

The CEP should foster – not threaten – the availability of cross-border transmission capacity

Improving the availability of interconnections for cross-border trading is crucial to allowing further European market integration in a cost efficient way for the consumers. In this perspective, **EFET, eurelectric, the MPP and Nordenergi are concerned with the European Council's General Approach and ITRE's draft compromise amendment on Article 14 of the Electricity Regulation on capacity calculation as it threatens the effective integration of electricity markets.**

Article 14 of the Electricity Regulation should indeed ensure that TSOs, while respecting network security at all times, maximise cross-border capacities in a cost-efficient way from a European welfare perspective. **We therefore call upon legislators to reject the Council and draft ITRE proposals and follow the European Commission's proposals on Article 14 of the Electricity Regulation**

The right instruments to achieve the optimal welfare are indeed efficient and transparent capacity calculations performed by the Regional Security Coordinators, under the scrutiny of TSOs. TSOs should be able to reduce available capacity when the cost of managing network constraints through remedial actions outweighs the benefits of increased cross-border trade, under the supervision of NRAs. The rules to ensure such key principle were already specified in Regulation 714/2009 and the CACM Guideline.

Instead of following this approach and making the objectives of welfare maximisation and cost efficiency explicit and straight-forward, the Council's position and ITRE's compromise amendments are focusing on the wrong instruments.

The concept of "minimum threshold" of cross-zonal capacity to be allocated to the market is inadequate and misleading. **An arbitrary one-size fits all approach for all EU borders would ignore the value created by cross-border trade, the reality of the system and the specificities of regional and national markets.** It would also lead to artificial price signals and inefficient dispatch.

Last but not least, the methodologies to be developed regarding sharing of re-dispatching and countertrading costs in accordance with the CACM guidelines (Art. 14§11) should make sure TSOs have the right financial incentives and economic signals to increase the availability of cross-border capacities to the market up to the level that truly maximises social welfare at regional level.

EFET, eurelectric, the MPP and Nordenergi therefore stress the need to safeguard the key principles governing the CACM provisions in Article 14 in order to ensure that the maximum cross-border capacity is made available to the market, in a way that maximises social welfare and economic efficiency.