

DECISION OF THE CORE REGULATORY AUTHORITIES

on

**THE FIRST AMENDMENT OF THE DAY-AHEAD
CAPACITY CALCULATION METHODOLOGY OF THE
CORE CAPACITY CALCULATION REGION**

**in accordance with Articles 20ff. of the Commission
Regulation (EU) 2015/1222 of 24th July 2015 establishing
a guideline on capacity allocation and congestion
management**

10 May 2021

I. Introduction and legal context

This document elaborates an agreement of the Core Regulatory Authorities (hereafter: “Core NRAs”), agreed on 10 May 2021 at the Core Energy Regulators’ Regional Forum (hereafter: “CERRF”) on the Core Transmission System Operators (hereafter: “Core TSOs”) proposal for the first amendment of the Day-Ahead Capacity Calculation Methodology of the Core Capacity Calculation Region (hereafter: “Core DA CCM Amendment Proposal”). The Core DA CCM Amendment Proposal was submitted in accordance with Articles 20ff. and Article 9(13) of the Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity calculation and congestion management as amended by Commission implementing regulation (EU) 2021/280 of 22 February 2021 amending Regulations (EU) 2015/1222, (EU) 2016/1719, (EU) 2017/2195 and (EU) 2017/1485 in order to align them with Regulation (EU) 2019/943 (hereafter: “CACM Regulation”).

This agreement of the Core NRAs shall provide evidence that a decision on the Core DA CCM Amendment Proposal does not, at this stage, need to be adopted by ACER pursuant to Article 9(11) of the CACM Regulation. It is intended to constitute the basis on which the Core NRAs will each subsequently issue a national decision to approve the Core DA CCM Amendment Proposal pursuant to Article 9(10) of the CACM Regulation.

The legal provisions that lie at the basis of the Core DA CCM Amendment Proposal and this Core NRAs’ agreement on the methodology, can be found in Articles 3, 9 and 20ff of the CACM Regulation, Article 5 of the Regulation (EU) 2019/942 of the European Parliament and of the Council of 5 June 2019 establishing a European Union Agency for the Cooperation of Energy Regulators (hereafter: “ACER Regulation”). These articles are set out below for reference.

1.1 CACM Regulation

Article 3

Objectives of capacity allocation and congestion management cooperation

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

Adoption of terms and conditions or methodologies

1. TSOs and NEMOs shall develop the terms and conditions or methodologies required by this Regulation and submit them for approval to the Agency or the competent regulatory authorities within the respective deadlines set out in this Regulation. In exceptional circumstances, notably in cases where a deadline cannot be met due to circumstances external to the sphere of TSOs or NEMOs, the deadlines for terms and conditions or methodologies may be prolonged by the Agency in procedures pursuant to paragraph 6, jointly by all competent regulatory authorities in procedures pursuant to paragraph 7, and by the competent regulatory authority in procedures pursuant to paragraph 8.

(...)

5. Each regulatory authority or where applicable the Agency, as the case may be, 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. Before approving the terms and conditions or methodologies, the Agency or the competent regulatory authorities shall revise the proposals where necessary, after consulting the respective TSOs or NEMOs, in order to ensure that they are in line with the purpose of this Regulation and contribute to market integration, non-discrimination, effective competition and the proper functioning of the market.

6. The proposals for the following terms and conditions or methodologies and any amendments thereof shall be subject to approval by the Agency:

(...)

(e) the proposal for a harmonised capacity calculation methodology in accordance with Article 21(4);

(...)

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 for terms and conditions or methodologies subject to the approval by several regulatory authorities in accordance with paragraph 7 shall be submitted to the Agency within 1 week of their submission to regulatory authorities. Proposals for terms and conditions or methodologies subject to the approval by one regulatory authority in accordance with paragraph 8 may be submitted to the Agency within 1 month of their submission at the discretion of the regulatory authority while they shall be submitted upon the Agency's request for information purposes in accordance with Article 3 paragraph 2 of the Regulation (EU) 2019/942 if the Agency considers the proposal to have a cross-border impact. Upon request by the competent regulatory authorities, the Agency shall issue an opinion within 3 months on the proposals for terms and conditions or methodologies.

10. Where the approval of the terms and conditions or methodologies in accordance with paragraph 7 or the amendment in accordance with paragraph 12 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 to reach an agreement. Where applicable, the competent regulatory authorities shall take into account the opinion of the Agency. Regulatory authorities or, where competent, the Agency shall take decisions concerning the submitted terms and conditions or methodologies in accordance with paragraphs 6, 7 and 8, within 6 months following the receipt of the terms and conditions or methodologies by the Agency or the regulatory authority or, where applicable, by the last regulatory authority concerned. The period shall begin on the day following that on which the proposal was submitted to the Agency in accordance with paragraph 6, to the last regulatory authority concerned in accordance with paragraph 7 or, where applicable, to the regulatory authority in accordance with paragraph 8.

11. Where the regulatory authorities have not been able to reach agreement within the period referred to in paragraph 10, or upon their joint request, or upon the Agency's request according to the third subparagraph of Article 5(3) of Regulation (EU) 2019/942, the Agency shall adopt a decision concerning the submitted proposals for terms and conditions or methodologies within 6 months, in accordance with Article 5(3) and the second subparagraph of Article 6(10) of Regulation (EU) 2019/942.

12. In the event that the Agency, or all competent regulatory authorities jointly, or the competent regulatory authority request an amendment to approve the terms and conditions or methodologies submitted in accordance with paragraphs 6, 7 and 8 respectively, the relevant TSOs or NEMOs shall submit a proposal for amended terms and conditions or methodologies for approval within 2 months following the request from the Agency or the competent regulatory authorities or the competent regulatory authority. The Agency or the competent regulatory authorities or the competent regulatory authority shall decide on the amended terms and conditions or methodologies within 2 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 paragraph 7 within the 2-month deadline, or upon their joint request, or upon the Agency's request according to the third subparagraph of Article 5(3) of Regulation (EU) 2019/942, the Agency shall adopt a decision concerning the amended terms and conditions or methodologies within 6 months, in accordance with Article 5(3) and the second subparagraph of Article 6(10) of Regulation (EU) 2019/942. 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. The Agency, or all competent regulatory authorities jointly, or the competent regulatory authority, where they are responsible for the adoption of terms and conditions or methodologies in accordance with paragraphs 6, 7 and 8, may respectively request proposals for amendments of those terms and conditions or methodologies and determine a deadline for the submission of those proposals. TSOs or NEMOs responsible for developing a proposal for terms and conditions or methodologies may propose amendments to regulatory authorities and the Agency.

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 Agency or 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 21

Capacity calculation methodology

1. *The proposal for a common capacity calculation methodology for a capacity calculation region determined in accordance with Article 20(2) shall include at least the following items for each capacity calculation time-frame:*

(a) methodologies for the calculation of the inputs to capacity calculation, which shall include the following parameters:

- (i) a methodology for determining the reliability margin in accordance with Article 22;*
- (ii) the methodologies for determining operational security limits, contingencies relevant to capacity calculation and allocation constraints that may be applied in accordance with Article 23;*
- (iii) the methodology for determining the generation shift keys in accordance with Article 24;*
- (iv) the methodology for determining remedial actions to be considered in capacity calculation in accordance with Article 25.*

(b) a detailed description of the capacity calculation approach which shall include the following:

- (i) a mathematical description of the applied capacity calculation approach with different capacity calculation inputs;*
- (ii) rules for avoiding undue discrimination between internal and cross-zonal exchanges to ensure compliance with point 1.7 of Annex I to Regulation (EC) No 714/2009;*
- (iii) rules for taking into account, where appropriate, previously allocated cross-zonal capacity;*
- (iv) rules on the adjustment of power flows on critical network elements or of cross-zonal capacity due to remedial actions in accordance with Article 25;*
- (v) for the flow-based approach, a mathematical description of the calculation of power transfer distribution factors and of the calculation of available margins on critical network elements;*
- (vi) for the coordinated net transmission capacity approach, the rules for calculating cross-zonal capacity, including the rules for efficiently sharing the power flow capabilities of critical network elements among different bidding zone borders;*
- (vii) where the power flows on critical network elements are influenced by cross-zonal power exchanges in different capacity calculation regions, the rules for sharing the power flow capabilities of critical network elements among different capacity calculation regions in order to accommodate these flows.*

(c) a methodology for the validation of cross-zonal capacity in accordance with Article 26.

2. *For the intraday capacity calculation time-frame, the capacity calculation methodology shall also state the frequency at which capacity will be reassessed in accordance with Article 14(4), giving reasons for the chosen frequency.*

3. *The capacity calculation methodology shall include a fallback procedure for the case where the initial capacity calculation does not lead to any results.*

4. *All TSOs in each capacity calculation region shall, as far as possible, use harmonised capacity calculation inputs. By 31 December 2020, all regions shall use a harmonised capacity calculation methodology which shall in particular provide for a harmonised capacity calculation methodology for the flow-based and for the coordinated net transmission capacity approach. The harmonisation of capacity calculation methodology shall be subject to an efficiency assessment concerning the harmonisation of the flow-based methodologies and the coordinated net transmission capacity methodologies that provide for the same level of operational security. All TSOs shall submit the assessment with a proposal for the transition towards a harmonised capacity calculation methodology to all regulatory authorities within 12 months after at least two capacity calculation regions have implemented common capacity calculation methodology in accordance with Article 20(5).*

1.2 ACER Regulation

Article 5

Tasks of ACER as regards the development and implementation of network codes and guidelines

(...)

3. *Where one of the following legal acts provides for the development of proposals for terms and conditions or methodologies for the implementation of network codes and guidelines which require the approval of all the regulatory authorities of the region concerned, those regulatory authorities shall agree unanimously on the common terms and conditions or methodologies to be approved by each of those regulatory authorities:*

(a) a legislative act of the Union adopted under the ordinary legislative procedure;

(b) network codes and guidelines that were adopted before 4 July 2019 and subsequent revisions of those network codes and guidelines; or

(c) network codes and guidelines adopted as implementing acts pursuant to Article 5 of Regulation (EU) No 182/2011.

(...)

6. Before approving the terms and conditions or methodologies referred to in paragraphs 2 and 3, the regulatory authorities, or, where competent, ACER, shall revise them where necessary, after consulting the ENTSO for Electricity, the ENTSO for Gas or the EU DSO entity, in order to ensure that they are in line with the purpose of the network code or guideline and contribute to market integration, non-discrimination, effective competition and the proper functioning of the market. ACER shall take a decision on the approval within the period specified in the relevant network codes and guidelines. That period shall begin on the day following that on which the proposal was referred to ACER.

II. The Core TSOs' proposal

Through the Core DA CCM Amendment Proposal, the Core TSOs aim to introduce several amendments to the Core DA CCM, established through the ACER Decision 02/2019¹. The proposed amendments were announced and presented by Core TSOs to the Core NRAs in the framework of the Core Implementation Group (hereafter: "Core IG") meetings over the course of S1 2020. All Core TSOs organized, from 25 June 2020 until 31 July 2020, the public consultation of the Core DA CCM Amendment Proposal in accordance with the requirements in Article 20(2), Article 9(13) and Article 12 of the CACM Regulation. This public consultation has been organized by ENTSO-E on behalf of all Core TSOs, via the online ENTSO-E Consultation Hub. Six stakeholders provided their input to this consultation.

Core NRAs provided the Core TSOs with their opinion on the draft DA CCM Amendment Proposal through a shadow opinion, which was commonly endorsed and submitted for the Core TSOs' consideration on 31 July 2020. Core NRAs considered the amendment process as started by the Core TSOs not compatible with the deadline for implementation of the Core DA CCM being 1 December 2020 as mentioned in ACER Decision 02/2019. All Core NRAs strongly urged Core TSOs to keep on focusing all their efforts and resources on the successful implementation of the Core DA CCM at the earliest date and submit the proposal for amendment at a later stage, preferably after the go-live of Core DA CCM.

Nonetheless, Core TSOs decided to submit the Core DA CCM Amendment Proposal. Following further exchanges on several amendments between Core TSOs and Core NRAs, the Core DA CCM Amendment Proposal was submitted to Core NRAs. The DA CCM Amendment Proposal was received by the last Core Regulatory Authority on 8 December 2020. It consists of several documents:

- the Core DA CCM Amendment Proposal itself (including 8 articles with proposed amendments);
- a consultation report;
- an explanatory note; and
- a consolidated version, including the amendments under a) in track changes in the original Core DA CCM established through ACER Decision .

The Core DA CCM Amendment Proposal proposes to introduce the following modifications to the Core DA CCM:

- Article 1 on the **CGMES** introduces an explicit link between the delivery of the CGMES (in the ENTSO-E CGMM program) and the day-ahead capacity calculation in Article 4 of the Core DA CCM;

¹ Decision No. 02/2019 of the Agency for the Cooperation of the Energy Regulators of 21 February 2019 on the Core CCR TSOs' proposal for the regional design of the day-ahead and intraday common capacity calculation methodologies.

- Article 2 on the **FRM assessment** establishes upper and lower estimates for the FRMs for Core TSOs, along with an obligation to justify the way in which the final FRMs are derived from these estimates, in Article 8 of the Core DA CCM;
- Article 3 on the **Extended LTA inclusion** introduces a new option for LTA inclusion to cover the financial remuneration of long-term capacities through the day-ahead congestion income as an alternative to the option based on the LTA margin approach, in Articles 18 to 23 of the Core DA CCM;
- Article 4 on the **Third country integration** establishes a “door-opener” to allow technical counterparties to interact with Core TSOs and to allow Core TSOs to consider the result of this interaction in the day-ahead capacity calculation upon Core NRAs validation, in Articles 4, 11, 13, 14 and 20 of the Core DA CCM;
- Article 5 on the **Validation of FB parameters** introduces a number of modifications to Article 20 of the Core DA CCM, related to the validation of FB parameters;
- Article 6 on the **Fallback procedures** intends to improve the back-up procedures to avoid the initiation of fallback procedures in Article 22 of the Core DA CCM;
- Article 7 on the **Publication of data** elaborates a number of agreed modifications to the list of data to be published in Articles 25 and 27 of the Core DA CCM; and
- Article 8 on the **Timescale of implementation** suggests to modify the go-live for the FB day-ahead capacity calculation in Article 28 of the Core DA CCM, in line with the recent developments and the announced delays, to 28 February 2022.

III. The Core NRAs’ position

3.1 Core NRAs’ position

Core NRAs deeply regret the shift of the Core FB CCM implementation deadline, that was submitted by Core TSOs as a *fait accompli* within the Core DA CCM Amendment Proposal. They acknowledge that part of the shift derives from the guidance received from the European Commission on 22 September 2020, following which the Interim Coupling Project should be launched before the Core FB MC, however they jointly urge Core TSOs to deliver the Core DA CC in line with the new agreed deadline of February 2022.

Content-wise, Core NRAs are broadly satisfied with the amendments proposed as part of the submitted Core DA CCM Amendment Proposal and acknowledge that a sufficient information has been provided by Core TSOs on the reasoning for proposing amendments. While several of the proposed amendments are not necessarily fully in line with the original positions expressed by (a number of) Core NRAs during Core IG discussions, they can be accepted based on the additional discussions, clarifications and interactions between Core TSOs and Core NRAs.

Nevertheless, a number of outstanding issues remain, for this purpose some amendments to the Core DA CCM Amendment Proposal are introduced by Core NRAs. Core NRAs consider it efficient to directly revise the proposal before approving it by using the competences assigned to them by Article 5(6) of the ACER Regulation and Article 9(5) of the CACM Regulation. These articles describes the duties for regulatory authorities to revise the terms and conditions or methodologies where necessary, before approving them. This procedure allows the establishment of the final amendments to the Core DA CCM, without unduly delaying the processes through the introduction of a request for amendments to the Core TSOs or escalating the decision-making process to ACER.

3.2 Core NRAs' amendments

Before approving the Core DA CCM Amendment Proposal, Core NRAs agree on the introduction of the following amendments:

- In Article 1 on the **CGMES**, the definition is slightly amended in order to reflect that the CGMES is described in the ENTSO-E CGMM program.
- In Article 3 on the **Extended LTA inclusion**, a clear choice for the Extended LTA inclusion (ELI) approach from the go-live is made, including a (temporary) rollback before or after the go-live, where Core TSOs may revert to the application of the LTA margin approach. An obligation on Core TSOs to regularly review the efficiency of both approaches is imposed.
- Article 4 on the **Consideration of non-Core bidding zone borders** is redrafted in order to encompass the potential ways of considering non-Core bidding zone borders. With regards to enhanced coordination with non-EU countries, it describes the necessary steps in the agreement process and defines obligations of Core TSOs, non-Core TSOs and technical counterparties. Additionally, the eighteen-months' time-limit for the submission of the proposal for the implementation of Advanced Hybrid Coupling (AHC) solutions has been reduced to six months.
- In Article 5 on the **Validation of FB parameters**, points cc) and dd) of subparagraph b) are deleted, in order to re-impose the obligation to publish the proposed measures to avoid reductions through individual validations.

In accordance with Article 5(6) of the ACER Regulation and Article 9(5) of the CACM Regulation Core NRAs have consulted respectively ENTSO-E and the Core TSOs, before the final agreement on the proposed amendments. Core TSOs have shared their views on 15 April 2021. These views nevertheless did not provide additional arguments which were not discussed at previous occasions and are hence not of the nature to persuade Core NRAs to modify the aforementioned amendments.

The concrete amendments may be found in the final Core DA CCM Amendment Proposal, attached to this position paper.

IV. Conclusions

Core NRAs have consulted, closely cooperated and coordinated to jointly agree that they shall revise the Core DA CCM Amendment Proposal (in accordance with the concrete amendments as presented in the document attached to this position paper) before approving it. The legal basis for the direct amendments by Core NRAs lies in Article 5(6) of the ACER Regulation and in Article 9(5) of the CACM Regulation. Core NRAs will issue their national decisions to approve the (revised) Core DA CCM Amendment Proposal on the basis of this agreement.

V. Annex

- **First amendment of the Day-Ahead Capacity Calculation Methodology of the Core Capacity Calculation Region** In accordance with Articles 20ff of the Commission Regulation (EU) 2015/1222 of 24th July 2015 establishing a guideline on capacity allocation and congestion management