

– Consultation response –

## Public consultation on reasoned amendments to CACM 2.0

Brussels, 10 June 2021 | The Capacity Allocation & Congestion Management (CACM) Guideline provides a vital set of rules for the operation of cross-border electricity markets and sets the basis for the methodology for calculating interconnector capacities available for trading. Europex and the All NEMO Committee welcome the initiative to improve and update the Guideline, while also bringing it into alignment with the Clean Energy Package rules.

We set out below selected parts of our response to this consultation on the reasoned amendment proposals from ACER (Titles III, V, VI and SO GL amendments). For consultation topics not included here, please refer to the distinct NEMO Committee position.

### TITLE III - Capacity calculation

#### Chapter 1 - General requirements

Download ACER amendment proposals:

[210413\\_PC\\_AM\\_III.1\\_CC\\_general\\_requirements\\_final.pdf](#)

#### Opinion on the proposed amendments

Article 15 Capacity calculation regions **Agree**

Article 15A General capacity calculation provisions **Agree**

Article 20 Capacity calculation approach **Neutral**

#### Additional comments

We generally support the reasoning related to Article 15 and 15A. However, in relation to Article 20 (consideration of flows with third countries) ACER recognises that an update to CACM is needed with regard to the status of third countries in capacity calculation, but provide no amendment proposal, stating that a political decision is needed. A framework for wider third- country cooperation beyond just individual country clauses is needed in CACM 2.0. While we recognise the political dimension, it would be helpful to have a proposal on the table to provide more technical guidance to the comitology discussion e.g. with regard to how those flows shall be taken into account when assessing the minimum capacity target of 70%. Exchanges of electricity with third countries are a reality and borders with third countries should in principle be taken into account by capacity calculation processes, while ensuring

that existing integration projects are not compromised. Current EEA countries such as Norway that are participating more closely in SDAC and SIDC should retain this status.

## Chapter 2 - Capacity calculation methodologies

Download ACER amendment proposals:

[210413\\_PC\\_AM\\_III.2\\_CC\\_methodologies\\_final.pdf](#)

### Opinion on the proposed amendments

Article 21 Capacity calculation methodology **Strongly agree**

Article 22 Reliability margin methodology

Option 1 FRM per CNEC for both CNTC and FB **Neutral**

Option 2 TRM/NTC vs FRM/FB **Neutral**

Article 23 Methodologies for critical network elements, contingencies and operational security limits **Agree**

Article 24 Allocation constraints **Agree**

Article 25 Generation and load shift keys methodology **Neutral**

Article 26 Methodology for remedial actions in capacity calculation **Agree**

### Additional comments

*Article 21:* We support the inclusion in the regional capacity calculation methodologies of principles to comply with the 70% target, as well as transparency on what will be required to achieve the linear targets where an action plan applies.

*Article 24:* Clear justification for any allocation constraints applied by TSOs (as per Article 24(1)a) is needed, particularly as there is no closed list of measures. We support the requirement for a CBA in the regional CCM to demonstrate their economic efficiency, but also suggest a requirement for TSOs to assess impact on the market as part of this analysis.

### Alternative amendment proposals

	AMENDMENT	REASONING
ARTICLE 24	(2) Such an analysis shall prove that allocation constraints are the economically most efficient measure among all alternatives to address related operational security issues, <b>and shall assess the impact on at least the day ahead and intraday market of any restriction in cross-zonal capacity.</b> This analysis shall be repeated every three years and submitted to regulatory authorities of the concerned capacity calculation region which shall decide whether allocation constraints can	While market impact may be considered to be an inherent part of the CBA, if part of a welfare analysis, the details of the CBA methodology are determined by the TSOs. We believe it is helpful to explicitly require this step to ensure transparent consideration of costs and benefits, including market impacts.

continue to apply. **TSOs shall involve relevant stakeholders as necessary when conducting the cost-benefit analysis and shall publish the final report submitted to the regulatory authorities.**

### Chapter 3 - Capacity calculation process

Download ACER amendment proposals:  
[210413 PC AM III.3 CC process final.pdf](#)

#### Opinion on the proposed amendments

Article 28 Regional calculation of cross-zonal capacity

Option 1 Proposal including minRAM/70%+CTNC built on FB **Neutral**

Option 2 Only general 70% requirement **Agree**

Article 29 Coordinated validation of cross-zonal capacity **Agree**

Article 30 Individual validation of cross-zonal capacity **Agree**

Article 30A Delivery of cross-zonal capacity **Agree**

Article 30B Reports about validation **Agree**

#### Additional comments

We support Article 28 Option 2, as it keeps the CACM requirement at a higher level as originally foreseen and allows regional capacity calculation methodologies to define more detailed steps, retaining some necessary regional flexibility. We acknowledge that the transition from cNTC to flow-based requires TSO resources, and believe that pragmatic aspects related to 70% monitoring should be included in the regional CCMs.

## TITLE V - Bidding zone review process

Download ACER amendment proposals:

[210413 PC AM V.1 BZR procedures and criteria final.pdf](#)

### Opinion on the proposed amendments

Article 32 Reviewing existing bidding zone configurations **Agree**

Article 33 Criteria for reviewing bidding zone configurations **Agree**

### Additional comments

*Article 32:* While we agree with the proposed amendments, we believe stakeholder engagement needs to be further strengthened and have made a proposal below.

*Article 33:* The proposed amendments to Art 33, new paragraphs 1 and 2 refer to sections of Article 14 of the Electricity Regulation. New paragraph 2 refers to '[...] securing the long-term security of investments in generation and network infrastructure.', making an additional reference to 'generation'. We would like to recommend that the CACM Regulation is fully aligned with the Electricity Regulation to ensure regulatory certainty.

### Alternative amendment proposals

	AMENDMENT	REASONING
ARTICLE 32	<p>(10) NEMOs <del>or, market participants and other relevant stakeholders shall, if requested by TSOs, be appropriately consulted by TSOs when carrying out the steps described in Paragraph 6(a)(i), (ii) and 6(b)(i). A dedicated stakeholder advisory group should be established for this purpose in order to provide the participating TSOs with information to enable them to develop the methodology and assumptions of the review and enable them to assess bidding zone configurations.</del> This information shall be shared only between the participating TSOs for the sole purpose of <del>assessing bidding zone configurations.</del> <b>the bidding zone review.</b></p>	<p>While a stakeholder consultation requirement exists in the new Paragraph 6(b)(ii) on at least the outcome of the bidding zone review and the draft proposal to maintain or amend the bidding zone, this is too late in the process. Furthermore, in the most recent review, there was no stakeholder involvement during the step to define the methodology, assumptions and alternative configurations – this is arguably at least as, if not more, important than the subsequent evaluation of the configurations. We therefore propose establishing clear requirements to involve stakeholders in both steps. Given the time constraints this does not have to be full public consultation. Participation via a dedicated stakeholder advisory group would also help channel valuable stakeholder expertise and should be seen as a help rather than a hindrance to the process.</p>
ARTICLE 33	<p>(4) A bidding zone review in accordance with Article 32 shall</p>	<p>It is desirable to have a view on infrastructure development beyond</p>

include scenarios which take due account of tangible progress on infrastructure development projects that are expected to be realised within the three years starting from the year following the year in which the decision to launch the review was taken. **A complementary longer-term perspective may be provided by using additional data from relevant TYNDP scenarios.**

three years to ensure that bidding zone configurations can remain relevant and provide stability for market participants for a longer time perspective. We suggest acknowledging the possibility to use additional data, to complement the legal requirement for the three-year perspective.

## **TITLE VI - Reporting and implementation monitoring**

### **Chapter 1 - Reporting**

Download ACER amendment proposals:  
[210413\\_PC\\_AM\\_VI.1\\_reporting\\_final.pdf](#)

#### **Opinion on the proposed amendments**

Article 31 Biennial report on capacity calculation and allocation **Agree**

Article 34 Regular reporting on current bidding zone configuration by ENTSO for Electricity

Option 1 Includes threshold for reporting on physical congestion **Agree**

Option 2 No explicit threshold **Neutral**

#### **Additional comments**

We believe it is useful to include a threshold for inclusion of congestion in the report prepared by ENTSO-E as this will contribute to a more meaningful pan-European analysis. A regular review clause for the level of this threshold could also be inserted.

## SOGL amendments

### Chapter 1 - Common grid model

Download ACER amendment proposals:

[210413\\_PC\\_AM\\_X\\_SOGL.1\\_CGM\\_final.pdf](#)

Article 16, Article 17, Article 18, Article 19 and Article 28 of CACM Regulation are proposed to be deleted from CACM Regulation and below articles from the SOGL Regulation amended.

#### Opinion on the proposed amendments to SO GL articles:

Article 40 Organisation, roles, responsibilities and quality of data exchange **Agree**

Article 46 Scheduled data exchange **Agree**

Article 52 Data exchange between TSOs and transmission-connected demand facilities **Agree**

Article 64 General provisions regarding individual and common grid models **Agree**

Article 67 Year-ahead and month-ahead individual and common grid models

Option 1 Not to include the best forecast of remedial actions in IGM **Neutral**

Option 2 Include the best forecast of remedial actions in IGM **Neutral**

Article 69 Week-ahead individual and common grid models **Agree**

Article 70 Methodology for building two-days ahead, day-ahead and intraday common grid models (options in this article depend on options under X.1 Article 67) **Agree**

### Chapter 2 - Remedial actions

Download ACER amendment proposals:

[210413\\_PC\\_AM\\_X\\_SOGL.2\\_redispatching\\_and\\_countertrading\\_final.pdf](#)

Article 35 and Article 73 are proposed to be deleted from CACM Regulation and Article 76 from the SOGL Regulation is proposed to be amended.

#### Opinion on the proposed amendments:

Article 76 Proposal for regional operational security coordination

Option 1 Improved text in line with ACER Decisions **Disagree**

Option 2 Keeping the existing text from CACM Regulation and move to SO Regulation **Disagree**

#### Additional comments

We do not currently see issues stemming from having remedial actions addressed in both CACM and SOGL, with a different focus, and believe the CACM articles can be updated as necessary to ensure completeness while avoiding conflict with SO GL provisions (e.g. on optimisation of remedial actions). RD and CT measures are important market-relevant aspects, necessary for ensuring the firmness of cross-zonal capacities. We are concerned that moving these to a more global framework in SO GL will remove oversight from a market perspective and make it more difficult for market parties to be involved in discussions around the implementation of these provisions.

## **About**

Europex is a not-for-profit association of European energy exchanges with 29 members. It represents the interests of exchange-based wholesale electricity, gas and environmental markets, focuses on developments of the European regulatory framework for wholesale energy trading and provides a discussion platform at European level.

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