



European Union Agency for the Cooperation  
of Energy Regulators

# CACM Regulation amendments

## EnC workshop

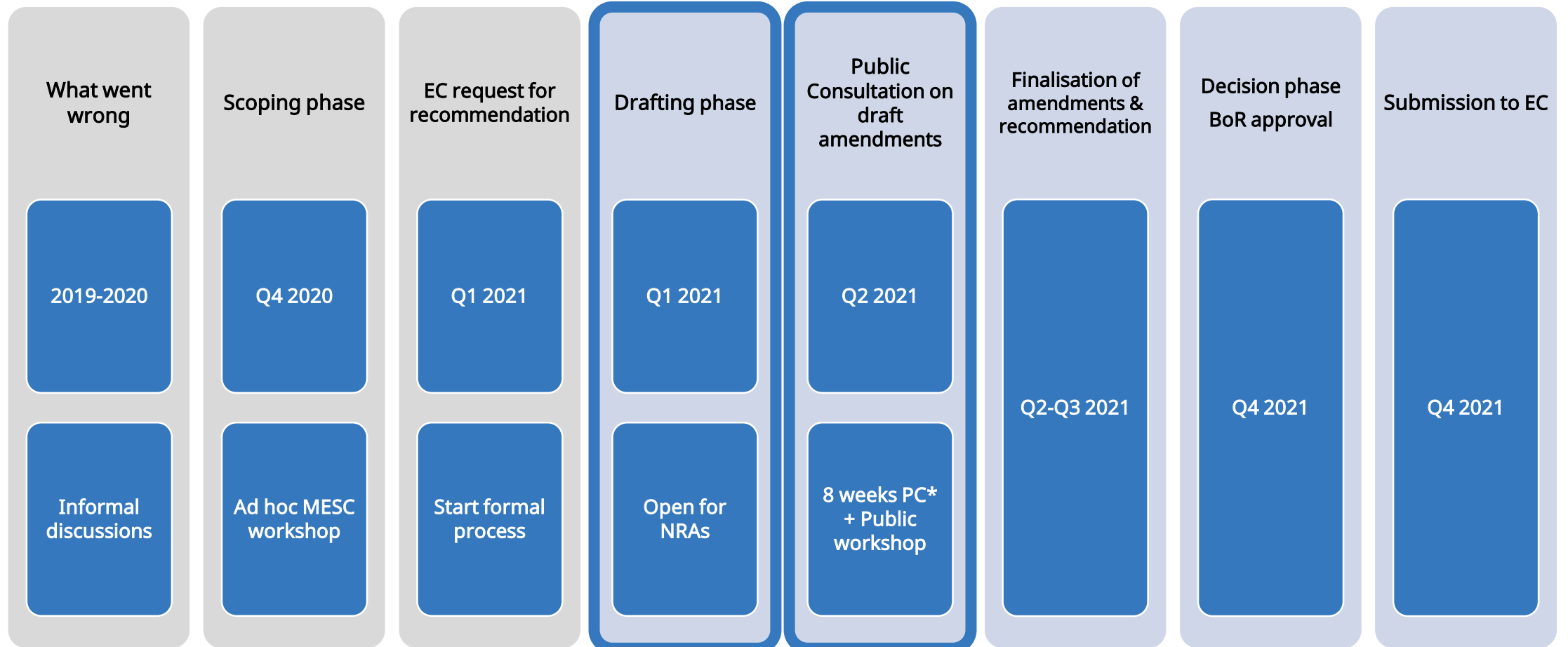
21 April 2021

- **Process**

- **Content**

- Organization of markets
- Market coupling
- Capacity calculation
- Bidding zone review
- Reporting & monitoring
- SOGL

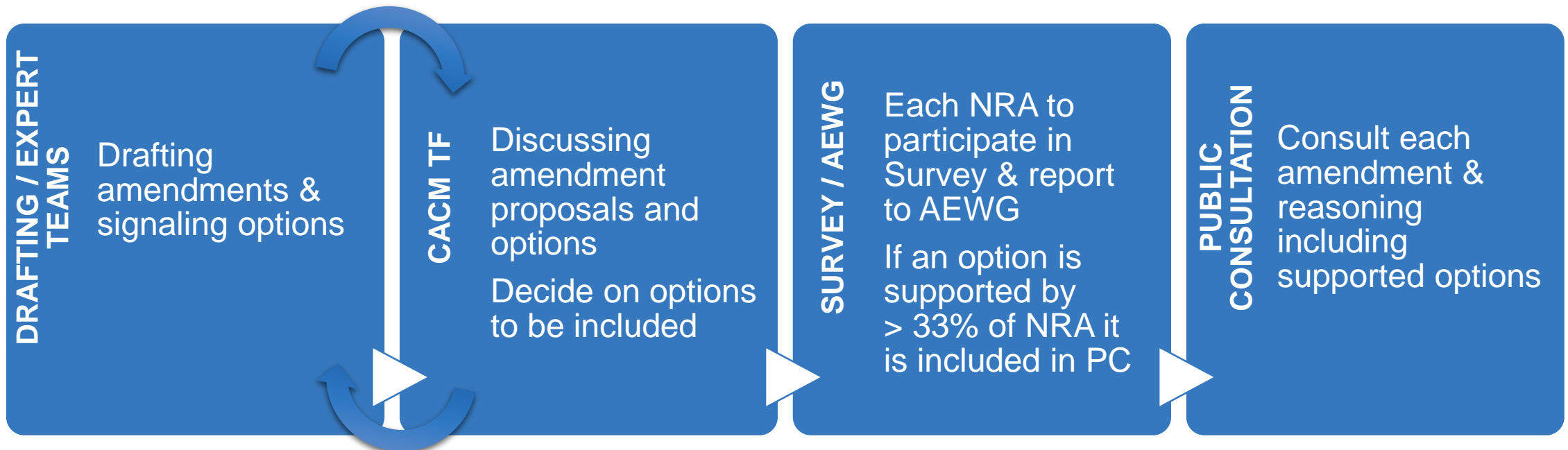
- **Discussion**



\* ACER to consult stakeholders pursuant to Article 14 of the ACER regulation

# Drafting – endorsement – consultation

- Deliverables
  - List of amendments
  - Reasoning
  - Options where applicable
- Endorsement and communication to stakeholders



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## TITLE I: GENERAL PROVISIONS

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## TITLE II: ORGANISATION OF MARKET COUPLING & OF CAPACITY CALCULATION

CHAPTER 1 – MCO organization

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CHAPTER 2 – Tasks & responsibilities

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CHAPTER 3 - Costs

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## TITLE IV: MARKET COUPLING

CHAPTER 1 – Market coupling development

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Section 1 – General requirements

Section 2 – TCMs on algorithm development

Section 3 – TCMs on market coupling operation

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CHAPTER 2 - Single day-ahead coupling

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CHAPTER 3 - Single intraday

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Section 1 Continuous trading

Section 2 Intraday auctions

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CHAPTER 4 - Post coupling (C&S, CID, SCHE)

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TITLE III: CAPACITY CALCULATION	CHAPTER 1 - General requirements
	CHAPTER 2 - Capacity calculation methodologies
	CHAPTER 3 - Capacity calculation process

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TITLE V: BIDDING ZONE REVIEW PROCESS	CHAPTER 1 - Bidding zone review process
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TITLE VI: REPORTING & IMPLEMENTATION MONITORING	CHAPTER 1 - Reporting
	CHAPTER 2 – Implementation monitoring

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TITLE VII: TRANSITIONAL AND FINAL PROVISIONS	CRIDAS & Explicit capacity allocation in ID
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SOGL proposals	CHAPTER 1 – Common grid model
	CHAPTER 2 – Remedial Actions

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# What is not covered in this presentation

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- **3<sup>rd</sup> countries**  
Neither in the proposed amendment
- **Reporting and monitoring**  
RCC report on capacity calculation
- **Bidding zone review**  
No substantial changes compared to Regulation 943
- **Transitional and final provisions**  
Phasing out CRIDAs  
Deletion of previous transitional provisions (explicit capacity allocation in ID)



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## Decentralised approach

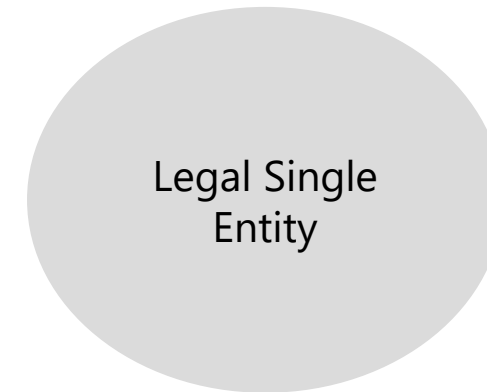
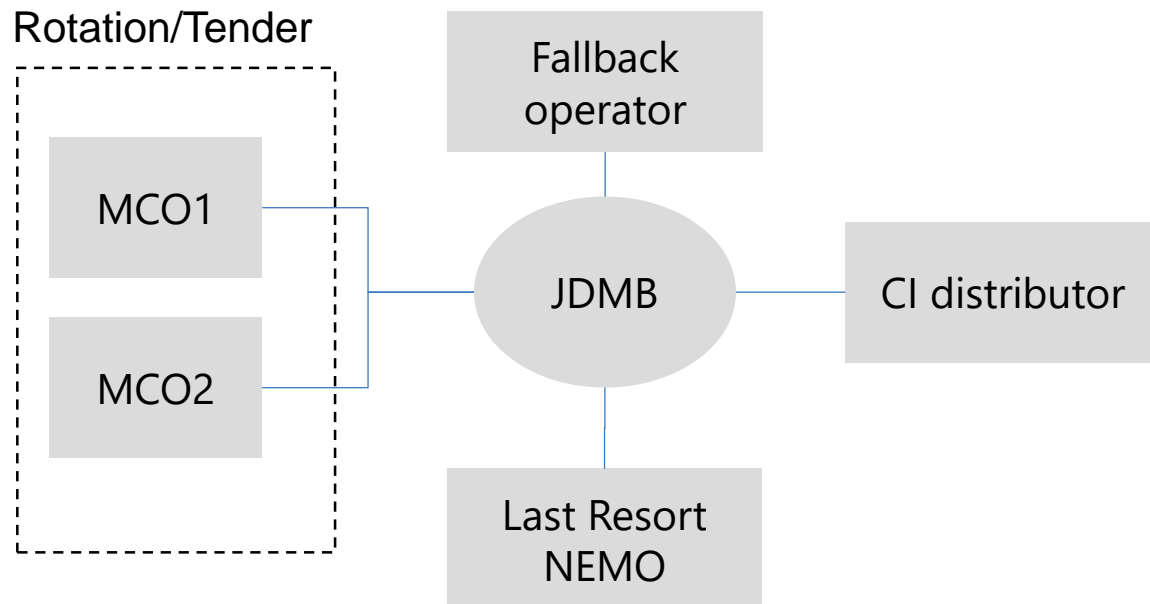
Some tasks are directly managed by the NEMO-TSO joint decision making body (JDMB) and some other tasks are assigned by the JDMB to other entities

## Centralised approach

All tasks are managed by a single legal entity owned by all NEMOs and all TSOs

### Network centric organisation

### One-stop-shop organisation



TASKS	Decentralised approach	Centralised approach	
<ul style="list-style-type: none"> <li>Developing algos, systems &amp; procedures</li> <li>Assessing impact of products and functionalities on performance</li> </ul>	<p>NEMO &amp; TSO joint decision making body (JDMB )</p>	<p>Single legal entity</p>	
<ul style="list-style-type: none"> <li>Receiving inputs</li> <li>Operating coupling through algorithms</li> <li>Validating and publishing results</li> <li>Calculating scheduled exchanges</li> <li>Performing co-optimization</li> <li>Performing backup</li> </ul>	<p>Unbundled entities designated by the JDMB</p>	<p>Single legal entity</p>	
<ul style="list-style-type: none"> <li>Performing fallback</li> <li>Sharing congestion income</li> <li>Collecting congestion income</li> <li>Clearing and settlement between NEMO Trading hubs</li> </ul>	<p>Entity designated by the JDMB</p>	<p>Single legal entity</p>	
	<p>NEMOs</p>	<p>Single legal entity</p>	
	<p>Development tasks</p>	<p>Operating tasks</p>	<p>Post-coupling tasks</p>

<b>TASKS</b>	<b>Decentralised approach</b>	<b>Centralised approach</b>
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- Receiving & anonymising orders
- Sending orders to the MCO

Individual NEMOs

Individual NEMOs

- Validating results
- Accepting & rejecting orders
- Informing market participants on the results of their orders
- Clearing and settlement with market participants
- Providing commercial schedules to TSOs

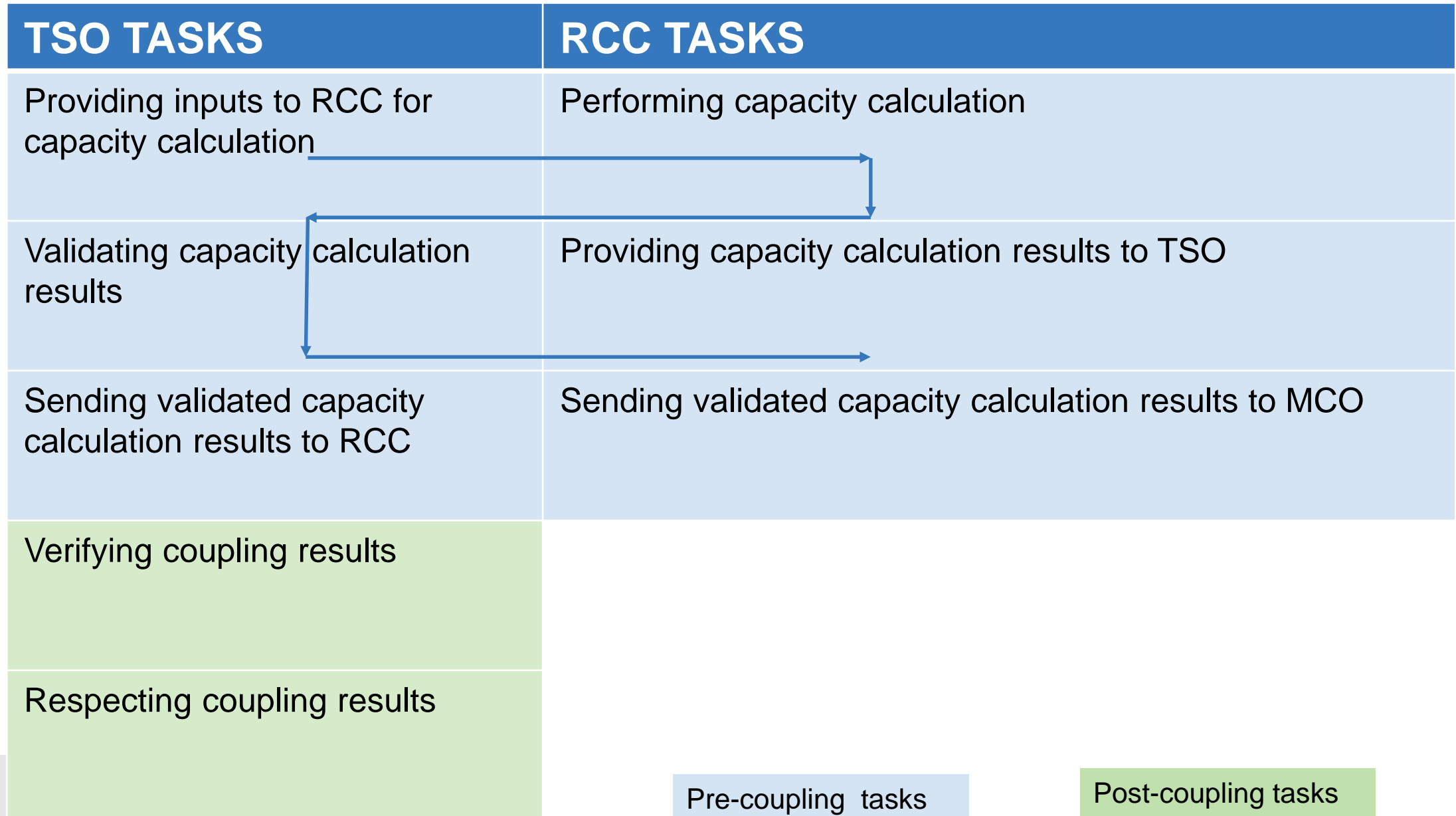
Individual NEMOs

Individual NEMOs

Last resort NEMO tasks

Entity designated by the JDMB

Single legal entity



	Decentralised approach	Centralised approach
Methodology for eligible costs	To be submitted by all NEMOs and all TSOs to ACER	To be submitted by all NEMOs and all TSOs to ACER
Annual Cost Report	To be submitted by all NEMOs and all TSOs to NRAs/ACER	To be submitted by the MCO to NRAs/ACER
Approval of the Annual Cost Report	After 2 months from receipt, if no objections. Otherwise ACER decision	After 2 months from receipt, if no objections. Otherwise ACER decision
Cost recovery	Through network tariffs, regulated NEMO fees and other appropriate mechanisms	Through MCO fees on NEMOs and TSOs, which in turn recover through network tariffs, regulated NEMO fees and other appropriate mechanisms
Cost sharing	Current formula	Current formula
Incentive schemes	YES	YES

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- **General provisions**
  - Current proposal: Definition of SDAC and SIDC. SIDC is now composed of Continuous Trading and IDAs.
- **Pricing of cross-zonal capacity**
  - Current proposal: One article consolidating DA + ID + IDAs.
- **Algorithm Objectives**
  - Current proposal: Define scalability and repeatability. Improve definition of “maximizing welfare”. Consolidate DA + ID + IDAs.
  - Alternative: Separate Objectives and Requirements.
  - Allowing Non-Uniform Pricing models?
- **Firmness of CZ Capacity**
  - Current proposal: One article consolidating DA + ID + IDAs.



- **Products accommodated**
  - Current proposal: One article consolidating DA + ID + IDAs. Separation of tasks to be done by All NEMOs + TSOs and to be done by each NEMO individually.
- **Harmonised technical price limits**
  - Current proposal: One article consolidating DA + ID + IDAs. Alignment with Regulation 2019/943.
- **Algorithm methodology**
  - Current proposal: Streamlining governance of the Algorithm. Adds an explicit list of elements to be contained inspired in the current AM.

- **SDAC gate closure time**
  - Current proposal: GCT proposed in the Timings and procedures to allow for flexibility in setting the back-up and fallback procedures (everybody expects the proposal of 12:00)
  - Alternative (CRE): GTC set directly in CACM at 12:00
- **Fallback**
  - Current proposal: Timings and procedures will determine the whole fallback, which implicitly allows for regional differences
  - Alternative: include a provision explicitly allowing regional differences
    - Differences to be justified, need for description of criteria?
    - Risk that TSOs will not think about harmonization once they are explicitly allowed to go regional.
  - MCO Option 1 consequence: inclusion of a paragraph designating an entity to perform fallback

## SDAC & SIDC

- Results provided by the algorithms (SDAC+IDAs) need clarification in terms of producing
  - Clearing price?
  - Clearing price with side payments / uplifts? (to be explicitly stated)
  - Clearing price according to a new (possible) definition?
  - Clearing price according to the objectives?

## SIDC

- Explicit allocation of cross-zonal capacity
  - Deleted.
- CRIDAs
  - Phased out to be merged with IDAs, once IDAs are implemented. (moved to transitional arrangements)

- New chapter on post-coupling processes merging amendment proposals on
  - Clearing and settlement
  - NEMO Balance responsibility
    - Decentralized: each NEMO is BRP for exchanges to other NEMOs (NEMOs submit all CTS)
    - Centralized: each NEMO is BRP towards the MCO, MCO is BRP for XB exchanges (submit external CTS)
  - Congestion income distribution
  - Firmness of CZC in case of force majeure

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- New criteria for the determination of CCRs:
  - a BZ border can belong to multiple CCRs, if connecting two synchronous areas, or two different CCRs:
    - to allow FB CCMs to integrate these interconnectors with Advanced Hybrid Coupling approach
    - this may result in removing ‘bumper’ CCRs (such as Hansa)
- Inclusion of CEP70 requirements across the CC articles of CACM
  - Inclusion of all RA (also costly ones) in capacity calculation and validation, to comply with CEP70
- Reliability margin computation for NTC borders:
  - Option 1: keep the border-wise TRM value
  - Option 2: calculate line-wise FRM value, and use it in advance to the NTC calculation
- NTC calculation – two options for NTC borders:
  - Option 1: keep the current NTC calculation, more details to regional methodologies
  - Option 2: calculate NTC values in two steps:
    - 1) determine the flow-based domain and RAM values;
    - 2) calculate max NTCs within the domain (*not applicable for CCRs intending to move to flow-based*)

- Articles on CGM and RD&CT methodology moved to the SO GL
  - All CGM provisions to be included in only one methodology to avoid inconsistencies
  - Discussion on RD&CT if to improve the text or just copy
- SO GL to be updated (CGM):
  - Inclusion of D-2 timeframe
  - Single methodology encompassing all the timeframes
  - Data exchange amended to include schedules (originally included in GLDPM)
- Two options for best RD forecast approach
  - Option 1: current process (without the best forecast of remedial actions in the CGM)
  - Option 2: includes the best forecast of all remedial actions in the CGM (relevant for capacity calculation only)

- **Public consultation 15 April – 10 June**
- **2 workshops in May**
- **Florence forum 14-15 June**
- **June – assessment of stakeholder responses, dedicated meetings with all parties concerned**
- **July-November – drafting of the recommendation to the Commission**
- **18 November AEWG (endorsement)**
- **15 December BoR (voting)**



Thank you for your attention!

Questions?



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