Review of the Scheduled Exchanges Calculation Methodologies according to Articles 43(4) and 56(4) of the CACM Guideline

Process

All TSOs have performed the review of the methodologies for calculating scheduled exchanges resulting from single day-ahead (DA) and intraday coupling according to Articles 43(4) and 56(4) of the Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management ("CACM Guideline"). The result of this review is that there is no need for amending the methodologies in 2021.

The only change that can be notified concerns the cost coefficients deriving from the go-live of the Interim Coupling Project on 17 June 2021. The changes are to be reflected in the Annex of the Scheduled Exchange Calculation Methodology (DA) not part of the official decision.

There is no impact from the cost coefficients on the market clearing itself, only on the post coupling processes (shipping and settlement) and therefore cost coefficients do not impact market parties.

Cost coefficients

The need to define cost coefficients arises from Article 6(8) of the Scheduled Exchange Calculation Methodology (DA):

8. When a new bidding zone border is added to the SDAC or when a CCR implements either CNTC or FB, the cost coefficients on all bidding zone borders of the CCR bidding zone borders to neighbouring CCR(s) shall be reviewed to ensure compliancy with the requirements set forth in previous Articles. NRAs shall be informed of the changes.

General considerations and requirements when defining cost coefficients

The possible requirements to be taken into consideration are the following:

- No shortest path rule => In case of non-congested situations, scheduled exchanges to be equally distributed across Bidding Zones
- No prioritization of certain borders/routes
- Uniqueness of solution must be guaranteed by setting quadratic Cost Coefficients

These assumptions were discussed with experts. No diverging views were identified.

Any Cost Coefficients with the following values would fulfil the requirements:

- LC = 0; QC > 0

The Cost Coefficients will only be in place until the Go-Live of Core Flow Based Market Coupling and then they will be replaced by Cost Coefficients, based on a thorough analysis currently ongoing on SDAC level and prior also done for the Core region by a preceding step.

Given the grid topology in continental Europe and possibilities of many different routes, it seems intuitive to follow the findings of the Core TSOs in order to have the same Cost Coefficients for all borders in continental Europe.

The proposed set of cost coefficients were tested in the Simulation Facility by APG, with the following conclusions:

The defined requirements were confirmed by simulations (flows according to expectations):

- No shortest path rule: Scheduled exchanges distribute across Bidding Zones
- No prioritization of certain borders/routes
- Uniqueness of solution was guaranteed
- No loop flows via Nordics and/or Italy observed

Updated cost coefficients

LC = 0; QC = 20.000 for all Interim Coupling Project borders
A separate set of Cost Coefficients was defined for the **virtual areas** based on outcome of discussions with SDAC MSD experts:

- DEA2-GERM: LC= 0; QC = 0
- PLC-DEA2: LC= 0; QC = 20.0000
- CZEC-DEA2: LC= 0; QC = 20.000
- CZEC-PLC: LC = 0; QC = 20.000

Link to the updated annex : (link to be added)