CACM path to Energy Community: Secretariat’s perspective

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Why CACM and FCA in the EnC?

• The Third Energy Package foresees the development of NCs and guidelines GLs that are to further specify the general rules of the Third Energy Package Directives and Regulations.

• Legal means to implement the European electricity target model
  • Voluntary “implementation“ is needed => WB6

• The volume of cross-border trading is increasing significantly between the CPs and between the CPs and MSs

• Market based and efficient valuation of cross-border capacity is key consideration in the CACM and FCA
  • Ensuring efficient use of cross-border capacity

• Long term capacity rights are key cross-border instrument for hedging – firm forward rights are important

• Day-ahead and intraday capacity rights should be allocated implicitly - commercial flows following price signals
High level requirements of CACM

- CPs to designat NEMO(s)
- Mutual recognition of NEMOs
  - if not a monopoly
- List of methodologies to be developed by NEMOs and TSOs
  - **Important:** Capacity calculation regions (CCR)
    - SEE CCR referred to in CACM (Art. 20.4)
- DAM implicit auctions
- ID implicit continuous
  - Transitory paralell access to explicit
CCR SEE (ACER‘s decision)

- ACER’s decision on CCRs (pursuant to Article 9.11 of the CACM)

- Article 14: CCR SEE includes bidding zone borders between: GR-BG and BG-RO

- Recital 84: “Since the CACM Regulation aims at extending market coupling beyond the EU borders (ref to CACM Article 20.4), the Agency stresses the importance to prepare the future extension of CCRs to third countries well in advance. The Agency therefore welcomes that the CCRs Proposal provides for a planning for the future extension of the current CCRs, including to third countries (ref to “Explanatory document to all TSOs’ proposal for Capacity Calculation Regions - CCRs” of 29.10.2015).”

- “CACM Art. 20.4: No later than six months after at least all South East Europe Energy Community Contracting Parties participate in the single day-ahead coupling, the TSOs from at least Croatia, Romania, Bulgaria and Greece shall jointly submit a proposal to introduce a common capacity calculation methodology using the flow-based approach for the day-ahead and intraday market time-frame. The proposal shall provide for an implementation date of the common capacity calculation methodology using the flow-based approach of no longer than two years after the participation of all SEE Energy Community Contracting Parties in the single day-ahead coupling. The TSOs from Member States which have borders with other regions are encouraged to join the initiatives to implement a common flow-based capacity calculation methodology with these regions.”
Explanatory document to all TSOs’ proposal for CCR

• **Future composition of CCRs including non-EU bidding zone borders** (Annex 1 to the Explanatory … document)
  
  • Establishes the basis for the future implementation of the CACM Regulation by non-EU TSOs/non-EU regulatory authorities
  
  • Facilitates the early implementation by non-EU TSOs and the cooperation of the EU and non-EU NRAs;
    
    • **Involved TSOs (EU and non-EU) will start working together based on the CCR composition presented in Annex 1 to achieve the targets set in the CACM**
  
  • CCR SEE including non-EU bidding zone borders as fig below (excluding HU-RO and HU-HR)
  
• **The bidding zone borders will be included in the CCR SEE in the future, subject to the fulfilment of the legal requirements for the application of CACM Regulation**
  
• **The bidding zone border IT-ME will be included in the CCR SEE when the interconnection between Italy and Montenegro is commissioned (expected to be in 2017/2018) and subject to the fulfilment of any other legal requirements for the application of the CACM Regulation by Montenegro**

Source: Explanatory document to all TSOs’ proposal for CCR
**WB6 Technical Assistance project**

- CACM implementation is binding for EU MS / TSOs
  - EU MS TSOs obligation to develop **regional** CCC methodology;
  - For example CCR SEE (CCR10) has already consulted and is finalizing(?) the CCC methodology
- WB6 TSOs involved operationally through ENTSO-E, but formally CACM does not apply
  - For WB6 TSO the region/borders not clear (?)

- ECS is providing TA through WB6 in line with the Work Program
  - Completing the key puzzles for early implementation of market coupling in line with CACM
  - Building upon:
    - ACER’s decision on CCRs
    - Explanatory document to all TSOs’ proposal for CCR
    - WB6 initiative
    - *The MoU signed by the stakeholders of EU MSs in the perimeter of the WB6*