

ACER consultation on the delineation of CCRs (Hansa & GRIT CCRs)



EFET response – 15 February 2019

EFET thanks ACER for the opportunity to provide comments on the proposed changes to the delineation of CCRs in Europe, most particularly the Hansa and GRIT CCRs, as well as on the suggestions for further and regular reviews of this delineation.

Topic 1: future amendments

3.1 Please provide comments concerning the proposed reassessment of optimal bidding zone border allocation in the Hansa, Baltic and Channel CCR. (Article 6)

We share the discomfort of ACER with the attribution of the DK1-NL bidding zone border to the Hansa capacity calculation region (CCR), albeit for reasons that go beyond the description made by ACER in the consultation document. Indeed, as things stand, flows on the HVDC interconnectors in the Hansa CCR, possibly get implicitly priority access compared to the flows in regions they connect (Core and Nordic CCRs). However, according to the Hansa capacity calculation methodology (CCM) approved by the relevant regulators, the situation would be reverse, where flows in the Core and Nordic CCRs would get implicit priority access over flows on the Hansa interconnectors.

Indeed, as expressed in our joint response with Eurelectric, Nordenergi and MPP to the consultation on the TSOs' proposal for the Hansa CCM¹, we consider the concept of "Advanced Hybrid Coupling" in Article 2(1.a) of the Hansa CCM unclear and prone to discrimination between trades in the Hansa region on the one hand, and the Core and Nordic regions on the other hand. The term AHC is only used in Article 13. Article

¹ EFET, Eurelectric, Nordenergi and MPP response to the TSOs' consultations on the capacity calculation methodologies, last updated on 22 March 2018 and available at: https://efet.org/Files/Documents/Downloads/EFET_Eurelectric_MPP_Nordenergi-TSOs%20consultation%20CCM_22032018.pdf.

13(c) suggests that the capacity for the lines in the CCR Hansa be determined by the CCMs of CCR Nordic and CCR Core. It suggests that congestions in the Core and Nordic region are managed by limiting cross-zonal trade through the Hansa interconnectors, which is not acceptable and goes against Regulation 714/2009. In the Whereas, number 12 (page 3) it is mentioned that AHC is needed to avoid undue discrimination between flows within CCR Hansa or adjacent regions and between bidding zone borders within CCR Hansa. However, there is no justification for this statement. Actually the opposite seems true. By applying AHC cross-zonal trade between the Nordic and Core regions is discriminated against trades within the Nordic CCR and against trades within the Core CCR.

Therefore, the current delineation of CCRs, most precisely the three radial regions of Hansa, Channel and Baltic that connect meshed CCRs, is prone to creating discrimination between trades either in those three regions, or in the regions they connect. Our recommendation, as already highlighted in our response to the ACER consultation on the definition of CCRs back in 2016², is to rapidly merge the interconnectors of these “buffer regions” into either of the neighbouring CCRs.

Should this not be the case immediately, we recommend that the Hansa CCM be modified to reflect the principle applied in the Channel CCM: there, the capacity is set as the “MPTC”, Maximum Permanent Technical Capacity, which represents the maximum continuous active power which a network element (interconnector/HVDC system) is capable of transmitting. The principle is in line with the ACER recommendation of 11th November 2016, which states that the capacity should be set by the maximum technical capacities of the interconnectors.

On a related note, we fail to understand why the Hansa CCR is not using the flow-based capacity calculation methodology of the neighbouring CCR, opting instead for a CCM based on a coordinated NTC methodology with “advanced hybrid coupling”. The EU Target Model requires a ‘flow-based’ method to be used for capacity calculation and allocation, as stated in the CACM GL Art 20.7.

Topic 2: Italian bidding zone review amendments

3.2 Please provide comments on the inclusion of amendments regarding the outcome of the Italian bidding zone review (Article 4)

We agree with the Agency’s reasoning to include the changes of the Italian bidding zone borders into the decision on the amendments to the determination of capacity calculation regions.

The consolidation of the bidding zones in Italy will increase the size of the market, hence liquidity and competition (including across borders), so it is a step in the right direction.

² EFET response to the ACER consultation on the definition of the CCRs, dated 20 July 2016 and available at: https://www.efet.org/Files/Documents/Electricity%20Market/Market%20access%20and%20transparency/EFET_ACER-consultation-CCRs.pdf.

Topic 3: other issues

3.3 Please provide any further comments on the proposed CCR determination amendments

Overall, we note that the proposed methodologies, in the Hansa, Baltic and Channel CCR, follow different approaches, e.g. the Channel CCM is fundamentally different from the Hansa CCM. Rather than having a common approach, the CCMs rather continue existing practices, hindering the market integration driven by common European network codes.

We take the opportunity of this consultation to remind the NRAs in charge of approving CCM that the concept of regional implementation was introduced at a rather late stage in the drafting of the CACM GL, in any case with the intention that it be a step towards European harmonisation. The significant discrepancies we can now observe between the different regional methodologies (especially CCMs and redispatch and countertrading methodologies) risk, in effect, hindering the harmonisation of methodologies at European level, as intended in the Guideline.