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Consultation feedback on the Italy North TSOs proposal  
for a 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

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## 1 Introduction

This document answers the comments raised by the Regulatory Authorities of the region as well as by stakeholders during the public consultation of the methodology for coordinated redispatching and countertrading affecting the borders of the capacity calculation region (CCR) Italy North. The public consultation on the proposal was conducted between February-March 2018, also in accordance with Article 11 of the CACM.

Considering the structure of the grid, and in line with the capacity calculation principles defined for the same CCR, also the border Italy North – Switzerland is included in the scope of this methodology. The participating TSOs to the coordinated redispatching and countertrading are therefore Terna (Italy), RTE (France), APG (Austria), ELES (Slovenia) and Swissgrid (Switzerland).

## 2 Comments of all Regulatory Authorities on the consultation document

### 2.1 General comments

C1. Italy North Regulatory Authorities welcome the effort by Italy North TSOs to develop a proposal for CTRD in the current framework where most of the activities of the regional capacity calculators (and in prospective of the regional security coordinators according to Regulation 2017/1485) are still under discussion. As a consequence, the resulting proposal addresses the issue at an high level, lacking of detailed descriptions of the tasks and procedures to be applied by the involved TSOs and parties. As Italy North Regulatory Authorities will not be able to approve such high-level proposals, they request Italy North TSOs to make an effort to include in the final proposal a detailed description of all the tasks and steps related to countertrading and redispatching.

In order to address this remark, an additional part has been added as Annex to the explanatory note accompanying the countertrading and redispatching methodology proposal. This Annex (marked as Annex 2) lists and describes the main tasks that need to be performed during the redispatching and countertrading processes in the Italy North CCR.

### 2.2 Algorithm

C2. According to Article 35(4) of CACM Regulation, each TSO shall coordinate the use of redispatching and countertrading resources taking into account their impact on operational security and economic efficiency.

The CTRD methodology deals with the above-mentioned provision in Articles 6 and 9: in particular Article 6(6) states that the selection of redispatching and countertrading resources shall be performed with the objective to minimize the overall estimated cost for the TSOs of the Italy North capacity calculation region, while some more details about the optimization are given in Article 9.

Nonetheless a detailed description of the algorithm to be used is still missing: Article 9(3) only mentions that an harmonization between CTRD methodologies and the methodologies for security analysis pursuant to Articles 75 and 76 of the Regulation 2017/1485 will be achieved, due to interdependence between CTRD and those security analysis. Italy North TSOs are invited to declare when they expect the algorithm will be available.

Once the CTRD methodology is approved, Italy North TSOs will set up a dedicated project for its implementation. In the framework of this project experts from all TSOs will go into the details and will define the algorithm for the cost minimization of CTRD activations. The algorithm will be available and will be provided by 12 months after the conditions for the implementation of the methodology are fulfilled.

C3. Moreover Italy North Regulatory Authorities agree about the interdependence between CTRD and security analysis pursuant to Regulation 2017/1485, but they deem it useful to have more details about this relation even in the CTRD proposal. For this reason Italy North TSOs are asked to address the timings of intraday capacity calculation, security analysis and countertrading and redispatching processes, along with all the interactions between them.

The timings and interactions of intraday capacity calculation, security analysis and countertrading and redispatching processes are described in the charts available in the explanatory note.

### 2.3 Resources cost

C4. Article 35(5) of CACM Regulation clarifies that countertrading and redispatching shall be based either on market prices or on countertrading and redispatching resources computed in a transparent way.

According to Article 5(3) of the CTRD, each TSO will provide the actual prices of the redispatching and countertrading resources or the best estimation of the incurred cost. The proposal is too generic and resembles more or less the same wording of the CACM Regulation, without giving more details. Italy North TSOs are invited to clarify better which information regarding volumes /prices of bids available for countertrading and redispatching they will rely on. In particular it's not clear which markets will be relevant to determine the prices to be used for countertrading and redispatching.

Due to the different market frameworks in place in each country, it is not possible to define a common methodology to identify the resources available for RDCT but each TSO is considered responsible for the resources belonging to its country. Additional information regarding volumes and prices of bids available for redispatching and countertrading each TSO will rely on will be included in the explanatory note.

C5. Italy North Regulatory Authorities understand that some differences may arise between the involved countries, due to specificities of the national market: a comparison between the different practices is thus much welcomed.

The requested comparison is given via the additional details provided by TSOs in the explanatory note regarding the information they will rely on for defining the available volumes and prices.

## 2.1 Fast activation

C6. According to Article 7 of the CTRD each TSO can activate a fast process to solve problems within its area of common interest that cannot be solved using the standard countertrading and redispatching procedures: in these cases a low level of coordination is achieved between the involved TSOs. Italy North Regulatory Authorities are not against this approach per se, if needed to address system security. Nonetheless, in order to be able to approve such a process, a more detailed description of the critical situations leading to the fast activation, [...]

A sudden critical situation is any situation which was not identified with the regular process and therefore it is identified later on by the real time security monitoring performed by TSOs. For example any situation which requires countertrading and redispatching actions to keep the system secure, but there is no time for regular process (multiple tripping of generation, multiple tripping of lines). In such cases only very short time for actions is available and the coordination and calculation of resources must be performed by real time control operators of a TSO instead of RSCs. It may be possible that some remedial actions are not considered due to limited time to evaluate their impact. At least full bilateral coordination and information to other TSOs will be performed. The coordinated RDCT process should identify in advance most of the critical situations.

C7. [...] along with the expected occurrence of such events, shall be given.

It is envisaged to replace current countertrading emergency procedures with proposed RDCT process and the expected occurrence of fast activations is 2 to 3 times per year.

C8. In addition, TSOs shall clarify what they intend with the term “lower level of coordination” written in Article 7(6) of the CTRD.

In the Fast activation process there is very short time for actions and the coordination and calculation of resources may be performed by real time control operators of a TSO instead of RSCs. It may be possible that not all the remedial actions available are considered because there is not enough time to evaluate their impact. At least full bilateral coordination and information to other TSOs will be performed.

## 2.2 Timeframes for coordinated redispatching and countertrading application

C9. Italy North Regulatory Authorities are striving to understand the timing of the proposed process and the interaction with other processes (in particular with, but not limited to, capacity calculation and security analysis pursuant to SO GL). Italy North Regulatory Authorities, thus, request Italy North TSOs to detail and clarify when the process for coordinated redispatching and countertrading will be performed (in particular the frequency of this process shall be given, along with the main timings), as well as the relevant link with the other processes for day-ahead, intraday, system operation and, if relevant, balancing.

The frequency of the process depends on the frequency of the Coordinated Security Analysis (CSA). The CSAm required by art 75 of SOGL, currently under approbation, specifies that one CSA is done in Day-Ahead. In Intra-Day, CSA timings, frequency and processes are CCR-dependant (methodology required by art 76 of SOGL) and the CSA can be either sequenced or event-triggered. The ideal solution would be to able to run CSA each hour during Intra-Day. As the work on Art 76 has not begun yet on North Italian Borders, main timings can't be given for countertrading and redispatching process but interactions with CSA can be described.

The timings and interactions of intraday capacity calculation, security analysis and countertrading and redispatching processes are described in the charts available in the explanatory note.

## 2.3 Implementation

C10. According to Article 10(3) of the CTRD, its implementation is subject to the approval and the implementation of the methodologies pursuant to Articles 75 and 76 or Regulation 2017/1485. As this could lead to a very late implementation date, Italy North Regulatory Authorities need request Italy North TSOs to justify why these implementations should be linked.

The CTRD process needs a coordinated security analysis and remedial actions coordination which are key parts of the process itself. Both need to be defined in accordance with the SOGL.

C11. Italy North TSOs shall also clarify whether a temporary (or partial) implementation of the CTRD may be possible, even if the security analysis methodology pursuant to SO GL hasn't been approved yet.

A proposal for Article 76 of the SOGL should be submitted by June 2019. As explained under C10, a coordinated CSA is needed for CTRD, so a temporary solution without it would not be feasible. Moreover, work on Article 76 will already start in September, so we do not have sufficient time to in parallel work on a temporary solution.

C12. According to Article 10(4) of the CTRD, the proposal will be implemented in 24 months once all the relevant conditions listed in Articles 10(2) and 10(3) are fulfilled. As this seems a rather long period, Italy North TSOs are invited to provide a timetable addressing the steps for the implementation along with the period where each condition is expected to be fulfilled.

As explained previously, the countertrading and redispatching methodology is strongly linked to SOGL methodologies so it is difficult to define timetable for implementation now as long as there is not a clearer view on the implementation of the Coordinated Security Analysis (art 75 and 76 of SOGL). So far, TSOs plan to have a detailed algorithms specification within 12 months after the regulatory approval of

SO GL methodologies and a full implementation within 24 months in total. Additionally, TSOs will use this time for parallel testing of CTRD and existing processes.

### 3 Comments of all Stakeholders on the consultation

#### 3.1 General comments

C13. How are redispatching and countertrading on the one hand, and restrictions of cross-border capacities allocated to the market on the other hand treated on an equal footing?

CTRD is not restricting already allocated capacities. RDCT are not used during capacity calculation, only after capacities are calculated and market results are known.

C14. How are the scheduled exchanges, NTC/FB domain, and balance positions simultaneously generated and handled by the relevant market and system operators?

The RDCT process acts based on the market outcomes and therefore it is not simultaneous with the market itself. The activation of cross border RD and/or Countertrading introduces changes to the market scheduled exchanges and balance positions without restricting the already allocated capacity.

C15. How does the operation scheme ensure full transparency and conform to Transparency (ex-post) and REMIT Regulations, in terms of how much redispatching and countertrading is activated. This information should be available to market participants as soon as those actions are decided; full transparency on deviations from merit order activation (in case of joint congestion management and balancing) is also required.

Italy North TSOs will be conform to Transparency and REMIT regulations by providing the necessary information in due time. The process for letting the necessary information available will be defined during the implementation phase.

C16. How are open positions generated by redispatching or countertrading to be counterbalanced in a market-based manner to deliver appropriate economic signals. In this regard, we see three main options:

- TSOs managing the counterbalance in the framework of the balancing mechanism
- TSOs managing the counterbalance within the intraday markets
- Activation through a dedicated congestion management mechanism

The methodologies to be developed on the basis of the CACM and SO Guidelines need to assess the pros and cons of these options as well as justify the choice of the option(s) that has (have) been retained.

CT and RD should not lead to an imbalance of the system.

C17. How can actions on specific assets based on their location be remunerated? In our view, any network user being redispatched or constrained must be fully financially compensated (full costs and opportunity loss) so that the asset owner is financially indifferent to the TSO action.

Every TSO is considered responsible for the financial compensation of network user in its country due to the different market frameworks in place in each country. Additional information regarding prices of bids available for countertrading each TSO will rely on will be included in the explanatory note.

### 3.2 Activation of countertrading

C18. In the present proposal, it is foreseen that the process for coordinated RD and CT actions shall start not before the day-ahead market results publication and it is recognized that TSOs can forecast physical congestions in the Area of Common Interest (ACI). In such case, we consider that a solution could be to solve them as soon as possible.

The studies to solve congestion are realised as soon as a congestion is detected thanks to the local security analysis and the CSA. Yet, TSOs want to avoid distorting the market as much as possible that's why RDCT measures should be activated as close as possible to real-time.

C19. If TSOs wait until real time, they will have much less resources available and they would not benefit from resources that require several hours to be activated. Furthermore, waiting for intraday to manage redispatching actions would prioritize de facto congestion management through cross-zonal capacity limitation, whereas some congestions might be more efficiently addressed with redispatching. Thus, we believe that different alternative solutions should be investigated to compare all the available options. If alternative options are not discussed in the framework of the present consultation, we hope nevertheless that this type of choice (which are not neutral for reserves dimensioning and price forecasts) will be analysed and discussed when the SO GL methodologies will be developed.

The RDCT process will not wait until real time but will start already in day ahead and intraday. Activation of resources can be delayed to intraday in case the expected resources are deemed sufficient, otherwise resources will be already activated in day ahead.

Waiting for intraday would not prioritize congestion management via capacity limitation but will just avoid activating unnecessary resources in case the forecasts would result to be wrong.

### 3.3 Information on the calculation of Volumes and Prices available for redispatching and countertrading

C20. We believe that the current methodology does not make sufficient reference to the opportunity to use the up-to-date results of the day-ahead (or intraday) capacity calculation process as an input for the determination of the volumes available for countertrading and cross-border redispatching. Taking into account the updated parameters used for cross-zonal capacity calculation (ex. the updated Common Grid Models, GSK and PTDF values, etc.) in the coordinated redispatching and countertrading process will ensure the consistency of the data used in both processes. This will lead to a consistent framework for the selection of the remedial actions used in the capacity calculation process and the redispatching and countertrading actions decided afterward.

The RDCT methodology makes use of the latest available information regarding market results (e.g. schedules, net position, generation/load pattern) and parameters for calculation (e.g. updated Common

Grid Model, GSK, generation margins).

C21. TSOs should provide more details on the methodology and parameters used to calculate the price of the resources available for countertrading. The proposed methodology does not go beyond what is already foreseen by the CACM Regulation without giving stakeholders further information on practices that TSOs intend to follow.

Every TSO is considered responsible for the financial compensation of network user in its country due to the different market frameworks in place in each country. Additional information regarding prices of bids available for countertrading each TSO will rely on will be included in the explanatory note.

### 3.4 Transparency and reporting

C22. We wish to highlight that both redispatching and countertrading actions have an influence on price formation at regional level. From this perspective, the related TSOs' decisions may be considered to be subject to REMIT Regulation (Regulation (EU) n°1227/2011) and the corresponding information should be published, not only "no later than one hour after the operating period" as foreseen by the Transparency Regulation (Regulation (EU) n°543/2013), but as soon as the action is decided: i.e. before the corresponding operating period. Such publications will then allow market participants to forecast more accurately energy prices in each bidding zone taking into account the remedial actions initiated by TSOs.

TSOs will publish information according to both the Transparency Regulation and the REMIT Regulation.

### 3.5 Implementation

C23. As far as the article 10 foresees an implementation of the present methodology no later than 24 months after NRAs' approval and the implementation of several other methodologies, it would be valuable for market participants to follow the evolution of the implementation within a stakeholder forum, where they could raise their questions and receive some feedbacks.

Italy North TSOs will consider how to inform stakeholders on the foreseen implementation of RD & CT. The scope may not be limited to implementation of CT&RD methodology, but may also include other topics of interest for stakeholders, depending on the current status of the overall work on Italian borders. The exact organization / approach on how to achieve this objective will be developed in coordination with NRAs once preparations for the implementation will commence.