



*5th ACER-ECRB Workshop on
Electricity market integration
21 April 2021*

**State of play in Contracting
Parties against 70% criteria**

**Arben Killokoqi, ECRB Electricity Expert, Energy
Community Secretariat**

Capacity available for the market

Reg 714/Annex 1 (third energy package) – applicable for the CPs (for EU complemented with CACM regulation and now also with CEP)

- Coordination of TSOs in capacity calculation is required – requirement for meshed network – beyond bilateral arrangements for each interconnection
- The available capacity should be set at the maximum levels consistent with the safety standards of secure network operation
- Method for the calculation of the capacity and the TRM should be subject to NRA approval and published
- *Efficient use – which is more related to allocation methodology (not in scope of this presentation)*

Origin of the 70% requirement & coordination

Key principles regarding capacity calculation:

- **Coordination!**
 - Originates from TEP
 - Defined through CACM/FCA
 - Stronger governance and principles through CEP
- **70% requirement vs maximum level for the market!**
 - If we consider the requirement to offer 'maximum capacity' is met with 70% - it is TEP
 - Concrete requirement on 70% for FB and NTC comes from CEP
 - Derogation possible or an action plan to achieve the 70% by 2025

CPs' state of play

1. **Uncoordinated** capacity calculation process / some level of harmonization of BCE or simply the lesser rule applies
2. Yearly and monthly NTC calculation (**no short-term** assessment – SCC continues to perform dry-run on D2CF)
3. If we consider the requirement to offer '**maximum capacity**' equivalent with 70% - CPs stand far behind

Key regulatory issues in the CP related to capacity calculation process

ECRB published a report on 2020 assessing 2019 data/info – key findings:

- Base Case Exchange indicator that monitors BCE assumptions in the network model which shows violation, but no full transparency on this process
- TRM indicator shows that the TRM value agreed as a fixed value on yearly basis (not updated in order to reflect the up-to-date operating statics)
- Already Allocated Capacity Indicator looking into potential capacity hoarding
- Critical Facilities Indicator aims to detect if transmission constraints in the network model that limit NTC values are constraints that actually occur in real-time operations. It shows that internal congestion is overestimated in many cases.
- Generator Forecast Indicator measure accuracy of generation forecasts used in the models. While there are improvements, shorter term assessment would increase the accuracy
- **New indicator (test):** assessment of 70% criteria adapted per methodology used...

70% criteria in CPs

- Due to different taxonomy used in the capacity calculation process, the 70% assessment criteria is adopted as follows:
 - NTC / thermal capacity of the interconnection not taking into account internal constraints
 - Calculation not based on hourly basis, but rather average annual values
 - Assessment averaged per TSO and not per border and direction
- Result: Low level of capacity made available (NTC / thermal capacity => 40% on average)

Indicator	EMS	CGES	ISO BH	MEPSO	OST	GSE ²³
(AAC+ATC)/TTC	39%	34%	41%	28%	16%	75%
TRM/(TRM+AAC+ATC)	27%	27%	28%	28%	40%	0%

ECS report on Electricity Interconnection Targets



- Focus: interconnectivity level with respect to the EU 2020 (10%) and 2030 criteria (15% of net transfer capacity/total production capacity)

https://www.energy-community.org/dam/jcr:97afc332-0495-479b-a1d6-848a2c6877a2/ECS_Interconnection_Targets_022021.pdf

Conclusions:

- CPs strongly interconnected - nominal transmission capacity of the interconnectors is most countries much higher than the peak load or total installed capacity of generators
- Before new investments to make sure existing capacity is efficiently utilised

CPs' state of play



1. **Uncoordinated** capacity calculation process / some level of harmonization of BCE or simply the lesser rule applies
2. Yearly and monthly NTC calculation (**no short-term** assessment – SCC continues to perform dry-run on D2CF)
3. If we consider the requirement to offer '**maximum capacity**' equivalent with 70% - CPs stand far behind

Key regulatory issues in the CP related to capacity calculation process

1. Ensuring coordinated capacity calculation process - quick win (ECS supported development for a methodology for WB6)
2. Integrating CPs in the EU coordinated capacity calculation process and methodology (into FB for meshed networks)
3. D2CF and intraday calculation process to capture the full potential
4. Strict application of 70% as a criteria to ensure compliance with 'max requirement'
5. **Last but not the least: Efficient utilisation mechanism (market coupling)**

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

Thank you!

www.energy-community.org