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Onderwerp Zienswijze Verzoek TenneT goedkeuring langetermijncapaciteitsberekening
Hansa regio en Verzoek TenneT goedkeuring opsplitsen langetermijncapaciteit
Hansa regio, zaaknummers ACM/19/035519 en ACM/19/035588

Geachte mevrouw, heer,

Op 28 juni 2019 heeft u zowel het verzoek van TenneT inzake goedkeuring langetermijncapaciteitsberekening Hansa regio met zaaknummer ACM/19/035519 als het verzoek van TenneT inzake goedkeuring opsplitsen langetermijncapaciteit Hansa regio met zaaknummer ACM/19/035588 gepubliceerd. Belanghebbenden hebben tot en met 12 juli 2019 de tijd om een schriftelijke zienswijze in te dienen. Gezien de samenhang van beide verzoeken is de schriftelijke inbreng op deze twee verzoeken gecombineerd in één schriftelijke zienswijze. Deze brief dient aangemerkt te worden als schriftelijke zienswijze op beide verzoeken.

Energie-Nederland is op grond van haar statuten een belangenvereniging van energiebedrijven (producenten, leveranciers en handelaren) op de energiemarkt. Derhalve kan Energie-Nederland aangemerkt worden als representatieve organisatie van netgebruikers op de elektriciteitsmarkt. Op grond van artikel 82 Elektriciteitswet 1998 kan Energie-Nederland derhalve als belanghebbende worden aangemerkt. Bovendien blijkt uit vaste jurisprudentie, dat als uitgangspunt wordt genomen, dat een belangenorganisatie, die voor het belang van haar leden opkomt, daarmee opkomt voor een collectief belang, tenzij het tegendeel blijkt.

Verzoek van TenneT inzake goedkeuring langetermijncapaciteitsberekening Hansa regio

Op 15 april 2019 heeft ENTSO-E een consultatie gestart met betrekking tot de langetermijn capaciteitsberekening voor de Hansa regio. Op 15 mei 2019 heeft EFET op deze consultatie gereageerd. Energie-Nederland onderschrijft deze reactie. Een kopie van deze reactie is als **Bijlage I** aan deze zienswijze gehecht. De inhoud van deze reactie dient als hier herhaald en ingelast beschouwd te worden.

Uit blz. 42 en volgend van het verzoek van TenneT inzake goedkeuring langetermijncapaciteitsberekening Hansa regio, verder te noemen het verzoek tot langetermijncapaciteitsberekening Hansa regio, blijkt, dat een deel van de opmerkingen van EFET zeker gegrond zijn. Helaas moet Energie-Nederland constateren, dat de betrokken artikelen niet of nauwelijks zijn aangepast. Een deugdelijke motivering ontbreekt en de verplichtingen van de netbeheerders zijn dan ook niet aangepast.



Verder blijkt uit blz. 42 en volgend van het verzoek tot langetermijncapaciteitsberekening Hansa regio, dat een ander deel van de aangevoerde punten niet is gehonoreerd. Een motivering waarom die punten zijn gehonoreerd ontbreekt echter. Het gaat hierbij met name om het meenemen van de costly remedial actions en de interactie met naastgelegen CCR's.

Tot slot van dit onderdeel merkt Energie-Nederland op, dat ondanks de aangebrachte aanpassingen er nog zeker verbeteringen mogelijk zijn ten aanzien van de transparantie.

Energie-Nederland ziet graag een onderbouwing waarom het verzoek tot langetermijncapaciteitsberekening Hansa regio niet is aangepast, hoewel de opmerkingen wel gegrond zijn verklaard. Ook ziet Energie-Nederland graag een onderbouwing waarom de terzijde geschoven opmerkingen niet zijn meegenomen.

Verzoek TenneT goedkeuring opsplitsen langetermijncapaciteit Hansa regio

Op 25 april 2019 heeft ENTSO-E een consultatie gestart met betrekking tot het opsplitsen van de langetermijncapaciteit voor de Hansa regio, verder te noemen het verzoek tot opsplitsen van capaciteit. Op 16 mei 2019 heeft EFET op deze consultatie gereageerd. Energie-Nederland onderschrijft deze reactie. Een kopie van deze reactie is als **Bijlage II** aan deze zienswijze gehecht. De inhoud van deze reactie dient als hier herhaald en ingelast beschouwd te worden.

Het verzoek tot opsplitsing van capaciteit is verregaand aangepast ten opzichte van het geconsulteerde voorstel. De TSO's blijven echter vasthouden aan ex ante vaststelling van een splitsing, ook al is dat op basis van een jaarlijkse marktconsultatie. Energie-Nederland begrijpt niet waarom het voorstel van EFET niet is overgenomen om zoveel mogelijk capaciteit zo ver mogelijk vooruit te veilen. Dit kan in een veiling waar marktpartijen hun vraag kunnen inbieden. In onze ogen is dit veel effectiever en efficiënter dan een consultatie. Marktpartijen geven in een dergelijke veiling immers hun voorkeur met een financieel commitment aan. Energie-Nederland ziet de methodiek graag aangepast conform het EFET voorstel.

Tot slot van dit onderdeel begrijpen wij de argumentatie rondom de "revenue adequacy" (Artikel 6.2) niet. Congestie-inkomsten zijn geen opbrengsten voor TSO's, maar een middel om capaciteit marktconform te verdelen. In die optiek is er geen risico voor TSO's als de inkomsten uit de lange termijn veilingen lager zijn dan in de dag vooruit veiling. TSO's zouden deze arbitrage niet mogen maken, omdat ze daarmee mogelijk capaciteit achter houden teneinde hun eigen "inkomen" te vergroten. Energie-Nederland stelt voor artikel 6.2 uit de methodiek te halen.

Verzoek

Energie-Nederland verzoekt u dan ook om te besluiten met inachtneming van al hetgeen hiervoor is aangevoerd. Naar de mening van Energie-Nederland zijn de voorstellen op dit moment onvoldoende onderbouwd.

Uiteraard is Energie-Nederland bereid het een en ander nader toe te lichten.

Met vriendelijke groeten

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Directeur Energie-Nederland



EFET response to the TSOs consultation on the forward capacity calculation methodology proposal for CCR Hansa



EFET response – 15 May 2019

The European Federation of Energy Traders (EFET) welcomes the opportunity to provide comments on the draft methodology for long-term capacity calculation (LT CC) proposed by the TSOs of the Hansa capacity calculation region (Hansa CCR).

As previously mentioned in our responses to other CCRs' forward capacity calculation methodology proposals¹, forward capacity calculation and allocation is critical to allow market participants to hedge their long-term positions across borders and make sure that they are not exposed to short-term price volatility and imbalance costs. Hence, it is crucial that the calculation methodology for the forward timeframe is robust. As we see it for the moment, the draft proposal should be more detailed in the description of capacity calculation methodology. It should also avoid reproducing some of the inconsistencies with existing regulation already observed in the day-ahead and intraday CCMs for the region.

General considerations

We welcome that the Hansa TSOs' proposal abandoned the "Advanced Hybrid Coupling". However, we believe that there still many provisions that are equivalent but in name to the "Advanced Hybrid Coupling", particularly in Article 6.

Apart from this, we would like to see more transparency regarding the components of the cross-zonal capacity and the scenarios for the year-ahead and month-ahead capacity calculation.

We strongly believe that costly remedial actions should be systematically considered in the capacity calculation. Where economically efficient, costly remedial actions should

¹ EFET response to the TSOs consultation on SWE Splitting Rules for forward capacity allocation methodology, dated 30 April 2019 and available at:

https://efet.org/Files/Documents/Downloads/EFET_SWE%20Splitting%20Rules_16042019.pdf

be taken in order to allocate the maximum of cross-zonal capacity to the market. Dismissing them in a dedicated article is unacceptable.

Comments on individual articles

- **Article 3.4.a:** *Identification of sources of uncertainty for each TTC calculation. The TTC calculation is based on the CGM **which includes assumptions of cross-border exchanges** [our highlight] between third parties and forecasts for wind and solar infeed which impact the generation and load pattern as well as the grid topology;*

We consider that a clearer explanation to “assumptions of cross-border exchanges” should be given. What we want to avoid is the inclusion of market behaviour into the assumptions. Forward capacity calculation should solely be based on technical requirements. The behaviour of market participants should not influence in any way the quantity of forward capacity calculated and allocated, as it has no relevance to the operational security limits and contingencies at the moment of allocation.

Hence, we request more details on the assumption used in this article. To note, the article below, 4.b., discusses time series from an existing database, without bringing further clarifications on the type of assumptions.

- **Article 4.4:** *CCR Hansa TSOs can assess individually the operational security limits which cannot be reflected in the linearized security domains of the adjacent CCRs, including but not limited to: voltage stability limits, short-circuit limits and dynamic stability limits. Additionally in accordance with Article 12 of the FCA Regulation, in combination with the Articles 23(1) and 23(2) of the CACM Regulation, the CCR Hansa TSOs may use operational security limits and contingencies for capacity calculation which are not the same as those used in operational security analysis, but take into account the needs of operational security analysis how to deal with uncertainties of generation and load. Such operational security limits shall be modelled as a constraint on bidding-zone import/export limits (the sum of all cross-zonal exchanges for a certain bidding zone), thus limiting the net position of the respective bidding zone.*

We consider that this article is diluting the value of a common capacity calculation methodology. Allowing TSOs of the capacity calculation region to assess individually operational security limits, with practically no limits, “*but not limited to*”, goes against the harmonisation of rules for long-term capacity allocation.

- **Article 6.1:** *For the TTC calculation of the radial AC lines, as described in Article 8, the GSKs of the relevant bidding zones are to be defined in the CCMs of adjacent CCRs applying a CNTC capacity calculation approach. These GSKs are applied to represent the distribution of the power flow on the interconnectors in CCR Hansa.*

- **Article 6.2:** *Flow interactions between the CCR Hansa interconnectors and the adjacent AC grids are to be reflected in the corresponding LT CCM parameters of adjacent CCRs.*

It seems that the CCM for the CCR Hansa is made subordinate to the CCM of the CCRs Core and Nordic. Which could mean that available capacities in the CCR Hansa are reduced to manage congestions in the Core and Nordic region.

In effect, congestions in the Core and Nordic region are managed by limiting cross-zonal trade through the Hansa interconnectors, which is not acceptable and goes against Regulation 714/2009.

We refer to our response to the ACER consultation on the delineation of CCRs suggesting the suppression of the “buffer regions” Hansa and Channel in order to solve this problem².

- **Article 7.1:** *Costly RAs shall not be considered in capacity calculation.*

We believe that costly remedial actions should be systematically considered in the capacity calculation, to the same extent that they are considered in coordinated security assessment. Where economically efficient, costly remedial actions should be taken in order to allocate the maximum of cross-zonal capacity to the market. Congestion “rents” and redispatch “costs” are both financial redistributions elements that should be considered on an equal footing in order to optimise regional welfare.

Hence, we suggest replacing this article by: “Costly RAs shall be systematically considered in the capacity calculation when economically efficient at CCR level”.

- **Article 9.1:** *Cross-zonal capacities shall be reduced, where appropriate, by the amount of previously allocated capacities for already allocated transmission rights. In case previously allocated capacities are bigger than cross-zonal capacities on a bidding-zone border, defined in accordance with Article 8, the relevant CCR Hansa TSO(s) shall provide zero cross-zonal capacity for the capacity allocation and use RAs to ensure operational security.*

As mentioned in our comment on article 7.1, we believe that costly remedial actions should be considered in the capacity calculation, as they optimise regional welfare.

Hence, we request the modification of articles 9.1 as follows:

- Article 9.1: Cross-zonal capacities shall be reduced, where appropriate, by the amount of previously allocated capacities for already allocated transmission rights. In case previously allocated capacities are bigger than cross-zonal capacities on a bidding-zone border, defined in accordance with Article 8, the relevant CCR Hansa TSO(s) shall provide zero cross-zonal capacity for the capacity

² EFET response to ACER consultation on the definition of capacity calculation regions, dated 20 July 2016 and available at:

https://efet.org/Files/Documents/Electricity%20Market/Market%20access%20and%20transparency/EFET_ACER-consultation-CCRs.pdf

allocation and use RAs, *including costly RAs*, to ensure operational security.

- **Article 13.3** *Capacity values, resulting from the capacity calculation for each scenario, shall be published.*

We believe that more than the capacity calculation for each scenario should be published.

Firstly, we would like to see the description and structure of scenarios from the Explanatory document included in the Hansa CCR LT CC guideline. We only know from the proposal that: (5) *Eight scenarios shall be created within the CGM for the year-ahead capacity calculation, and two scenarios for the month-ahead capacity calculation and the provisions of Article 13.*

Secondly, we believe that more data than capacity values can be shared with market participants. For example, all components of the cross-zonal capacity, *i.e.* TTC, NTC, ATC, AAC, and TRM, for each bidding-zone border could be published.

- **Article 17.1** *Information for each forward capacity calculation, and in accordance with article 9 of the FCA Regulation, at least on annual and monthly time frames, which shall include the following: a) cross-zonal capacity for each bidding-zone border; b) all components of the cross-zonal capacity, i.e. TTC, AAC, and RM, for each bidding-zone border.*

The term used throughout the proposal was TRM, Transmission Reliability Margin (TRM). We suggest using the same term, for reasons of consistency.

While the other measures may be calculated from those components, we suggest, for reasons of transparency, to publish the other measures as well: NTC (Net Transfer Capacity) and ATC (Available Transfer Capacity).

Hence, we request the modification of articles 17.1 as follows:

- Art 17.1 Information for each forward capacity calculation, and in accordance with article 9 of the FCA Regulation, at least on annual and monthly time frames, which shall include the following: a) cross-zonal capacity for each bidding-zone border; b) all components of the cross-zonal capacity, *i.e.* TTC, NTC, ATC, AAC, and TRM, for each bidding-zone border.

EFET response to the TSOs consultation on Hansa Splitting Rules for forward capacity allocation



EFET response – 16 May 2019

The European Federation of Energy Traders (EFET) welcomes the opportunity to provide comments on the ENTSO-E consultation on Splitting Rules for forward capacity allocation in the Hansa capacity calculation region. Forward capacity allocation is critical to allow market participants to hedge their long-term positions across borders and make sure that they are not exposed to short-term price volatility and imbalance costs. It is therefore vital that TSOs make available to the market the maximum capacity they can as far in advance of real time as possible (at least one year), as per their calculation at that time, by means of issuing forward transmission rights.

Comments on individual articles

- **Article 5.2:** [...] *In case that the full yearly NTC is not allocated in the yearly allocation, then the capacity not allocated can be offered in the monthly auction complying with the monthly NTC calculated.*

We agree that the full yearly NTC not allocated in the yearly allocation should be allocated in the monthly action. We would like however to have even stronger language on the issue and suggest changing the article as below. The article will be fully in line with the earlier paragraphs of article 5 and will reinforce the principles stated in Article 3.1:

“Article 5.2: [...] In case that the full yearly NTC is not allocated in the yearly allocation, then the capacity not allocated **shall** be offered in the monthly auction complying with the monthly NTC calculated.”

- **Article 6.1:** *The Capacity Split for a specific Interconnector shall be determined by the Responsible TSOs and shall contain direction specific volumes of all LTTR products to be offered.*

This regional methodology, which is supposed to harmonise the capacity splits on all bidding zone borders of the Hansa region, fundamentally leaves the individual TSOs do what they want at an individual level – or even worse, do what they have already been doing for years. There is not a single element of harmonisation in the proposed document.

This is in our mind not compliant with article 16 of the FCA GL, which requires a common methodology for capacity splitting for each CCR, and more specifically one that is coherent with the capacity calculation methodology (CCM), article 16.2(b) FCA. In CCMs, the capacity is calculated in a coordinated manner by all TSOs of the CCR. It seems incoherent that the capacity splitting rules would not be coordinated and applied in the same manner by all the TSOs of the CCR. Besides, the potential lack of transparency in the application of different splitting rules and criteria on each interconnector of the region – and surely its lack of practicality for users – risks hindering the capacity of the splitting rules to meet market participants' hedging needs – article 16.2(c).

We refer to our comments on Chapter 3 for specific amendment proposals.

- **Chapter 3: splitting criteria** (articles 7 to 11)

The draft methodology presents five possible criteria for splitting capacity between the different time horizons in the forward timeframe. While it is certainly more elaborate than most splitting methodologies proposed in the different CCRs in Europe, we have fundamental objections with the overall approach:

1. We oppose any reservation of capacity from the year-ahead to month-ahead auctions, or for the day-ahead timeframe. Hedging is about assessing and covering against a variety of risks: price risk, volume risk, regulatory risk, etc. The further away from real time, the greater the uncertainty and therefore the greater the interest and importance for market participants to cover those risks. It is therefore vital that TSOs should make available to the market the maximum capacity they can as far in advance of real time as possible. All the capacity calculated as available at the Hansa borders by the capacity calculation process year ahead should be made available to the market at that stage by way of transmission rights (i.e. 100% of the calculated capacity year-ahead). Further release of capacity at shorter time horizons in the forward timeframe (quarterly where applicable, and monthly) should be the result of capacity recalculations, or gradual release of the margins and constraints initially applied by the TSOs for year-ahead allocations as uncertainties reduce with real time getting nearer. Hence, we oppose the use the specific criteria to withhold capacity when it is calculated as available and could be sold to the market.

For avoidance of doubt, and bearing in mind that certain market participants may only wish to purchase capacity for specific quarters or months and may

be reluctant to re-trade purchased yearly forward transmission rights on the secondary market, the TSOs may choose to allocate the 100% of calculated capacity year-ahead not only via yearly products but also via quarterly and monthly products (but a year in advance). There can be a distinction between the timing of the auctions and the granularity of the products offered by the TSOs.

2. The manner in which TSOs will apply the proposed criteria detailed in Chapter 3 (articles 7 to 11) leaves too vast a room for interpretation on the TSO side. Further, and despite the provision of article 6.3 and Annex 1, the combination of different criteria is not clear. Further, the sheer existence of multiple criteria, with complete freedom from TSOs on how they wish to combine them, means that there is no single way to allocate forward capacity in the region. We believe this goes against the spirit and letter of the FCA Regulation (see our comments to article 6.1)

The methodology should set much clearer and stricter boundaries to how the TSOs allocate capacity in the forward timeframe.

3. On the specific articles:
 - a. **Article 7** would cap the volume of forward transmission rights allocated to the market to the day-ahead market price at individual bidding zone borders. This is a way to restrict the hedging opportunities of market participants. The allocation of capacity should solely be based on the technical capacity and requirements of the grid. It is not the place of system operators to analyse market data in order to maximise their benefits from forward capacity allocation. We remind the TSOs that by owning the interconnectors, they de facto sit on a free hedge that can and should be made available to the market as much and as early as possible. Retaining this hedge opportunity from the market based on expectation of evolutions of market prices could be considered market manipulation. Further, the calculations will be based on historic volumes of forward transmission rights and historical market spreads in day-ahead (from the 12 or 24 previous months), which does not represent the current reality of either the forward or day-ahead markets.
 - b. **Article 8** would cap the volume of forward transmission rights allocated to the market to the forward market price at individual bidding zone borders. This is a way to restrict the hedging opportunities of market participants. The allocation of capacity should solely be based on the technical capacity and requirements of the grid. It is not the place of system operators to analyse market data in order to maximise their benefits from forward capacity allocation. We remind the TSOs that by owning the interconnectors, they de facto sit on a free hedge that can and should be made available to the market as much and as early as possible. Retaining this hedge opportunity from the market based on expectation of evolutions of market prices could be considered market manipulation. Further, the calculations will be based on historic volumes of forward transmission rights and

- historical market spreads in forward (from the 12 or 24 previous months), which does not represent the current reality of the forward market.
- c. **Article 9** leaves entire room for TSOs to assess the competitive situation in an auction and possibly modify the volume of transmission rights allocated to the market without any kind of criteria or oversight. The proposed criterion is very restrictive and unpredictable, and we deem it extremely dangerous that TSOs are given this right of judgment without limitation or oversight.
 - d. **Article 10** only states that TSOs may choose to decide on a balance of transmission rights allocated in the yearly auction and subsequent auction, without specification or criteria. Beyond the fact that we believe that all the capacity calculated as available at a certain point in the forward timeframe should be allocated directly to the market, article 10 does not specify how the TSOs will assess the needs of market participants for transmission rights, nor how they will take account of the latter's input. This article is written in a markedly vague fashion. The FCA GL was already approved as a Guideline and not a Network Code as a result of its lack of binding effect; its implementation methodologies, including the present one, should set clear rules and not postpone decisions once more.
 - e. **Article 11** proposes that TSOs may choose to cap transmission rights allocated in the yearly auction and subsequent auction at a fixed percentage. We disagree with the concept of capping forward capacity allocation to specific percentages for each time horizon within the forward timeframe. All the capacity calculated as available at the Hansa borders by the capacity calculation process year ahead should be made available to the market at that stage by way of transmission rights (i.e. 100% of the calculated capacity year-ahead). Further release of capacity at shorter time horizons in the forward timeframe (quarterly where applicable, and monthly) should be the result of capacity recalculations, or gradual release of the margins and constraints initially applied by the TSOs for year-ahead allocations as uncertainties reduce with real time getting nearer.

In short, none of the proposed splitting criteria, nor their combination, appears satisfactory for us. Hence, we recommend that the entire Chapter 3 (articles 7 to 11) be deleted and replaced by a single article:

“The percentage of long term offered capacity with respect to the calculated long term capacity for all Interconnectors shall be set at 100%. The TSOs shall make available to the market 100% of the capacity calculated year-ahead during the yearly allocation. The TSOs shall recalculate the available capacity that can be allocated during each following auction (monthly or other) in addition to the capacity allocated at the yearly auction.”

- **Article 13.1:** *The Responsible TSOs shall, in compliance with national legislation and in accordance with Article 3(f) of the FCA Regulation, and in addition to the data items and definitions of Transparency Regulation, publish the following on a regular basis and as soon as possible;*
 - a. *The marginal auction price and demand curve for all LTTR auctions performed on the corresponding Interconnector.*
 - b. *The analyses to determine the reference volume for each splitting criterion applicable for the corresponding Interconnector.*
 - c. *The Capacity Split relating to a specific time frame before the first allocation of capacity relating to that time frame, following long-term capacity calculation and applicable splitting criteria analyses.*

We disagree with the possibility that the TSOs wish to include in article 13 that they can deviate from the common transparency requirements based on national legislative requirements. This argument is regularly used by TSOs to resist information disclosure. For example, it was used by some of the CWE TSOs to resist transparency publication in CWE flow-based coupling, to be ultimately rejected by their NRA(s) but after far too long a time. Granting TSOs the benefit of this clause from the start inverses the burden of proof and forces market participants to challenge their non-transparent behaviour. TSOs are subject to the Transparency Regulation, and have to submit all “price sensitive data” according to it. According to European case law, this takes precedent over national legislation barring TSOs to do so. Should legal interpretations in some Member States differ, it should be up to the TSOs to bring the matter to their NRA and request the non-publication, not the other way around.