

Energy Regulators Regional Forum (ERRF)

ERRF Position Paper on Proposal on TSO-TSO settlement on intended and unintended energy exchanges within the Nordic Synchronous area

Date: 31-03-2020

Approval by the regulatory authorities of the Nordic Synchronous area of the TSOs' amended proposal on TSO-TSO settlement on intended and unintended energy exchanges within the Nordic Synchronous area in the accordance with Article 50(3) and Article 51(1) of Commission Regulation (EU) 2017/2195 of 23 November establishing a guideline on electricity balancing.

1. Introduction and legal content

This document elaborates an agreement of the regulatory authorities of Denmark (The Danish Utility Regulator - DUR), Sweden (Swedish Energy Markets Inspectorate - Ei), and Finland (The Energy Authority - EV) together with the regulatory authority of Norway (The Norwegian Energy Regulatory Authority - NVE-RME), participating in an informal manner.

The Energy Regulators Regional Forum agreed on 17 March 2020 that DUR, Ei, and EV could each of them approve the amended proposal on TSO-TSO settlement on intended and unintended energy exchanges within the Nordic Synchronous area (hereafter referred to as "the proposal").

The amended proposal was submitted on 18 February 2020 by the Danish TSO (Energinet), the Swedish TSO (Svenska kraftnät), and the Finnish TSO (Fingrid) in corporation with the Norwegian TSO, Statnett (hereafter referred to, in unison, as "the TSOs") in the accordance with Article 50(3) and Article 51(1) of Commission Regulation (EU) 2017/2195 of 23 November establishing a guideline on electricity balancing (hereafter referred to as "EBGL").

This joint approval is intended to constitute the basis on which DUR, Ei, and EV will subsequently adopt a national decision on the proposal pursuant to EBGL Article 6(1).

The legal provisions relevant for submission and approval of the proposal are stipulated in EBGL Articles 4 to 6, while the substantial requirements for a proposal on TSO-TSO

settlement on intended and unintended energy exchanges within a synchronous area are stipulated in EBGL Article 50(3), and Article 51(1).

II. The proposal

The TSOs submitted the (original) proposal for regulatory approval at regional level, pursuant to EBGL Article 5(3)(j) and (l), on 18 June 2019.

DUR, Ei, and EV submitted each of them a request for amendment to the TSOs on 18 December 2019.

The TSOs submitted an amended proposal on 18 February 2020.

EBGL Article 5(6), read in conjunction with Article 6(1), requires DUR, Ei, and EV to consult and closely cooperate and coordinate with each other to reach agreement, and make decisions within six months following receipt of submissions of the last regulatory authority concerned.

In the event that the one or several of the regulatory authorities request an amendment to approve a proposal, DUR, Ei, and EV shall decide on the amended proposal within two months following its submission. A national decision is therefore required by DUR, Ei, and EV, each of them, by 18 April 2020, as the latest.

III. Agreed position on the part of DUR, Ei, EV, and NVE-RME

DUR, Ei, EV, and NVE-RME have assessed the TSOs' amended proposal.

DUR, Ei, EV, and NVE-RME recognize that the TSOs' proposal in general meets the substantial requirements for terms, conditions, and methodologies on TSO-TSO settlement on intended and unintended energy exchanges within a synchronous area pursuant to EBGL Article 50(3), and Article 51(1).

DUR, Ei, EV, and NVE-RME find that the TSOs have followed the requirements, stated in the request for amendment, that the proposal should contain more precise rules, on how the TSO-TSO settlement should be carried out, i.e., on the money flows between the TSOs.

Thus, those required amendments are notably shown in the legal text of the proposal, in the Articles 2 to 7, and in the inserted Table 1, on the different money flows for TSO-TSO settlement, depending on whether the TSO settlement price and or the TSO settlement volume is positive or negative etc.

In a perspective of possible future amendments or revisions of the terms, conditions, and methodologies in question, DUR, Ei, EV, and NVE-RME have noted some minor non-substantial errors, which occur in the legal text within the amended proposal. E.g., the recital 2 refers to the previous Regulation 714/2009, and not to the new Regulation 2019/943.

In conclusion, DUR, Ei, EV, and NVE-RME acknowledge that the TSOs' amended proposal constitutes a significant improvement compared to the original proposal, and DUR, Ei, EV, and NVE-RME agree to approve the amended proposal in each of their national decisions.

IV. Actions / conclusion

DUR, Ei, EV, and NVE-RME have assessed, consulted, and closely cooperated and coordinated to reach the agreement that the TSOs' amended proposal meets the requirements of EBGL, and as such, is subject to be approved by DUR, Ei, and EV.

On the basis of this agreement, DUR, Ei, and EV is obliged, each of them, to issue a national decision by 18 April 2020, as the latest. Thus, the TSOs' amended proposal is to be considered as being adopted upon the decision by the last of the concerned regulatory authorities.

Following the national decisions by DUR, Ei, and EV, each of the TSOs will be required to publish the amended proposal as approved, in line with EBGL Article 7. Each of the TSOs are obliged to respect the implementation deadlines provided in the TSOs' amended proposal.

The proposal is not subject to approval by NVE-RME since NVE-RME is not bound by EBGL which is why NVE-RME has participated in the assessment of the proposal in an informal manner.

V. Possible next steps

DUR, Ei, EV, and NVE-RME take note that it follows from the TSOs' proposal, Article 6(3) and Article 7(2), that the TSOs will submit a proposal for amendment to the settlement price calculation to the relevant regulatory authorities to be approved for the introduction or more than one FRR balancing price or an RR balancing price in the Nordic Synchronous area.