

Approval by Capacity Calculation Region Hansa Regulatory Authorities

of

Capacity Calculation Region Hansa TSOs' Coordinated Redispatching and Countertrading Methodology in accordance with Article 35 of Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a Guideline on Capacity Allocation and Congestion Management

28 January 2019

I. Introduction and legal context

This document elaborates an agreement of all Capacity Calculation Region ("CCR") Hansa Regulatory Authorities (Bundesnetzagentur, Energimarknadsinspektionen, Energy Regulatory Office, Danish Utility Regulator) and Norwegian Waterresource and Energy Directorate on 28 January 2019, on the Coordinated Redispatching and Countertrading Methodology ("RD&CT"). This is pursuant to Article 35 of Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a Guideline on Capacity Allocation and Congestion Management ("Regulation 2015/1222").

This document is intended to constitute the basis on which all CCR Hansa Regulatory Authorities will each subsequently make national decisions pursuant to CACM GL Article 9(7)(c) to approve the proposal submitted by CCR Hansa TSOs. The CCR Hansa TSOs are: TenneT TSO GmbH, Svenska Kraftnät, Polskie Sieci Elektroenergetyczne, 50Hertz and Energinet.

The legal provisions relevant to the submission and approval of the proposal, and this CCR Hansa Regulatory Authority agreed opinion, can be found in Articles 3, 9, 12, 35 of Regulation 2015/1222. They are set out below for reference:

Article 3 of Regulation 2015/1222:

This Regulation aims at:

- (a) promoting effective competition in the generation, trading and supply of electricity;*
- (b) ensuring optimal use of the transmission infrastructure;*
- (c) ensuring operational security;*
- (d) optimising the calculation and allocation of cross-zonal capacity;*
- (e) ensuring fair and non-discriminatory treatment of TSOs, NEMOs, the Agency, regulatory authorities and market participants;*
- (f) ensuring and enhancing the transparency and reliability of information;*
- (g) contributing to the efficient long-term operation and development of the electricity transmission system and electricity sector in the Union;*
- (h) respecting the need for a fair and orderly market and fair and orderly price formation;*
- (i) creating a level playing field for NEMOs;*
- (j) providing non-discriminatory access to cross-zonal capacity.*

Article 9 of Regulation 2015/1222:

- 1. TSOs and NEMOs shall develop the terms and conditions or methodologies required by this Regulation and submit them for approval to the competent regulatory authorities within the respective deadlines set out in this Regulation. Where a proposal for terms and conditions or methodologies pursuant to this Regulation needs to be developed and agreed by more than one TSO or NEMO, the participating TSOs and NEMOs shall closely cooperate. TSOs, with the assistance of ENTSO for Electricity, and all NEMOs shall regularly inform the competent regulatory authorities and the Agency about the progress of developing these terms and conditions or methodologies.*
- 2. (...)*
- 3. (...)*
- 4. If TSOs or NEMOs fail to submit a proposal for terms and conditions or methodologies to the national regulatory authorities within the deadlines defined in this Regulation, they shall provide the competent regulatory authorities and the Agency with the relevant drafts of the terms and conditions or methodologies, and explain what has prevented an agreement. The Agency shall inform the Commission and shall, in cooperation with the competent regulatory authorities, at the Commission's request, investigate the reasons for the failure and inform the Commission thereof. The Commission shall take the appropriate steps to make possible the adoption of the required terms and conditions or methodologies within four months from the receipt of the Agency's information.*
- 5. Each regulatory authority shall approve the terms and conditions or methodologies used to calculate or set out the single day-ahead and intraday coupling developed by TSOs and NEMOs. They shall be responsible for approving the terms and conditions or methodologies referred to in paragraphs 6, 7 and 8.*
- 6. (...)*
- 7. The proposals for the following terms and conditions or methodologies shall be subject to approval by all regulatory authorities of the concerned region*
 - (a) (...)*

(b) (..)

(c) *the methodology for coordinated redispatching and countertrading in accordance with Article 35(1);*

(d) (...)

(e) (...)

(f) (...)

(g) (...)

(h) (...)

8. (...)

9. *The proposal for terms and conditions or methodologies shall include a proposed timescale for their implementation and a description of their expected impact on the objectives of this Regulation. Proposals on terms and conditions or methodologies subject to the approval by several or all regulatory authorities shall be submitted to the Agency at the same time that they are submitted to regulatory authorities. Upon request by the competent regulatory authorities, the Agency shall issue an opinion within three months on the proposals for terms and conditions or methodologies.*

10. *Where the approval of the terms and conditions or methodologies requires a decision by more than one regulatory authority, the competent regulatory authorities shall consult and closely cooperate and coordinate with each other in order reach an agreement. Where applicable, the competent regulatory authorities shall take into account the opinion of the Agency. Regulatory authorities shall take decisions concerning the submitted terms and conditions or methodologies in accordance with paragraphs 6, 7 and 8, within six months following the receipt of the terms and conditions or methodologies by the regulatory authority or, where applicable, by the last regulatory authority concerned.*

11. (...)

12. *In the event that one or several regulatory authorities request an amendment to approve the terms and conditions or methodologies submitted in accordance with paragraphs 6, 7 and 8, the relevant TSOs or NEMOs shall submit a proposal for amended terms and conditions or methodologies for approval within two months following the requirement from the regulatory authorities. The competent regulatory authorities shall decide on the amended terms and conditions or methodologies within two months following their submission. Where the competent regulatory authorities have not been able to reach an agreement on terms and conditions or methodologies pursuant to paragraphs (6) and (7) within the two-month deadline, or upon their joint request, the Agency shall adopt a decision concerning the amended terms and conditions or methodologies within six months, in accordance with Article 8(1) of Regulation (EC) No 713/2009. If the relevant TSOs or NEMOs fail to submit a proposal for amended terms and conditions or methodologies, the procedure provided for in paragraph 4 of this Article shall apply.*

13. *TSOs or NEMOs responsible for developing a proposal for terms and conditions or methodologies or regulatory authorities responsible for their adoption in accordance with paragraphs 6, 7 and 8, may request amendments of these terms and conditions or methodologies. The proposals for amendment to the terms and conditions or methodologies shall be submitted to consultation in accordance with the procedure set out in Article 12 and approved in accordance with the procedure set out in this Article.*

14. *TSOs and NEMOs responsible for establishing the terms and conditions or methodologies in accordance with this Regulation shall publish them on the internet after approval by the competent regulatory authorities or, if no such approval is required, after their establishment, except where such information is considered as confidential in accordance with Article 13.*

Article 12 of Regulation 2015/1222:

1. *TSOs and NEMOs responsible for submitting proposals for terms and conditions or methodologies or their amendments in accordance with this Regulation shall consult stakeholders, including the relevant authorities of each Member State, on the draft proposals for terms and conditions or methodologies where explicitly set out in this Regulation. The consultation shall last for a period of not less than one month.*
2. *The proposals for terms and conditions or methodologies submitted by the TSOs and NEMOs at Union level shall be published and submitted to consultation at Union level. Proposals submitted by the TSOs and NEMOs at regional level shall be submitted to consultation at least at regional level. Parties submitting proposals at bilateral or at multilateral level shall consult at least the Member States concerned.*
3. *The entities responsible for the proposal for terms and conditions or methodologies shall duly consider the views of stakeholders resulting from the consultations undertaken in accordance with paragraph 1, prior to its submission for regulatory approval if required in accordance with Article 9 or prior to publication in all other cases. In all cases, a clear and robust justification for including or not the views resulting from the consultation shall be developed in the submission and published in a timely manner before or simultaneously with the publication of the proposal for terms and conditions or methodologies.*

Article 35 of Regulation 2015/1222

1. *Within 16 months after the regulatory approval on capacity calculation regions referred to in Article 15, all the TSOs in each capacity calculation region shall develop a proposal for a common methodology for coordinated redispatching and countertrading. The proposal shall be subject to consultation in accordance with Article 12.*
2. *The methodology for coordinated redispatching and countertrading shall include actions of cross-border relevance and shall enable all TSOs in each capacity calculation region to effectively relieve physical congestion irrespective of whether the reasons for the physical congestion fall mainly outside their control area or not. The methodology for coordinated redispatching and countertrading shall address the fact that its application may significantly influence flows outside the TSO's control area.*
3. *Each TSO may redispatch all available generation units and loads in accordance with the appropriate mechanisms and agreements applicable to its control area, including interconnectors. By 26 months after the regulatory approval of capacity calculation regions, all TSOs in each capacity calculation region shall develop a report, subject to consultation in accordance with Article 12, assessing the progressive coordination and harmonisation of those mechanisms and agreements and including proposals. The report shall be submitted to their respective regulatory authorities for their assessment. The proposals in the report shall prevent these mechanisms and agreements from distorting the market.*
4. *Each TSO shall abstain from unilateral or uncoordinated redispatching and countertrading measures of cross- border relevance. Each TSO shall coordinate the use of redispatching and countertrading resources taking into account their impact on operational security and economic efficiency.*
5. *The relevant generation units and loads shall give TSOs the prices of redispatching and countertrading before redispatching and countertrading resources are committed. Pricing of redispatching and countertrading shall be based on:*
 - (a) *prices in the relevant electricity markets for the relevant time-frame; or*

(b) the cost of redispatching and countertrading resources calculated transparently on the basis of incurred costs.

6. *Generation units and loads shall ex-ante provide all information necessary for calculating the redispatching and countertrading cost to the relevant TSOs. This information shall be shared between the relevant TSOs for redispatching and countertrading purposes only.*

II. The CCR Hansa TSO proposal

The CCR Hansa TSO proposal for Coordinated RD&CT was consulted on by CCR Hansa TSOs through ENTSO-e from 20 December 2017 to 28 January 2018 in line with Article 35(1) and Article 12 of Regulation 2015/1222¹.

The proposal for RD&CT developed by all CCR Hansa TSOs, dated 16 March 2018, was received by the last CCR Hansa Regulatory Authority on 4 April 2018.

The Hansa Regulatory Authorities evaluated the proposal and subsequently sent a Request for Amendment to the RD&CT dated 2 October 2018. The main NRA comments to the proposal were:

- The methodology should cover all possible redispatch and countertrade with cross-border relevance and not be limited to very specific situations.
- The availability of resources in subsequent time-frames should be elaborated
- The coordination with other CCRs should be clearly explained.
- It should be ensured that agreement on RD&CT actions is reached between the TSOs and the RSC.
- The Hansa methodology should not impose restrictions on other CCRs' reasons for using RD&CT.

Following the request for amendment, all CCR Hansa TSOs sent an amended proposal for Coordinated RD&CT dated 4 December 2018. This was received by the last NRA 20 December 2018.

Article 9(10) of Regulation 2015/1222 requires Regulatory Authorities of the region, in this case CCR Hansa, to consult and closely cooperate and coordinate with each other in order to reach agreement. A decision is required by each Regulatory Authority by 20 February 2019, two months after receipt at the last Regulatory Authority.

The main elements of the Coordinated RD&CT methodology is:

- RD&CT measures are used to maintain technical limits for stable operation of CCR Hansa HVDC interconnectors and to handle fault, failure or unplanned outage on a CCR Hansa interconnector, including converter stations.
- RD&CT measures are used to maintain the capacity on the interconnector made available to the market in case a congestion occurs on an interconnector to which a number of windfarms are directly connected, and that congestion is due to a wind forecast error for one of the windfarms.
- Coordination of RD&CT should be regional, though bilateral coordination is possible in case of unexpected events close to real time.
- The TSOs shall abstain from unilateral measures.

¹ https://consultations.entsoe.eu/markets/coordinated-redispatching-and-countertrading-metho/consult_view/

- Regional coordination implies that the TSOs propose possible RD&CT measures with costs to the RSC. When the RSC detects a congestion, the RSC shall recommend the most effective and economic RD&CT measure. Each TSO can accept, reject or propose other measure back to RSC or request RSC to come with new proposal.
- It is also possible for the CCR Hansa RSC to request RD&CT measures through the RSC of neighbouring CCRs. RSCs of neighbouring regions can also propose measures to CCR Hansa RSC, subject to CCR Hansa TSO approval.

All coordinated recommendations and decisions, including justifications, of RD&CT must be logged and documented.

It should also be mentioned that the CCR Hansa TSOs have issued a proposal for cost sharing methodology for countertrade and redispatch under CACM GL art 74. This proposal is treated separately by the CCR Hansa Regulatory Authorities.

III. All Regulatory Authority position

All Regulatory Authorities found initially that the original RD&CT proposal did not fulfil all of the requirements of Regulation 2015/1222. As a response to the request for amendment, all Hansa TSOs made several amendments to the original RD&CT proposal.

Following the amendments, all Regulatory Authorities of CCR Hansa find that the methodology meets the requirements of Article 35 of Regulation 2015/1222 and therefore is approvable.

IV. Conclusions

All CCR Hansa Regulatory Authorities have assessed, consulted and coordinated and closely cooperated to reach an agreement that the RD&CT methodology for CCR Hansa meets the requirements of Regulation 2015/1222 and as such can be approved by All CCR Hansa Regulatory Authorities.

The amended proposal for Coordinated RD&CT methodology was received by the last CCR Hansa Regulatory Authority on 20 December 2018. All CCR Hansa Regulatory Authorities must therefore make their decisions latest 20 February 2019, on the basis of this agreement and in accordance with the two months deadline as set out in Regulation 2015/1222. Following national decisions taken by each Regulatory Authority, all CCR Hansa TSOs will be required to publish the Coordinated Redispatching and Countertrading Methodology on the internet in line with Article 9(14) of Regulation 2015/1222.