



CACM path to Energy Community: Secretariat's perspective

Arben Kllokoqi
Electricity Expert
Energy Community Secretariat

Why CACM and FCA in the EnC?

- The Third Energy Package foresees the development of NCs and guidelines GLs that are to further specify the general rules of the Third Energy Package Directives and Regulations.
- Legal means to implement the European electricity target model
 - Voluntary “implementation“ is needed => WB6
- The volume of cross-border trading is increasing significantly between the CPs and between the CPs and MSs
- Market based and **efficient** valuation of cross-border capacity is key consideration in the CACM and FCA
 - Ensuring efficient use of cross-border capacity
- Long term capacity rights are key cross-border instrument for hedging – firm forward rights are important
- Day-ahead and intraday capacity rights should be allocated implicitly - commercial flows following price signals

High level requirements of CACM

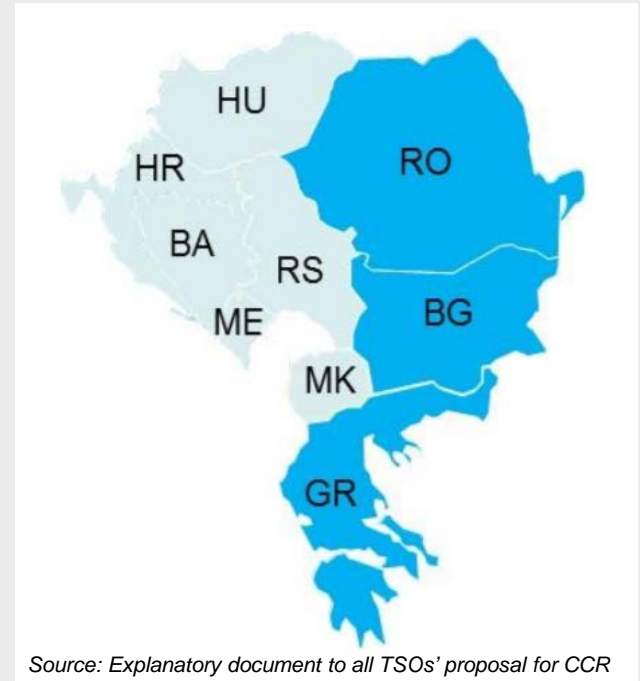
- CPs to designate NEMO(s)
- Mutual recognition of NEMOs
 - if not a monopoly
- List of methodologies to be developed by NEMOs and TSOs
 - **Important: Capacity calculation regions (CCR)**
 - SEE CCR referred to in CACM (Art. 20.4)
- DAM implicit auctions
- ID implicit continuous
 - Transitory parallel access to explicit

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.*

Explanatory document to all TSOs' proposal for CCR

- **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)
- *The bidding zone borders will be included in the CCR SEE in the future, subject to the fulfilment of the legal requirements for the application of CACM Regulation*
- *The bidding zone border IT-ME will be included in the CCR SEE when the interconnection between Italy and Montenegro is commissioned (expected to be in 2017/2018) and subject to the fulfilment of any other legal requirements for the application of the CACM Regulation by Montenegro*



Source: Explanatory document to all TSOs' proposal for CCR

WB6 Technical Assistance project

- CACM implementation is binding for EU MS / TSOs
 - EU MS TSOs obligation to develop **regional** CCC methodology;
 - For example CCR SEE (CCR10) has already consulted and is finalizing(?) the CCC methodology
- WB6 TSOs involved operationally through ENTSO-E, but formally CACM does not apply
 - For WB6 TSO the region/borders not clear (?)
- ECS is providing TA through WB6 in line with the Work Program
 - Completing the key puzzles for early implementation of market coupling in line with CACM
 - Building upon:
 - *ACER's decision on CCRs*
 - *Explanatory document to all TSOs' proposal for CCR*
 - *WB6 initiative*
 - *The MoU signed by the stakeholders of EU MSs in the perimeter of the WB6*



**WB6
+
Surrounding
EU MSs
=
SEE shadow
region**

