Cross-border participation in capacity mechanisms

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Relying on your neighbour’s resources
French CM commits to be available when France needs it

German capacity provider

General principles

- participation of foreign capacity providers
- all CM types (but: strategic reserve)
- requirement on all Member States
- subject to “equivalent technical performance”
- at least from directly connected countries
- no impact on cross-zonal capacity allocation and physical flows

Article 26 of Regulation (EU) 2019/943 (see also Article 22 setting out design principles for CMs)
Practical questions

1. How much foreign capacity?
2. What is “equivalent technical performance”?
3. How to check that the foreign CP is available?
4. What if the foreign CP is not available?
5. What if the foreign CP participates in more than one capacity mechanism?
6. What to do with revenues from selling capacity to the foreign CPs?

ACER Decision 36/2020 on Technical Specifications for cross-border participation in capacity mechanisms (→ Annex I)
1. How much foreign capacity can participate?

Maximum entry capacity (MEC)

RCC calculates the MEC value
- annual, per bidding zone border
- based on ERAA
- average of imports during times of system stress
- net global positions
- (commercial cross zonal exchanges)

RCC sends a recommendation to the TSO
- MEC value + other information
- transparency of calculation (publication requirements)

TSO sets the MEC value
- based on RCC recommendation
- deviation must be justified
2. How to establish “equivalent technical performance”?

Registry of eligible providers

French CM operator

allocation of entry capacity up to the MEC value, e.g. auction?

French CM

non-technical requirements

ENTSO-E registry

registry

German TSO

eligibility check (technical requirements)

request

CP

Eligible

= meets all technical requirements of the French CM

French CM operator

Article 26, paras (8), (10)(a, c), (11)(e, f), (14), (15) of Regulation (EU) 2019/943 | Titles 6 and 7 of Technical Specifications
3. How to check that the contracted foreign provider is available?

Availability checks

**French CM operator**

How availability is checked in the French CM?

**French CM**

**RESULTS**

*Checkmarks* (Correct)

X (Incorrect)

**German TSO**

availability checks based on the French CM rules

(article 26, paras (10)(b) and (11)(c) of Regulation (EU) 2019/943 | Title 4 of Technical Specifications)
4. What if the foreign provider is not available?

Non-availability payments

French CM operator

French CM

German TSO

RESULTS

+ + +

- - -

enforcement of contractual obligation
(as per CM rules)

Article 26(6) of Regulation (EU) 2019/943 | Title 5 of Technical Specifications
5. What if the foreign provider participates in multiple CMs?

- simultaneous commitment of capacity in multiple CMs is possible
- subject to multiple payments if not available in multiple CMs
- calculation of non-availability volume disincentives simultaneous commitment of capacity

Article 26, paras (5) and (6) of Regulation (EU) 2019/943 | Article 19 of Technical Specifications
6. What to do with revenues from selling entry capacity?

**Shared between the TSOs**, either:
- in the same way as congestion income
- in a different way, if approved by both NRAs

Used in the same way as congestion income

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**Articles 26(9) and Article 19(2) of Regulation (EU) 2019/943 | Title 3 of Technical Specifications**
Implementation challenges

Enough trust in your neighbour’s resources?
Discussion