

Clean Energy Package: ENTSO-E's position on the ROC proposals

- Regional coordination is a key building block in the delivery of the Energy Union. To successfully integrate the Internal Energy Market and increasing levels of renewable generation, effective coordination of the power system is needed at all levels: EU Member States, NRAs and TSOs. In this respect, TSOs have implemented effective cooperation at a synchronous area level and at a pan-European level through ENTSO-E. Regional coordination is in our DNA!
- Coordination amongst TSOs has long been essential for secure system operation. TSOs focus on solving challenges in the power system and are committed to providing solutions to ensure security of supply while enabling a well-functioning market. The successful deployment of significant levels of intermittent renewable generation is a result of TSOs' effective coordination, and has led to clear benefits for citizens.
- Introduced almost 10 years ago to meet the needs of the power system, TSOs continuously enhance regional coordination. Regional Security Coordinators are now mandated through EU legislation in the Capacity allocation and congestion management Regulation and in the System Operation Guideline. These texts will provide the necessary transparency on how regional coordination is to be performed and monitored, e.g., the requirement in the SO Guideline for ENTSO-E to provide an *Annual report on Regional Coordination Assessment* (Article 17).
- By implementing regional coordination as required in the above-mentioned EU legislations, TSOs will continue to deliver, by 2019, real benefits to citizens through the provision of the five regionally coordinated services for market and security, namely coordinated common grid model, capacity calculation, operational security analysis, regional outage coordination and short-term regional adequacy forecast.
- The regional coordination model we are implementing today is dynamic and flexible and can be enhanced further by strong political and regulatory cooperation at regional level. We have already explored, in the context of the [FTI-CL study entitled *Options for the Future of Power System Regional Coordination*](#), possible options to evolve the regional coordination model further. This study presents the need for enhancing the regional coordination based on Regional Security Coordinators as service providers. The study confirms the need for stronger regional cooperation at political level and highlights the importance of resolving regulatory gaps that hinder the efficiency of regional coordination and of the European electricity market itself.

Regional coordination is in TSOs' DNA. Much regional coordination is already has been implemented

Regional TSO coordination benefits RES integration and EU citizens

Regional TSO coordination is legally binding and transparent

Five regionally coordinated services are being currently implemented by TSOs until 2019

The model is dynamic and can be enhanced from 2020 according to system and market needs

Our most critical concerns regarding the ROC model proposal are as follows:

- Splitting of decision-making in power system operation in different timeframes between TSOs and ROCs would lead to conflicting responsibilities, and therefore create risky political and legal gaps. EU Member States, NRAs and TSOs would still

Splitting decision-making powers between TSOs and ROCs leads to blurred responsibilities

have to bear the responsibility of any operational decision taken in real time. However, their ability to take these decisions would be limited by the binding powers conferred to ROCs. Such a move not only directly limits the Member States' institutional role but, even worse, introduces operational risks in addition to legal and regulatory ones.

- From a technical perspective, the decision-making cannot be split along different time horizons or by extracting a subset of elements and processes that are strongly interdependent with elements and processes under TSO responsibility. It is infeasible for the TSOs to ensure operational security by taking last-minute actions as the system operation itself is strongly interdependent and interleaved. The split of responsibilities of ROCs, Member States and national TSOs would result in ambiguous decision-making, rendering activities that require rapid decisions bureaucratic and thereby weakening the security of both the electricity system and the market.
- Additionally, TSOs are deeply concerned that, if the ROC functions are implemented as substitutive instead of complementary functions, the simplification of data, tools and information, as well as the loss of knowledge of the system (units, transmission devices, providers) required in a geographically wider analysis, could lead to a neglect of local conditions, which are relevant for ensuring operational security and for the overall security of supply.
- The feasibility and benefits of transferring the existing five standard services and new functions to the ROCs has not been properly assessed. Such assessment is critical and should be carried out with TSOs who have the experience and know-how both from their national power systems and from regional coordination.
- The proposals for the governance of the ROCs are also troublesome: national regulatory authorities (NRAs) sitting on the Boards of the ROCs and simultaneously approving the ROCs' organisation contravenes good practice in regulatory and corporate governance. The proposals are not consistent with the NRAs' role to monitor the regulated entities' performance and they would lead to an inherent conflict of interest and lack of objectivity in overseeing the ROCs.
- The proposals for regional delimitation result in very large regions covered by one ROC. Given the system complexity and uncertainty, this will increase operational risks and potentially undermine the efficiency of the European electricity system.

Technically speaking, decision-making cannot be split along different time horizons

ROCs risk neglecting local system conditions that are relevant for secure system operation

Transferring the existing and additional services to ROCs may not be feasible or even beneficial

Proposal for NRA role on Board of ROC is questionable with regards to principles of good governance

Regional delimitation of ROCs can increase operational risks

In conclusion, we strongly believe that the regional coordination model should be based on technically, economically and legally viable principles and should be underpinned by a robust and well-balanced regulatory and institutional framework. Fundamentally, the model should avoid unnecessary risks to the safety and security of the system. Finally, we are committed to working with all European decision makers and stakeholders on the draft proposals ensuring that we meet the technical and economic needs of the European citizens today and in the future.