



Common position paper of CWE NRAs on the update of the day-ahead Flow-Based Market Coupling methodology, intraday ATC extraction methodology and Congestion Income Allocation methodology to integrate requirements of the Electricity Regulation recast (Regulation (EU) 2019/943) and reflect the inclusion of the ALEGrO HVDC cable between Belgium and Germany

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Context

Past approvals of the CWE FBMC methodology

The CWE Flow-Based Market Coupling (hereafter FBMC), whose principles and implementation details had been developed since 2007 by CWE TSOs and power exchanges (hereafter CWE project partners) under the supervision of CWE NRAs, was first approved in March 2015. The CWE FBMC went live for the day-ahead timeframe on 20 May 2015 (hereafter CWE DA FBMC).

Since 2015, the CWE Approval Package (hereafter AP), consisting of the DA FBMC methodology – including a section for the intraday ATC extraction process – and of the Congestion Income Allocation (hereafter CIA) methodology, was completed and amended several times by the CWE project partners, as summarised in the table below.

Date	Concerned methodology	Main changes
Q1 2016	ID ATC extraction process	<ul style="list-style-type: none">• Confirmation of a coordinated ID “increase-decrease” process (described in an annex to the CWE DA FBMC methodology)
August 2018	CWE DA FBMC CIA	<ul style="list-style-type: none">• Integration of the DE/LU-AT border in capacity calculation and allocation as of 1 October 2018• Introduction of the “20% minRAM” requirement at validation stage of capacity calculation• Removal of external constraints in France and Germany
January 2019	CWE DA FBMC	<ul style="list-style-type: none">• Introduction of a temporary external (import) constraint in France to mitigate grid security issues in Switzerland
May 2019	CWE DA FBMC ID ATC extraction process	<ul style="list-style-type: none">• Update of coupling solution and processes to reflect the implementation of the CWE multiple NEMO arrangement (MNA)• Extension of ID “increase-decrease” process to the DE/LU-AT border

Current amendment in the context of the CEP and of ALEGrO cable’s inclusion

The current proposal for amendment of the CWE AP aims to cover two main changes.

First, the Clean Energy Package for all Europeans (hereafter CEP) has modified a number of framework conditions related to the internal electricity market. In particular, the Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity (hereafter Electricity Regulation recast) has introduced new requirements for capacity calculation and allocation. Article 16(8) of the Electricity Regulation recast prescribes that TSOs applying a flow-based capacity calculation methodology should provide a minimum margin of 70% of the transmission capacity, taking into account contingencies, to cross-border exchanges on the network elements taken into account in the capacity calculation (hereafter 70% requirement). In case of a derogation granted pursuant to Article 16(9) of the Electricity Regulation recast, a TSO may deviate from the 70% requirement to the extent needed to maintain operational security. In case a Member State has established an action plan pursuant to Article 15 of the Electricity Regulation recast, its TSO may also deviate from the 70% requirement, but the TSO has to offer capacities in accordance with a linear

trajectory until 31 December 2025. These provisions of the Electricity Regulation recast substantially affect capacity calculation processes, both in the day-ahead and intraday timeframes.¹

Second, the HVDC cable ALEGrO – the first interconnection linking Belgium and Germany with a thermal capacity of 1,000MW and the first HVDC link in CWE – will be commissioned by Elia and Amprion by the end of 2020. Consequently, the BE-DE border must be integrated in the CWE DA FBMC. In the course of testing ALEGrO's integration in the DA FBMC, a number of performance issues and necessary modifications of the system were identified by CWE project partners. Therefore, they have proposed adjustments for both capacity calculation and allocation.

To reflect these changes, CWE TSOs submitted a proposal to amend the CWE DA FBMC, ID ATC extraction and CIA methodologies on 9 July 2020.

Legal basis

The legal basis under which the CWE DA FBMC methodology was developed and submitted for approval until 2019 was the Regulation (EC) No 714/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the network for cross-border exchanges in electricity and its Annex 1 as well as the Directive 2009/72/EC 943 of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in electricity.

Following the adoption of the CEP, this legal basis has evolved and now corresponds to the Electricity Regulation recast as well as the Directive 2019/944 of the European Parliament and of the Council of 5 June 2019 on common rules for the internal market for electricity and amending Directive 2012/27/EU.²

It is worth mentioning that the CWE DA FBMC has been developed on a voluntary basis before the adoption of European network codes and guidelines. Nevertheless, it is increasingly integrated in regional and pan-European processes following the implementation of the Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management (hereafter CACM Regulation). In particular, CWE was integrated in the Core capacity calculation region in application of ACER's decision No 06/2016 in November 2016. Once the day-ahead flow-based capacity calculation will be implemented in Core, the capacity calculation processes at CWE level will cease.

¹ Since end April 2018 and until 1 January 2020 and the entry into force of the 70% requirement, a minimum margin of 20% per network element taken into account in the capacity calculation was applied to provide a minimal flow-based domain to the market in the CWE region. Since 1 January 2020, the minimum margin of 20% has been kept as a floor by CWE TSOs in addition to the 70% requirement (see next section).

² Article 59(7)c of Directive 2019/944 provides that regulatory authorities shall be responsible for fixing or approving sufficiently in advance of their entry into force the methodologies used to calculate or establish the terms and conditions for access to cross-border infrastructures, including the procedures for the allocation of capacity and congestion management.

Description of the proposal

DA FBMC

The amendment of the CWE DA FBMC methodology contains five substantial modifications:

- the implementation of a CEP-compliant capacity calculation method;
- the integration of the ALEGrO cable *via* the Evolved Flow-Based approach;
- the removal of the intuitiveness constraint from flow-based allocation;
- further changes aiming at the improvement of capacity calculation and allocation performance; and
- the reflection of the new data publication framework following the “transparency release” performed by CWE TSOs in October 2019.

Implementation of a CEP-compliant capacity calculation method

In application of the provisions of Article 16(9) of the Electricity Regulation recast, APG, Elia, RTE and TenneT Netherlands were granted derogations by their respective NRAs for the year 2020. In application of the provisions of Article 15 of the Electricity Regulation recast, Germany and the Netherlands launched an action plan at the end of 2019. Consequently, Amprion, TenneT Germany, Transnet BW and TenneT Netherlands must follow a linear trajectory increasing yearly until 31 December 2025. The requirements of articles 15 and 16 from the Electricity Regulation recast do not have to be fulfilled by Luxembourg and Creos³. All CWE TSOs have however committed to keeping the “20% minRAM”⁴ parameter that was introduced in 2018.

In order to comply with the 70% requirement, while acknowledging the diversity of situations and obligations resulting from the different provisions of derogations and action plans in the CWE countries, CWE TSOs have agreed to individually define a minimum capacity value for their critical network elements considering contingencies (hereafter CNEC), which is then considered in the common FB capacity calculation tool. Consequently, CWE TSOs have amended the section related to the minimum RAM process (section 4.2.5). It is worth mentioning that the submitted DA FBMC methodology does not specify which minimum margin values will be applied by each TSO, as the responsibility for ensuring the compliance of the individual CWE TSOs with the 70% requirement lies with their relevant NRA in the framework of the CEP.

With respect to the transparency on deviations from the 20% minRAM rule, CWE TSOs have also included the provision that the justification for such deviations shall be published, following the request from CWE NRAs in their common position paper (hereafter CPP) underlying the approval of the CWE AP in August 2018.

Legal references have also been updated throughout the CWE DA FBMC methodology to reflect the new framework resulting from the CEP provisions.

³ There is no structural congestion in Luxembourg and no critical network elements from the Luxembourgish grid are taken into account in the CWE capacity calculation.

⁴ In exceptional circumstances, in case required to maintain operational security, the minRAM factor can be set below 20% by a TSO. In that case the TSO needs to justify this to the regulatory authorities.

Integration of the ALEGrO cable

The inclusion of the ALEGrO cable to CWE DA FBMC requires reflecting the associated new BE-DE border in capacity calculation and allocation processes.

CWE project partners have prepared ALEGrO's inclusion based on the Evolved Flow-Based (hereafter EFB) approach. Following the EFB approach, the HVDC cable is modelled *via* two virtual bidding zone hubs corresponding to its two ends (converter stations). Consequently, two columns are added in the so-called "PTDF matrix" resulting from the DA FB capacity calculation and used for allocation, in order to represent the impact on both sides of the cable. The HVDC cable is then explicitly optimised by the market coupling algorithm, Euphemia, which determines the HVDC cable's set point, i.e. capacity level, to maximise the day-ahead market welfare. These additional dimensions however increase the complexity especially when it comes to the inclusion of long-term transmission rights (hereafter LTTR).

The EFB approach was chosen to ensure that the controllability of ALEGrO can be leveraged to optimise cross-border exchanges in the CWE region. Given the highly meshed structure of transmission networks and the patterns of internal flows in the region, a modelling of ALEGrO based on AC would not have allowed benefiting from its controllability.

To reflect the inclusion of ALEGrO *via* the EFB approach, CWE TSOs have amended the sections related to GSK (section 4.1.7) and to ATC for shadow auctions (section 4.7) and have added a new section describing the principles of EFB modelling (section 4.2.9).

Removal of intuitiveness constraint on flow-based allocation

CWE project partners propose to shift from flow-based "intuitive" (hereafter FBI) to flow-based "plain" (hereafter FBP) allocation. FBI has been applied since the start of CWE FBMC in May 2015 and based upon CWE NRAs' request to avoid non-intuitive results, i.e. when a bidding zone with a higher price exports to a bidding zone with a lower price. The relative impact of FBI and FBP in terms of prices, volume, total welfare and welfare distribution has been monitored since May 2015.

Based on this comparative analysis, CWE project partners concluded in 2019 that the differences between FBP and FBI are not significant. However, FBI has given rise to larger price spikes in stressed grid situations. In addition, total welfare with FBI is on average slightly lower because of the reduction of the flow-based domain through the application of the intuitiveness constraint at the allocation phase. On top, the time needed by Euphemia to find a first solution is on average higher with FBI than with FBP, so the intuitiveness constraint was a factor adding to Euphemia's performance issues⁵. Hence, CWE project partners univocally proposed to remove the intuitiveness constraint and shift to FBP⁶. This intention was last communicated to CWE market parties during the Consultative Group calls of 3 April and 15 June 2020.

In addition, several CWE market parties suggested that the application of the intuitiveness constraint is rather complex to capture and to model. Hence, for the sake of transparency, a support to the shift to FBP was expressed.

⁵ Resulting among other from the geographical extension of market coupling, the introduction of FB allocation in the Core and Nordics capacity calculation regions or the multiplication of complex products.

⁶ The comparative analysis of FBI and FBP from 2015 to 2019 and justifications for the proposal to remove the intuitiveness constraint can be found in a report published by CWE TSOs in February 2020 and available on <https://www.jao.eu/support/resourcecenter/overview?parameters=%7B%22IsCWEFBMCRelevantDocumentation%22%3A%22True%22%7D>.

Moreover, with the combination of FBP and the EFB approach, non-intuitive flows on ALEGrO will contribute to increase the capacity on the CWE AC borders and thus CWE cross-zonal exchanges, leading to a higher CWE social welfare.

Finally, ACER's decision No 04/2020 in January 2020 pointed out that FBI approach does not have a legal basis in the CACM Regulation.

Consequently, CWE project partners have removed the section describing the intuitiveness constraint (previously section 7), described the reasons underlying the decision to switch to a FBP allocation (section 7.3) and added as an annex the report comparing FB allocation results with and without intuitiveness constraint over 2015-2019 (annex 14.31).

Further changes to improve capacity calculation and allocation performance

In addition to the effect of FBI described above, the performance of the CWE capacity calculation and Euphemia is also impacted by the significant increase of constraints for Euphemia each time new hubs are introduced (for example, following the creation of the DE/LU-AT border on 1 October 2018 or the upcoming introduction of the ALEGrO cable). The underlying reason is that beside real constraints resulting from the introduction of new hubs, Euphemia also has to handle a large number of "virtual branches", historically used in CWE to ensure the inclusion of LTTRs by extending the DA flow-based domain (hereafter LTA inclusion). CWE project partners have considered that the "virtual branches"-based LTA-inclusion would not be sustainable anymore with the addition of two virtual bidding zones corresponding to the ALEGrO cable.

CWE project partners have therefore proposed to amend the current "virtual branches"-based LTA inclusion process. In a first step, CWE TSOs will improve the "virtual branches"-based LTA inclusion by removing all redundant virtual branches before the CWE FB is delivered to Euphemia. In a second step, they will implement the so call "extended LTA inclusion" approach. This approach consists of delivering two flow-based domains to Euphemia, one domain with minRAM applied and one LTA domain. Euphemia is then able to construct a single domain from both domains that satisfies both minRAM and LTA conditions.

This change is reflected in the section related to the LTA inclusion check (section 4.2.7). A new annex (annex 14.29) gives more detail on the mathematical formulation of the extended LTA inclusion approach. It is worth mentioning that the extended LTA-inclusion approach is also intended to be applied in the Core FBMC.

Reflection of new data publication framework

In their CPP underlying the approval of the CWE AP in August 2018, CWE NRAs had requested different points for improvement of transparency, based among other on repeated demands from market participants⁷.

These requests have been fulfilled by CWE TSOs through the so-called "transparency release". This transparency release, which took place on 1 October 2019, ensures completeness of the published

⁷ These points included the completeness of the published data regarding the naming of the CBs and COs (now referred to as CNEC) and their EIC codes, the publication of the virgin domain (before LTA-inclusion) and the publication of the static grid models. On top, awaiting the industrial tool for the naming of the CBs and COs, TSOs had to publish weekly updates of the translation tables.

data. The backfilling of historical CNEC data, as asked by market participants, started at the same time. Up to that date, weekly updates of the translation tables have been published on JAO. Updated static grid models were uploaded on the individual TSOs' website at the end of 2018 and beginning of 2020.

Consequently, CWE TSOs have updated the list of published data to reflect the actual status of final flow-based parameters published on a daily basis *via* the JAO Utility Tool (section 8)⁸.

ID ATC extraction

The amendments concerning the intraday timeframe correspond to:

- the adaptation of the ID ATC extraction process in the context of the implementation of the Electricity Regulation recast's requirements related to capacity calculation and allocation; and
- the clarification of local TSO processes that underlie the "increase-decrease" process in an explanatory note.

Adaptation of the intraday ATC extraction process

The current CWE ID calculation is based on an extraction of ID ATCs from the DA flow-based domain after the market coupling results. Since Q1 2016, CWE TSOs make use of the so-called "increase-decrease" process to increase ID capacities beyond the DA leftovers when they identify that additional margin can be provided based on updated forecasts, or decrease these ID capacities in exceptional situations.

In the context of the 70% implementation, CWE TSOs have proposed to amend this methodology to limit the amount of virtual capacities provided in the ID timeframe. CWE TSOs plan to extract ID ATCs from a modified DA flow-based domain, where the minimum margin on CNECs that will be guaranteed for cross-border exchanges (hereafter "ID minRAM") would be capped at 20% of the CNEC's maximum capacity. CWE TSOs justify this proposal by the fact that increasing ID ATCs, which would result from enlarged DA flow-based domains following the 70% requirement implementation, could endanger operational security as TSOs have less remedial actions at hand closer to real time to secure these ATCs. They commit to keeping an "ID minRAM" of 20% and LTA-coverage in continuity of the operational experience they have gathered since the implementation of the DA minRAM of 20% in April 2018. CWE TSOs communicated that with this approach, there will be no regression compared to current ID ATC-values. This absence of regression constitutes a strict condition for approval.

CWE TSOs also have proposed to introduce a quarterly reporting to CWE NRAs of the results of the "increase/decrease" process. This will enable CWE NRAs to monitor the impact of the updated methodology, by comparing ID ATCs resulting from the new extraction approach with ID ATCs that would have been obtained following the current approach. Depending on the orientation of CWE NRAs, these results, in whole or in part, will be published towards market participants.

Clarification of local TSO processes supporting the "increase/decrease" process

Following several interactions with CWE market participants and a request from CWE NRAs, CWE TSOs have given details on the local processes that support the "increase-decrease" process. An explanatory

⁸ The updates are the inclusion of the human readable name of the CBs and COs and their EIC codes instead of the anonymized IDs, the parameters of the RAM-breakdown, the minRAM factor and the minRAM Factor Justification and the publication of the virgin domain.

note annexed to the ID ATC extraction methodology clarifies the timings, local security analysis and capacity validation approaches as well as the increase steps considered by each TSO.

CIA

The amendment of the CIA methodology contains two main modifications:

- the integration of the ALEGrO cable and the associated new BE-DE border in CWE congestion income calculation and distribution processes; and
- the treatment of potential congestion income deficits.

Integration of the BE-DE border

CWE TSOs have checked that the current CIA methodology, based on the “slack zone” approach to determine external flow values, is robust enough to allow the integration of the ALEGrO cable and the associated new BE-DE border. This robustness being ensured, CWE TSOs have proposed to only slightly amend the current CIA methodology.

In practice, CWE TSOs have adapted several equations throughout the methodology to distinguish where relevant between real and virtual hubs corresponding to ALEGrO (equations 1, 3, 6), as well as updated the numerical example illustrating the different steps of CIA computation to reflect the impact of the new BE-DE border. A new annex (Annex 4) contains the results of the analysis performed to evaluate the distributional effects of ALEGrO’s integration on the CWE CIA.

CWE TSOs have clarified that following the introduction of financial transmission rights (FTR) on all CWE borders from 1 January 2020 onwards in application of ACER’s decision No 15/2019, all components related to nomination (linked to the treatment of previously-allocated physical transmission rights) should be understood as null.

In addition, CWE TSOs have analysed the effects of the DE/LU-AT border integration on the CWE CIA over 12 months, pursuant to a requirement from CWE NRAs formulated in their approval of the DA and CIA methodologies’ amendment in August 2018. The resulting report is annexed to the amended CIA methodology (Annex 3).

Treatment in case of fallback situations

CWE TSOs have added a section (section 8) describing the approach for dealing with exceptional cases the “regular” CIA methodology cannot address. For example, if spanning is applied in the CWE capacity calculation, CIA sharing keys cannot be determined for the corresponding hours. CWE TSOs foresee to use average sharing keys reflecting the relative TSO shares of CIA over the month preceding the spanning event.

CWE TSOs also describe the approach for exceptional decoupling situations or for the activation of the adequacy patch. The first case will be dealt with on a per-border basis, based on the distribution key that is applied to the sharing of income from the allocation of LTRs. This principle also applies if the remuneration costs exceed the income from explicit shadow auctions. Given that the second case is extremely unlikely and has not been observed since the launch of DA FBMC in 2015, CWE TSOs envisage addressing it ex-post under CWE NRAs scrutiny, should it ever materialise.

CWE NRAs' analysis of the proposal

DA FBMC

CWE NRAs welcome the development that allows CWE TSOs to define a minimum capacity value for each CNEC. They consider it a robust approach to enable a continued coordinated capacity calculation at the CWE level, while ensuring that requirements resulting from national applications of the Electricity Regulation recast are respected. The commitment to keeping the “20% minRAM” parameter as a capacity floor is a key factor for the support of CWE NRAs to this approach.

CWE NRAs remind CWE TSOs of the request of the CWE NRA CPP of 2018 to effectively publish the justification for exclusion of the 20% minRAM application to the market. CWE NRAs also ask CWE TSOs to further streamline the process of the monitoring of exclusion of the 20% minRAM application, e.g. taking into account specific grid and market context, remedial actions taken and long-term actions as well as underlying data, if possible.

Furthermore, CWE NRAs invite CWE TSOs to ensure transparency towards NRAs and market participants on their approach to implement the 70% requirement at the national level. In particular, CWE TSOs should be clear on the hypotheses underlying their modelling in the context of “parallel runs” as well as on the results of such modelling to guarantee that market participants can anticipate future changes in the CWE DA FBMC patterns.

CWE NRAs also underline that CWE TSOs should further strive to coordinate the assumptions taken for the capacity calculation (e.g. on generation, load and exchanges on the external CWE borders reflected in the base case) and to harmonise the underlying methodologies as far as it is efficient to do so.

CWE NRAs acknowledge that the EFB approach is necessary to use the ALEGrO cable as an asset to maximise the DA market welfare. While its sustainability for Euphemia has been checked for the present market conditions, CWE NRAs invite CWE project partners to further work to ensure that such an approach is scalable, should it be used for similar assets in the future.

Following detailed investigations of the relative impacts of FBI and FBP on allocation results, CWE NRAs have concluded that the absence of clear benefits for the market (particularly with the inclusion of ALEGrO in the CWE flow-based context) combined with the negative effect on Euphemia's performance and on the transparency of the intuitiveness constraint justifies the switch to FBP. To allow for reasonable preparation of CWE project partners and market participants, this switch will take place at the date of the technical go-live of ALEGrO, which is currently expected in Q4 2020. CWE NRAs require CWE project partners to communicate the firm go-live date at least 30 days in advance. Furthermore, CWE NRAs expect CWE project partners to prepare and provide detailed pedagogical materials explaining the functioning of market coupling under FBP and a reasoned explanation of non-intuitive flows to a broader group of stakeholders – including Ministries and the media –, should non-intuitive flows take place in extreme market configurations such as price spikes or scarcity. This information shall be made public on JAO.

CWE NRAs welcome the foreseen improvements proposed by CWE TSOs regarding the LTA inclusion, given that they are expected to reduce the constraints faced by Euphemia and thus enhance the performance of the European market coupling algorithm.

CWE NRAs welcome the updated list of published data, which represent the successful completion of the transparency release on 1 October 2019. CWE NRAs also welcome the effective completion of the

requests in the CWE NRA CPP of 2018 and the constructive exchanges amongst CWE TSOs and market participants, which are at the basis of these results.

Finally, CWE NRAs ask CWE TSOs to pursue the efforts to update and improve the transparency of the day-ahead and intraday capacity calculation at CWE and Core levels. This refers for instance to the timely and regular updates of the static grid models and to the justification of exclusion of the 20% minRAM application as stated above.

ID ATC extraction

CWE NRAs have extensively evaluated the reasons put forward by TSOs to justify the change in ID ATC extraction methodology. CWE NRAs regret that the expected increase in the DA flow-based domain, resulting from the 70% requirement, could not be followed by an increase in ID capacity in the short term. However, they recognise that providing high levels of virtual capacity in ID may generate operational security issues, as TSOs have less remedial actions at hand closer to real time. They also acknowledge that the Core ID CCM⁹ foresees three steps, with the first step being the ID ATC extraction from the leftovers from the DA domain. This first step in the Core ID CCM, which is then followed by two ID FB capacity calculation steps, does not foresee the obligation to guarantee any virtual capacity in the ID timeframe. In this sense, the CWE TSOs' proposal to guarantee an "ID minRAM" of at least 20% and the LTA-coverage represents two additional commitments compared to the approach foreseen in the Core ID CCM.

CWE TSOs' commitment to guarantee an "ID minRAM" of at least 20% and the LTA-coverage, as well as to introduce quarterly reporting to CWE NRAs of the "increase-decrease" process results, are key factors to the CWE NRAs' support of the change in the ID ATC extraction methodology. CWE NRAs request CWE TSOs to use the "increase-decrease" process in a manner that ensures that the maximum securely achievable ID capacities are provided to the market. In this context, CWE NRAs welcome the transparency provided by CWE TSOs on the local processes they use to support the "increase-decrease" process. This is expected to enable a better understanding of the mechanism by relevant stakeholders.

CIA

CWE NRAs welcome that the current CIA methodology, based on the "slack zone" approach to determine external flow values, has proven robust for the introduction of the DE/LU-AT border and constitutes the best outlook for the integration of the ALEGrO cable and the associated new BE-DE border. The numerical example provided in the amended methodology allows following the impact of the EFB approach, with two virtual bidding zones associated to ALEGrO, on the different steps of the CIA computation.

Looking forward, CWE NRAs expect CWE TSOs to further monitor the distributional effects of the CIA methodology and reflect on possible improvements, should the methodology not respect one or several criteria for income sharing anymore or prove inadequate. In particular, CWE NRAs encourage CWE TSOs to work on the different perspectives, such as the monitoring of the amount of LTR

⁹ ACER Decision 2019/2 on Core CCM – Annex II.

allocated at the different borders, the day-ahead capacities and the socialisation amounts, to keep the system fair.

CWE NRAs agree with the approach proposed to deal with exceptional cases the “regular” CIA methodology cannot address, such as spanning in capacity calculation or potential deficits that could be incurred following decoupling events or the activation of the adequacy patch.

Conclusion

CWE NRAs have closely cooperated to analyse and evaluate the different changes proposed by CWE TSOs to the CWE AP, as well as to request improvements where necessary. This cooperation, along with constructive exchanges with CWE TSOs, has allowed reaching an agreement on the updated CWE AP.

CWE NRAs consider that the changes implemented in the CWE AP ensure that the CWE DA FBMC documentation complies with the Electricity Regulation recast provisions, and in particular the 70% requirement, awaiting the launch of the Core DA flow-based capacity calculation. The changes also enable the transparent integration of the ALEGrO cable in the CWE DA FBMC following the EFB approach, which will allow making an optimal use of this asset to the benefit of the CWE social welfare, as well as its inclusion in the CIA and ID ATC extraction methodologies. Finally, the changes contribute to keep Euphemia's performance at an acceptable level thanks to the improvement of the LTA inclusion approach and the removal of the intuitiveness constraint.

As detailed in the body of this CPP, CWE NRAs express the following expectations towards CWE TSOs:

- CWE TSOs should pursue coordinated improvements and harmonisation of capacity calculation parameters as far as it is efficient to do so.
- Together with NEMOs and other relevant stakeholders, CWE TSOs should reflect on the scalability of the EFB approach, and, more generally, on ways to improve or at least ensure continued performance of Euphemia.
- CWE TSOs, together with CWE NEMOs, are required to prepare and provide ad-hoc communication materials to stakeholders on non-intuitive flows and to communicate the switch to FBP at least 30 days in advance.
- CWE TSOs are asked to use the "increase-decrease" process in a manner that maximises the securely achievable intraday capacities provided to the market.
- CWE TSOs are required to deliver quarterly reports on the initial ID ATC values provided to the market and those resulting from a continuation of the current approach (i.e. without removing any virtual capacity) to CWE NRAs.
- CWE TSOs shall further monitor the distributional effects of the CIA methodology, and, if relevant, propose modifications to ensure its continued fairness.

Further on, each individual TSO is invited to ensure a sufficient level of transparency on its approach to implement the 70% at the national level.

This CPP is intended as a basis for national approval by CWE NRAs where necessary, and acknowledged by all CWE NRAs. The updated CWE AP will come into force once approved by the last CWE NRA that requires a national regulatory approval.