


**ACER**

 Agency for the Cooperation  
of Energy Regulators

## **3.2 Framing bidding zones and cross-border capacity allocation**

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*Presentation*

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- **Article 16(8)** of Electricity Regulation (Recast):

*TSOs shall not limit the volume of interconnection capacity in order to manage internal congestions*

*Total amount of **30%** on each critical network element can be used for the **reliability margins, loop flows** and **internal flows***

- The **remaining 70%** should be made available for **cross-border trade**:
  - ✓ *trades through **borders inside CCC** (coordinated capacity calculation)*
  - ✓ *trades through **borders outside CCC** (only trades between EU CCRs or considering also third countries trades?)*

- ACER/NRAs, in collaboration with TSOs, are developing two guidelines for a joint understanding of the calculation principles:
  - ✓ *Guideline for **fulfillment monitoring** – first step*
  - ✓ *Guideline for **compliance assessment** – second step*
- Similar '**CNEC approach**' applicable to different capacity calculation methodologies (CCMs):
  - ✓ *CNTC with interdependent borders*
  - ✓ *CNTC with non-interdependent borders*
  - ✓ *Flow Based*

- **Day-ahead** should be the most **relevant timeframe for fulfillment monitoring**
- *Allocated (nominated) capacity in **previous timeframes** will count as part of the 70%*
- *Reserved capacity for **balancing**, according to EBGL TCMs, also counts as part of 70%.*
- *How to account for higher level of fulfillment in **intraday**?*
- *In principle, a CNEC not providing 70% of its capacity due to **allocation constraints** should be considered as non-fulfilling for monitoring purposes*
  - *NRAs may afterwards review their compliance*

- **Fulfilment monitoring input:**
  - ✓ *For capacities inside CCR*
    - *CWE: hourly RAMs*
    - *non-CWE: hourly NTCs converted into RAMs with PTDFs from one CGM*
  - ✓ *For capacities outside CCR: hourly exchanges outside CCR converted into RAMs using PTDFs from one CGM*
  - ✓ *Improvements expected in future (more CGMs per year)*
- **Fulfilment monitoring output:**
  - ✓ *Non-fulfilment hours (MTUS) per country*
  - ✓ *Fulfilment at each CNECs (and not fulfilment due to allocation constraints)*
  - ✓ *Available margins in those CNECs*
  - ✓ *Shadow prices/price differentials*

- Fulfillment monitoring of 70% cross border capacity will be the **base for NRAs/MSs works** on:
  - ✓ **Compliance assessment** where NRAs can consider efficiency, price differentials or exempted hours threshold when evaluating the overall year compliance
  - ✓ **Enforcement decisions:**
    - National **action plans** approved by MSs
    - **Derogations** or temporary exemptions approved by NRAs of CCR (or ACER if no agreement)
- **ACER fulfilment monitoring methodology** (July 2019)
- **Results** of fulfillment monitoring (September/Oct 2019)
- Guideline for **compliance assessment** (2<sup>nd</sup> half of 2019)
- Indications by MS/NRAs on **action plan or derogation**

**Art 14.1 Bidding zones shall not contain structural congestions unless they have no impact on neighboring bidding zones**

