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ACER survey on the structural congestions in the electricity grids

A Eurelectric response paper

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Eurelectric represents the interests of the electricity industry in Europe. Our work covers all major issues affecting our sector. Our members represent the electricity industry in over 30 European countries.

We cover the entire industry from electricity generation and markets to distribution networks and customer issues. We also have affiliates active on several other continents and business associates from a wide variety of sectors with a direct interest in the electricity industry.

We stand for

The vision of the European power sector is to enable and sustain:

- A vibrant competitive European economy, reliably powered by clean, carbon-neutral energy
- A smart, energy efficient and truly sustainable society for all citizens of Europe

We are committed to lead a cost-effective energy transition by:

investing in clean power generation and transition-enabling solutions, to reduce emissions and actively pursue efforts to become carbon-neutral well before mid-century, taking into account different starting points and commercial availability of key transition technologies;

transforming the energy system to make it more responsive, resilient and efficient. This includes increased use of renewable energy, digitalisation, demand side response and reinforcement of grids so they can function as platforms and enablers for customers, cities and communities;

accelerating the energy transition in other economic sectors by offering competitive electricity as a transformation tool for transport, heating and industry;

embedding sustainability in all parts of our value chain and take measures to support the transformation of existing assets towards a zero carbon society;

innovating to discover the cutting-edge business models and develop the breakthrough technologies that are indispensable to allow our industry to lead this transition.

WG Market Integration & Network Codes

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Introductive comment

First, ACER's communication on this survey refers to an amendment of a definition of the CACM Regulation, but the survey explicitly calls for amending two definitions of the Electricity Regulation and not CACM Regulation. We understand that the definition of "structural congestion" might be rediscussed eventually in the context of CACM 2.0 but this should not be in the framework of the EMD amending E. Regulation. Is it the intention of ACER to re-open E. Regulation for changing this definition and when ?

Second, what is the legal basis and motivations of this consultation and the objective pursued ? We do not see any justification for such survey, notably in the last Technical report on structural congestion by ENTSOE (2021). Structural congestions play a role in the assessment of alternative bidding zone configurations. It makes sense to place bidding zone borders at the location of structural congestions. However, that can only be one indicator amongst others. An optimal bidding zone configuration is based on the assessment of overall market efficiency defined by several criteria.

Finally, while Eurelectric can justify an expertise enabling to answer, we would like that ACER clarifies why the survey targets experts only and is not an usual consultation towards all stakeholders.

Do you have any suggestions for improvement of the definition of congestion in Article 2(4) of the Regulation EU 2019/943?

In consistency with the references to congestion in E. Reg and CACM (and definition of physical congestion in CACM), the definition of the congestion could be improved to:

- Clarify a congestion corresponds to the situation before any remedial action is undertaken
- This situation is to be defined as close as possible to real time operations.

Do you have any suggestions for improvement of the definition of structural congestion in Article 2(6) of the Regulation EU 2019/943?

In the current definition, the stability / durability over time is very crucial to characterize the fact that a congestion is said to be "structural".

The definition could be improved to include the notion of depth and frequency of occurrence of congestion.

Any implication of changing such definition notably with regard to the BZR process and associated methodology should be cautiously assessed.

Considering the definitions of congestion and structural congestion provided above, what is in your opinion a minimum percentage of time the congestion should exist between two network areas (which can be bidding zones, or parts of them), in order to define the congestion between these two areas as structural?

Only values of at most 100 are allowed: %

Please provide any additional input to complement the answer to the previous question.

First of all, we would like to emphasize that a criterion with a single threshold on the frequency of occurrence of congestion is probably too simplistic and not sufficient to characterize the fact that congestion is "structural".

Eurelectric does not propose any threshold because it might be very arbitrary, in the absence of any relevant methodology to define it.

We believe that neither E. Regulation nor CACM GL are the right place to determine the level of a threshold. In case a threshold is to be defined, a detailed methodology should be developed and made public, to assess the adequate level of the threshold. At this stage, we think it is more cautious to keep some latitude to determine this threshold in the frame of a subsequent methodology to be developed by ENTSO-E.

In addition to the frequency of occurrence, the depth of a congestion (i.e. size) and its durability over time would be additional characteristics for which thresholds could be relevant as well.

All this should be publicly consulted and defined in the framework of the development of above-mentioned methodology. To that end, we recommend ACER to consider in relation with TSOs and ENTSOE, in full transparency with market participants, the opportunity to define the relevant threshold - if any - either at EU level or at national level.

Eurelectric pursues in all its activities the application of the following sustainable development values:

Economic Development

- Growth, added-value, efficiency

Environmental Leadership

- Commitment, innovation, pro-activeness

Social Responsibility

- Transparency, ethics, accountability

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