ACER

European Union Agency for the Cooperation of Energy Regulators

EBSG meeting

25 May 2023

Subtitle of the presentation

Speaker Name

Date and Location

Sensitivity

HCZCAM

Harmonised CZCA methodology

- All TSOs submitted on 16 December 2022 their proposal for a methodology for harmonised cross-zonal capacity allocation processes for the exchange of balancing capacity or sharing of reserves ('**HCZCA**') in accordance with Article 38(3) of the EB Regulation.
- Public consultation took place from 13/04 – 15/05 addressing the HCZCAM and the RCC sizing and procurement decisions.
  - 12 respondents provided inputs (available here)
- A public workshop was held on 19/04
- ACER aims to publish the decision soon after the anticipated approval in the BoR meeting of 12/07

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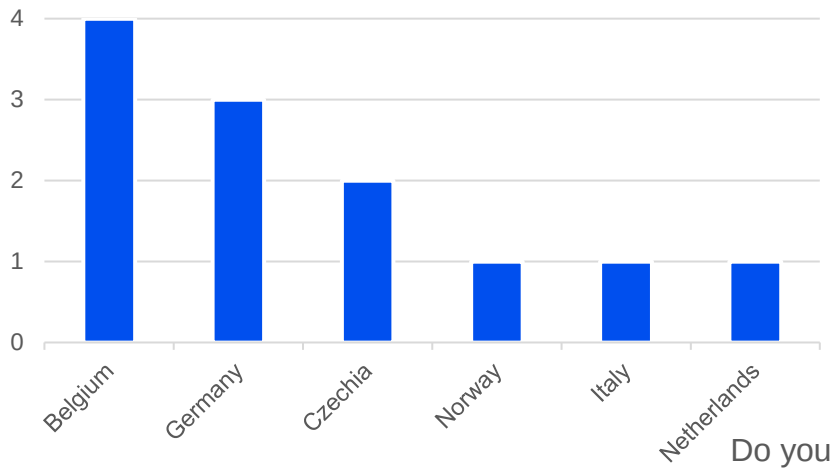
HCZCA methodology: harmonisation of approved CZCA processes

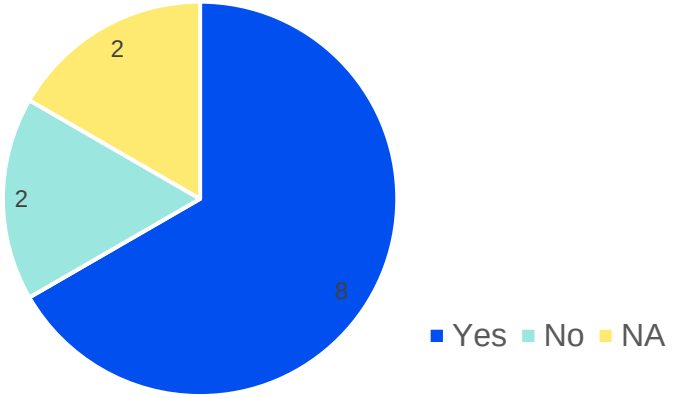
The TSOs' proposal for a HCZCA methodology aims to replace/harmonise:

- The co-optimisation methodology (ACER Decision 12-2020)
  - has already a pan-European applicability (no regional specificities)
  - does not need a forecast
  - Implementation is required by EB Regulation
  - → limited changes in the HCZCA proposal compared to the co-optimisation methodology
- Regional market-based methodologies for:
  - Nordic CCR (ACER Decision 22-2020 *+amendment*)
  - Core CCR (ACER Decision 11-2021)
  - Baltic CCR (ACER Decision 10-2021 *+amendment*)
  - GRIT CCR
  - Italy North CCR
  - → The TSOs' proposal allows approved regional market-based processes for a transition period between the implementation of the HCZCA market-based process and the end of this transition period
- *Economic efficiency process (Article 42 of EB Regulation) is not included in TSOs' proposal*

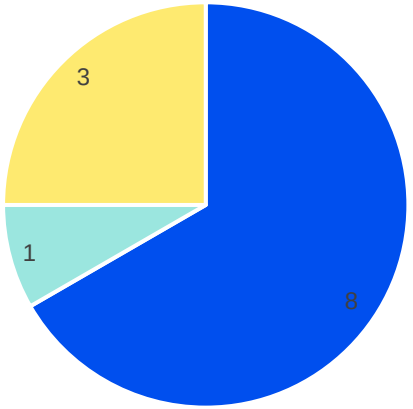
HCZCA and RCC tasks: Public consultation



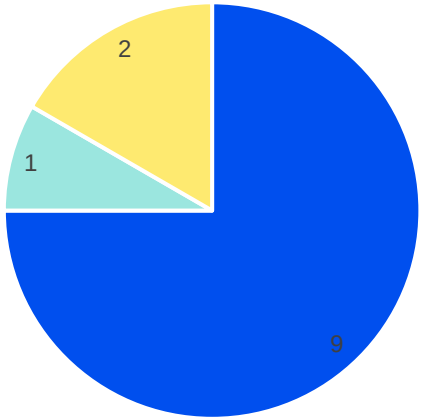
Do you agree to the intended revisions by ACER concerning the pricing principle?



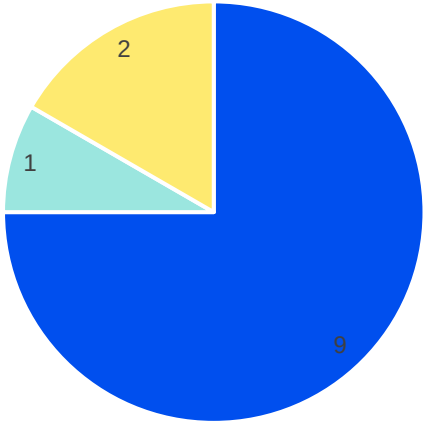
Do you agree to the intended revisions by ACER concerning the 'inverted market-based' process?



Do you agree to the intended revisions by ACER concerning provisions on limits for maximum volume?



Do you agree to the concerns shared by ACER concerning forecasting and the forecast error consideration?



Harmonised CZCA methodology

- ACER intends to introduce several amendments to the proposed methodology. These revisions should address the topics from the public consultation but also others. E.g.:
  - Significant revisions for improving the structure and clarity of the proposal
  - Revisions regarding provisions for the governance and implementation of the market-based allocation process
    - Including a required submission of an amendment proposal

RCC tasks for sizing and procurement

Harmonised CZCA methodology

- ENTSO-E submitted to ACER on 17/03 proposals (in accordance with Article 37(5) of the Electricity Regulation) for the RCC tasks of:
  - regional sizing of reserve capacity (Article 37(1)(j) of the Electricity Regulation); and
  - facilitating the regional procurement of balancing capacity (Article 37(1)(k) of the Electricity Regulation);
- Public consultation took place from 13/04 – 15/05 addressing the HCZCAM and the RCC sizing and procurement decisions.
  - 12 respondents provided inputs (available here)
- A public workshop was held on 19/04
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Sizing Proposal

- ENTSO-E's proposal for the Regional Coordination Centres' ('RCC') task of regional sizing pursuant to Article 37(1)(j) of Regulation (EU) 2019/943 ('Sizing Proposal') includes two sub tasks:
  - the determination of minimum reserve capacity at system operation region (SOR) level:
    - performed at SOR level;
    - performed on a yearly basis
    - considers reserve requirements and possibilities for sharing of reserves
  - the short-term assessment of availability of sharing amounts.
    - where sharing agreements between LFC blocks are applied
    - on a daily basis
    - considering reserve capacities and cross-zonal capacities

Procurement Proposal

- ENTSO-E's proposal for the RCCs' task of facilitating the procurement of electricity balancing capacity pursuant to Article 37(1)(k) of Regulation (EU) 2019/943 ('Procurement Proposal') includes two sub tasks:
  - the assessment of non-contracted platform bids
    - aims to allow TSOs to reduce their volume of required reserve capacity, in accordance with point 8.1 of Annex I of the Electricity Regulation
  - the RCCs' facilitation of the regional procurement of balancing capacity
    - Addressing point 8.2 of Annex I of the Electricity Regulation and includes the following tasks:
      - Provision of CZC data
      - Provisions defined in HCZCAM