

ACER Decision on the amendment of the determination of capacity calculation regions: Annex II

For information only

Evaluation of responses to the public consultation on the proposal for amendment of the determination of capacity calculation regions

1 INTRODUCTION

On 30 November 2023, The European Network of Transmission System Operators of Electricity ('ENTSO-E'), submitted a proposal for amendment of the Determination of capacity calculation regions ('CCRs') ('the Proposal') on behalf of all transmission system operators ('TSOs') to ACER for approval.

In order to take an informed decision and in accordance with Article 14(1) of Regulation (EU) 2019/942, ACER launched a public consultation on 5 December 2023 inviting all interested stakeholders, including regulatory authorities and TSOs, to provide any comments on the Proposal. The closing date for comments was 10 January 2024.

This document provides a summary of responses to ACER's public consultation.

2 PURPOSE AND OBJECTIVES

Commission Regulation (EU) 2015/1222 ('the CACM Regulation') defines capacity calculation regions ('CCRs') as geographic areas in which coordinated capacity calculation is applied. Article 15(1) of the CACM Regulation requires all TSOs to jointly develop a common proposal regarding the determination of CCRs. ACER has approved such proposal of all TSOs in its Decision 04/2021 of 7 May 2021 and as amended by Decision 08/2023 of 31 March 2023.

The TSOs' amendment proposal of 30 November 2023 included:

- inclusion of the Celtic interconnector (France-Ireland) into Core CCR; and
- defining a new CCR Central Europe for the merge of CCRs Core and Italy North for the day-ahead capacity calculation.



3 LIST OF RESPONDENTS

By the end of the consultation period, ACER received comments from seven respondents.

Organisation	Country	Type
Energy Community Secretariat		Association
ENEL	IT	Energy company
EDF	FR	Energy company
Swissgrid	СН	TSO
ElCom	СН	Regulatory authority
EFET		Association
UFE	FR	Association

4 RESPONSES

ACER has carefully considered all stakeholders' comments in assessing the proposed amendment of the CCR methodology and finalising its position. This evaluation paper summarises all the respondents' comments and how these were considered by ACER. The table below is organised according to the consultation questions and provides the respective views from the respondents, as well as a response from ACER clarifying how their comments were considered in the present Decision.



Responde	ents' views	ACER views
Question 1: Do you have any comments regarding the proposed merger of Core CCR and Italy North CCR? Please explain.		
ENEL	The Enel Group welcomes the opportunity to provide comments to ACER consultation on amendments to the methodology on the determination of capacity calculation regions. Below you can find reflections and comments in relation to the proposed merger of Core and Italy North CCRs. • Before implementing the merger, ENTSOE should demonstrate with a CBA the actual convenience of this proposal (i.e. that benefits overcome the shortcomings of complexity, transparency, etc). • In order to assess the actual impact of introducing the new methodology, it would be advisable that TSOs provide a back-test with the results of the market coupling with flow-based methodology calculated for an appropriate time interval (i.e. year 2023). This information could be very helpful to evaluate the impact in terms of cleared prices, accepted quantities, actual cross-border exchanges and remedial actions needed. • We suggest to implement a long dry run, with evidence of the difference of the available XB capacity applying in the current and the future configuration. • It is essential to grant high transparency to the market regarding the capacity calculation within the new flow-based approach extended to Italy North borders.	ACER would not support any unnecessary long dry run. ACER welcomes all the efforts in improving transparency. As the flow-based approach is practically more transparent than the cNTC-based approach, the fact that a larger region would apply the flow-based approach will contribute to the transparency of the capacity calculation.
EDF	EDF welcomes this ACER consultation but would like to share its disappointment regarding the lack of detailed elements provided to stakeholders regarding the merger of IN and Core CCRs, neither during the consultation run by ENTSO-E nor for this one by ACER. ENTSO-E refers to ACER's Request for Amendment but the document is not available. Only a very light explanatory document is being provided for this ACER consultation, delivering very few	All the documents referred to in ACER's public consultation (section "Related documents") are available. ACER considers that the provided documents and the public consultation itself provides sufficient information on the CCR methodology



Respondents' views

information though the issue of transparency is of paramount importance for market participants. EDF still notices that: (i) many documents mentioned in the explanatory document are not available/public; (ii) the technical aspects/contours related to the merger are not provided; (iii) no information is provided either about how the case of Switzerland will be addressed notably in the capacity calculation.

In fact, no serious/relevant information being provided at this stage, EDF expects the future methodology of the Central Europe CCR to be accompanied by a robust explanatory document with the assessment of all the relevant aspects and impacts of the merger leading to the choice of the partial merger, as well as further details on how Switzerland will be integrated in this process. Usually, quite pedagogical documents have been provided for the Core CCR in the last years and we expect no less for this important step.

EDF has raised many questions in its response to the prior ENTSO-E consultation (see below), but these have still found no answers. For example, EDF pointed the possible legal uncertainty around the fact that CCR mergers are supposed to happen only when both CCRs already have implemented Flow-Based capacity calculation. ENTSO-E merely answers that implementation FB in IN before the merger would be the "less efficient solution" but provides no details of the assessment. ENTSO-E published an assessment methodology very late in the process, on 18th December 2023. Furthermore, the methodology released does not seem to have been applied as no information was provided to market participants.

The number of characters being limited in this dialogue box, EDF invites to read its full response to the ENTSO-E consultation, available in the ENTSO-E explanatory document.

ACER views

amendment in question, while further merger steps are not yet defined.

ACER also shares the expectation that the TSOs will provide sufficient information on the capacity calculation process and methodology for the CCR Central Europe, also including the capacity calculation principles for Switzerland.

ACER's assessment, as provided in the current Decision, shows that the proposed merger of CCRs Core and Italy North is in line with the legal framework and thus does not create legal uncertainty.

The inefficiency of potential application of a separate flow-based approach for Italy North and then a subsequent merger with the Core flow-based process is more than obvious.

ACER notes that ENTSO-E's assessment framework is not legally binding and that ENTSO-E's explanatory document was submitted to ACER together with the proposal.



Respondent	s' views	ACER views
Swissgrid, ElCom	Being geographically and electrically centered at the heart of the newly formed CCR, Swissgrid / ElCom welcome the common understanding of the relevance of finding a coordinated solution with Switzerland. Enlarging the area of coordination brings additional challenges in assuring grid security. This requires a best possible integration of all concerned parties in the day-ahead capacity calculation and subsequently other timeframes.	ACER acknowledges the provided views and welcomes future integration of the capacity calculation process at CCR Central Europe and the Swiss borders. ACER expects that the establishment of the CCR Central Europe will largely facilitate such an integration.
	Given the legal complexity, we acknowledge that it is not possible to include the Swiss borders in the CCR determination explicitly. We are however confident that aforementioned technical solutions will be implemented in the framework of the TSO and NRA cooperation of the new CCR CE, together with the Swiss parties.	
EFET	 We understand and agree in principle with the idea of the merger of the of Core and Italy North CCRs to create a new CCR "Central Europe". However, a number of pre-requisites should be met to initiate this process: Overall economic welfare is maximised in the new CCR The impact on SDAC quality and performance is publicly monitored and considered reasonable TSOs perform a full cost-benefit analysis on the impact of Italian allocation constraints on the other bidding zones of the new CCR Swiss CNECs are considered in the capacity calculation of the new CCR, similarly the model of the Italy North agreement with Swissgrid Transparency requirements are set at least at the level of the Core CCR provisions, including a proper and long enough parallel run 	ACER in principle agrees with systematic and analytic approach in defining the merger steps of Core and Italy North. However, having in mind strong interdependence of Core and Italy North, as well as Switzerland, it is more than obvious that the benefits obtained in better coordination of capacity calculation, allocation and other CCR-based processes would largely outweigh any transitional application complexity. ACER welcomes all the efforts in improving transparency. As the flow-based approach is practically more transparent than the cNTC-based approach, the fact that a larger region would apply the flow-based approach will



Respondents' views	ACER views
6. Reasons for the differentiated speeds for the CCRs merger for day-ahead and intraday, respectively, are clarified, and implications on stakeholder involvement	contribute to the transparency of the capacity calculation.
7. The merger timeline is set according to the projects prioritisation framework agreed between ACER, market participants, TSOs and NEMOs in the MESC.	ACER's expectations regarding the integration of the Swiss elements in the capacity calculation are similar to the EFET's. However, it is still to
Detailed comments:	be explored and specified within the TSOs'
Aiming for a common capacity calculation methodology (CCM) and other rules organising spot markets across the EU is an objective that EFET has always supported. In this sense, we support the gradual merger of CCRs. It is	proposal of the day-ahead capacity calculation methodology for the CCR Central Europe.
nonetheless important to acknowledge that the development of CACM-based	ACER expects that the HVDC Savoy (IT) -
methodologies by CCRs have generally preserved regional specificities since 2015.	Piedmont (FR) will be considered similarly as
Merging CRRs, and ultimately reaching common rules throughout the EU, will	the HVDC Allegro (BE-FR) via virtual hubs, and having in mind an additional complexity of
necessitate bridging significant gaps in the existing models applied across Europe.	the IT-FR border having both AC and DC links. However, it is still to be explored and specified
Welfare maximisation should be the guiding principle to progress on the	within the TSOs' proposal of the day-ahead

capacity calculation methodology for the CCR

Central Europe.

Welfare maximisation should be the guiding principle to progress on the

of the Core and Italy North CCRs merger, this will require a thorough gap analysis of the respective CCMs, in particular a cost-benefit analysis of the impact of Italian allocation constraints on the whole Central European region.

This impact assessment should also monitor all indicators of the SDAC

with an open publication.

algorithm described in the Annex 3 to the Algorithm methodology, Title 3-5,

harmonisation of methodologies and the merger of CCRs. In the specific context



Respondent	ts' views	ACER views
	Additionally, with Switzerland at the heart of the new Central Europe CCR, the impact of flows on the Swiss network will have to be taken fully into account. The spirit of the agreement between Swissgrid and the Italy North TSOs to take account of Swiss CNECs in the day-ahead capacity calculation will need to be extended to the whole Central Europe CCR. This will be essential for a meaningful calculation of capacity in the new CCR, and hopefully a stepping stone towards the integration of Switzerland into market coupling as soon as bilateral negotiations with the EU allow it. Transparency on day-ahead flow-based parameters will need to be harmonised on the highest standard possible. At the moment, we would request that they be at least at the level set in the Core CCR, and we look forward to possibly improving these standards even further. These transparency requirements should be discussed in a merged version of the existing consultative groups for Core and Italy North will need to be merged – at least for day-ahead discussions. Furthermore, a proper and long enough parallel run should be performed. Market participants would also need clarifications on how the Savoy-Piedmont HVDC interconnector will be managed (i.e. with virtual zones like ALEGrO?).	
UFE	From a general standpoint, UFE is favorable to the efficient extension of the flow-based (FB) capacity calculation and to extend coordination to the largest geographical extent whenever relevant. However, such approach must not overlook the need for caution to avoid negatively impacting existing CORE capacity calculation process and EU SDAC and SIDC processes. The impact analyses and the identification of interactions with existing processes remaining to be carried out, UFE considers it difficult to give an informed opinion. UFE however can share the following remarks:	ACER agrees with the step-by-step integration approach of Core and Italy North regions considering ongoing processes and has specified so in the amended CCR methodology. ACER also considers that the impact on SDAC processes is duly taken into account in the corresponding pipeline of the prioritisation exercise.
	•In terms of timeline, neither did the works about the prioritization of projects shared in MESC and MCSC identify this issue as being a priority. UFE considers	ACER is of the opinion that the merger should be relatively high in the prioritisation list,



Respondents' views

that the implementation of this project should not be prioritized before further assessment. In this perspective, impacts on Euphemia should be strongly considered, both in terms of welfare improvements and computational performance (time to first solution, PRBs, optimality gap, ...). Notably, as the merger will create the unique combination in the SDAC of FB constraints and PUN orders in the IT North bidding zone, the impact on performance in the price determination and pun search sub-problems should be carefully assessed and publicly published.

- In terms of approach, the stepwise choice (segmentation between DA first and extension to ID afterwards) also calls for comments and could give rise to legal uncertainty. Indeed, assigning a given bidding zone border to two different CCRs depending on the timeframe seems to contradict Article 15(2)(b) of CACM, which states that "each bidding zone border [...] shall be assigned to one capacity calculation region". This provision is admittedly without prejudice of the possibility, as stated in CACM Article 20(5), to consider two adjacent CCRs developing a common FB approach for a given timeframe as one region for this purpose, but we understand this should not lead to the formal creation of a distinct CCR.
- Furthermore, a first step would have been to finalize the implementation of a FB CCM in the Italy North CCR before proposing a merger between the two CCR, even if it is a partial merger.
- No information is provided on the extent to which this partial merger implies a review of existing methodologies for the day-ahead timeframe: will Italy North simply accept the CORE methodologies, with only minor changes or will there be substantial modifications (in which case what are the foreseen modifications). Furthermore, governance issues should not impact or delay ongoing and existing processes.

ACER views

having in mind the expected benefits due to strong interdependence of Core and Italy North, as well as Switzerland.

ACER's assessment, as provided in the current Decision, shows that the proposed merger of CCRs Core and Italy North (with the stepwise approach, initially considering the day-ahead capacity calculation only) is in line with the legal framework including Article 15(2)(b) of the CACM Regulation.

The inefficiency of potential application of a separate flow-based approach for Italy North and then a subsequent merger with the Core flow-based process is more than obvious.

The actual CCR methodology amendment cannot pre-empt the methodical details of the perspective day-ahead capacity calculation methodology for the CCR Central Europe.

ACER welcomes future integration of the capacity calculation process at CCR Central Europe and the Swiss borders. ACER expects that the establishment of the CCR Central



Respondents' views

- It would have been useful to describe the links/interactions with the implementation of all the other CCR-related obligations according to CACM, FCA, EB, SO as well as any other applicable European legislation to fully appreciate the benefits and challenges of the proposed methodology.
- In spite of the central position of Switzerland in the proposed Central Europe CCR, the amendment proposal very rapidly addresses the issue of its treatment in the various applicable methodologies and refers to contractual arrangements with no further details. UFE considers that as matter of market efficiency and operational security, CACM should define a framework for the inclusion of third countries in the coordinated capacity calculation process and also for congestion management and that Switzerland should be taken into account as much as possible in the operational processes mentioned above.
- •Market participants would also need:
 - a proper (18 months) parallel run, including the impacts on the key performance indicators of EUPHEMIA
 - to have the operational transparency at the same level as for the CORE region
 - to understand how the Savoy-Piedmont interconnector will be managed (the same way as Alegro?)

The proposed approach shall not set a precedent under the current legal framework for defining any other configurations of CCRs comprising only selected time

Europe will largely facilitate such an integration.

ACER views

ACER would not support any unnecessary long parallel run.

ACER welcomes all the efforts in improving transparency. As the flow-based approach is practically more transparent than the cNTC-based approach, the fact that a larger region would apply the flow-based approach will contribute to the transparency of the capacity calculation.

ACER expects that the HVDC Savoy (IT) - Piedmont (FR) will be considered similarly as the HVDC Allegro (BE-FR) via virtual hubs, an having in mind an additional complexity of the IT-FR border having both AC and DC links. However, it is still to be explored and specified within the TSOs' proposal of the day-ahead capacity calculation methodology for the CCR Central Europe.

As explained in the Decision, any other potential configurations of CCRs in the future should appropriately be addressed on a case-by-case basis.



Responde	ents' views	ACER views
Question Please ex	2: Do you have any comments regarding the proposed inclusion of the Celtic intercon plain.	nector (IE-FR) in the new CCR Central Europe?
EDF	EDF takes note of the additional information provided by ENTSO-E on the options examined and motivations on the integration of Celtic into Core. Some qualitative elements are provided but nothing on the impact on the capacity calculation and market coupling processes. EDF regrets that no further elements are provided on the assessment framework even though it was supposed to be provided by ENTSO-E following ACER's request. In fact, ENTSO-E published a document very late in the process, on 18th December 2023. Furthermore, the methodology released does not seem to have been applied as no information was provided to market participants.	ACER acknowledges the provided views. ACER notes that ENTSO-E's assessment framework is not legally binding and that ENTSO-E's explanatory document was submitted to ACER together with the proposal. See also the ACER's feedback to UFE's views on the same topic.
	The number of characters being limited in this dialogue box, EDF invites to read its full response to the ENTSO-E consultation, available in the ENTSO-E explanatory document.	
UFE	UFE takes note of this ACER consultation on the integration in the CORE CCR of the Celtic Interconnector planned in 2026 in view of the integration of the Irish Single Electricity Market (SEM) in the EU market. From a general perspective, UFE recalls that (i) it supports the idea of an as much coordinated as possible capacity calculation process within the EU borders and at the borders of the EU with third countries and that (ii) any further addition of borders in a CCR must be assessed against the possible joint influence of other borders on power flows and against the possible negative impacts on the capacity calculation processes at regional level and its ongoing evolutions.	ACER considers the reasoning on selecting the option of the inclusion of the Celtic interconnector in the Core CCR sufficiently elaborated in the TSOs' supporting document, having in mind that the remaining options are not appealing: - having a separate CCR would be unnecessary cumbersome and administratively burdening solution;
	UFE understands from former exchanges at national / regional level that two possible options were discussed for coupling SEM with the EU: one being a	- applying the flow-based approach (a consequence of appointing the Celtic interconnector to the Core CCR) would



Respondents' views	ACER views
dedicated CCR and the other the integration into the CORE CCR. The latter seems to have been chosen; in view of point (i) above, UFE is a priori rather supportive of such a choice, but would appreciate more transparency on the pros and cons that led to the present proposal.	be at least equal or better solution than applying the AHC, in sense of network representation and capacity allocation process.
Moreover, TSOs have informed in their Capacity Calculation and Allocation (CC&A) Report 2023 (cf. Part 4) that they were developing a framework for Capacity Calculation Region Assessment, responding notably to the request made by ACER in its Decision on the determination of capacity calculation regions (Annex 1) of 7th May 2021. According to ENTSO-E, this framework will be "a 'toolbox' used by all TSOs to perform future assessments of CCR configurations". This framework has been published by ENTSOE in December 2023.	ACER notes that ENTSO-E's assessment framework is not legally binding and that ENTSO-E's explanatory document was submitted to ACER together with the proposal.
UFE take notes that the choice of solution (integrating the Celtic interconnection into the CORE CCR) was made before the finalization of this new framework. In this context, UFE requests that the reasons for not waiting for the new framework be detailed and provided to market participants. This also raises the question whether the integration of Celtic into CORE could be reassessed with the new framework in case the interconnection with SEM is delayed.	
Furthermore, UFE considers this consultation is uncomplete and lacks background analysis, preventing market participants to provide an informed view. UFE asks therefore for an explanatory document addressing the implications on the different timeframes (forward, DA and ID) and detailing that this evolution is not detrimental.	
Finally, given the European obligation to implement the AHC on CORE, which is due at the same time as the arrival of Celtic, UFE also asks for confirmation	



Respondent	s' views	ACER views
	that a dedicated CCR for Celtic or an integration of Celtic interconnector to CORE will have the same impact on capacity calculation and available capacity.	
	UFE understands that the Celtic interconnector would be included via advanced hybrid coupling. If this is indeed the case, market participants within UFE reiterate, as they already pointed out in December 2022 in a joint position of EFET and MPP, that this subject lacks clarity, and in particular that the impacts on Euphemia should be analyzed in greater detail.	
	Concerning the handling of interconnectors between EU and British Isles, UFE considers that several issues are of much bigger impact in the landscape than the integration of Celtic into CORE: UFE supports finding rapidly an agreement on (i) the coordination of capacity calculations for the various interconnectors between EU and UK and (ii) the allocation of the resulting capacities. On the latter point, the optimal solution of a full price coupling being unfortunately politically out of sight, a non-regret measure could still be implemented to complement the present default solution in place – i.e. explicit capacity auctions, which are an acceptable second best option and should in any case be preferred to the Multi-Region Loose Volume Coupling (MRLVC) –, namely the merger of EPEX and NPS order books, so as to avoid two different DA prices.	
Question 3:	Do you have any other comment regarding the proposed amendments of the CCI	R methodology? Please explain.
Energy Community Secretariat	On 15 December 2022, the Energy Community Ministerial Council incorporated a package comprising the latest EU electricity acquis in the Energy Community. This Decision adapted and adopted also the CACM Regulation to the institutional, territorial and market set up of the Energy Community (EnC CACM Regulation). Article 15(1) and Annex I to the EnC CACM Regulation established the CCRs in the Energy Community (EnC CCRs) in their precise configuration. Three EnC	ACER fully supports the inclusion of the EnC CCRs in the CCR methodology. However, as these CCRs were not included in all-TSOs proposal and as their inclusion is expected to resolve some ambiguities spotted in the EnC CACM, ACER has not added the EnC CCR in the actual CCR amendment. ACER however



Respondents	' views	ACER views
	CCRs are stipulated in Article 2 of the Annex I to the EnC CACM Regulation: Shadow SEE CCR, ITME CCR and EE CCR. The EnC CCRs include bidding zone borders between Contracting Parties and bidding zone borders between Contracting Parties and neighbouring EU Member States.	expects ENTSO-E to provide an additional amendment proposal related to EnC CCRs as soon as possible.
	Any adjustments of the EnC CCRs, according to Article 1(2) of Annex I to the EnC CACM Regulation, are subject to a proposal of all TSOs of the Member States pursuant to Article 15 paragraphs 2 and 3 of the EU CACM Regulation in consultation with the TSOs of the Contracting Parties, and to be approved by the ACER. There is no possibility to adjust the CCR configuration outside this procedure. The 28th Energy Community Electricity Forum (Athens Forum) held in June and chaired by the European Commission, in its conclusions, acknowledged that the bidding zones borders between Contracting Parties and Member States are already included in the definition of EnC CCRs and welcomed ACER's proposal to include all EnC CCRs in the definition of CCRs in a procedure under Article 15 of the EU CACM Regulation. As the EnC CCRs were established with the adoption of the EnC CACM Regulation and not amended, the Secretariat expects their operationalization as soon as possible, in particular having in mind that some legal deadlines for providing regional TCMs have already passed.	
	Given that the all TSO proposal to amend the Determination of CCRs as submitted does not include the EnC CCRs, the Secretariat proposes that EnC CCRs, as defined in the EnC CACM, are included during ACER's decision-making process. This inclusion will allow for an alignment with the new configurations established by the adoption of the 2022 Decision in the Energy Community (an organization comprising also the European Union), and hence for a complete determination of CCRs across Europe including all bidding zone borders between Member States, Member States and Contracting Parties as well	



Respondents' views		ACER views
	as between Contracting Parties. Without such inclusion, the implementation of the EnC CACM Regulation will be lacking a common framework on European level. It will also contribute to the streamlining of ACER's approval procedure and an efficient decision-making process."	
ENEL	Beyond the change in the calculation methodology and market clearing process, we would like to signal to ACER that currently the export transmission limit from North Italy Area is on average minor than the import available capacity. In order to favour the competition in the energy markets, we ask ACER and the relevant TSOs to promote a more balanced calculation of the cross-border capacity both in the current NTC framework and in the future flow-based methodology.	ACER takes into consideration the provided views.
EFET	It is not fully clear to us why the merger between the Core and Italy North CCRs will only concern day-ahead methodologies. Additional details on this point would be welcome, including projections when a full merger of the two CCRs for both day-ahead and intraday – and even forward – related methodologies will be feasible. It will also be necessary to think about how to organise stakeholder engagement between day-ahead and intraday subjects in a two-speed CCR merger context. A new regional governance will be initiated for the development of the new Central Europe DA CC, which will be a major project with many challenges. As a consequence, all NRAs and TSOs will have to discuss reprioritisation of activities in the Core and Italy North CCRs, as well as across CCRs. It is essential that this project does not endanger progress on other ongoing implementation work at regional or European levels (i.e. ROSC, export corner, continuous explicit ID allocation at CH-IT border).	The reasons on the stepwise merger are specified in recital (54) of ACER's decision. The considerations of ongoing process in Core and Italy North are provided in Article 13 of the CCR methodology and recital (60) of the decision. The projections of further merger steps are currently not available to ACER.



Respondent	s' views	ACER views
	Hence, the timeline of the merger needs to be set according to the new projects prioritisation framework agreed between ACER, market participants, TSOs and NEMOs at the MESC meeting of 18 October 2023. We therefore request that the deadline currently proposed in the methodology amendment be replaced by a neutral placeholder referring to this process.	