

DECISION No 04/2019
OF THE AGENCY FOR THE COOPERATION OF
ENERGY REGULATORS

of 1 April 2019

ON THE ELECTRICITY TRANSMISSION SYSTEM OPERATORS' PROPOSAL
FOR AMENDMENTS OF THE DETERMINATION OF
CAPACITY CALCULATION REGIONS

THE AGENCY FOR THE COOPERATION OF ENERGY REGULATORS,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EC) No 713/2009 of the European Parliament and of the Council of 13 July 2009 establishing an Agency for the Cooperation of Energy Regulators¹, and, in particular, Articles 8(1) thereof,

Having regard to Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management², and, in particular, Article 9(11) and (13) thereof,

Having regard to the outcome of the consultation with the concerned regulatory authorities and transmission system operators,

Having regard to the favourable opinion of the Board of Regulators of 20 March 2019, delivered pursuant to Article 15(1) of Regulation (EC) No 713/2009,

Whereas:

1. INTRODUCTION

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

¹ OJ L211, 14.8.2009, p. 1.

² OJ L197, 25.7.2015, p. 24.

of requirements for cross-zonal capacity allocation and congestion management in the day-ahead and intraday markets in electricity. These also include specific requirements for capacity calculation regions ('CCRs').

- (2) For the determination of CCRs, Article 9(1) and (6)(b) and Article 15(1) of the CACM Regulation require that all transmission system operator ('TSOs') develop a proposal and that the regulatory authorities approve the proposed determination of CCRs. In case the regulatory authorities disagree or upon their joint request, the Agency becomes responsible for deciding on the TSOs' proposal according to Article 9(11) and (12) of the CACM Regulation. The same process applies according to Article 9(13) of the CACM Regulation if the TSOs propose to amend the approved determination of CCRs.
- (3) On 17 November 2016, the Agency issued its Decision No 06/2016 on the TSOs' proposals for the determination of CCRs.
- (4) On 18 September 2017, upon a proposal of the TSOs to amend the determination of CCRs, all regulatory authorities reached an agreement to approve the proposal for amendment. Following this agreement, the regulatory authority adopted the decisions approving the amendment.
- (5) The present Decision of the Agency follows from a further proposal of the TSOs to amend the determination of the CCRs and from the regulatory authorities' joint request that the Agency adopts a decision on that proposal. Annex I to this Decision ('Second Amendment') sets out the amendments of the capacity calculation regions, pursuant to Article 15(1) of the CACM Regulation, as approved by the Agency.

2. PROCEDURE

2.1. Proceedings before regulatory authorities

- (6) On 9 November 2017, 'ENTSO-E' on behalf of all TSOs, having obligations pursuant to the CACM Regulation, published an 'All TSOs' proposal for amendment on the determination of capacity calculation regions' ('second proposal for amendment') for public consultation. The consultation lasted from 15 November until 20 December 2017 and did not receive any comment or requests for changes.
- (7) By 23 May 2018, all TSOs, having obligations pursuant to the CACM Regulation, submitted the second proposal for amendment to their respective regulatory authorities.

2.2. Proceedings before the Agency

- (8) In a letter dated 2 October 2018 and received by the Agency on the same day, the Chair of the Energy Regulators' Forum, on behalf of all regulatory authorities, informed the Agency that all regulatory authorities agreed to request the Agency to adopt a decision on the second proposal for amendment, pursuant to Article 9(11) of the CACM Regulation.

- (9) According to this letter, all regulatory authorities have not been able to agree on the allocation of the new bidding zone border between the bidding zones of Denmark 1 and of the Netherlands (i.e. the DK1-NL bidding zone border). While the second proposal for amendment attributed this bidding zone border to the Hansa CCR, one regulatory authority had a strong preference to attribute the DK1-NL and the DK1-DE/LU bidding zone borders to the Core CCR instead. All regulatory authorities could not agree to request such an amendment from all TSOs, as some regulatory authorities disagreed with the attribution of the DK1-NL and the DK1-DE/LU bidding zone borders to the Core CCR.
- (10) In a letter of 19 December 2018, the Chair of the Energy Regulators' Forum further requested on behalf of all regulatory authorities to update, in the course of the Agency's decision on the second proposal for amendment, the GRIT CCR in order to account for the bidding zone review performed by the Italian regulatory authority in accordance with Article 32(1)(d) of the CACM Regulation.
- (11) According to this letter, the bidding zone review resulted in the adoption of a new Italian bidding zone configuration, which entered into force on 1 January 2019 and does not affect the bidding zone borders of the Italy North CCR or other CCRs. The abolition of the Italian virtual bidding zones Foggia, Priolo and Brindisi results in (i) a bidding zone border change from Italy BRNN – Greece to Italy SUD – Greece and (ii) the cancellation of the bidding zone borders Italy SUD – Italy BRNN, Italy SUD – Italy FOGN and Italy SICI – Italy PRGP.
- (12) During the process of adoption of this Decision, the Agency closely cooperated with all regulatory authorities and all TSOs and consulted them on the possible amendments to the second proposal for amendment during numerous teleconferences and meetings and through exchanges of draft texts. In particular, the following procedural steps were taken:
- a. 7 November 2018: discussion with all regulatory authorities during the CACM Task Force meeting³;
 - b. 9 November 2018: teleconference with all regulatory authorities;
 - c. 15 November 2018: dissemination of the proposed amendments to the second proposal for amendment to all regulatory authorities, resulting from the outcome of the preceding teleconference;
 - d. 18 December 2018: discussion with all regulatory authorities during the CACM Task Force meeting;

³ The Agency's and regulatory authorities' platform for discussing issues connected to the CACM Regulation.

- e. 21 December 2018: dissemination of the proposed amendments to the second proposal for amendment to all TSOs;
 - f. 17 January 2019: teleconference with all TSOs and all regulatory authorities;
 - g. 12 February 2019: discussion with all regulatory authorities during the CACM Task Force meeting; and
 - h. 28 February 2019: teleconference with all TSOs and all regulatory authorities.
- (13) During the meetings described above, the Agency facilitated a solution by which i) the possible reallocation of the DK1-NL and the DK1-DE/LU bidding zone borders would be analysed by TSOs and ii) based on the outcome of such analysis, the TSOs would submit a proposal for amendment to the determination of CCRs. As the reallocation of the DK1-NL and the DK1-DE/LU bidding zone borders to the Core CCR is aiming to address the problem of coordination between CCRs, where such CCRs have significant physical impact on each other, the Agency proposed that the scope of such analysis be extended to the Channel and Baltic CCRs.
- (14) Based on the above discussion, the Agency proposed amendments to the second proposal for amendment and launched a public consultation on these proposed amendments on 28 January 2019. Stakeholders were invited to submit their comments by 17 February 2019. The consultation document asked stakeholders to provide views on the two relevant topics: (i) the Agency's proposal to find the most efficient bidding zone border allocation around the Hansa, Channel and Baltic CCRs and (ii) the amendments resulting from the Italian bidding zone review. The summary and evaluation of the responses received are presented in Annex II of this Decision.

3. THE AGENCY'S COMPETENCE TO DECIDE ON THE SECOND PROPOSAL FOR AMENDMENT

- (15) According to Article 9(11) of the CACM Regulation, where the regulatory authorities have not been able to reach an agreement on terms and conditions or methodologies within six months following the receipt of the proposal for such terms and conditions or methodologies by the last regulatory authority concerned, or upon the regulatory authorities' joint request, the Agency shall adopt a decision concerning the submitted proposal within six months and in line with Article 8(1) of Regulation (EC) No 713/2009.
- (16) According to Article 9(13) of the CACM Regulation, the proposals for amendment to the approved terms and conditions or methodologies shall be approved in accordance with the procedure set out in Article 9 of the same Regulation.
- (17) According to the letter of the Chair of the Energy Regulators' Forum of 2 October 2018, all regulatory authorities agreed to request the Agency to adopt a decision on the second proposal for amendment pursuant to Article 9(11) of the CACM Regulation.

(18) Therefore, under the provisions of Article 9(11) in conjunction with Article 9(13) of the CACM Regulation, the Agency has become responsible to adopt a decision concerning the second proposal for amendment by the referral of 2 October 2018.

4. SUMMARY OF THE SECOND PROPOSAL FOR AMENDMENT

(19) The second proposal for amendment includes the following elements:

- a. a 'Whereas' section, which describes the processes resulting in the previously approved CCR determination, the reasons for the new amendments and the expected impact of the proposed amendments on the objectives set out in Article 3 of the CACM Regulation;
- b. the proposed amendments to the Hansa, Core and Channel CCRs, in Article 1 to 3;
- c. some final provisions, including on the implementation of the amendments and on the applicable language, in Articles 4 and 5; and
- d. an appendix with the updated Hansa CCR map.

5. ASSESSMENT OF THE SECOND PROPOSAL FOR AMENDMENT

5.1. Legal framework

- (20) Article 9(6)(b) of the CACM Regulation requires that the determination of CCRs in accordance with Article 15(1) be approved by all regulatory authorities.
- (21) Article 15 of the CACM Regulation sets out specific requirements for the common proposal regarding the determination of CCRs.
- (22) According to Article 15(2) of the CACM Regulation, each bidding zone border shall be assigned to one CCR and TSOs shall be assigned to all CCRs in which they have bidding zone borders.
- (23) According to Article 15(3) of the CACM Regulation, CCRs applying flow based capacity calculation shall be merged if their transmission systems are directly linked to each other, they participate in the same single day-ahead or intraday coupling area and merging them is more efficient than keeping them separate. The competent regulatory authorities may request a joint cost-benefit analysis from the TSOs concerned to assess the efficiency of the merger.
- (24) As a general requirement, Article 9(9) of the CACM Regulation demands that every proposal for terms and conditions or methodologies includes a proposed timescale for their implementation and a description of their expected impact on the objectives of Article 3 of the CACM Regulation.

- (25) According to Article 9(13) of the CACM Regulation, the TSOs responsible for developing a proposal for methodologies may request amendments of these methodologies, which shall be subject to consultation in accordance with Article 12 of the CACM Regulation.
- (26) According to its Recital (33), the CACM Regulation supplements Annex I to Regulation (EC) No 714/2009, in accordance with the principles set out in Article 16 of that Regulation. Accordingly, the common proposal must be consistent also with the requirements of Regulation (EC) No 714/2009, including Article 16 and Annex I thereto.

5.2. Assessment of legal requirements

5.2.1. Assessment of the requirements for the determination of capacity calculation regions (Articles 9 and 15 of the CACM Regulation)

- (27) The second proposal for amendment fulfils the requirements of Article 15(2) of the CACM Regulation, as it assigns each additional bidding zone border to a specific CCR and extended the list of TSOs in a CCR where relevant.
- (28) Article 4 of the second proposal for amendment states that the amendments shall be applied as soon as the second proposal for amendment is approved and further describes provisions in case the listed TSOs are not certified by the time of the approval. Therefore, the second proposal for amendment fulfils the requirements of Article 9(9) of the CACM Regulation.

5.2.2. Assessment of the expected impact on the objectives of the CACM Regulation

- (29) Recitals (11) and (12) of the second proposal for amendment describe the expected impact of the proposed CCRs on the objectives listed in Article 3 of the CACM Regulation. They explicitly mention the impact of amendments to the Channel, Core and Hansa CCRs on the objectives referred to in Article (3)(b), (c) and (d) of the CACM Regulation.
- (30) While the Agency agrees with the described impact as regards the amendments to the Channel and Core CCRs, it is not fully convinced that the amendments with regard to the Hansa CCR have a positive impact on the objectives referred to in Article (3)(b) and (d) of the CACM Regulation. For this reason, the Agency amended the description of this impact to clarify that these amendments may not best contribute to the objectives of Article 3(b) and (d) of the CACM Regulation, while they may be acceptable when considering the objective of Article 3(g) of the CACM Regulation.. The Agency also clarified that the second proposal for amendments does not have any impact on the objectives of Article 3(a), (e), (f), (h), (i) and (j) of the CACM Regulation.
- (31) Therefore, the Agency deemed it necessary to amend recitals (11) and (12) of the second proposal for amendment and improve the description of the impact of the amendment to

the Hansa CCR. In addition, the Agency has provided a description of the impact on the objective referred to in Article 3(g) of the CACM Regulation. Finally, a specific reference with regard the absence of impact on the other objectives of the CACM Regulation has been added.

5.2.3. Assessment requirements for consultation, transparency and stakeholder involvement

- (32) The second proposal for amendment was consulted Union-wide with stakeholders from 15 November until 20 December 2017 and did not result in any request for changes by stakeholders.
- (33) Therefore, the second proposal for amendment has been subject to a public consultation in accordance with Article 12 of the CACM Regulation and complies with Article 9(13) of the same Regulation.
- (34) The GRIT CCR amendments have been subject to a public consultation in the course of the Italian bidding zone review pursuant to Article 32(1)(d) of the CACM Regulation.
- (35) Therefore, also the changes related to the results of the Italian bidding zone review have been consulted on from 6 March 2018 until 16 April 2018, in accordance with Article 12 of the CACM Regulation. The Agency's consultation on this topic is presented in recitals (14) and (54).

5.3. Assessment of the point of disagreement among regulatory authorities

- (36) Article 1 of the second proposal for amendment introduces the new bidding zone border between Denmark and the Netherlands (i.e. the DK1-NL bidding zone border) as a part of the Hansa CCR.
- (37) The TSOs argued that this bidding zone border and other Hansa CCR bidding zone borders *'will interact in a combined manner both on the interconnected Danish, Norwegian and Swedish networks as well as on the interconnected Dutch, German and Polish networks.'* For this reason, all TSOs were of the opinion that the future DK1-NL bidding zone border should be assigned to the Hansa CCR.
- (38) As at least one regulatory authority challenged the proposal and the opinion of all TSOs, the Agency finds it important to establish a clear criterion for deciding on the optimal assignment of new bidding zone borders to CCRs.
- (39) In the Agency's view, the main guiding principle for deciding on the assignment of borders in CCRs stems from point 3.1 of Annex I to Regulation (EC) No 714/2009, which states that *'[I]n cases where commercial exchanges between two countries (TSOs) are expected to affect physical flow conditions in any third-country (TSO) significantly, congestion-management methods shall be coordinated between all the TSOs so affected through a common congestion-management procedure.'* This requirement of coordination between bidding zone borders necessitates that all bidding zone borders

having significant mutual physical impact should be assigned to the same CCR while only a set of bidding zone borders which is not significantly impacting another set of bidding zone borders can be established as a separate CCRs. This principle is contributing to the objectives of optimising the calculation and allocation of cross-zonal capacity (Article 3(d) of the CACM Regulation) and ensuring optimal use of the transmission infrastructure (Article 3(b) of the CACM Regulation) since it ensures that the impact a new bidding zone border will have on bidding zones outside a CCR to which it is assigned, is minimised. This is because exchanges on a bidding zone border within a CCR may cause unscheduled allocated flows on bidding zone borders outside its CCR, which, in turn, reduce the optimality of cross-zonal capacity calculation and allocation and the efficient use of infrastructure.

- (40) While the Agency considers this to be a key criterion for deciding on the optimal assignment of new bidding zone borders to CCRs, other considerations may also be relevant for deciding on such an assignment. In the present case, short-term considerations, such as the impact on existing implementation projects and initiatives that need to be implemented in such CCRs, may also play an important role when deciding on the assignment of new bidding zone borders. Therefore, a step-wise implementation of these projects and initiatives and a gradual approach towards optimal determination of CCRs may be a preferred path. In the long run, while it may be efficient, on a purely technical level, to merge existing CCRs, if such mergers result in excessively large CCRs, the resulting requirement for close coordination among a large number of TSOs and/or regulatory authorities may represent a significant barrier to the efficient management and governance of regional congestion management processes. Both considerations aim to contribute to the efficient long-term operation and development of the electricity transmission system and electricity sector in the Union (Article 3(g) of the CACM Regulation).
- (41) The new bidding zone border consists of high voltage direct current ('HVDC') interconnector. Assigning this border to the Hansa CCR would imply that cross-zonal exchanges on this border are considered as fixed from the viewpoint of the Core CCR, and they may create significant physical flows on critical network elements of the Core CCR. These physical flows are called unscheduled allocated flows (they result from capacity allocation in the Hansa CCR, but are not scheduled on the critical network elements of the Core CCR). The cross-zonal exchanges on this bidding zone border assigned to the Hansa CCR will therefore get priority access to the capacity of the critical network elements within the Core CCR and thereby restrict the amount of cross-zonal capacity available for capacity allocation in the Core CCR. Conversely, if the new bidding zone border were assigned to the Core CCR, this would create some unscheduled allocated flows in the Hansa CCR and/or in the Nordic CCR.
- (42) The second proposal for amendment does not provide any supporting evidence with regard to the assessment of the criteria referred above. With regard to the objectives of Article 3(b) and (d) of the CACM Regulation, the proposal explains that *'the assignment of the DK1 - NL bidding zone border to the existing Hansa Region enables the cross-*

zonal capacity calculation in the Hansa CCR to account for combined interactions of the future Denmark 1 – The Netherlands (DK1 – NL), Denmark 1 - Germany/Luxembourg (DK1-DE/LU), Denmark 2 - Germany/Luxembourg (DK2-DE) and Sweden 4 – Poland (SE4-PL) bidding zone borders, which together constitute the bidding zone borders between the Nordic region (CCR Nordic) and the continental region (CCR Core)’. In this conclusion, all TSOs do not consider the impact of the proposed solution on other borders of the Core CCR (namely the NL-DE/LU bidding zone border), nor the impact of the alternative solutions, e.g. to assign the new border to the Core CCR.

- (43) When comparing the two alternatives above, the Agency understands that a new interconnector between the Netherlands and Denmark establishes a strong interdependency of the following three bidding zone borders: DK1-DE/LU, DE/LU-NL and DK1-NL. These three borders represent a sort of triangle where cross-zonal exchanges on the DK1-NL border may automatically create physical flows over the DK1-DE/LU and DE/LU-NL borders as they are connected via alternating current (AC) interconnectors. Furthermore, all three bidding zone borders are within the same synchronous area, which further strengthens the interdependence between these three bidding zone borders due to common frequency regulation. As the DE/LU-NL bidding zone border cannot be outside the Core CCR (as it is further interdependent with other bidding zone borders in the Core CCR), the Agency understands that the optimal solution would be to assign the DK1-DE/LU, DE/LU-NL and DK1-NL bidding zone borders all together to the Core CCR. The second proposal for amendment implies a separation of these three borders such that DK1-DE/LU and DK1-NL bidding zone borders are assigned to the Hansa CCR, while the DE/LU-NL bidding zone border is assigned to the Core CCR. This will have a significant negative impact at least on coordination between these three borders (as well as on the relevant critical network elements which are significantly impacting the level of cross-zonal capacity on these borders). In contrast, assigning all these three borders to the Core CCR is not expected to have such significant negative impact on the bidding zone borders of the Hansa and the Nordic CCRs.
- (44) Given the above understanding and based on currently available information, the Agency is of the opinion that assigning the DK1-DE/LU, DE/LU-NL and DK1-NL bidding zone borders to the Core CCR would be the optimal solution when considering the criteria of point 3.1 of the Annex I to Regulation (EC) No 714/2009 and the objective of Article 3(b) and (d) of the CACM Regulation. However, the Agency also understands that such a solution would imply that the composition of the Core CCR would be increased by two additional bidding zone borders and one TSO, whereas the composition of the Hansa CCR would be reduced by one bidding zone border and one TSO. In the Agency’s view, these changes might significantly interfere with the already ongoing implementations projects and initiatives (such as the development, adoption and implementation of capacity calculation methodologies). Thus, the assignment of the DK1-NL bidding zone border and the reassignment of the DK1-DE/LU bidding zone border to the Core CCR would risk delaying these implementation projects and initiatives, since this CCR aims to apply the flow-based capacity calculation approach, which requires extensive coordination at CCR level. In contrast, the assignment of the DK1-NL bidding zone

border to the Hansa CCR is deemed to have a much lower negative impact on the existing projects and initiatives as this CCR applies the coordinated net transmission capacity approach to capacity calculation, which requires significantly less coordination between bidding zone borders within a CCR.

- (45) Under these circumstances, while the new DK1-NL bidding zone border should be ideally assigned, together with the DK1-DE/LU bidding zone border, to the Core CCR, this might create a disproportionate risk of significantly interfering with and delaying existing projects and initiatives which are important for the efficient long-term operation and development of the electricity transmission system and electricity sector in the Union (Article 3(g) of the CACM Regulation). Therefore, the Agency finds it reasonable that the new DK1-NL bidding zone border is temporally assigned to the Hansa CCR.
- (46) However, the second proposal for amendment cannot be approved without addressing the question of when and how the optimal determination of CCRs could be achieved. For this purpose, the Agency has introduced a new Article 6 of the Second Amendment, which establishes a process for evaluating and establishing an optimal solution for the determination of CCRs. This process first aims to reassess whether assigning the DK1-NL and DK1-DE/LU bidding zone borders to the Core CCR is indeed an optimal solution as the Agency currently understands. In addition, it also provides an opportunity to assess the optimal determination of CCRs with regard to other bidding zone borders of the Hansa and the Channel CCRs, which are currently expected to create a significant level of unscheduled allocated flows in the Core CCR. Following this assessment, all TSOs should develop a proposal for amendment of the determination of CCRs, which should establish (i) the optimal assignment of bidding zone borders and (ii) the implementation timeline for the proposed amendments in order to consider and minimise the impact of these amendments on the existing implementation projects and initiatives.
- (47) Article 6(1) of the Second Amendment requires the assessment of the optimal determination of CCRs with regard to the Hansa and Channel CCRs within eighteen months after the entry into force of the Second Amendment. If this assessment shows that amendments to the determination of CCRs are needed with regard to the Hansa and Channel CCRs, all TSOs should submit a new proposal for amendment of the determination of CCRs in accordance with Article 9(13) of the CACM Regulation. The deadline of eighteen months for this assessment and submission of a proposal was chosen to provide TSOs with sufficient time to assess the different alternatives for the DK1-NL and DK1-DE/LU bidding zone borders, as well as other bidding zone borders of the Hansa and Channel CCRs and to draft an implementation plan for the potential reassignment of bidding zone borders, taking into account possible interferences with ongoing implementation projects and initiatives.
- (48) Article 6(2) of the Second Amendment provides requirements for the assessment of the optimal assignment of bidding zone borders with regard to the alternatives to avoid negative impacts of unscheduled allocated flows. The Agency understands that such alternatives could either be: (i) the reassignment of bidding zone borders or (ii) the

implementation of advanced hybrid coupling. The latter is a solution where the capacity of critical network elements in the Core CCR, instead of being reserved in advance to accommodate the expected physical flows resulting from cross-zonal exchanges in the Hansa CCR, is allocated simultaneously to cross-zonal exchanges in the Hansa and Core CCRs within the single coupling algorithms. The former solution has essentially the same effect on the allocation of cross-zonal capacities and economic surplus resulting from cross-zonal trade, with the only difference that the bidding zone borders competing for the capacity of critical network elements are attributed to the same CCR. In both alternatives, the cross zonal exchanges with the highest economic surplus are accessing the capacity of these critical network elements and thereby ensuring optimal calculation and allocation of cross-zonal capacity and use of transmission infrastructure.

- (49) As the problem of unscheduled allocated flows is equally valid for the bidding zone borders within the Hansa and Channel CCRs, the TSOs' assessment should equally focus on the bidding zone borders of these two CCRs⁴. When conducting this assessment, TSOs shall take into account the scope of existing and potential future unscheduled allocated flows on bidding zone borders, investigate the legal aspects of the alternatives and perform a qualitative assessment of their possible implementation time and effort, as well as a qualitative assessment of differences in their operational efforts (such as the requirements for the single coupling algorithms).
- (50) Article 6(3) of the Second Amendment sets the requirements for the content of the future proposal for amendment of the determination of the CCRs. The paragraph states that this proposal should assign the DK1-NL and DK1-DE/LU bidding zone borders to the Core CCR based on the current understanding that this is the optimal solution in the long-run. However, if TSOs identify new evidence or information that some other solution for these two borders is more efficient, they may also propose it as an amendment. The proposal should also provide amendments which are needed based on the outcome of the assessment of the optimal determination of CCRs with regard to other bidding zone borders of the Hansa and Channel CCRs and provide an implementation timeline for these reassignments. However, the proposal should minimise the impact on the implementation of capacity calculation methodologies within the Hansa and Channel CCRs as well as the Core and Nordic CCRs and avoid impact on the implementation of capacity calculation methodologies in other CCRs.

⁴ In the Agency's consultation as referred to in paragraphs (13) and (14), the scope of this assessment was including the Baltic CCR. However, the Agency came to the conclusion that the unscheduled flows resulting from cross-zonal exchanges on HVDC interconnectors on the Estonia - Finland and Lithuania – Sweden 4 bidding zone borders are already addressed on both sides of the interconnectors: on the side of the Baltic CCR by including these borders in the Baltic CCR together with AC borders and on the side of the Nordic CCR by planning to implement advanced hybrid coupling in the Nordic flow-based capacity calculation methodology.

- (51) With regard to the deadline by which TSOs need to perform this assessment and submit a proposal for amendments to the determination of CCRs, the timing was reduced compared to the draft proposal published for the public consultation (see Recitals (13) and (14)). The consultation version assumed this assessment to be performed twelve months after the day-ahead capacity calculation methodology, established pursuant to Article 20 of the CACM Regulation, has been implemented in the Core and Nordic CCRs. However, following the discussions with all TSOs and all regulatory authorities, the Agency changed this deadline to eighteen months after the adoption of this Decision. This shortening of the deadline was done for the following reasons:
- (a) To aim for the optimal determination of CCRs and to address the underlying problems of unscheduled allocated flows, the Agency considers it important that the results of the assessment are available rather soon in order to allow for long-term planning and visibility on the future evolution of CCRs. Since the growing problem of unscheduled allocated flows does not allow for postponing solutions until all regional implementation projects and initiatives are finalised, the changes in the determination of CCRs will inevitably interfere with some implementation projects and initiatives in existing CCRs. In order to plan for these changes and to mitigate their impact on regional implementation projects and initiatives, the timing of these changes needs to be known well in advance. Furthermore, if the assessment shows that some solutions, such as advanced hybrid coupling, require specific amendments to the CACM Regulation, such a conclusion is also needed rather soon to be able to plan for the necessary amendments to the CACM Regulation.
 - (b) The Agency understands that the assessment in question does not require simulation of capacity calculation and single coupling with the analysed alternative solutions. Therefore, waiting for the completion of all implementation projects in the Nordic and Core CCRs in order to perform such an assessment is not necessary. Furthermore, as the timing of the completion of these projects is rather uncertain, such conditioning could unreasonably delay the assessment of the solutions to address the optimal assignment of CCRs. The proposed assessment should therefore concentrate on the optimal determination of CCRs, which does not require an in-depth quantitative assessment and should therefore not be a significant burden for the TSOs.
 - (c) The deadline for the assessment and submission of the related proposal for amendment of the determination of CCRs does not yet define the implementation timeline for these amendments. This timeline should rather be established together with the assessment and then proposed within the proposal for amendment of the determination of CCRs. The deadline of the submission of the assessment will therefore not interfere with the current implementation projects and initiatives in existing CCRs.
- (52) Therefore, the Agency has deemed it necessary to provide visibility on this issue as soon as reasonably possible and considers that eighteen months after the Decision has been

issued is reasonable. Delaying the assessment and identification of the optimal determination of CCRs and its implementation timeline is not in the European interest to achieve optimal determination of CCRs in the shortest timeframe possible with minimal impact on the existing implementation projects and initiatives.

5.4. Amendments to the second proposal for amendment to address the changes of bidding zones in Italy

- (53) Article 4 of Second Amendment includes the amendments resulting from the Italian bidding zone review in accordance with Article 32(1)(d) of the CACM Regulation.
- (54) As mentioned in Recital (11), the effect of these amendments is limited to the GRIT CCR only. The amendments were already subject to a public consultation as mentioned in Recitals (34) and (35), while the process of including them in this Decision was consulted on as described in Recital (14). The responses in Annex II to this Decision show that not only all regulatory authorities support this process as presented in their letter requesting the inclusion of these amendments, but also TSOs and other stakeholders communicated their support concerning this process.
- (55) As the changes to bidding zones resulting from the Italian bidding zone review are already in effect, the Agency considered that the present Decision needs to take into account the resulting changes in the bidding zone configuration, since otherwise the amended determination of CCRs would be factually inconsistent with the current status of bidding zone configuration. Such a decision also avoids initiating a new amendment procedure to achieve the same outcome.
- (56) Therefore, the Agency took the proposed amendments from the letter from the Chair of the Energy Regulators' Forum and included them in the Second Amendment.

5.5. Assessment of other points of the second proposal for amendment

- (57) The Agency has introduced also several editorial amendments. The most significant one relates to the transformation of the document into a format which enables its enforceability. The recitals have been amended to remove all references to procedures leading to the TSOs' second proposal for amendment, such that the adopted Second Amendment is independent from the proposing entity(ies). Further, the wording and ordering of some articles and recitals has been changed in order to improve readability and clarity.
- (58) Finally, in order to facilitate better understanding of the applicable determination of CCRs, the Agency also provided in Annex III the consolidated list of capacity calculation regions with the assigned bidding zone borders and attributed TSOs, combining the determination of CCRs in Annex I to the Agency's Decision No 06/2016 on the TSOs' proposals for the determination of CCRs, as referred to in Recital (3), the approved first proposal for amendment, as referred to in Recital (4), and the second proposal for

amendment as adopted pursuant to this Decision. Annex III shall be used for information only.

6. CONCLUSION

- (59) For all the above reasons, the Agency considers the second proposal for amendment in line with the requirements of the CACM Regulation, provided that the amendments described in this Decision are integrated in the second proposal for amendment, as presented in Annex I to this Decision.
- (60) Therefore, the Agency approves the second proposal for amendment subject to the necessary amendments and to the necessary editorial amendments. To provide clarity, Annex I to this Decision sets out the second proposal for amendment as amended and as approved by the Agency,

HAS ADOPTED THIS DECISION:

Article 1

The determination of the capacity calculation regions pursuant to Article 15 of Regulation (EU) 2015/ 1222 shall be amended as set out in Annex I of this Decision.

Article 2

This Decision is addressed to:

50Hertz Transmission GmbH,
Amprion GmbH,
AS Augstsprieguma tīkls,
Austrian Power Grid AG,
BritNed Development Limited (NL),
BritNed Development Limited (UK),
C.N.T.E.E. Transelectrica S.A.,
ČEPS a.s.,
Creos Luxembourg S.A.,
EirGrid Interconnector DAC,
EirGrid plc,
Elektroenergien Systemen Operator EAD,
Elering AS,
ELES, d.o.o.,
Elia System Operator NV/SA,
Energinet.dk,
Fingrid Oyj,
HOPS d.o.o., Hrvatski operator prijenosnog sustava,



Independent Power Transmission Operator S .A.,
Kraftnät Åland Ab,
Litgrid AB,
MAVIR ZRt,
Moyle Interconnector Limited,
National Grid Electricity Interconnector Limited,
National Grid Electricity Transmission plc,
Nemo Link Limited,
Polskie Sieci Elektroenergetyczne S.A.,
Red Eléctrica de España S.A.,
Rede Eléctrica Nacional, S.A.,
Réseau de Transport d'Electricité,
Slovenská elektrizačná prenosová sústava, a.s.,
Statnett,
Svenska kraftnät,
System Operator for Northern Ireland Ltd,
TenneT TSO B.V.,
TenneT TSO GmbH,
Terna Rete Elettrica Nazionale S.p.A., and
TransnetBW GmbH.

Done at Ljubljana on 1 April 2019.


For the Agency
Director ad interim
Alberto POTOTSCHNIG

Annexes:

Annex I – Amendment of the determination of capacity calculation regions

Annex Ia – Amendment of the determination of capacity calculation regions (track-change version, for information only)

Annex II – Evaluation of responses to the public consultation on the proposal for the amendment of the determination of capacity calculation regions

Annex III - Consolidated list of capacity calculation regions with assigned bidding zone borders and attributed TSOs (for information only)

In accordance with Article 19 of Regulation (EC) No 713/2009, the addressees may appeal against this Decision by filing an appeal, together with the statement of grounds, in writing at the Board of Appeal of the Agency within two months of the day of notification of this Decision.