

CACM 2.0

Europex preliminary remarks
to ACER scoping areas

MESC
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Europex

High-level messages

- The rules established in CACM are partly the result of successful collaboration in preceding years between exchanges and TSOs in establishing targets models, including the implicit allocation in DA and ID timeframes and laying the foundations for multi-regional coupling. The formalisation of these rules has been a crucial step towards a genuinely integrated electricity market.
- Changes to CACM should aim to retain what is already working well or currently being implemented. Coherence with other NCs and GLs is important, and some aspects can be further clarified. The proposed changes should not delay or block current development. The costs already spent on implemented solutions and roles of NEMOs and TSOs should be taken into account.
- Where detailed rules have been established in the Clean Energy Package / Electricity Regulation (ER) (e.g. 70% cross-zonal capacity threshold, rules for conducting the bidding zone review etc.), CACM should cross-reference to this legislation rather than attempt to duplicate it or risk adding conflicting new elements.
- We highlight our messages in the following three scoping areas:

1. MCO governance

2. SDAC and SIDC

3. Cost

4. Capacity calculation

5. Remedial actions

6. Bidding Zone Review

N.4: Capacity calculation

- 70% threshold: there should be no step back on borders where more than 70% has been provided or is possible. The principle in ER Article 16(4) that the maximum level of capacity should be made available to the market could be restated in CACM.
- The RCC role, as described in ER 16(3) should be established in CACM, including its role in coordinating aspects related to the 70% threshold.
- Europex in principle supports consideration of third countries i.e. borders included in capacity calculation processes, although there are many aspects to address (e.g. governance arrangements, CCR involvement etc.)
- No need for CACM to align necessary regional approaches (such as GSK strategies). However, some methodological aspects from CCMs can be included e.g. CNEC selection as in the CORE.

N.5: Remedial actions

- Costly remedial actions (RAs) have a role to play in optimising capacity available to the market and CACM should allow RD&CT in line with Art 16(4) ER, - but transparency is needed as to the RAs used and their costs.
- Cost-sharing: ER Art. 16(13) requirements should be incorporated in CACM, but the cost-sharing methodologies should be complete with *all* the (current) CACM requirements:
 - As per CACM Art 74(5), the RD&CT cost-sharing methodology must include a mechanism to verify the actual need for RD&CT between the TSOs involved and an ex-post mechanism to monitor the use of remedial actions with costs.
- Europex supports the inclusion in CACM of the RCC role in coordinating remedial action.
- SO GL: introducing legal obligations in CACM provided by other GLs should be avoided, as well as duplication of requirements.

N.6 Bidding zone review

- Europex supports **alignment of CACM with the Electricity Regulation (ER)** roles, responsibilities and process – cross-reference rather than duplicate.
- **Criteria:** reduce the number of criteria to facilitate analysis but focus on the most important ones. From a market perspective: the market efficiency group of criteria, the transaction and transition costs and the stability of bidding zones over time are vital. Both monetised and ‘non-monetised’ can be equally important.
- Europex strongly supports systematic **stakeholder involvement** in the whole process i.e. a) in the main steps defining the review methodology as well as the configurations and b) during the evaluation phase and c) consultation on the draft report. A **BZ stakeholder advisory group** should be established to provide feedback and guidance at key stages of the review, including during the development of configurations to be evaluated.
- Art. 34 of CACM requires a ‘**market report** evaluating the impact of current bidding zone configuration on market efficiency’.
 - A review looking at market impacts is essential, alongside the technical congestion report.
 - The assessment of the configuration impact on market efficiency, competition, liquidity and overall welfare must also thoroughly consider effects on forward markets and also on real-time balancing mechanisms.
 - Some impacts may take time to detect/emerge.

Thank you!