





Network Access, Congestion Management & Bidding zones review

European Commission proposal	eurelectric ELECTRICITY FOR EUROPE
Article 13 BZ borders shall be defined on the basis of long-term structural congestions in the transmission network so that BZs do not contain these congestions.	Electricity Regulation 
Article 13.4 The EC shall adopt a decision whether to amend or maintain the existing BZ configuration.	Electricity Regulation 
Article 14 General principles of capacity allocation and congestion management	Electricity Regulation 
Article 15 TSOs shall recalculate available cross-zonal capacity at least after day-ahead market coupling and after intraday cross-zonal gate closures times.	Electricity Regulation 

Capacity allocation and congestion management should be tackled in a more holistic manner

All available solutions to solve congestions should be assessed on an equal basis and based on an informed debate between all relevant stakeholders. **Bidding Zone configuration is just one of the available tools.** The impact on market efficiency and liquidity as well as on the long-term value of assets should therefore be considered with due care not to create undue uncertainty. **Market-based congestion management and higher-level of coordination between TSOs are other tools** to address network congestions efficiently, through coordinated re-dispatching and countertrading.

Decision on Bidding Zone configuration

The **decision of a Bidding Zone reconfiguration should be duly justified** given its strong implications on market liquidity and on the long-term value of existing assets. The proposal to **introduce a supranational decision-making process for BZ reconfiguration is welcome** as it takes into account cross-border impact of BZ configuration by removing the political sensitivities around such decision. Yet, this **supranational intervention should take place only if there is no agreement between the Member States** (and/or other relevant neighbours) on the capacity calculation region.

Coordinated, efficient, transparent and non-discriminatory congestion management procedures

An **efficient market-based dispatch system to deal with congestions should consider internal re-dispatching measures and cross-zonal capacity reduction on equal footing to ensure non-discriminatory access to cross-zonal capacity.** It should be based on regional capacity calculation/allocation methodology, speedy re-computations and a fair allocation of re-dispatching costs. **To allow an effective implementation of such principles, it is indeed crucial to complement Art.14 with a provision on sharing of re-dispatching and countertrading costs.** This will ensure that TSOs get the right financial incentives and economic signals to maximise cross-border capacities and to ensure non-discrimination between internal and cross-border trade.

Efficient use and cost-efficient expansion of cross-border and internal transmission network

EURELECTRIC is in general supportive of increased transparency of TSOs' expenses aimed at increasing interconnection capacity and re-dispatch/countertrade when economically efficient to do so to ensure that the biggest bottlenecks are assessed. **Any revenues resulting from the allocation of interconnections shall be used for guaranteeing the actual availability of the allocated capacity and/or maintaining or increasing interconnection capacities** through network investments. However, if the revenues cannot be efficiently used for these purposes and if there is no foreseeable prospect to do so in the future, **congestion income might still be used for the reduction of tariffs.** We support that TSOs shall report on the actual use of the congestion income.

Key proposed amendments

Article 14 (new subparagraph)

The costs of remedial actions should be shared among TSOs based on the ‘polluter-pays principle’, where the “polluter” should be defined as the transmission system operators of areas generating unscheduled flows and the transmission system operator of the congested asset in proportion to the contribution of unscheduled and scheduled flows, respectively, to the overload.

Electricity
Regulation

Justification

The principles included in Art. 14 of the Electricity Regulation on capacity calculation are welcome. They reflect the recent ACER Recommendation on the common capacity calculation. By forcing TSOs to explore the most efficient congestion management options from a system perspective, those principles should allow for a more efficient use of the existing electricity infrastructure. However, to allow an effective implementation of such principles, it is crucial to complement this paragraph with a provision on sharing of re-dispatching and countertrading costs. This will ensure that TSOs get the right financial incentives and economic signals to maximise cross-border capacities and to ensure non-discrimination between internal and cross-border trade. We suggest this provision to use the “polluter pay principle” as mentioned by ACER in its Recommendation No 02/2016 and recognises that additional work is required to define which TSO should be considered as “polluter”.

Article 13.4

The TSOs participating in the BZ review shall submit a proposal to the Commission **and Member States of the Capacity Calculation Region** regarding whether to amend or maintain the bidding zone configuration. Based on that proposal, **where there is no agreement between Member States and/or Member State neighbours in the Capacity Calculation Region**, the Commission shall adopt a decision whether to amend or maintain the bidding zone configuration, **by clearly showing the issues at stake together with an assessment of all available solutions on an equal basis**, [no later than 6 months after entry into force of this Regulation, specific date to be inserted by OP] or by six months after the conclusion of the bidding zone configuration launched in accordance with points (a), (b) or (c) of Article 32(1) of Regulation (EU) 2015/1222, whichever comes later.

Electricity
Regulation

Justification

BZ configuration is just one of the available tools and its impact on market efficiency and liquidity as well as on the long-term value of existing assets whose revenues are price-based should therefore be considered with due care not to create undue uncertainty. The proposal to introduce a supranational decision-making process should take place only if there is no agreement between the MS (and/or other relevant neighbours) on the capacity calculation region especially where there is an impact on cross-border trade. Furthermore, this intervention shall be based on 1) a clear identification of the issue at stake and 2) an assessment of all available solutions on an equal footing. EURELECTRIC also considers that measures other than BZ delineation - such as increased counter-trading, cross-border re-dispatch and investments - should be included in the conclusions as options to be considered alongside the BZ review. This could also be further discussed whether an intervention from ACER instead of the European Commission would be more adequate given its scope of competence.