

Hansa ID/DA Capacity Calculation Methodology amendment

17 February 2023

The European Federation of Energy Traders (EFET) welcomes the opportunity to provide our comments on the proposed Hansa CCM amendment so that the Already Allocated Capacity (AAC) provided to market coupling in the intraday timeframe can be adjusted to take into account the capacity allocated for explicit countertrade during the intraday timeframe.

Key messages

1. The DE-DK1 is also regulated by DG COMP Decision¹ and we would have welcomed a greater analysis in the TSOs explanatory document;
2. The proposed amendment allows TSOs to limit the interconnection capacity made available to market participants in the intraday timeframe in order to resolve internal congestions.

Comments on the proposed amendment

Art.15 Countertrade in intraday

The question of TSOs having direct access to the intraday market is always complex. TSOs are not and should not become market participants; the rules of unbundling enshrined in EU legislation limit their role to that of market facilitators. Having them act on the market – in this case the intraday market – falls outside the usual remit of their activities.

Should they act on the intraday market to perform countertrading, then this activity should be clearly separated from other TSO activities and subject to exactly the same rules and responsibilities as market participants. In particular, TSOs should stay under strict scrutiny of regulators based on REMIT for their activities on the ID market.

¹ https://ec.europa.eu/competition/antitrust/cases/dec_docs/40461/40461_461_3.pdf

Comments on outstanding concerns not subject to an amendment

Article 19(1) and 19(4)

Article 19(1) and 19(4) specify that the Hansa CCM – as described in the proposed methodology – will only apply once Advance Hybrid Coupling (AHC) will be implemented in the Core and Nordic regions. According to this approach, the capacity of the Hansa interconnectors will be solely determined by the interconnectors, and this capacity will be used as an input for the Core and the Nordic flow based allocations. As a result, internal CNECs inside the Core or the Nordic region can result in limitations of cross-zonal trade across the Hansa interconnectors.

However, the Hansa CCM does not describe the actual capacity calculation method to be used before the implementation of AHC. It only describes that coordination on input data and assumptions is gradually improved. EFET reminds the TSOs that general principles and requirements of capacity calculation have to apply also in this transition phase. This includes for example: “The maximum level of capacity of the interconnections and the transmission networks affected by cross-border capacity shall be made available to market participants complying with the safety standards of secure network operation” from article 16(4) Regulation 2019/943, and “Transmission system operators shall not limit the volume of interconnection capacity to be made available to market participants as a means of solving congestion inside their own bidding zone or as a means of managing flows resulting from transactions internal to bidding zones.” from article 16(8) EU Regulation 2019/943.

EFET underlines that the lack of transparency on current capacity calculation procedures on the Hansa interconnectors does not enable market participants to assess the compliance of these procedures with article 16 of the Regulation.

At the moment, it seems obvious that the current capacity calculations takes account of internal congestions in the Core and/or Nordic regions. Hence, the current procedures are likely not compliant with article 16(4) of the Regulation. Compliance with article 16 of the Regulation should therefore be sought through article 16(8).

For Hansa interconnectors linking Member States without an action plan according to article 15 of the Regulation, the 70% rule of article 16(8) applies unless a derogation has been requested at the CCR level according to article 16(9). It is extremely unclear to us at the moment if and which derogations apply to these cables.

For cables linking Germany (a Member State with an action plan) to other zones, we do not understand how the target values and the linear trajectory for the Hansa borders (for the implementation of the German Action plan) are being set. TenneT has indicated that the coordinated NTC approach for the Hansa borders will not foresee internal critical network elements with contingencies (CNECs) in the period until the implementation of AHC. EFET understands that the capacities are being calculated per border, however the

current calculations internal congestions impact these calculated capacities and thus restrict cross-zonal trade. Therefore, it is necessary to show to what extent such restrictions caused by internal Core and/or Nordic congestions are compliant with the linear trajectory.

EFET does not demand that the actual capacity calculation method during the transition phase is included in the Hansa CCM. It can be acceptable to refer to “current methodologies” (like in Article 19(2)). However, the current regulatory framework of bilateral capacity calculation does not provide the right transparency framework on capacity calculation. It is not acceptable if a simple reference to current methodologies is interpreted in such way that TSOs would not have to show how internal congestions (or internal CNECs) from the Core and/or Nordic region restrict cross-zonal trade in this implementation phase.

Therefore, EFET seeks full transparency from the TSOs and regulators of the Hansa region on the existing capacity calculation methodologies, as well as the application of article 16 of the Regulation. This should include details on how possible derogations according to article 16(9) apply to Hansa interconnectors, and how the target values and linear trajectory are calculated for Hansa borders in the context of action plans according to article 15.

Transparency

We miss a provision in the CCM obliging Hansa TSOs to provide a high level of transparency on all capacity calculation parameters. Article 25 of the Core CCM should serve as the basis in terms of minimum transparency requirements.

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