

TSOs consultation on amendments to the SWE day-ahead and intraday Capacity Calculation Methodology



EFET response – 30 June 2021

The European Federation of Energy Traders (EFET*) thanks the South-West Europe (SWE) TSOs for the opportunity to provide comments on the proposed amendments to the day-ahead and intraday capacity calculation methodology (CCM). The document presented by the TSOs presents a number of improvements compared to the previous version of the SWE CMM, on which EFET commented extensively. In our response below, we take note of these improvements, but also highlight concerns that we still harbour with a number of provisions and suggest additional amendments.

Recitals: we welcome the inclusion of a reference to Regulation 2019/943 and its article 16.

Art. 2 - Definitions: we welcome the introduction of definitions for CNE/CNECs as well as all the elements needed to monitor the implementation of article 16 of Regulation 2019/943 (minimum 70% rule): ANTC, CNE, CNEC, Fmax, Final and Standard NTC, MACZT, MCCC, PTDF, min Margin.

Art. 6.2 - Reliability margin: the TSOs propose to fix the TRM value at the maximum value between:

- 200MW and 7,5% of TTC for ES-FR
- 100MW and 10% of TTC for ES-PT

While the current version of the SWE CCM foresees a more complex calculation of the TRM, the fixed values proposed in the amendment are actually those applied currently on a transitional basis by virtue of the current article 15.

According to the explanatory document, the TSOs have assessed in a study that these fixed values should allow reducing the TRM. Though this is a goal that we're keen that TSOs pursue, we fail to understand the logic of a reduction of TRMs compared to that applied today given that the rule will not change in effect (the proposed new article 6 is applied thanks to the transitional provision of the current article 15). If TSOs wish to get an informed view from market participants on the matter, a publication of the study would have been necessary.

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Therefore, **we invite the TSOs to provide additional information on the levels of TRM since the CCM go-live and their projections with the new criteria of article 6 compared to the standard rule they would have needed to implement after the transitional period mentioned in the current article 15. The objective of a reduction of TRMs should be pursued in the new version of the CCM.**

Art. 7 - PTDF sensitivity threshold for CNEs:

- **Paragraph 4:** we welcome the proposal of the TSOs to raise the PTDF sensitivity threshold for CNEs from 5 to 10%. EFET has repeatedly criticized the lack of justification for the application of the 5% sensitivity threshold in most CCMs¹. To our knowledge, the demonstration of the optimality of the threshold was never demonstrated – even after the NRAs of the CWE region raised the matter in their Position Paper on flow-based market coupling of March 2015. While we would also welcome a demonstration of the optimality of the 10% sensitivity threshold, we expect it to have a lesser limiting effect than the one at 5% and we welcome this evolution. **We encourage the TSOs to continue their research towards an optimal PTDF sensitivity threshold for CNEs.**

Paragraph 4 foresees an exception to the new sensitivity threshold, namely in cases where an element needs to be monitored to ensure grid security, with justifications to be provided to the NRAs. We accept this exception but **we urge the TSOs to modify the paragraph further and propose in their amendment that the justifications should be made public, not just reported to the NRAs.**

- **Paragraph 5:** we wonder why the PTDF sensitivity threshold for contingencies is not aligned on that for CNEs in the proposed amendment to paragraph 4. **We request that the TSOs provide proper justification for this discrepancy in their final proposal.**
- **Paragraph 9:** we believe that regular monitoring of the relevance of the PTDF sensitivity threshold should not be a one-time thing. Hence, **we reject the deletion of the current paragraph 9 and request that it is maintained in the CCM.**

Art. 9 - Remedial actions:

- **Paragraph 3:** we wholeheartedly welcome the inclusion of costly remedial actions in the list of remedial actions to be considered by the SWE TSOs in the capacity calculation process.
- **Paragraphs 7, 8 and 9:** we note that the coordination of remedial actions between the SWE TSOs is foreseen as strictly bilateral for the moment. **We remind the TSOs that**

¹ For reference, see the Response of EFET, EURELECTRIC, NORDENERGI and MPP to the TSOs' consultation on Capacity Calculation Methodologies, dated 19 July 2017 and last updated on 22 March 2018, available at:

https://data.efet.org//Files/Documents/Downloads/EFET_Eurelectric_MPP_Nordenergi-TSOs%20consultation%20CCM_22032018.pdf.

as soon as the methodology for redispatch and countertrading (RDCT) according to article 35 CACM is approved, the coordination of remedial actions should be performed at the level of the CCR. We hence consider paragraphs 7 and 8 will be null and void as soon as the SWE RDCT methodology will be fully implemented.

Art. 11 - Intraday capacity calculation:

- **Paragraph 10:** we welcome the specification that intraday capacity calculation results need to be provided before the execution of the intraday auctions (IDAs), once the latter have been implemented. We understand this paragraph as placing an obligation to (re)calculate intraday capacity before each IDA.
- **Paragraph 11:** we welcome the provision foreseeing a cost-benefit analysis on the frequency of intraday capacity (re)calculation no later than two years after the implementation of intraday capacity calculation. **This should however not undermine the principle of paragraph 10 foreseeing a capacity (re)calculation at least before each IDA.**

Art. 12 - Monitoring: we welcome the introduction of an article with detailed requirements for the monitoring of article 16 of Regulation 2019/943 (minimum 70% rule), especially insofar as it is based on the ACER Recommendation on the subject.

Art.16 - Data publication and reporting: we wholeheartedly welcome the amendments proposed to article 16, as they will allow detailed data disclosure on important elements of network usage for the market. These amendments largely correspond to the requirements laid out in Regulation 2019/943, as well as the best practice for data disclosure laid out in the CCM of the Core region. We nonetheless have three comments on the proposal:

- **Paragraph 1.a.v:** we wonder what the rationale is for data disclosure to concentrate on only the single most limiting CNEC. **Information on all limiting CNECs is necessary for the monitoring of article 16 of Regulation 2019/943, and we invite the TSOs to publish this data in full transparency.**
- **Paragraph 1.a.xii:** we wonder what the rationale is for the publication of MACZT to only give the indication whether or not it was above 70%. **Information on the exact percentage of MACZT should be disclosed.**
- **Paragraph 1, footnote 1:** the data publication requirements in the proposed amendment stem from the Transparency Regulation and Regulation 2019/943. Attempts to limit data disclosure in the CWE region on the basis of national laws for the protection of critical infrastructure have all ended up in NRAs confirming that the information elements requested by the afore-mentioned European Regulations were not in conflict and/or took precedence over national laws. **We hence urge TSOs to remove this footnote, as it introduces legal uncertainty in the CCM.**
- **Information on TRM:** information disclosure on the level of TRM which is mandated in the current version of the CCM would disappear with the amendment. **We invite TSOs to maintain the obligation to report and publish data on the level of TRM.**

Art.17 - Implementation: we take note, with regret, that the implementation deadlines for the CCM are being postponed with the new set of amendments.

Additional point - Capacity allocation: on a final note not concerning capacity calculation itself but capacity allocation, we insist once again that intraday capacity be allocated to the market at the time of the intraday cross-zonal gate opening time (IDCZGOT) at all borders of the region.

With reference to ACER's Decision 04/2018 on IDCZGOT, and whether capacity has been recalculated in intraday or only capacity from day-ahead is left over, TSOs should make capacity available to the market from 15:00 D-1. This is still not the case at the Spanish-French border, where the capacity is set at zero until 22:00 D-1.

We do not consider this a fair implementation of the ACER Decision. In particular there is no justification as to why TSOs currently need nearly seven hours to make leftover capacities from day-ahead available to the market. **We urge RTE and REE to act swiftly in order to ensure full compliance with the ACER Decision on IDCZGOT.**