this decision. However, ACER disagrees and deems flow-based calculation and allocation as an efficient approach to determine cross-zonal capacity in the meshed transmission grid of the EU.
One respondent (Energy Community) suggests to include the envisioned integration of Energy Community Contracting Parties in the determination of CCRs (e.g. integration of Shadow SEE CCR)	While ACER welcomes the foreseen integration of the Energy Community Contracting Parties, those bidding zone borders are not in the scope of the Proposal and can therefore not be addressed by this decision.
One respondent (EFET) shares its view on the importance of considering 3 <sup>rd</sup> countries (i.e. Norway, Switzerland, Western Balkans, UK) for the safeguarding the electricity market and system.	While ACER deems it important to consider 3 <sup>rd</sup> countries where necessary, these countries are not in the scope of the Proposal (i.e. the CACM Regulation) and therefore not addressed by this decision.
One respondent (ENTSO-E) comments on the necessary subsequent amendments following a change of the determination of CCRs (i.e. SORs, RCC)	ACER agrees on the potential need of these subsequent amendments in case of a change in the CCR determination. However, these amendment processes are not in the scope of this decision.

### 3 List of respondents

Organisation	Type
BNetzA - Bundesnetzagentur	Regulatory authority
EFET - European Federation of Energy Traders	Association
ElGrid Consulting	Consulting company
Energie-Netherland	Association
Energinet	Transmission system operator
Energy Community Secretariat	Association
ENTSO-E	European Network of Transmission System Operators
MPP - Market Parties Platform	Association
National Grid Electricity System Operator	Transmission system operator
National Grid Ventures	Transmission system operators
Nord Pool European Market Coupling Operator AS	NEMO
Ørsted	Energy company