

Mr Laurent Schmitt
Secretary General
ENTSO-E

Cc: Dr Klaus-Dieter Borchardt
Deputy Director-General, DG ENER
European Commission

Cc: Mr Alberto Pototschnig
Director
ACER

11 February 2019

Dear Mr Schmitt,

I write on behalf of all Regulatory Authorities regarding the all TSOs' proposal for calculating scheduled exchanges (SCH EXC) resulting from single day-ahead coupling ('DA SCH EXC proposal'), in accordance with Article 43(1) of Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a Guideline on Capacity Allocation and Congestion Management.

All Regulatory Authorities agreed at the Energy Regulators' Forum on 7 September 2018 to request an amendment to the all TSOs' proposal for calculating SCH EXC resulting from the single day-ahead coupling. Based on this agreement, All Regulatory Authorities made their national decision on the request for amendment by 14 September 2018. The amended proposal for calculating SCH EXC resulting from the single day-ahead coupling was received by the last relevant Regulatory Authority on 14 December 2018.

The attached document sets out the agreement of All Regulatory Authorities reached on 8 February 2019 regarding the amended all TSOs' DA SCH EXC proposal.

This agreement of All Regulatory Authorities shall provide evidence that a decision on the amended DA SCH EXC proposal does not need to be adopted by ACER pursuant to Article 9(11) of the CACM regulation. This agreement is intended to constitute the basis on which All Regulatory Authorities will each subsequently adopt a decision to the DA SCH EXC proposal pursuant to Article 9(6)(h).

Please find enclosed the position paper of All Regulatory Authorities in which further details are provided.

Yours sincerely,

A handwritten signature in blue ink that reads "Clara Poletti". The signature is written in a cursive, flowing style.

Clara Poletti
ERF Chair

**Approval of All Regulatory Authorities agreed at the
Energy Regulators' Forum**

on

**the all TSOs' proposals for
calculating scheduled exchanges resulting from the
single day-ahead coupling in accordance with Articles
43(1) of Commission Regulation (EU) 2015/1222 of 24
July 2015 establishing a Guideline on Capacity
Allocation and Congestion Management**

8 February 2019

I. Introduction and legal context

Article 43(1) of Regulation 2015/1222¹ requires that by 16 months after the entry into force of this Regulation, i.e. by 14 December 2016, TSOs, which intend to calculate scheduled exchanges (SCH EXC), resulting from single day-ahead coupling shall develop a proposal for a common methodology for this calculation ('DA SCH EXC proposal').

In line with Article 9(9) of the CACM Regulation, the proposal must include a proposed timescale for its implementation and a description of the expected impact on the objectives of the CACM Regulation.

Some Regulatory Authorities subsequently received a DA SCH EXC proposal on 14 December 2016.

Following the submission, ACER on behalf of All Regulatory Authorities sent a letter to the European Commission on 14 March 2017. In this letter All Regulatory Authorities asked for an interpretation on whether all TSOs, including those who did not submit any methodology on 14 December 2016, should develop and submit for approval to their Regulatory Authority common SCH EXC methodologies or not.

In its response of 1 June 2017, the European Commission stated that it is up to the Regulatory Authorities to decide whether it is more efficient to involve all TSOs in the development of the SCH EXC methodologies or not. Thus, All Regulatory Authorities have agreed that all TSOs should submit a common methodology for the day-ahead calculation of SCH EXC. In a letter dated 22 September 2017, All Regulatory Authorities requested all TSOs to submit a common methodology by 31 December 2017.

Following the receipt of the All Regulatory Authorities' letter, all TSOs elaborated on common SCH EXC methodologies for the day-ahead timeframe. Due to discussions between TSOs and NEMOs on the inclusion of the calculation of SCH EXC between NEMO trading hubs, TSOs indicated that the deadline set by All Regulatory Authorities will not be feasible. Therefore, All Regulatory Authorities agreed in December 2017 to prolong the deadline for submission of the SCH EXC methodologies until 28 February 2018. The last relevant Regulatory Authority received the SCH EXC methodology for the day-ahead timeframe on 14 March 2018.

According to Article 9(7)(d) of the CACM Regulation the DA SCH EXC proposal must be subject to the approval of All Regulatory Authorities of the concerned region which in this case includes All Regulatory Authorities, as confirmed by the European Commission.

All Regulatory Authorities agreed at the Energy Regulators' Forum on 7 September 2018 to request an amendment to the all TSOs' proposal for calculating SCH EXC resulting from the single day-ahead coupling. Based on this agreement, All Regulatory Authorities made their national decision on the request for amendment by 14 September 2018. The amended proposal for calculating SCH EXC resulting from the single day-ahead coupling was received by the last relevant Regulatory Authority on 14 December 2018.

This agreement of All Regulatory Authorities shall provide evidence that a decision on the amended DA SCH EXC proposal does not need to be adopted by ACER pursuant to Article 9(11) of the CACM regulation. This agreement is intended to constitute the basis on which All Regulatory Authorities will each subsequently adopt a decision to the DA SCH EXC proposal pursuant to Article 9(6)(h).

¹ 'Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management' ('CACM Regulation').

The legal provisions relevant for the DA SCH EXC proposal can be found in Articles 3, 8, 9, 43 and 49 of the CACM Regulation.

Article 3 of the CACM Regulation:

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 8 of the CACM Regulation:

- 1. (...)
- 2. (...)

(g) where required, establish scheduled exchange calculators for calculating and publishing scheduled exchanges on borders between bidding zones in accordance with Articles 49 and 56;

[...]

Article 9 of the CACM Regulation:

- 1. *TSOs and NEMOs shall develop the terms and conditions or methodologies required by this Regulation and submit them for approval to the competent regulatory authorities within the respective deadlines set out in this Regulation. Where a proposal for terms and conditions or methodologies pursuant to this Regulation needs to be developed and agreed by more than one TSO or NEMO, the participating TSOs and NEMOs shall closely cooperate. TSOs, with the assistance of ENTSO for Electricity, and all NEMOs shall regularly inform the competent regulatory authorities and the Agency about the progress of developing these terms and conditions or methodologies.*
- 2. (...)
- 3. (...)
- 4. (...)
- 5. *Each regulatory authority 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.*
- 6. (...)
- 7. *The proposals for the following terms and conditions or methodologies shall be subject to approval by all regulatory authorities of the concerned region:*

(...)

(d) the common methodologies for the calculation of scheduled exchanges in accordance with Articles 43(1) and 56(1);

(...)

8. (...)

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 on terms and conditions or methodologies subject to the approval by several or all regulatory authorities shall be submitted to the Agency at the same time that they are submitted to regulatory authorities. Upon request by the competent regulatory authorities, the Agency shall issue an opinion within three months on the proposals for terms and conditions or methodologies.*

10. *Where the approval of the terms and conditions or methodologies 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 reach an agreement. Where applicable, the competent regulatory authorities shall take into account the opinion of the Agency. Regulatory authorities shall take decisions concerning the submitted terms and conditions or methodologies in accordance with paragraphs 6, 7 and 8, within six months following the receipt of the terms and conditions or methodologies by the regulatory authority or, where applicable, by the last regulatory authority concerned.*

11. (...)

12. *In the event that one or several regulatory authorities request an amendment to approve the terms and conditions or methodologies submitted in accordance with paragraphs 6, 7 and 8, the relevant TSOs or NEMOs shall submit a proposal for amended terms and conditions or methodologies for approval within two months following the requirement from the regulatory authorities. The competent regulatory authorities shall decide on the amended terms and conditions or methodologies within two 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 paragraphs (6) and (7) within the two-month deadline, or upon their joint request, the Agency shall adopt a decision concerning the amended terms and conditions or methodologies within six months, in accordance with Article 8(1) of Regulation (EC) No 719/2009. 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. (...)

14. (...)

Article 43 of the CACM Regulation:

1. *By 16 months after the entry into force of this Regulation, TSOs which intend to calculate scheduled exchanges resulting from single day-ahead coupling shall develop a proposal for a common methodology for this calculation. The proposal shall be subject to consultation in accordance with Article 12.*
2. *The methodology shall describe the calculation and shall list the information which shall be provided by the relevant NEMOs to the scheduled exchange calculator established in accordance with Article 8(2)(g) and the time limits for delivering this information. The time limit for delivering information shall be no later than 15.30 market time day- ahead.*
3. *The calculation shall be based on net positions for each market time unit.*

4. *No later than two years after the approval by the regulatory authorities of the concerned region of the proposal referred to in paragraph 1, TSOs applying scheduled exchanges shall review the methodology. Thereafter, if requested by the competent regulatory authorities, the methodology shall be reviewed every two years.*

Article 49 of the CACM Regulation:

1. *Each scheduled exchange calculator shall calculate scheduled exchanges between bidding zones for each market time unit in accordance with the methodology established in Article 43.*
2. *Each scheduled exchange calculator shall notify relevant NEMOs, central counter parties, shipping agents and TSOs of the agreed scheduled exchanges.*

II. All TSOs' proposals

All TSOs' submitted a DA SCH EXC proposal for calculating SCH EXC resulting from single day-head coupling in accordance with Article 43(1) of the CACM Regulation.

This proposal is subject to the All Regulatory Authorities approval process, as outlined in Article 9 of the CACM Regulation.

The proposal contains, as required by Article 9(9) of the CACM Regulation, a description of the timeline for implementation as well as a description of the expected impact of objectives of the Regulation as listed in Article 3.

All TSOs also submitted supporting documents for further information regarding the proposal. These documents contain more in-depth description of the calculation methodologies and additional information but were not submitted for the approval of All Regulatory Authorities.

III. All Regulatory Authorities' position

General remarks

On the format

All Regulatory Authorities acknowledge that all TSOs have improved the editing of the DA SCH EXC proposal.

On deadlines

All Regulatory Authorities acknowledge that all TSOs have taken into account their request and clarified the deadlines within the DA SCH EXC proposal.

On the perimeter of the calculation

All Regulatory Authorities acknowledge that all TSOs have clarified the perimeter of the calculation according to their request.

On scheduling areas without NEMO trading hubs

All Regulatory Authorities acknowledge that all TSOs took into account that there are specific requirements for scheduling areas without NEMO trading hubs and that all TSOs reflected this in the DA SCH EXC proposal.

On additional information to be included in the explanatory document

All Regulatory Authorities acknowledge that all TSOs improved the explanatory documents by including additional information.

Content of the DA SCH EXC Proposal

Article 1 – Subject matter of scope

All Regulatory Authorities acknowledge that all TSOs clarified that the output parameters described in Article 1(2) shall be provided for each market time unit.

Article 3 – List of information required from relevant NEMOs

All Regulatory Authorities acknowledge that all TSOs refer to the all TSOs' requirements for the price coupling algorithm and the continuous trading matching algorithm (e.g. also including the requirement to provide scheduled exchanges on DC interconnector level), developed in accordance with Article 37(1) of the CACM Regulation in order reflect the information received by NEMOs.

Article 4 – SCH EXC calculator

All Regulatory Authorities acknowledge that all TSOs clarified the deadline for submission of information referred to in Article 4(7).

Article 7 - Calculation of SCH EXC between bidding zones

All Regulatory Authorities acknowledge that all TSOs improved the formulas describing the optimization function and the used variables and indices. Furthermore, TSOs also improved the description of the determination of cost coefficients and the principles used in order to comply with the All Regulatory Authorities request.

Article 8 – Calculation of SCH EXC between scheduling areas

All Regulatory Authorities acknowledge that all TSOs improved the formulas describing the optimization function and the used variables and indices by taking into account the request for amendment. Furthermore, TSOs also improved the description of the determination of cost coefficients and the principles used in order to comply with the All Regulatory Authorities request.

Calculation of SCH EXC between NEMO trading hubs

All Regulatory Authorities acknowledge that all TSOs included an additional article covering the calculation of SCH EXC between NEMO trading hubs, defined as “electricity transfer scheduled between NEMO trading hubs operating within or between scheduling areas or bidding zones” in the ACER decision No 08/2018 on the NEMO’s proposal for the price coupling algorithm and the continuous trading matching algorithm.

IV. Conclusion

All Regulatory Authorities welcome the submitted amended DA SCH EXC proposal and the significant improvements adopted by all TSOs. All Regulatory Authorities have assessed, consulted and closely cooperated and coordinated to reach an agreement about the proposal, which meets the requirements of Regulation 2015/1222 and as such can be approved by All Regulatory Authorities.

All Regulatory Authorities therefore will issue their national decisions, based on this agreement, by 14 February 2019.