

The background is a dark blue image of the Earth from space, showing the continents. Overlaid on the Earth are numerous glowing blue lines that form a complex network, representing energy connections or data flow. The lines are curved and intersect, creating a sense of dynamic movement and interconnectedness.

Bringing CACM and FCA Guidelines in the Energy Community

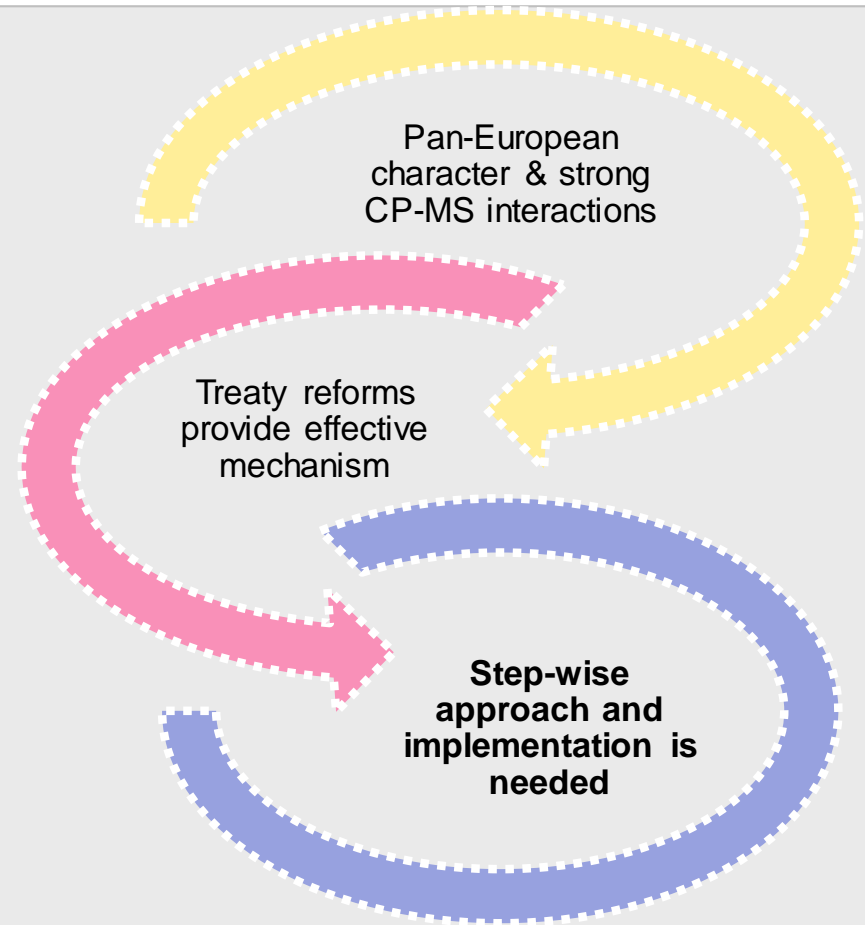
Energy Community Secretariat
EnC working group, 14 July 2020

Background of previous discussions

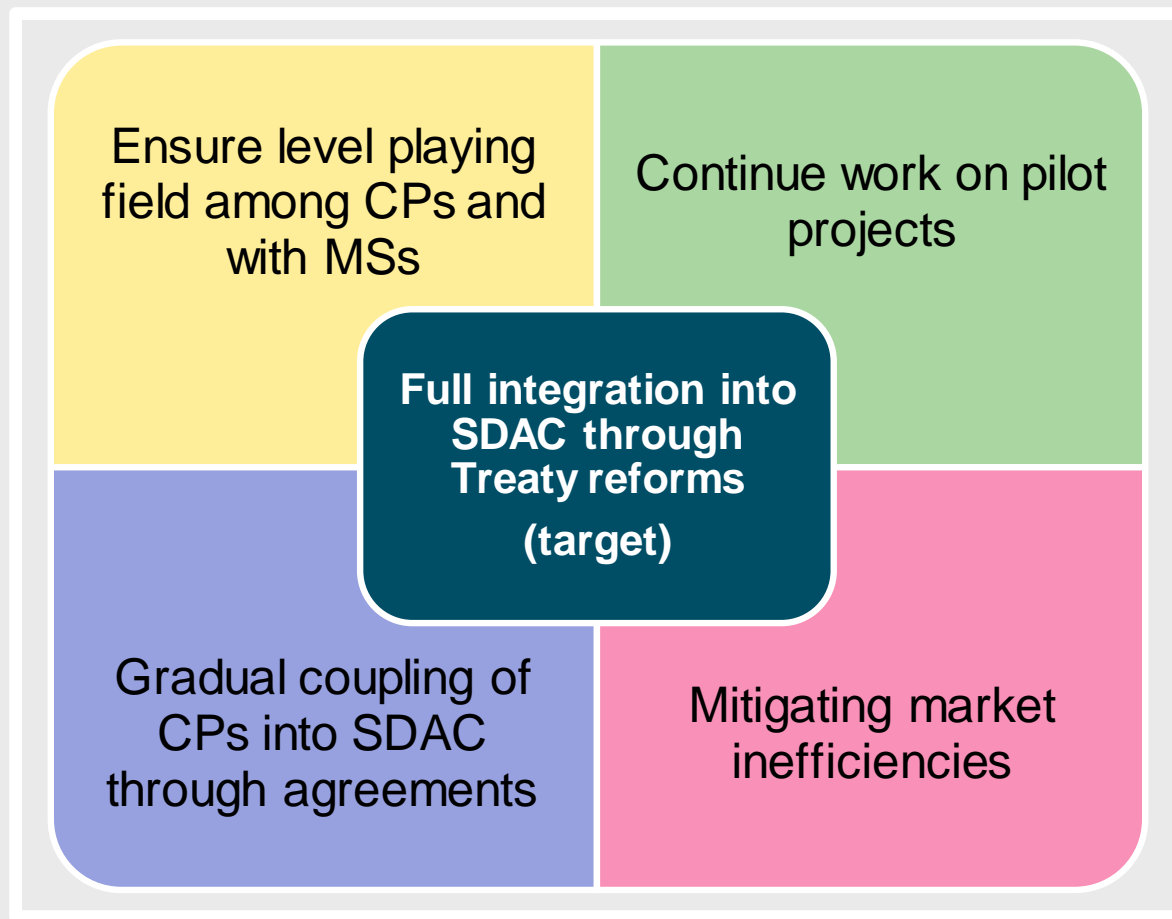
Pan-EU market coupling is a priority

Two key challenges for coupling CPs into SDAC:

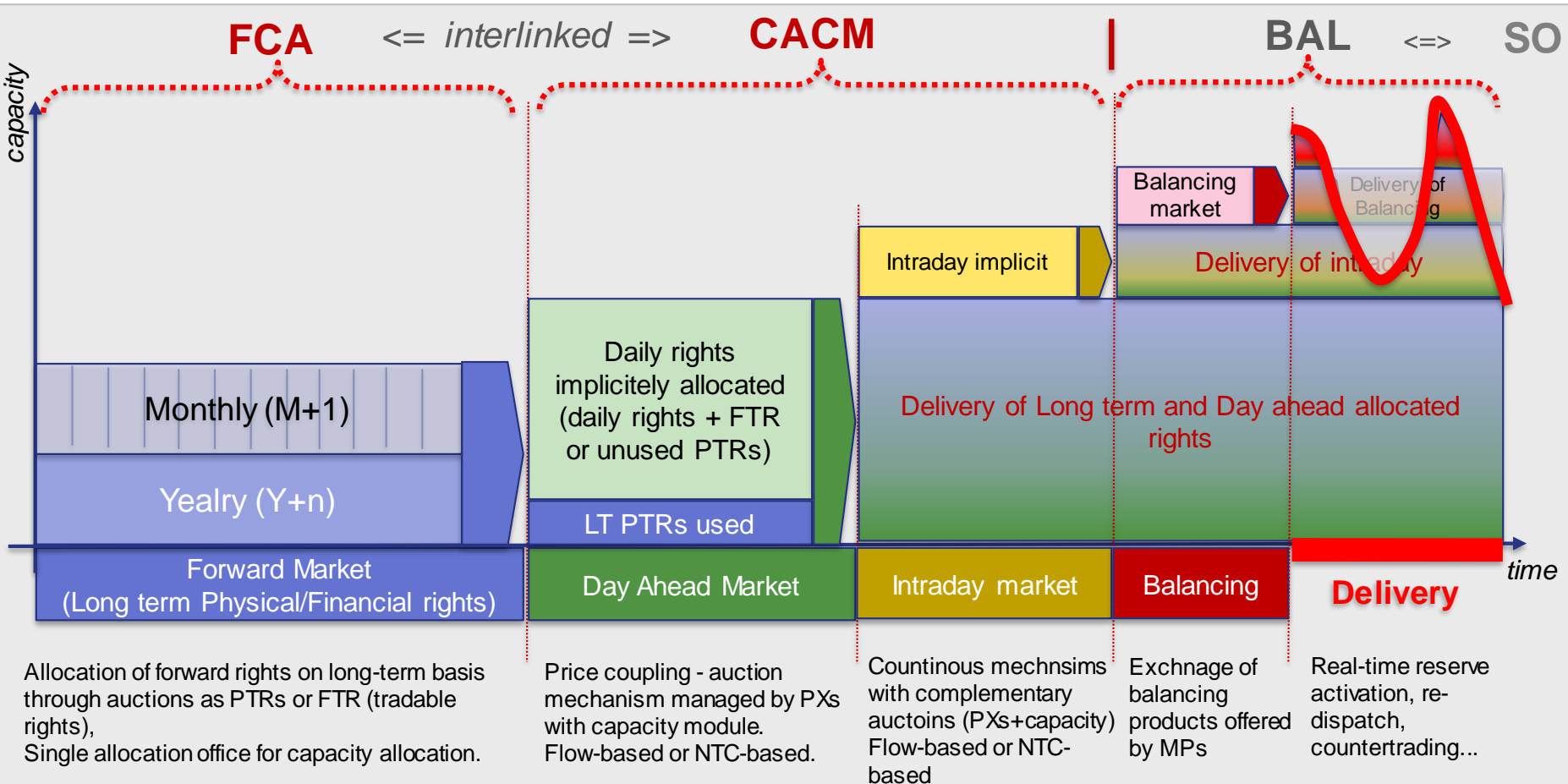
1. Reciprocal application of requirement between MSs and CPs – switch on mechanism
2. Regulatory approval – empowering ACER to take decisions for CP NRAs in case of disagreement on methodologies, terms or conditions that have to be developed pursuant to the network codes.



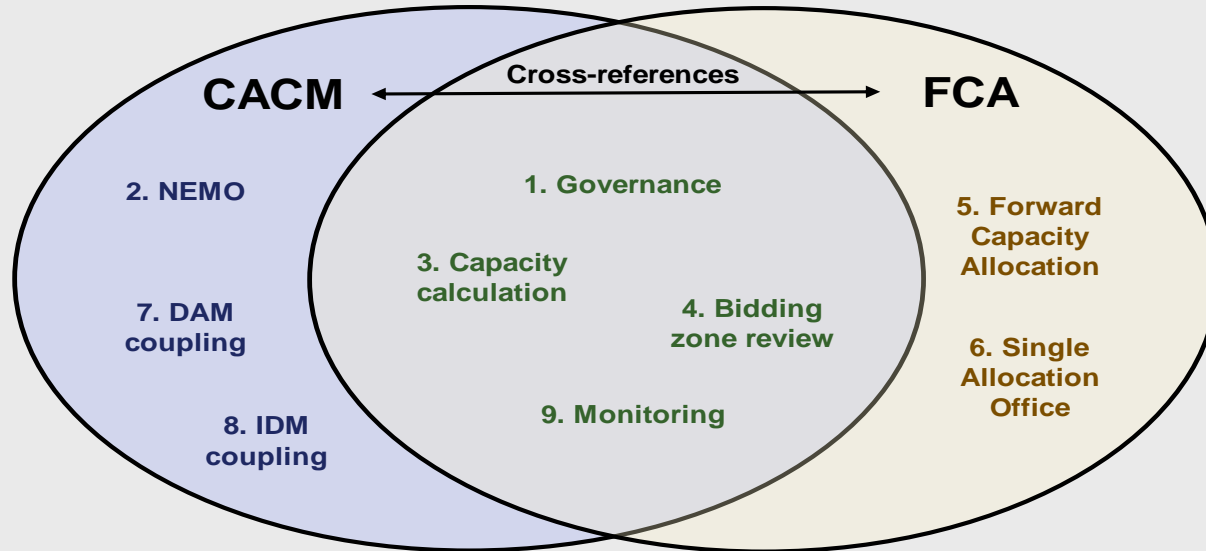
Important criteria in achieving the target



Target model = market network codes



CACM & FCA Regulations (GLEB later)



Path towards market coupling



EU CACM & FCA

- Coordinated capacity calculation
- Market coupling
- Coordinated forward capacity allocation

- ACER - regulatory decision
- NEMO designation
- TSOs national requirement for coupling and capacity calculation

Implementation of Treaty reforms

M-lateral/Regional agreements

- Pan-European coordination on capacity calculation
- Market coupling between of CPs into SDAC
- ACER

- Regional CCRs, incl. CP-MS
- Market coupling between CPs-MS
- ECRB

Adapt CACM & FCA for CPs (Title II)

- Market coupling between CPs
- CCC
- Coordinated capacity allocation

- ECRB empowered with regulatory decision powers
- NEMO designation
- TSOs national requirement for coupling and capacity calculation

Cross-zonal applicability

■ EU CACM

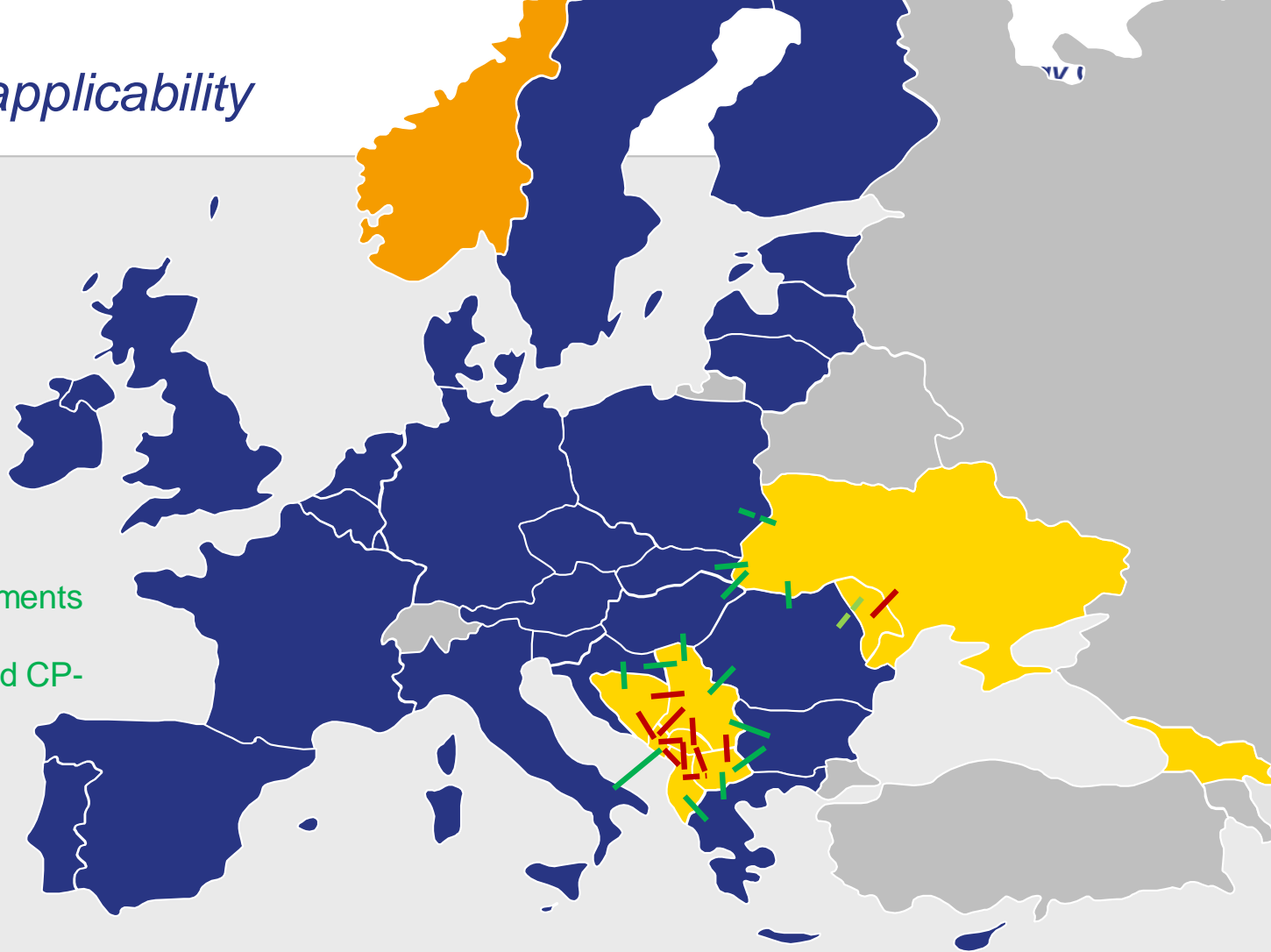
■ Agreement

■ EnC CACM

M-lateral/regional agreements
...until...
“switching on” of CPs and CP-
MS interconnections

■ European Union

■ Contracting Parties

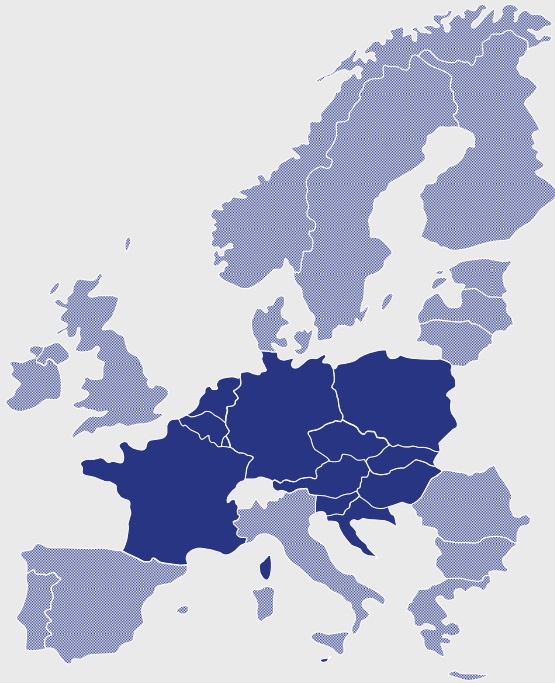


Definition of CCR – key for implementation

- EU CACM required TSOs, within 3 months from the entry into force of CACM, to develop a proposal for determination of CCRs
 - CCRs = geographic areas in which coordinated capacity calculation applies
 - Each bidding-zone border is attributed to a CCR
- 17 Nov 2016 ACER decided on EU CCRs after failure by NRAs to reach an agreement on the CCRs proposals submitted by the TSOs (few amendments came later)
- 10 CCRs are defined (only MS-MS borders)
- ACER's decision and ENTSO-E's explanatory document provides for future SEE CCR 10th which includes also MS-CP borders in SEE

EU's relevant CCRs

CCR 3: CORE



CCR 5: GRIT



CCR 10: SEE



CCR SEE (ACER's decision)

- ACER's decision on CCRs (pursuant to Article 9.11 of the CACM)
 - Article 14: CCR SEE includes bidding zone borders between: GR-BG and BG-RO
 - Recital 84: *“Since the CACM Regulation aims at extending market coupling beyond the EU borders (ref to CACM Article 20.4), the Agency stresses the importance to prepare the **future extension of CCRs to third countries** well in advance. The Agency therefore welcomes that the CCRs Proposal provides for a planning for the future extension of the current CCRs, including to third countries (ref to **“Explanatory document to all TSOs’ proposal for Capacity Calculation Regions - CCRs” of 29.10.2015**).”*
 - *“CACM Art. 20.4: No later than six months after at least all South East Europe Energy Community Contracting Parties participate in the single day-ahead coupling, the TSOs from at least **Croatia, Romania, Bulgaria and Greece** shall jointly submit a proposal to introduce a common capacity calculation methodology using the flow-based approach for the day-ahead and intraday market time-frame. The proposal shall provide for an implementation date of the common capacity calculation methodology using the flow-based approach of no longer than two years after the participation of all SEE Energy Community Contracting Parties in the single day-ahead coupling. The TSOs from Member States which have borders with other regions are encouraged to join the initiatives to implement a common flow-based capacity calculation methodology with these regions.*

- **Future composition of CCRs including non-EU bidding zone borders** (Annex 1 to the Explanatory ... document)
 - Establishes the basis for the future implementation of the CACM Regulation by non-EU TSOs/non-EU regulatory authorities
 - Facilitates the early implementation by non-EU TSOs and the cooperation of the EU and non-EU NRAs;
 - **Involved TSOs (EU and non-EU) will start working together based on the CCR composition presented in Annex 1 to achieve the targets set in the CACM**
 - CCR SEE including non-EU bidding zone borders as fig below (excluding HU-RO and HU-HR)
- *SEE shadow CCR amended to include WB6*
- *Amended slightly based on follow-up discussions– still subject to further consultation!*

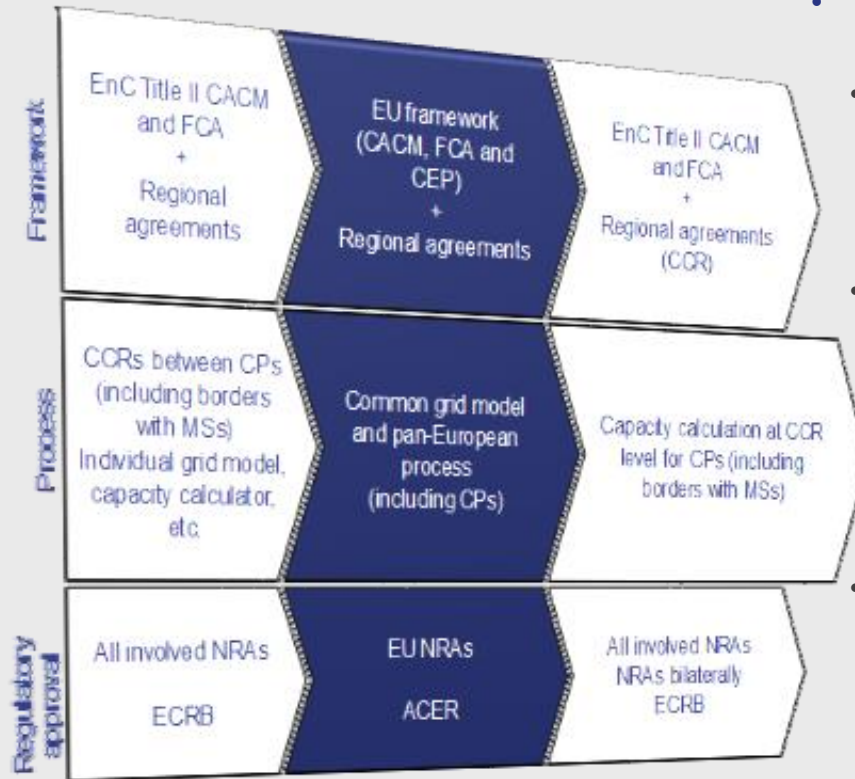


Source: Explanatory document to all TSOs' proposal for CCR

Capacity Calculation Regions

- First step is defining the CCRs (which include CPs and MSs) – decision to be proposed for approval together with CACM
- MSs should be integrated via regional agreements to establish the CCRs and be part of the regional processes designed under the adapted CACM/FCA for the borders CP-MS
 - EnC CCRs include CP-CP and CP-MS borders, complementing MS-MS CCRs
 - **CCC methodology should include 70% requirement from CEP**



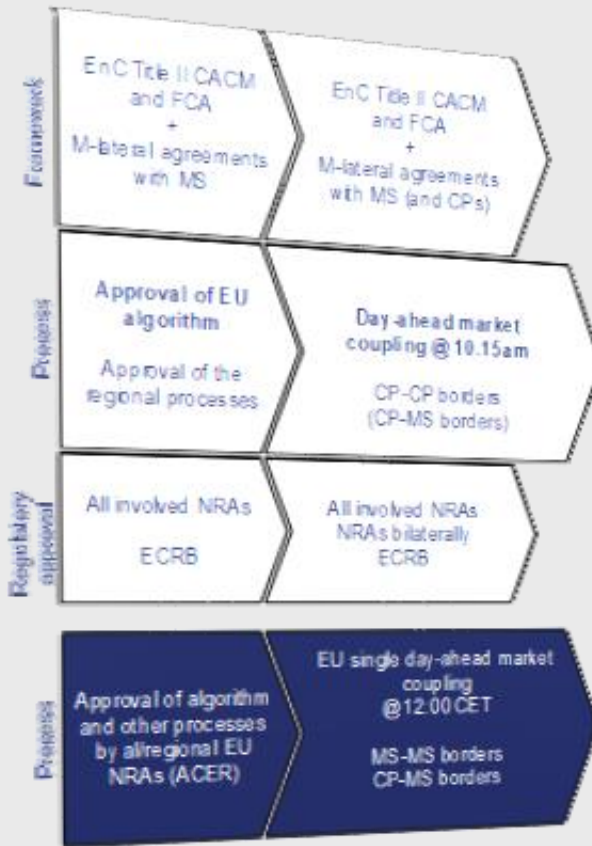


- MS for MS-CP borders will have regional agreements based on which CCRs become effective
- Example: for SEE Shadow region WB6 + all surrounding TSOs should be part of the agreement. The agreement shall state all the mutual requirements and process to ensure CCC, including the agreed capacity calculator
- The established CCRs should have regional agreements with other CCRs – for cross-CCR coordination

From the process point of view:

Title II adoption puts in place all the requirements for CPs – the legal basis!

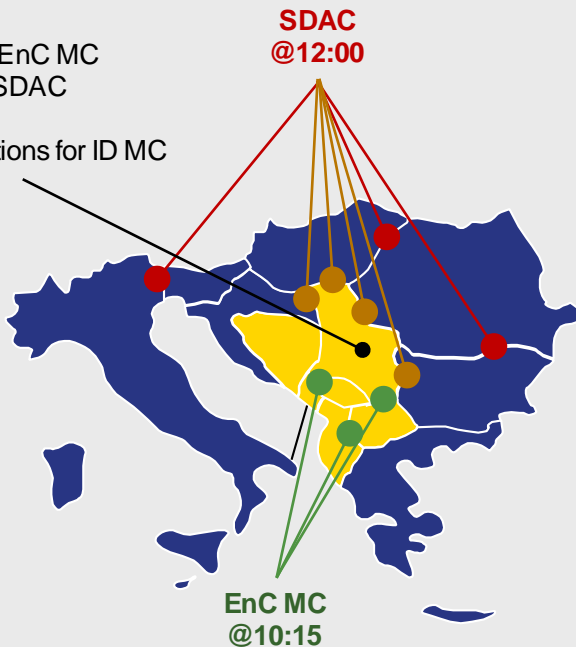
- Agreements set the CCRs and requirements for the CP TSOs (and MS TSO for their borders with CPs) to integration their IGM into the CGM and other requirements from EU CACM/FCA in relation to coordinated capacity calculation



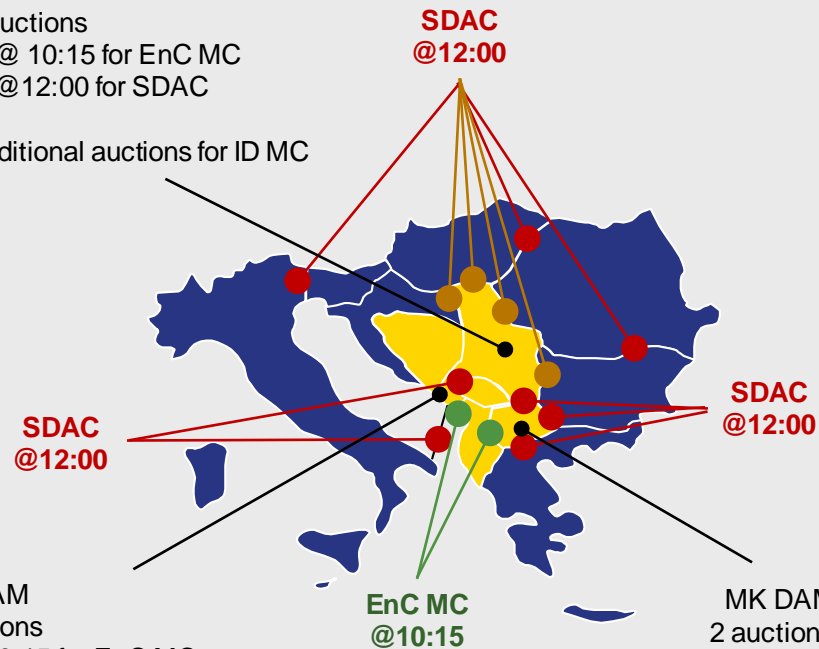
- Ensuring a path towards coupling in SDAC
- Until Treaty amendments (reciprocity and ACER mandate) are effective, a separate process designed for CPs on all borders should be utilised - algorithm closing at [10:15]
 - Border with CP-MS, through bilateral arrangements should:
 - Join into the SDAC
 - Transition on CP-CP borders: CPs will apply two DAM fixing, 1 coupled on borders with CPs at [10:15]; and 1 coupled on borders with MSs on 12:00
 - Fall-back, join the coupling with CPs
 - MSs will apply two DAM fixing, 1 coupled on borders with CPs at [10:15]; and 1 coupled on borders with MSs on 12:00
 - Move from explicit allocation

DAM coupling in practice (example)

RS DAM
 2 auctions
 1. @ 10:15 for EnC MC
 2. @ 12:00 for SDAC
 +
 Additional auctions for ID MC

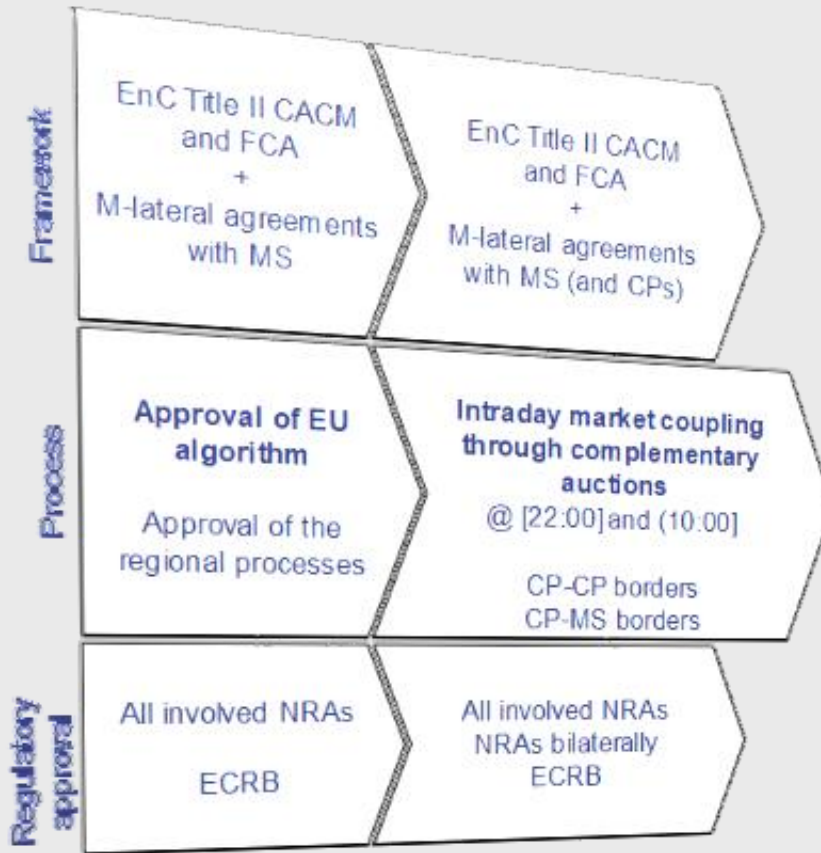


RS DAM
 2 auctions
 1. @ 10:15 for EnC MC
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MN DAM
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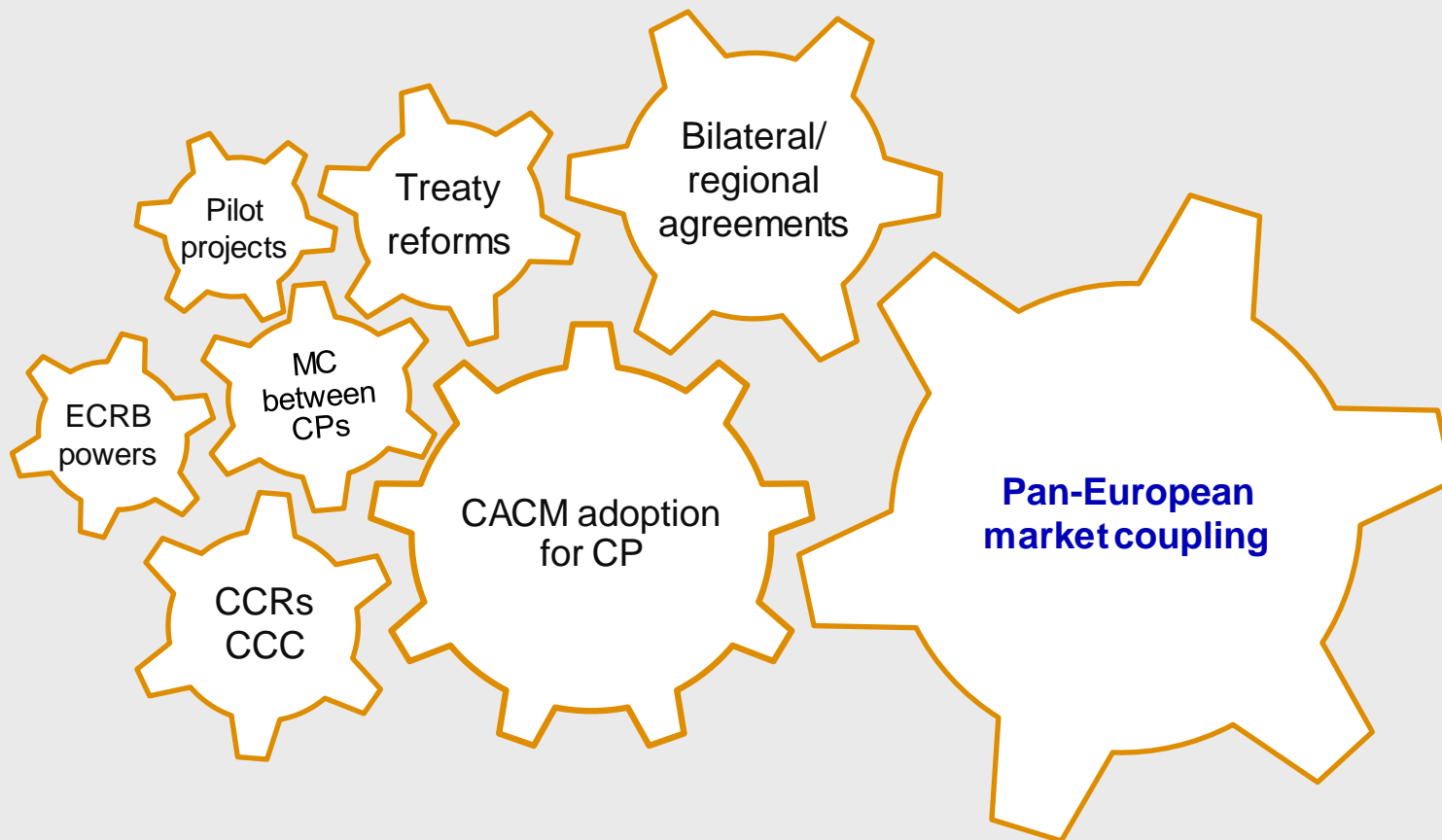
MK DAM
 2 auctions
 1. @ 10:15 for EnC MC
 2. @ 12:00 for SDAC
 +
 Additional auctions for ID MC



- Coupling on continuous basis, only after the Treaty amendments are rectified
- Coupling based on 2 complementary auctions
 - [22:00 for 24h]
 - [10:00 for 12h]
- Combined with explicit continuous intraday allocation
- Until full integration into SIDC

FCA & single allocation office

- FCA Regulation adapted under Title II
- Forward Capacity Allocation
 - Using HAR complemented with regional/border annexes
 - For CP-MS borders this will be through bilateral arrangements
 - Existing situation, but with bidding requirements for CPs to use the single allocation platform
- Single allocation office defined for all CP-CP border
 - Optional for MS-CP borders
 - **Until full integration into single pan-European process**



The background is a satellite-style image of the Earth at night, showing city lights. Overlaid on this are numerous glowing blue lines that curve and intersect across the globe, representing a global energy network or data flow.

Thank you!

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