

**DECISION No 35/2020
OF THE EUROPEAN UNION AGENCY
FOR THE COOPERATION OF ENERGY REGULATORS**

of 4 December 2020

**on the Methodology for Coordinated Redispatching and Countertrading
for the Core Capacity Calculation Region**

THE EUROPEAN UNION AGENCY FOR THE COOPERATION OF ENERGY REGULATORS,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) 2019/942 of the European Parliament and of the Council of 5 June 2019 establishing a European Union Agency for the Cooperation of Energy Regulators¹ ('Regulation (EU) 2019/942'), and, in particular, Article 5(3) and Article 6(10) thereof,

Having regard to Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management², and, in particular, Article 9(7)(c) and Article 9(11) thereof,

Having regard to the outcome of the consultation with the concerned national regulatory authorities and transmission system operators,

Having regard to the outcome of the consultation with the Agency's Electricity Working Group ('AEWG'),

Having regard to the favourable opinion of the Board of Regulators of 4 December 2020, delivered pursuant to Article 22(5)(a) of Regulation (EU) 2019/942,

Whereas:

1. INTRODUCTION

- (1) Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management (the 'CACM Regulation') laid down a range of requirements for cross-zonal capacity allocation and congestion management in the day-ahead and intraday markets in electricity, among which is the requirement

¹ OJ L158, 14.6.2019, p. 22.-53

² OJ L 197, 25.7.2015, p. 24-72

for the development of a methodology for coordinated redispatching and countertrading in each of the capacity calculation regions ('CCRs') in accordance with Article 35 of the CACM Regulation.

- (2) Pursuant to Article 9(1) and Article 9(7)(c) as well as Article 35(1) of the CACM Regulation, transmission system operators ('TSOs') of each CCR are required to develop a common proposal for a methodology for coordinated redispatch and countertrading (hereinafter referred to 'RDCT Methodology') within the respective CCR and submit it to the concerned regulatory authorities for approval. Then those regulatory authorities should reach an agreement and take a decision on the proposal for the methodology within six months after the receipt of the proposal by the last regulatory authority according to Article 9(10) of the CACM Regulation. Pursuant to the third subparagraph of Article 6(10) of Regulation (EU) 2019/942, the six-month period may be extended. When the regulatory authorities fail to reach an agreement within the six-month (or the extended) period or upon their joint request, ACER, pursuant to Article 9(11) of the CACM Regulation and the second subparagraph of Article 5(3) of Regulation (EU) 2019/942, is called upon to adopt a decision concerning the TSOs' proposal in accordance with point (b) of the second subparagraph of Article 6(10) of Regulation (EU) 2019/942.
- (3) This Decision follows from the failure of all the regulatory authorities of the Core CCR ('Core regulatory authorities') to reach an agreement within an extended period of twelve months following the proposal which the TSOs of the Core CCR ('Core TSOs') submitted to all Core regulatory authorities for approval. Annex I to this Decision sets out the RDCT Methodology for Core CCR pursuant to Article 35 of the CACM Regulation as decided by ACER.

2. PROCEDURE

2.1 Proceedings before regulatory authorities

- (4) Article 35 of the CACM Regulation requires all TSOs of each CCR to submit a proposal for a methodology on redispatching and countertrading for their region, no later than sixteen months after the approval of the proposal for the CCR. As the CCRs were determined by ACER's Decision on 17 November 2016³, the Core TSOs were required to submit a proposal for this methodology by 17 March 2018.
- (5) Core TSOs did not submit a proposal for a RDCT Methodology for Core region by 17 March 2018. Instead, they informed Core regulatory authorities and ACER about the failure to submit such a proposal in accordance with Article 9(4) of the CACM Regulation. The reported reason for the failure was that Core TSOs need more time for the development and testing of different concepts of the RDCT Methodology. In

³ Agency Decision No 06/2016 on the Electricity Transmission System Operators' Proposal For The Determination Of Capacity Calculation Regions

accordance with the same Article, ACER informed European Commission about this failure. European Commission consulted with Core TSOs, regulatory authorities and ACER and provided guidance to Core TSOs to develop a proposal and submit it for approval as early as possible, with the understanding that further testing and development of the RDCT Methodology can be performed during the proceedings of Core regulatory authorities and that the latter can require amendments to the first proposal.

- (6) On 22 February 2019, TSOs submitted to regulatory authorities a ‘Common methodology for coordinated redispatching and countertrading for the Core CCR in accordance with Article 35(1) of Commission Regulation (EU) 2015/1222 of 24 July 2015⁴’ (hereafter referred to as the ‘Proposal’). Core TSOs publicly consulted on the Proposal, between 5 September 2018 and 5 October 2018. The last regulatory authority received the Proposal on 27 March 2019. Along with the Proposal, Core TSOs delivered an ‘Explanatory Document to the Coordinated Redispatching and Countertrading Methodology for Capacity Calculation Region Core in accordance with Article 35(1) of the Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a Guideline on Capacity Allocation and Congestion Management’ (hereafter referred to as the ‘Explanatory document’).
- (7) On 26 September 2019, by Decision No 11/2019⁵, ACER extended the period for Core regulatory authorities to reach an agreement on the Proposal by 6 months, i.e. until 27 March 2020. A decision was therefore required by Core regulatory authorities by that date.

2.2 Proceedings before ACER

- (8) In a letter received by ACER on 27 March 2020, the Chair of the Core Energy Regulators’ Regional Forum, on behalf of all Core regulatory authorities, informed ACER that Core regulatory authorities were not able to reach a decision on the Proposal by 27 March 2020.
- (9) In the letter, all Core regulatory authorities considered that the Proposal was largely incomplete, to such an extent that Core regulatory authorities were not able to approve nor request an amendment of the Proposal.

⁴ <https://www.acer.europa.eu/en/Electricity/MARKET-CODES/CAPACITY-ALLOCATION-AND-CONGESTION-MANAGEMENT/18%20RDCT%20Coordination/Action%201%20-%20RDCT%20Core%20proposal.pdf>

⁵ Agency Decision No 11/2019 on the Request Of Regulatory Authorities Of the Core Capacity Calculation Region To Extend The Period For Reaching An Agreement On The Proposal For The Methodology For The Coordination And The Cost Sharing Of Redispatching And Countertrading

- (10) In an email dated 5 June 2020⁶ and received by ACER on the same day, the Chair of the Core Energy Regulators Forum, on behalf of Core regulatory authorities informed ACER that they jointly agreed to request ACER to adopt a decision on the Methodology for Regional Operational Security Coordination in the Core Capacity Calculation Region ('ROSC Proposal') in accordance with Article 76 of the Commission Regulation (EU) 2017/1485 of 2 August 2017 establishing a guideline on electricity transmission system operation (the 'SO Regulation') pursuant to Article 6(8) of the SO Regulation.
- (11) The email was accompanied by a document titled 'Non-paper of all Core regulatory authorities on the Core CCR TSOs' common methodology for regional operational security coordination in accordance with Article 76 of Commission Regulation (EU) 2017/1485 of 2 August 2017' ('ROSC non-paper'), explaining the views of regulatory authorities. According to these documents, there was one critical point why regulatory authorities also referred the ROSC Methodology to ACER. This was the strong interaction of the ROSC Methodology pursuant to Article 76 of the SO Regulation with the RDCT Methodology pursuant to Article 35 of the CACM Regulation and Redispatching and Countertrading Cost Sharing Methodology pursuant to Article 74 of the same Regulation ('RDCT Cost Sharing Methodology'). Due to interactions among methodologies and the resulting difficulties to ensure consistency, Core regulatory authorities could not approve or amend the ROSC Methodology neither. The objective pursued by Core regulatory authorities is to allow ACER to take a decision in due time on the three methodologies together. This should allow ensuring the required consistency and completeness of these methodologies.
- (12) On 4 September 2020, ACER launched a public consultation on the Proposal, inviting all market participants to submit their comments by 21 September 2020. The summary and evaluation of the responses received are presented for information in Annex II to this Decision.
- (13) Moreover, ACER closely cooperated with regulatory authorities and TSOs and further consulted on the amendments to the Proposal during teleconferences, virtual meetings and through exchanges of draft amendments to the Proposals suggested by ACER. The proceedings were common for the Proposal as well as for the ROSC Proposal pursuant to Article 76 of the SO Regulation. In particular, the following procedural steps were taken and, in general, before each interaction ACER shared with regulatory authorities and TSOs a new version of amendments to the Proposal as proposed by ACER:
- (a) 8 July 2020: teleconference with Core regulatory authorities;
 - (b) 15 July 2020: teleconference with Core regulatory authorities and TSOs;

⁶ https://www.acer.europa.eu/en/Electricity/OPERATION-CODES/SYSTEM-OPERATION/Documents/CERRF_letter_20200605_sent.pdf

- (c) 22 July 2020: teleconference with Core regulatory authorities and TSOs;
- (d) 29 July 2020: teleconference with Core regulatory authorities and TSOs;
- (e) 19 August 2020: teleconference with Core regulatory authorities and TSOs;
- (f) 26 August 2020: teleconference with Core regulatory authorities and TSOs;
- (g) 2 September 2020: teleconference with Core regulatory authorities;
- (h) 9 September 2020: teleconference with Core regulatory authorities and TSOs;
- (i) 15 September 2020: discussion with all regulatory authorities in the framework of ACER's system operation and grid connection Task Force ('SOGC TF');
- (j) 17 September 2020: teleconference with Core regulatory authorities and TSOs;
- (k) 23 September 2020: teleconference with Core regulatory authorities and TSOs;
- (l) 30 September 2020: teleconference with Core regulatory authorities and TSOs;
- (m) 1 October 2020: teleconference with Core regulatory authorities;
- (n) 6 October 2020: teleconference with Core regulatory authorities and TSOs;
- (o) 9 October 2020: teleconference with Core regulatory authorities and TSOs;
- (p) 16 October 2020: teleconference with Core regulatory authorities and TSOs;
- (q) 23 October 2020: teleconference with Core regulatory authorities and TSOs;
- (r) 28 October 2020: discussion at AEWG
- (s) 18 November 2020: discussion with all regulatory authorities at the Board of Regulators' meeting.

3. ACER'S COMPETENCE TO DECIDE ON THE PROPOSAL

- (14) Pursuant to point (b) of the first subparagraph of Article 5(3) of Regulation (EU) 2019/942, all regulatory authorities of the region concerned shall unanimously agree on proposals for terms and condition or methodologies for the implementation of those network codes or guidelines that were adopted before 4 July 2019 and require the approval of all the regulatory authorities of the region concerned; pursuant to the second subparagraph of Article 5(3) of Regulation (EU) 2019/942, those regulatory authorities may refer the proposals to ACER for approval pursuant to point (b) of the second subparagraph of Article 6(10) of Regulation (EU) 2019/942, and they shall do so pursuant to point (a) of the second subparagraph of Article 6(10) of that Regulation where they did not reach a unanimous agreement.
- (15) Pursuant to Article 9(7)(h) of the CACM Regulation, which has been adopted as a guideline before 4 July 2019, the proposal for a RDCT Methodology in accordance with Article 35(1) of that Regulation shall be subject to approval by all regulatory authorities of the concerned region(s).

- (16) According to Article 9(10) of the CACM Regulation, where the approval of the terms and conditions or methodologies requires a decision by more than one regulatory authority, the competent regulatory authorities shall consult and closely cooperate and coordinate with each other in order to reach an agreement, and they shall take decisions concerning the submitted terms and conditions or methodologies in accordance with paragraphs 6, 7 and 8, within six months following the receipt of the terms and conditions or methodologies by the last regulatory authority concerned.
- (17) According to Article 9(11) of the CACM Regulation, where the regulatory authorities have not been able to reach an agreement on the terms and conditions or methodologies within the six-month deadline, ACER shall adopt a decision concerning the submitted proposal for terms and conditions or methodologies within six months, in accordance with Article 6(10) of Regulation (EU) 2019/942.
- (18) By Decision No 11/2019 of 26 September 2019, ACER extended the period for Core regulatory authorities to reach an agreement on the Proposal until 27 March 2020.
- (19) In a letter from the Chair of the Core Energy Regulators' Regional Forum, on behalf of all Core regulatory authorities of 27 March 2020 on behalf of all Core regulatory authorities, Core regulatory authorities informed ACER that they were not able to approve nor request an amendment to the Proposal by 27 March 2020.
- (20) Therefore, in accordance with point (b) of the first subparagraph of Article 5(3), the second subparagraph of Article 5(3), and point (b) of the second subparagraph of Article 6(10) of Regulation (EU) 2019/942 as well as with Article 9(11) of the CACM Regulation, ACER became responsible to adopt a decision by 27 September 2020 concerning the submitted Proposal on 27 March 2020.
- (21) In the referral of Core regulatory authorities to adopt a decision on the ROSC Methodology, the objective pursued by Core regulatory authorities was to allow ACER to take a decision in due time on all three methodologies together. ACER thus decided to align the timeline for the decision on RDCT Methodology with the timeline for the decision on the ROSC Methodology. As Core regulatory authorities provided in the referral letter for the ROSC Methodology: *'The objective pursued by Core Regulatory authorities is to allow a single entity - in this case ACER - to take a decision in due time on the three methodologies together. This should allow ensuring the required consistency and completeness of these methodologies.'*

4. SUMMARY OF THE PROPOSAL

- (22) The Proposal consists of the following elements:
- (a) The 'Whereas' section and Articles 1 and 2, which include general provisions, subject matter and scope and definitions and interpretation;
 - (b) Article 3 and 4, which include general provisions for cross border relevant remedial actions and cross border relevant network elements;

- (c) Articles 5 to 9 on redispatching and countertrading, includes resources for redispatching, resources for countertrading, impacts of redispatching and countertrading, timeframes and the regular day-ahead and intraday process for redispatching and countertrading;
- (d) Articles 10 and 11 on the information exchange;
- (e) Articles 12 and 13 on Core CCR and inter CCR coordination;
- (f) Articles 14 and 15, which include the activation process for countertrading and redispatching and the fast activation process;
- (g) Article 16 on the incurred costs;
- (h) Articles 17 to 19, which include provisions on reporting, publication of the proposal and monitoring;
- (i) Article 20, which includes provisions on language; and
- (j) Article 21, which include provisions on confidential treatment of information.

5. SUMMARY OF THE OBSERVATIONS RECEIVED BY ACER

5.1 Initial observations of regulatory authorities

- (23) According to the email of the Chair of the Core Energy Regulators' Regional Forum of 27 March 2020, Core regulatory authorities were not able to reach an agreement to approve or request an amendment of the Proposal within the deadline of six months after the ACER's decision to grant an extension which was on 27 March 2020.
- (24) The Chair of the Core Energy Regulators' Regional Forum informed ACER that the Proposal was largely incomplete and that during the proceedings of Core regulatory authorities, TSOs have performed further analyses and the results were submitted to Core regulatory authorities.
- (25) The letter of Chair of the Core Energy Regulators' Regional Forum was accompanied by the 'Non-paper of all Core regulatory authorities on the Core CCR TSOs' regional proposals of redispatching and countertrading coordination and cost sharing methodologies in accordance with Articles 35 and 74 of Commission Regulation (EU) 2015/1222 of 24 July 2015' ('non-paper'). Particular comments of the non-paper addressed primarily the views on RDCT Cost Sharing Methodology pursuant to Article 74 of CACM Regulation.
- (26) In the referral of the ROSC Proposal dated from 5 June 2020, Core regulatory authorities also identified the importance of consistency between the RDCT Methodology and ROSC Methodology, especially on the topics of cross-border relevance. The interaction of Articles 35 and 74 of the CACM Regulation with Article 76 of the SO Regulation and the topic of cross-border relevance require consistent and coordinated approach in defining them.

- (27) The Core regulatory authorities agreed that ACER should take a decision in due time on the three methodologies together which should allow ensuring the required consistency and completeness of these methodologies. Consequently, the Proposal requires amendments with respect to aligning with the ROSC Methodology, in particular for defining cross-border relevant network elements and remedial actions and all aspects regarding the coordination of remedial actions.

5.2 Consultation of regulatory authorities and TSOs

- (28) ACER, in close cooperation and consultation with Core regulatory authorities and TSOs as detailed in paragraph (13) above, and beyond the above-mentioned issues:
- (a) discussed with Core TSOs and regulatory authorities on the approach to align the RDCT Methodology and the ROSC Methodology to make them fully consistent and clearly describing one single coordination process;
 - (b) discussed with Core TSOs and regulatory authorities the comments received during the public consultation (see Section 5.3.) and the views of regulatory authorities expressed in the aforementioned non-paper;
 - (a) discussed and aligned definitions in RDCT Methodology, ROSC Methodology and RDCT Cost Sharing Methodology, in particular the ones related to remedial actions and network elements, as main inputs for remedial action optimisation;
 - (b) further discussed and clarified the cross-border relevance of remedial actions and network elements;
 - (c) further specified the inputs and the outputs of the remedial action optimisation;
 - (d) with respect to the determination of final costs of remedial actions for cost sharing, further specified the prices and costs used for the remedial action optimisation as well as the treatment of price deviations (updates of remedial actions prices between remedial action optimisation run and its activation or settlement, resulting from differences in forecasted and incurred costs) and clearly defined all the outputs which are required as inputs to the RDCT Cost Sharing Methodology pursuant to the Article 74 of the CACM Regulation;
 - (e) with respect to the monitoring, reporting and data provision further specified the process and topics for these processes, in particular on monitoring obligations for any deviations in volume and costs of remedial actions to ensure regulatory oversight; and
 - (f) regarding the implementation, discussed a stepwise approach and specified the requirements for an interim solution (first version of the methodology).

5.3 Public consultation

- (29) On 4 September 2020, ACER launched a public consultation on the Proposal, inviting all stakeholders to provide their comments by 21 September 2020. The consultation

document asked stakeholders to provide views on two topics, which ACER deemed as the most relevant for stakeholders:

- (a) information on prices and costs provided by resource providers;
 - (b) deviations between recommended, ordered and delivered volumes of redispatching and countertrading actions; and
 - (c) other topics.
- (30) The summary and evaluation of the responses received are presented in Annex II to this Decision. It presents the summary of stakeholders' concerns regarding some of the above mentioned issues and in particular on the questions, as well as initial views and proposals made by ACER:
- (a) Regarding the question on whether Articles 35(5) and (6) of the CACM Regulation allow resources to provide indicative prices/costs, three respondents largely agreed and four respondents disagreed;
 - (b) Regarding the question on whether providing indicative prices gives good incentives for economic efficiency and prevents possible manipulations, three respondents agreed to some extent and four respondents disagreed whereas one respondent argued that there are no indicative prices;
 - (c) Regarding the issue of who should bear the risk related to differences between indicative and realised costs, three respondents argued for the TSOs to bear the risk, two respondents saw the resource providers bearing the risk and two argued for spreading the risk further. In addition, two respondents provided suggestions to reduce such deviations;
 - (d) Regarding the question on cost differences related to volume deviations between recommended and ordered volumes to be shared only in case those deviations are agreed or confirmed by all Core TSOs, two respondents agreed with ACER, two respondents were neutral, another two respondents disagreed and one respondent proposed to treat positive and negative deviations differently;
 - (e) Regarding the governance of the settlement of cost differences related to volume deviations between ordered and activated volumes, four respondents agreed, two respondents were neutral and one respondent answered it can remain at national level; and
 - (f) Regarding other issues, stakeholders expressed concerns with several topics. Namely, efficient processes in Core region for congestion management and capacity calculation, taking into account that costs are rapidly increasing, implementation timeline together with 70% rule in 2025 and derogations from it, development of needed IT tools, level of coordination for deviations for cross-border relevant remedial actions, incentives for TSOs to shift costs and inclusion of third countries due to physical interdependencies (e.g. Switzerland).

5.4 Hearing phase

- (31) ACER initiated a hearing phase for Core TSOs and regulatory authorities on 13 October 2020 by providing them with a near final draft of the RDCT Methodology, as well as the reasoning for the introduced changes compared to the Proposal. The hearing phase lasted until 27 October 2020. During this time, ACER received written responses from Core TSOs from Germany, Belgium France, Netherlands, Poland, Austria, Hungary, Slovenia and Romania and from Core regulatory authorities from Belgium, Germany and France.
- (32) Core TSOs generally commented on the long-term regional operational security coordination, inputs to remedial action optimisation, principles of the optimisation, use of dynamic line rating, governance for day-to-day operation, operational security limits, settlement deadline, reporting obligations and implementation timeline.
- (33) The Belgian regulatory authority and TSO requested a hearing which was organised as a teleconference on 23 October. The topics of the hearing meeting were: transparency of local redispatching regimes, reduction of intraday cross-zonal capacity after activation of cross-border relevant remedial actions, use of dynamic line rating, input information for countertrading, monitoring of violations on scanned elements, explanation of curative remedial actions and other overarching problems related to coordination of remedial actions.
- (34) The French regulatory authority and TSO also requested a hearing which was organised as teleconference on 26 October to discuss with ACER: (i) their concerns on the obligation to implement the RDCT Cost Sharing Methodology at the same time as the first version of the RDCT Methodology and (ii) their explanation on curative remedial actions currently used by RTE.
- (35) Other Core TSOs and regulatory authorities provided their responses in written form.
- (36) Dutch TSO TenneT and German TSO TenneT expressed concerns for the definition of cross-border relevant remedial actions, the list of scanned elements, relieving operational security violations, the effectiveness and economic efficiency, the interdependencies to intraday capacity calculation, cost sharing for fast activation process, the settlement timeline, the reporting and monitoring process and the implementation timeline. These TSOs noted that it should be avoided that strict implementation deadlines will have a higher priority than the fulfilment of acceptance criteria and the robustness of remedial action optimisation and IT tools.
- (37) The Polish TSO expressed concerns on the inconsistency of the RDCT Methodology and the RDCT Cost Sharing Methodology in the first stage of implementation and the loss of redispatching potential by not taking forecast errors into account. Their main concern was that during the interim solution the amount of costs for cost sharing would not be properly defined, leading to unfair distribution of costs for sharing.
- (38) The German regulatory authority expressed concerns over system security during the interim solution, implementation, monitoring, cost deviations, security violation limits

as input to remedial action optimisation and potential inconsistencies with the capacity calculation process (e.g. loop-flows and cross-border relevance of network elements).

- (39) The Hungarian TSO expressed support for ACER's changes to the cost sharing of deviations. According to this TSO, the deviations resulting from the difference between costs provided to remedial action optimisation and finally settled should be subject to cost sharing, whereas the incentives to reduce the cost deviations should be provided by monitoring of these deviations and the possibility to reject their inclusion in cost sharing.

6. ASSESSMENT OF THE PROPOSAL

6.1 Legal framework

- (40) Articles 9(1) and 9(7)(c) of the CACM Regulation require TSOs of each capacity calculation region to develop a proposal for a methodology for coordinated redispatching and countertrading in accordance with Article 35(1) of the CACM Regulation. This proposal must be submitted for approval to the regulatory authorities in the Core CCR.
- (41) Article 35 of the CACM Regulation lays down the requirements for a proposal for a methodology for coordinated redispatching and countertrading, to be established by TSOs of each capacity calculation region. In this context, TSOs are required to develop a proposal for a methodology for coordinated redispatching and countertrading no later than sixteen months after the regulatory approval of the capacity calculation regions pursuant to Article 15 of the CACM Regulation.
- (42) Article 35(3) specifies that each TSO may redispatch all available generation units and loads in accordance with the appropriate mechanisms and agreements applicable to its control area, including interconnectors.
- (43) Article 35(2) of the CACM Regulation requires that the RDCT Methodology includes actions of cross-border relevance. Further, the same paragraph also requires that the RDCT Methodology enables all TSOs in CCR to effectively relieve physical congestion irrespective of whether the reasons for the physical congestion fall mainly outside their control area or not.
- (44) Article 35(2) of the CACM Regulation requires that the RDCT Methodology addresses the fact that its application may significantly influence flows outside the TSO's control area.
- (45) Article 35(4) of the CACM Regulation requires each TSO to abstain from unilateral or uncoordinated redispatching and countertrading measures of cross-border relevance. Each TSO shall coordinate the use of redispatching and countertrading resources taking into account their impact on operational security and economic efficiency.
- (46) Articles 35(5) and (6) of the CACM Regulation require that redispatching and countertrading resources provide ex-ante information on the redispatching and

countertrading costs and prices, and that redispatching and countertrading pricing shall be based either on relevant electricity market prices or incurred redispatching and countertrading costs.

- (47) Article 35(3) of the CACM Regulation requires that by 26 months after the regulatory approval of capacity calculation regions, all Core TSOs shall develop a report, subject to consultation in accordance with Article 12 of the CACM Regulation, assessing the progressive coordination and harmonisation of redispatching and countertrading mechanisms and agreements and including proposals. This paragraph is not directly or indirectly relevant for the RDCT Methodology.
- (48) Article 9(9) of the CACM Regulation requires that the Proposal includes a proposed timescale for their implementation and a description of its impact on the objectives of the same Regulation.
- (49) As a general requirement on the involvement of stakeholders, Article 12 of the CACM Regulation requires the public consultation of the RDCT Methodology.

6.2 Assessment of the legal requirements

6.2.1 Assessment of the requirements for the development and for the content of the Proposal

6.2.1.1 Development of the Proposal

- (50) The Proposal fulfils the requirements of Article 35 of the CACM Regulation, as all Core TSOs jointly developed a Proposal and submitted it for the approval to Core regulatory authorities.
- (51) As explained in paragraph (5) above, the Proposal was not submitted to Core regulatory authorities within the deadline defined in Article 35(1) of the CACM Regulation. This Article requires that all TSOs in each capacity calculation region shall develop a proposal for a coordinated redispatching and countertrading methodology no later than 16 months after the decision on CCRs is taken, which was by 17 March 2018. Nevertheless, no specific amendments to the Proposal are required due to this incompliance.

6.2.1.2 Description of the expected impact on the objectives of the CACM Regulation

- (52) The Proposal does not provide the concrete description of the expected impact of the RDCT Methodology on the objectives of the CACM Regulation. ACER added specific paragraphs (16), (17) in the Whereas section of the adopted RDCT Methodology to address the expected impact on each of the objectives of the CACM Regulation.

6.2.2 Assessment of the requirements on cross-border relevant remedial actions and network elements

- (53) The Proposal provides details of the redispatching and countertrading resources in Article 5 and Article 6, where the different redispatching and countertrading resources are described. In order to provide consistency with the ROSC Methodology, these two Articles have been removed from the RDCT Methodology because they provide no added value for the RDCT Methodology nor ROSC Methodology and they describe in detail only the redispatching and countertrading resources, but not the resources of other remedial actions. Instead of providing this specific information for redispatching and countertrading only, ACER copied Article 8 from the ROSC Methodology which clarifies that all remedial actions may be used for the classification of cross-border relevant remedial actions, except those in categories (d), (h), (i) and (j) of Article 22 of the SO Regulation.
- (54) The question of cross-border relevance of redispatching and countertrading is addressed in Article 3 of the Proposal. The Proposal specifies that those remedial actions, which are activated to solve physical congestions on cross-border relevant network elements, are cross-border relevant remedial actions. However, the proposal fails to specify exactly how their cross-border relevance is determined.
- (55) In order to clarify how exactly the cross-border relevance of remedial actions and the scope of their coordination is determined, ACER finds it necessary to clarify and extend these provisions and align them with the same provisions in the ROSC Methodology, since they describe completely the same process and different provisions describing the same process could lead to inconsistent and confusing application. Therefore, ACER amended this Article as follows.
- (56) ACER replaced Article 3 with Article 9 that describes the approach to the determination of the cross-border relevance of remedial actions. In this Article, ACER clarified that all potential remedial actions that are able to solve congestions on cross-border relevant network elements shall be considered as cross-border relevant, unless all Core TSOs in coordination with Core RSC(s) unanimously agree that a potential remedial action is not cross-border relevant. This represents the most efficient, consistent and legally clear approach to the determination of cross border relevant remedial actions. ACER as well included in Article 9 the provision that all potential remedial actions, which are defined as cross-border relevant, shall be used in remedial action optimisation. Finally, in line with the ROSC Methodology, ACER introduced in this Article a biannual assessment of possible remedial actions.
- (57) As all potential remedial actions are considered as cross-border relevant in Core CCR, when it comes to coordinated regional operational security analysis, there is no need for qualitative or quantitative assessment of their cross-border relevance in accordance with the Methodology for coordinating operational security analysis pursuant to Article 75 of the SO Regulation. Nevertheless, after optimal cross-border remedial actions are determined by remedial action optimisation, these can be further modified by subsequent coordination and fast activation process and these modifications need to be

coordinated only among the TSOs which are directly affected by the concerned remedial action. For this purpose, ACER defined in the RDCT Methodology also a methodology for a qualitative and quantitative assessment of TSOs that are significantly affected by cross-border relevant remedial actions. Articles 10 and 11 of the adopted RDCT Methodology define the qualitative and quantitative assessment to determine the TSOs which are directly affected by activation of cross-border relevant remedial actions. The quantitative approach relies on using the remedial actions influence factor with a threshold of 5%, in line with the Methodology for coordinating operational security analysis pursuant to Article 75 of the SO Regulation.

- (58) The question of cross-border relevance of network elements is addressed in Article 4 of the Proposal. The selection of cross-border relevant network elements ('XNEs') was based on the sensitivity threshold. Such provision is not consistent with the ROSC Methodology which specified that all critical network elements used at the capacity calculation, and all other network elements of 220 kV voltage level and above shall be considered as cross-border relevant, except those network elements which Core TSOs agree to exclude.
- (59) Accordingly, and in order to ensure alignment with the ROSC Methodology, ACER replaced Article 4 with Articles 5, 6, 7 and 12 in the adopted RDCT Methodology that describe the determination of cross-border relevant network elements and relevant contingencies.
- (60) The principles of determining the cross-border relevant network elements are extended in Article 5 of the adopted RDCT Methodology, to all critical network elements used at the capacity calculation, and all network elements of 220 kV voltage level and above, except those network elements which Core TSOs agree to exclude.
- (61) In Article 6 of the adopted RDCT Methodology, ACER introduced the concept of scanned elements, as network elements other than cross-border relevant network elements, on which the regional operational security analysis should not create or worsen the operational security violations. This Article is needed in order to ensure consistency with the ROSC Methodology.
- (62) In Article 7 of the adopted RDCT Methodology, ACER provided the details on the establishment and maintenance of the lists of cross border relevant network elements and scanned elements, which are needed in order to ensure consistency with the ROSC Methodology.
- (63) In Article 12 of the adopted RDCT Methodology, ACER provided details on the contingency lists, allowing possibilities to exclude some combinations of contingencies with cross-border relevant network elements, which can be resolved more efficiently outside the coordinated regional operational security analyses. This Article replaces some elements of Article 4 of the Proposal and is needed in order to ensure consistency with the ROSC Methodology.

6.2.3 Assessment of the requirement to address cross-border relevant congestions in an economically efficient and effective way

- (64) The coordination requirements of Article 35 of the CACM Regulation can be summarised into the requirement for coordination of redispatching and countertrading actions of cross-border relevance in order to address physical congestions which are also cross-border relevant. In doing so, TSOs should ensure economic efficiency and effectiveness of these actions.
- (65) The Proposal provides the coordination requirements in Articles 7 to 15, which describe input data for coordination (Articles 10 and 11) and coordination process (Articles 7 to 9 and Article 12 to 15). The coordination process can be further segmented into (i) general coordination provisions; (ii) remedial action optimisation; (iii) post optimisation coordination and (iv) fast activation process.
- (66) Due to the strong interaction of the RDCT Methodology with the ROSC Methodology and the fact that redispatching and countertrading can efficiently be applied only when integrated within a wider coordinated process involving all remedial actions as defined in the ROSC Methodology, the RDCT Methodology needs to be extended to provide full compliance with the ROSC Methodology, including all aspects of coordination of all cross-border relevant remedial actions, including redispatching and countertrading actions.

6.2.3.1 *Input data for coordination*

- (67) The Proposal does not provide the exhaustive list of input data for the coordination in any of the articles. Therefore, and in order to enable the compatibility with the ROSC Methodology, Article 13 of the adopted RDCT Methodology is provided to explain the preparation phase aiming at gathering all relevant inputs for the coordinated regional operational security assessment ('CROSA') including those related to available cross-border relevant remedial actions. Accordingly, each Core TSO shall make available the following input data to Core RSCs:
- (a) individual grid models in line with the common grid model methodology ('CGMM'), including the operational security limits for each cross border relevant element (at TSO Proposal called 'secured element') or scanned network element;
 - (b) available remedial actions;
 - (c) system constraints;
 - (d) lists of cross border relevant and scanned network elements; and
 - (e) contingency list.
- (68) Concerning the delivery or update by TSOs of the input data before the commonly agreed process deadlines, ACER clarified, in Article 13(7) of the adopted RDCT Methodology, that all Core TSOs and RSC(s) shall define for each coordinated regional operational security analysis the common gate closure time by which the inputs can be

delivered and updated by Core TSOs. The reference established by common gate closure time(s) is advantageous to only rough timings established in the Methodology for coordinating operational security analysis pursuant to Article 75 of the SO Regulation.

- (69) With regard to the preparation and update of remedial actions by Core TSOs in accordance with Article 15 of the adopted RDCT Methodology, ACER introduced a concept according to which any cross-border relevant remedial action is either available or conditionally available. In this article, ACER introduced a requirement for each Core TSO to provide also, for the purpose of day-ahead and intraday coordinated regional operational security analysis, information on the available volume of cross border relevant remedial actions considering the constraints of cross-border relevant remedial actions. This is because a change of cross-border relevant remedial actions availability is possible subject to technical, operational or procedural constraints. Similarly, ACER included a provision that, in case cross-border relevant remedial actions are owned or provided by a third party, such third party providers shall provide to the relevant connecting TSOs best up-to-date information on the availability of their cross-border relevant remedial actions, including all the necessary information that is required for coordinated regional operational security analyses. This is to ensure that remedial action optimisation uses the correct input.
- (70) To ensure consistency with the ROSC Methodology, ACER introduced a new Article 16 on system constraints within the adopted RDCT Methodology. ACER specified that when Core TSOs propose a first amendment to this RDCT Methodology, they shall also include in this proposal information on:
- (a) which TSOs need to apply system constraints;
 - (b) which system constraints need to be applied and which operational security limits are represented in such system constraints;
 - (c) justification on why these system constraints need to be applied in coordinated regional operational security analyses and why other measures are not sufficient or appropriate; and
 - (d) information about possible long-term measures to mitigate the need for system constraints.
- (71) The Proposal provides the basic reporting provisions in Article 17, without specifying the data and procedures concerning the consistency and quality check of the input data. Therefore, ACER made changes in Article 17 of the adopted RDCT Methodology, regarding the role of Core RSC(s) regarding the quality monitoring. Besides assessing the consistency and quality of each input data file, their role is also to monitor the consistency and quality check of the input data.
- (72) Due to a request from one TSO and NRA during the hearing process, ACER added new paragraphs (2) and (3) to the in the Article 22 of RDCT Methodology. These new paragraphs introduce the obligations on TSOs to apply dynamic thermal limits for cross-border relevant network elements, when this is considered economically efficient.

The dynamic (thermal) limits mainly involve the instalment of specific sensors that measure temperature and sagging of lines from which a maximum current limit can be calculated closer to real-time. In turn, the TSOs considers these dynamic (thermal) limits in system operation.

- (73) In capacity calculation methodologies for the Core CCR, ACER decided that for those critical network elements, which limit cross-zonal capacities in a significant number of timestamps, TSOs need to compare the costs and benefits of introducing the dynamic thermal limits and then implement these limits if the benefits exceed the costs. ACER believes that the same efficiency analysis should also apply to cross-border relevant network elements, and, in analogy with the core capacity calculation methodologies, to limit this analysis only to cross-border relevant network elements which are congested (and cause costs) in a significant number of hours. The value of the thermal limits of cross-border relevant network elements will have a significant effect on the volume and costs of remedial actions. It is therefore of regional interest that each TSO behaves efficiently and explores other options to reduce these costs, such as introducing dynamic (thermal) limits. ACER also added the requirement for Core TSOs to make the analysis and report to Core RSCs, which in turn need to report to Core regulatory authorities.

6.2.3.2 General coordination provisions

- (74) Concerning the timeframes of application, Article 8 of the Proposal specifies the day-ahead process, several intraday processes and potential close to real-time process, considered as fast activation process. For the exact timing of processes, the Proposal relates to the Methodology for coordinating operational security analysis pursuant to Article 75 of the SO Regulation and the ROSC Methodology.
- (75) In order to enable consistency with the ROSC Methodology, the adopted RDCT Methodology defined the process of coordinated regional operational security analysis.
- (76) General provisions of coordination process envisage that Core RSC(s) in coordination with Core TSOs shall perform the day-ahead and at least three intraday coordinated regional operational security analyses. Each coordinated regional operational security analysis consists of (i) building of the common grid models; (ii) performing the load flow and contingency analysis; (iii) remedial action optimisation; (iv) coordination of cross-border relevant remedial actions; and (v) inter capacity calculation regions' coordination.
- (77) To complement the entire ROSC process which integrates the coordinated redispatching and countertrading, ACER provided updates given in Articles 18 to 31 of the adopted RDCT Methodology under the chapters of coordination, validation and implementation of remedial actions.

6.2.3.3 Remedial action optimisation

- (78) Regarding the remedial action optimisation, the Proposal directly refers to the ROSC Methodology pursuant to Article 76 of the SO Regulation, without specifying any

details on the optimisation principles. In order to ensure consistency with the ROSC Methodology, ACER added the Articles 20 to 23 to the adopted RDCT Methodology, related to the remedial action optimisation and applied constraints. Upon the discussion with Core TSOs and regulatory authorities, ACER improved the definition of constraints to be respected during the remedial action optimisation, and those not to be worsened. While the remedial actions optimisation is applied on the basis of each timestamp, it is underlined that intertemporal constraints have to be respected.

- (79) Regarding the economic efficiency and effectiveness provided in Article 24 of the adopted RDCT Methodology, ACER insisted that these two aspects need to be observed together. Upon the comments of some regulatory authorities, the additional criteria of the third priority in the optimisation is added, aiming at minimising the amount and volume of activated remedial actions.

6.2.3.4 *Post optimisation coordination*

- (80) Articles 12 and 13 of the Proposal define the coordination within and across capacity calculation regions, with vague description of rules and responsibilities. In order to ensure consistency with the ROSC Methodology, ACER replaced these two articles as follows.
- (81) ACER added Article 27 to the adopted RDCT Methodology that provides additional details on the post optimisation coordination of cross-border relevant remedial actions and strict rules and responsibilities for TSOs with the conditions when certain remedial actions recommended by the remedial action optimisation can be rejected. Inter capacity calculation regions' coordination is provided in Article 28 of the adopted RDCT Methodology, referring to the Methodology for coordinating operational security analysis pursuant to Article 75 of the SO Regulation.
- (82) The proposal did not include any provisions on the validation of remedial actions. In order to ensure consistency with the ROSC Methodology, ACER added Articles 29 and 30 to the adopted RDCT Methodology to specify requirements concerning the validation of remedial actions, in particular the process (Article 29 thereof) and outcomes of the validation (Article 30 thereof). These two Articles are required to complete the regional operational security analysis process with the procedure where TSOs are checking and approving the results provided by RSC(s) during the remedial action optimisation.
- (83) Article 29 of the adopted RDCT Methodology defines a general procedure for consolidation of the results of day-ahead coordinated regional operational security analysis. Based on discussions with the TSOs and regulatory authorities, ACER further specified roles of the parties in Article 30 of the adopted RDCT Methodology: upon reporting the eventual remaining violations of operational security limits by the RSC(s), the TSOs' role is to specify the next steps in the regional operational security analysis.
- (84) Some Core TSOs expressed concerns that ACER amendments are overly restricting the TSOs to reduce cross-zonal capacities for the purpose of ensuring operational security.

They also noted that Article 71 of the CACM Regulation specifies that cross-zonal capacities shall be firm only after they are allocated and therefore TSOs are allegedly allowed to reduce them before they are allocated.

- (85) To this end, ACER notes that Article 22 of the SO Regulation specifies that recalculation of cross-zonal capacities in accordance with the CACM Regulation is one of the possible remedial actions. However, unilateral adjustment of cross-zonal capacity outside of coordinated capacity calculation compliant with the CACM Regulation is not mentioned as one of the possible remedial actions and should therefore not be allowed. This is very important as such unilateral actions may have significant negative impact on the functioning of the electricity market in the intraday timeframe. In particular, in a flow-based environment in the Core CCR, setting the remaining available margin on only one network element to zero will automatically block the possibilities for cross-border trade on half of all bidding zone borders in the Core CCR. That is why it is important that such cases are done in a coordinated and justified manner. While Article 71 of the CACM Regulation indeed specifies that cross-zonal capacities shall be firm as soon as they are allocated, this does not give the right to TSOs to reduce cross-zonal capacities before allocation in a non-coordinated way.
- (86) Despite this clear legal framework requiring coordinated recalculation of cross-zonal capacities, ACER acknowledges that in specific cases such reductions should be allowed. First, when activation of coordinated remedial actions result in cross-zonal schedules in a specific direction, these schedules should not be netted and thus should not release additional cross-zonal capacities in the opposite direction that, if used, would again worsen the congestion. This would contradict the main objective of regional operational security coordination which is to resolve congestions on cross-border relevant network elements. Second, when TSOs see that the cross-zonal capacities calculated in a coordinated way can no longer be guaranteed with the available remedial actions and TSOs cannot wait until the next capacity recalculation, they should be able to unilaterally reduce cross-zonal capacities. This is considered a last resort reduction of cross-zonal capacities to ensure operational security as in such cases no other means to maintain operational security would be left available.
- (87) In order to ensure that coordination of remedial actions is not worsened by cross-zonal trade, ACER introduced specific provisions in Article 31(3) of the adopted RDCT Methodology (consistent with the ROSC Methodology) so as to allow TSOs to modify the cross-zonal capacities outside the coordinated capacity calculation process pursuant to the day-ahead and intraday capacity calculation methodology only as a last resort measure if available remedial actions are exhausted. Also, ACER clarified in this article that TSOs may prevent the netting of cross-border schedules, which result from activated cross-border relevant remedial actions, with cross-zonal capacities. This will allow TSOs to prevent that these schedules increase cross-zonal capacities in the directions in which additional trade could worsen operational security.

6.2.3.5 *Fast activation process*

- (88) Article 15 of the Proposal determines the fast activation process, which is a process to relieve physical congestion where its detection occurs either between two coordinated regional operational security analyses (in the Proposal it was referred to as ‘CSA cycles’), when a TSO cannot wait for the next coordinated regional operational security analysis or when the congestion occurred after the last coordinated regional operational security analysis. ACER further extended the description of the fast activation process in Article 33 of the adopted RDCT Methodology in order to align it with the provisions of the ROSC Methodology.

6.2.4 Assessment of the requirements of Article 35(5) and (6) of the CACM Regulation

- (89) Articles 35(5) and (6) of the CACM Regulation require generation and load units that provide redispatching and countertrading services, to provide relevant information on prices and costs to TSOs. This information shall enable TSOs to determine optimal and economically efficient activation of these redispatching and countertrading and to determine the total costs of these actions, which are to be shared among TSOs.
- (90) The Proposal describes the requirements on costs and prices in Article 11 and Article 16.
- (91) In Article 11 of the Proposal, Core TSOs defined that they will provide *ex-ante* the estimates of prices or incurred costs of redispatching and countertrading as an input to the remedial action optimisation.
- (92) In Articles 11 and 16 of the Proposal, Core TSOs defined that the incurred costs of ordered redispatching and countertrading actions, without the capacity costs, shall be subject to cost sharing.
- (93) During the proceedings for this Decision, ACER outlined several problems related to the proposal that the remedial actions optimisation is based on estimated or indicative costs and prices whereas the costs and prices used for settlement and cost sharing can be different and thereby lead to deviations between optimal remedial actions and costs determined by the remedial action optimisation and actual costs of remedial actions to be settled and shared among the TSOs. The first problem is that indicative prices and costs lead to suboptimal solution of remedial action optimisation, since the optimal activation of remedial actions is done on wrong costs or prices. Second, the providers of redispatching and countertrading resources can consistently provide low indicative prices in order to be competitive in the remedial action optimisation, whereas after they have been activated provide higher *ex-post* costs. This strategy could always yield them positive benefits and risk free profits. For example, an *ex-post* statistical analysis showing significant average upward correction of costs and prices would indicate such abusive behaviour.
- (94) ACER consulted stakeholders on this issue and asked who should bear the risk of uncertainty between the prices and costs at the time of the remedial action optimisation and the realised prices and costs. Stakeholders expressed diverging views on this issue.

Some stakeholders contended that the prices and costs provided to TSOs should be firm in order to prevent possible manipulations with realised costs. Other stakeholders alleged that they cannot provide firm prices and costs because of long delay between the time they need to provide these estimates and the time they receive information on whether they are activated or not. There were diverging views on who should bear the risks arising from these deviations.

- (95) A large majority of Core TSOs and regulatory authorities supported that providers of redispatching and countertrading resources should be able to provide indicative prices and costs to TSOs and after they are activated provide realised prices and costs which may be different from indicative prices and costs. A large majority of Core TSOs and regulatory authorities also supported that cost deviations resulting from the difference between indicative and realised prices and costs should be subject to cost sharing.
- (96) ACER notes that Article 35(5) and (6) of the CACM Regulation is not clear whether the prices of redispatching are based on indicative prices or realised prices. On one hand, these two paragraphs require that these prices shall be provided to TSOs *ex-ante* (before they are committed) to enable the calculation of costs. On the other hand, these two paragraphs also state that the prices shall be based on (actual) prices of relevant markets or actually incurred costs. ACER therefore understands that Article 35(5) and (6) of the CACM Regulation allow both indicative prices and costs as well as actually incurred prices and costs to be used for coordination. Given that most Core TSOs and regulatory authorities supported this solution, ACER also deems it appropriate.
- (97) With regard to the two concerns raised in paragraph (89) above, ACER notes that the remedial action optimisation based on indicative prices indeed may lead to suboptimal solution, however Core TSOs informed ACER that given the limited competition in the remedial actions to solve specific congestion, it is less likely that *ex-post* changes in prices and costs would significantly alter the optimal solution. With regard to the possible abuse of this solution, ACER provided an option to all Core TSOs to reject accepting the cost deviations for cost sharing if they suspect abusive behaviour on the side of the providers. Such rejection will incentivise the connecting TSO(s) to investigate the reasons and implement appropriate measures to prevent such abuse.
- (98) With regard to the determination of costs of remedial actions for cost sharing, ACER identified two conditions for including the costs of remedial actions into common costs to be shared in the application of RDCT Cost Sharing Methodology within the Core CCR. The first condition is that remedial actions including redispatching and countertrading are cross-border relevant and are managed in a regionally coordinated way in accordance with Article 35(2) and 35(4) of the CACM Regulation and Article 76(1)(b) of the SO Regulation. The second condition is that cross-border relevant remedial actions are used to solve congestions on cross-border relevant network elements in accordance with Article 35(2) of the CACM Regulation and with second sentence of Article 76(1)(b)(v) of the SO Regulation. Only when both conditions are fulfilled, the related costs of these cross-border relevant remedial actions can be included in the common costs for cost sharing subject to the regional methodology for the cost sharing.

- (99) The RDCT Cost Sharing Methodology therefore should apply to cross-border relevant remedial actions applied in coordinated regional operational security analysis, because both conditions above are fulfilled, i.e. coordinated regional operational security applies a regional coordination process involving cross-border relevant remedial actions. On the other hand, the remedial actions resulting from the fast activation process are not regionally coordinated, and therefore are not subject to cost sharing, except for those remedial actions defined in fast activation process which replace the ordered cross-border relevant remedial actions which became non-available due to technical unavailability of resources.
- (100) With regard to the above, ACER made changes related to the determination of common costs for cost sharing in Article 34 of the adopted RDCT Methodology. In paragraph 1 of that Article, ACER specified that common costs shall include only ordered cross-border relevant remedial actions, resulting from coordinated regional operational security analyses. Paragraphs 3, 4 and 5 specify that TSOs and RSC(s) shall determine the total costs and volumes for each coordinated regional operational security analyses and for each cross-border relevant remedial action. New paragraph 6 specifies the deadline for establishing, sharing and settling the final costs of cross-border relevant remedial actions, which was missing in the Proposal.
- (101) In addition, ACER specified in Article 14 of the adopted RDCT Methodology, that the costs of remedial actions included in individual grid model and resulting from the local preliminary assessment shall not be included in the final costs to be shared in accordance with RDCT Cost Sharing Methodology.

6.2.5 Assessment of the requirements on reporting and monitoring

- (102) Article 17 of the Proposal includes the reporting and monitoring requirements. This Article includes the obligation to record and share all necessary data to enable Core TSOs and RSC(s) to fulfil the obligations of the RDCT Methodology and the RDCT Cost Sharing Methodology.
- (103) During the proceedings on the RDCT Cost Sharing Methodology pursuant to Article 74 of the CACM Regulation, ACER identified that the monitoring requirements in Article 74(6) of the same Regulation cannot be included in the RDCT Cost Sharing Methodology, because they are strictly related to coordination of remedial actions and not to the cost sharing. It is for this reason that ACER proposed to Core TSOs and regulatory authorities that the requirements of Article 74(6) of the CACM Regulation to be addressed in the RDCT Methodology. Core TSOs and regulatory authorities accepted this proposal.
- (104) To address the requirements of Article 74(6) of the CACM Regulation, ACER finds it necessary to include the requirement for Core TSOs and RSC(s) to perform regular monitoring of the efficiency, effectiveness and robustness of redispatching and countertrading, as well as related reporting and data delivery. To that respect, ACER provided Article 35 of the adopted RDCT Methodology with the following provisions:

- (a) To facilitate the compliance with the requirements of Article 74(6)(a) of the CACM Regulation, the obligation of Core TSOs and RSC(s) to regularly monitor the efficiency, effectiveness and robustness of redispatching and countertrading within the overall process of regional operational security analysis after its implementation, is defined, with the list and conditions for general monitoring items;
- (b) To facilitate the consistency with the responsibilities and liabilities of the TSOs involved, and to ensure the fair cost distribution pursuant to Articles 74(6)(b), 74(6)(c) and 74(6)(g) of the CACM Regulation, the obligation is defined for Core TSOs and RSC(s) to record and share all necessary data, in order to enable the fulfilment of the obligations regarding this methodology and the RDCT Cost Sharing Methodology.
- (c) The obligation for Core TSOs to provide on biannual basis the report on efficiency and effectiveness of redispatching and countertrading process, as well to provide a description of national rules and procedures for activation of remedial actions, with specific focus on redispatching actions, by no later than 6 months after the adoption of ROSC Methodology. These provisions will enable Core regulatory authorities, TSOs and RSC(s) to comply with the principles of transparency and non-discrimination, pursuant to Article 74(6)(i) of the CACM Regulation.

6.2.6 Assessment of the requirements on the implementation timescale

6.2.6.1 *Implementation timescale for the RDCT Methodology*

- (105) The Proposal provides the implementation description in Article 19, “Implementation”.
- (106) The Proposal included the implementation phases of the RDCT Methodology in Core CCR in order to fulfil the requirements of Article 9(9) of the CACM Regulation, however without specifying concrete deadlines. Instead, specific conditions and process for amendment of the RDCT Methodology are proposed. The Proposal therefore does not fulfil the requirement of Article 9(9) of the CACM Regulation.
- (107) As the RDCT Methodology is to be implemented in an integrated way with the ROSC Methodology, the proposal for the implementation of the ROSC Methodology is also relevant for the implementation of the RDCT Methodology. Article 40 of the proposal for the ROSC Methodology describes different steps that will be necessary for the definition, the development and the testing of the ROSC Methodology. An estimation of the maximum time to accomplish each of these steps is laid down as well in this Proposal. Altogether, Core TSOs propose to implement the ROSC Methodology in 55 months after its adoption.
- (108) In the explanatory document supporting the proposal for the ROSC Methodology, Core TSOs and Core RSCs are aware and convinced that they cannot wait for the full implementation of the target solution. For this reason, TSOs proposed to define and develop a stepwise approach considering an interim solution in a more ambitious but

still realistic timing and to amend the ROSC Methodology before 1 year after its approval accordingly. This stepwise approach considers a parallel implementation of the interim solution to be implemented within 24 months after the approval of the Proposal.

- (109) ACER is of the opinion that the implementation deadline cannot conflict with the requirements and policy objectives defined in Article 16 of the Electricity Regulation. Namely, Article 16(8) of Electricity Regulation in principle requires that each TSO offers a minimum of 70% of the technical capacity of network elements for cross-zonal trade. In addition, Article 16(4) of the same Regulation requires that the maximum level of capacity of the interconnections and the transmission networks affected by cross-border capacity shall be made available to market participants complying with the safety standards of secure network operation. Countertrading and redispatching, including cross-border redispatching, shall be used to maximise available capacities to reach the minimum capacity provided for in Article 16(8) of the same Regulation. Article 16(4) of the same Regulation further specifies that a coordinated and non-discriminatory process for cross-border remedial actions shall be applied to enable such maximisation, following the implementation of a RDCT Cost Sharing Methodology.
- (110) As the requirements of Article 16(8) of the Electricity Regulation, which are applicable from the beginning of 2020, are essentially conditional on the implementation of coordinated redispatching and countertrading as outlined in Article 16(4) of the Electricity Regulation, an implementation deadline of 55 months would imply that Article 16(8) of the Electricity Regulation could be fully complied with only in July 2025, which implies a five years and six months delay. For this reason, ACER considers that coordination of remedial actions in order to maximise cross-zonal capacities needs to be implemented much sooner.
- (111) ACER consulted with Core TSOs on when the coordination of remedial actions could first be achieved in a simplified way that would be able to maximise cross-zonal capacities. TSOs informed ACER that they have planned to implement an interim solution for coordination of remedial actions by 30 months after adoption of the RDCT and ROSC Methodologies. While TSOs proposed that the exact timeframe and the scope of the interim solution would be defined in the amendment of the RDCT and ROSC Methodologies 12 months after the adoption, ACER considers that the process of amending the methodologies would divert resources and time away from the implementation and the 30 months deadline would not be achievable. Instead, ACER proposed that the interim solution needs to be defined directly in the ROSC and RDCT methodologies.
- (112) To apply the approach on the interim solution, ACER specified exactly the minimum requirements for the interim solution which is called the first implementation step of the RDCT and ROSC Methodologies. This implementation step includes the implementation of coordinated regional operational security assessment only for the day-ahead timeframe and incorporating only coordination of redispatching and phase-shifting transformers. This simplified coordination process therefore involves only one coordination per day and only the most commonly applied remedial actions. These

simplifications should help reduce the complexity in the implementation and minimise the risk of implementation delay.

- (113) Some Core TSOs and NRAs expressed concerns that despite these simplifications, the deadline of 30 months is very ambitious and challenging. While ACER acknowledges these concerns to some degree, it maintains the position that early implementation of the ROSC and RDCT methodologies is essential for meeting the requirements and objectives of Article 16 of the Electricity Regulation and therefore maximum efforts are required from TSOs to meet these objectives. However, if the deadline proves to be too challenging, TSOs will have a chance to provide solid justifications for delays and regulatory authorities will be able to review them when deciding on possible enforcement.
- (114) Some Core TSOs also expressed concerns that the interim solution focusing only on the day-ahead stage will likely entail some inefficiencies, namely that the absence of intraday coordination would lead to over- or underestimation of congestions and consequently of the required remedial actions and underlying costs. Nevertheless, ACER understands that overestimation of congestion should not lead to over-activation of remedial actions, as remedial actions agreed at day-ahead timeframe will still be ordered on a need basis so that activation should happen only at the last possible time and when strictly necessary. In case of under-estimation of congestions, however, it is possible that the remedial actions calculated at day-ahead timeframe will not be enough and additional cross-border relevant remedial actions will need to be ordered in intraday for which no cost sharing will apply. However, ACER emphasised that the interim solution with coordination at day-ahead level is still a significant improvement of the status quo, where no regional coordination exists. In ACER's view, the proposed gradual implementation with an interim (although imperfect) target would still provide the majority of the expected benefits much earlier (i.e. within 30 months) and therefore outweighs the alternative of one step implementation with the final target which can only be achieved within 54 months after the adoption of this RDCT Methodology.
- (115) With regard to the implementation of the second implementation step of the RDCT Methodology, ACER specified that this implementation step must include all requirements of the methodology and that it must be implemented as originally proposed by TSOs, (i.e. 4.5 years after the adoption).
- (116) ACER removed all the detailed steps of the implementation included in the Proposal, because it considers that these detailed steps are constraining TSOs in finding the optimal implementation plan that is able to meet the deadlines for the first and the second implementation step of the ROSC and RDCT Methodology. ACER considers that TSOs should be flexible to optimise the implementation and the steps in such a way that the deadline and the minimum requirements are not compromised.
- (117) Also, the development, testing and implementation of the IT tools as well as systems and procedures required to support the RDCT Methodology was discussed with the regulatory authorities at the AEWG and a need for a coordinated approach in Continental Europe synchronous area was recognised. To this end, ACER added a

provision in Article 37 of the RDCT Methodology requiring Core TSOs and RSC(s) to cooperate with TSOs and RSC(s) of South East Europe capacity calculation region, by regular sharing the information on the development of their tools, systems and procedures and to allow South East Europe experts to participate as observers in Core TSOs' working groups.

- (118) With regard to the governance and decision making, ACER proposed the amendments provided in Article 36 of the adopted RDCT Methodology, with general rules concerning governance aligned to ensure consistency with the Core ROSC Methodology, with defining the usage of TSOs common bodies and steering committee, with a main goal to provide the effective mechanisms for solving disputes and providing binding decisions.

6.2.6.2 Complementing RDCT Cost Sharing Methodology regarding the implementation deadline

- (119) Article 76(1)(b)(v) of the SO Regulation requires that the ROSC Methodology complements, where necessary, the RDCT Cost Sharing Methodology. As the RDCT Cost Sharing Methodology refers to the implementation deadline defined in the ROSC Methodology and the RDCT Methodology, but does not specify whether it refers to the first or the second implementation step of both methodologies, ACER finds it necessary to complement the RDCT Cost Sharing Methodology to provide further clarity how these implementation steps apply to the implementation of the RDCT Cost Sharing Methodology.
- (120) After consulting Core TSOs and regulatory authorities, ACER was informed by them that the implementation of the RDCT Cost Sharing Methodology is conditional on the implementation of the ROSC Methodology and the RDCT Methodology and therefore could not be implemented before these two methodologies are implemented. This is because the costs of cross-border relevant remedial actions and all the other inputs to the RDCT Cost Sharing Methodology are determined only once these two methodologies are implemented and operational.
- (121) At the same time, the majority of Core TSOs were of the opinion that the ROSC Methodology and RDCT Methodology also could not be implemented without the implementation of the RDCT Cost Sharing Methodology. This is because the coordination of remedial actions applies the optimisation that aims to minimise the costs of remedial actions to solve congestions in the whole Core CCR, which implies that TSOs help each other to solve congestions in the most economically efficient way. For example, a congestion on the border between Germany and Poland may be the most efficiently resolved by involving downward redispatching of generating unit(s) in Germany and upward redispatching of generating unit(s) in Czech Republic. It is expected that this redispatching actions will involve some revenues for German TSOs and some costs for the Czech TSO. Naturally, the Czech TSO will only be willing to support solving the congestion on the border between Germany and Poland if the incurred costs will be shared with all involved TSOs based on the polluter-pays principle. It is thus impossible to expect that TSOs can fully coordinate remedial actions

at regional level without having the certainty that the corresponding costs will be shared among all TSOs.

- (122) For the above reason, the RDCT Cost Sharing Methodology must be implemented at the same time as the ROSC Methodology and the RDCT Methodology. In other words, all three methodologies are considered as an inseparable part of the regional coordination of remedial actions. ACER notes that this understanding has been confirmed by regulatory authorities in all other CCRs when approving the respective cost sharing methodologies as they all link the implementation of the cost sharing methodology to the implementation of the RDCT Methodology.
- (123) Taking into account the need for the RDCT Cost Sharing Methodology to complement the stepwise implementation of the ROSC Methodology and the RDCT Methodology, ACER specified in these two methodologies that the RDCT Cost Sharing Methodology must be implemented for both implementation steps of the ROSC Methodology and the RDCT Methodology, i.e. by 30 months for the first implementation step and by 54 months for the second implementation step of the ROSC Methodology and the RDCT Methodology.
- (124) Few Core TSOs and regulatory authorities expressed concerns that the deadline of 30 months would be too short for the implementation of the RDCT Cost Sharing Methodology. Their concern was that by that time TSOs would not be able to ensure a robust implementation of the RDCT Cost Sharing Methodology that would dispel any concerns and doubts about the correctness of its application. They instead proposed that the first implementation step of the ROSC Methodology and the RDCT Methodology should be complemented by some provisional solution for cost sharing. Some other Core TSOs, however, expressed concerns that given the long history of disputes among Core TSOs on cost sharing, Core TSOs would not be able to agree on a provisional cost sharing solution different to the RDCT Cost Sharing Methodology and the cost sharing could in reality only be applied if it is based on the RDCT Cost Sharing Methodology.
- (125) ACER carefully evaluated these concerns and concluded that the implementation of the RDCT Cost Sharing Methodology is significantly less demanding and challenging than implementing the basic day-ahead coordinated regional operational security assessment. According to ACER's understanding, the implementation of the RDCT Cost Sharing Methodology is not expected to be more difficult than the implementation of the first implementation step of the ROSC Methodology and the RDCT Methodology. Given that the provisional solution for cost sharing, as proposed by some Core TSOs, could only be achieved by consensus agreement of all Core TSOs and that some Core TSOs believe that this will not be possible, ACER has currently no ground to consider that a provisional cost sharing solution that could complement the first implementation step of these two methodologies could actually be agreed on and established by Core TSOs. Finally, whilst ACER considers 30 months for the implementation of the RDCT Cost Sharing Methodology as a feasible deadline, TSOs will still have the possibility to bring forward justified explanations to Core regulatory authorities in case of potential implementation delays.

6.2.7 Assessment of the requirements for the public consultation

- (126) When drafting the Proposal, TSOs aimed at addressing the requirements from Article 12 of the CACM Regulation regarding the involvement of stakeholders.
- (127) All TSOs fulfilled the requirements of Article 12 of the CACM Regulation, since stakeholders were consulted on the draft Proposal. This involvement took place during a public consultation, which ran from 5 September 2018 until 5 October 2018. In addition, regulatory authorities were regularly informed and consulted pursuant to Article 9(1) of the CACM Regulation. The justifications regarding the consideration given to the views expressed by stakeholders during the public consultation in the drafting of the Proposal were provided in a separate consultation report⁷ dated 22 February 2019 and published.

6.2.8 Additional amendments necessary to ensure legal clarity and consistency with the ROSC Methodology

- (128) Definitions and concepts contained in Article 2 of the Proposal were revised, in order to complete the requirements of the Article 35 of the CACM Regulation, and to provide consistency with the ROSC Methodology.
- (129) For clarity, ACER revised the definition of ‘cross-border relevant remedial action’ as well as detailed the definitions of cross-border relevant remedial actions that are ‘available’, ‘recommended’, ‘agreed’, ‘ordered’, ‘agreed-but-not-ordered’, ‘activated’ and ‘conditionally available’. ACER also clarified the sequence in which the RDCT Methodology determines the different types of cross-border relevant remedial actions.
- (130) ACER introduced definitions that were not included in the Proposal, namely the definition of ‘common grid model’, ‘common grid model methodology’, ‘methodology for coordinating operational security analysis’ and ‘coordinated regional operational security assessment’. Similarly, ACER added the definitions on ‘intraday regional operational security analysis’, ‘individual grid model’ and ‘regional operational security analysis’.
- (131) ACER also added the definition of ‘scanned element’ and revised the definitions of ‘cross-border relevant network element’, ‘cross-border relevant network element with contingency’, ‘cross-border relevant network element connecting TSO’ and ‘third party cross-border relevant remedial action provider’. A definition of ‘network element’ was also introduced.

⁷ <https://eepublicdownloads.entsoe.eu/clean-documents/Network%20codes%20documents/Implementation/ccr/methodologies/core/cacm-deliverables/coordinated-rd-and-ct-art-35/201902-core-cacm-35-consultation-report.pdf>

- (132) ACER revised the definition of ‘remedial action influence factor’ and added the definitions of ‘preventive (cross-border relevant) remedial action’, ‘local preliminary assessment’, ‘overlapping cross-border relevant network element’, ‘overlapping cross-border relevant remedial action’ and ‘curative (cross-border relevant) remedial action’.
- (133) To ensure clarity and consistency with ROSC Methodology ACER found it necessary to define the types of operational security limits and constraints on remedial actions to be used in the RDCT Methodology.

7. CONCLUSION

- (134) For all the above reasons, ACER considers the Proposal in line with the requirements of the CACM Regulation, provided that the amendments described in this Decision are integrated in the Proposal, as presented in Annex I to this Decision. The amendments ensure that the Proposal is in line with the purpose of the CACM Regulation and contributes to market integration, non-discrimination, effective competition and the proper functioning of the market.
- (135) Therefore ACER approves the Proposal subject to the necessary amendments. To provide clarity, Annex I to this Decision sets out the Proposal as amended and approved by ACER,

HAS ADOPTED THIS DECISION:

Article 1

The Methodology for Coordinated Redispatching and Countertrading for the Core Capacity Calculation Region in accordance with Article 35 of Regulation (EU) 2015/1222 is adopted as set out in Annex I to this Decision.

Article 2

This Decision is addressed to Core TSOs:

50Hertz Transmission GmbH,
Amprion GmbH,
Austrian Power Grid AG,
C.N.T.E.E. Tranelectrica S.A.,
ČEPS a.s.,
Creos Luxembourg S.A.,
ELES, d.o.o.,
Elia System Operator SA,
HOPS d.o.o., Hrvatski operator prijenosnog sustava,
MAVIR ZRt,

Polskie Sieci Elektroenergetyczne,
Réseau de Transport d'Electricité,
Slovenská elektrizačná prenosová sústava, a.s.,
TenneT TSO B.V.,
TenneT TSO GmbH and
TransnetBW GmbH.

Done at Ljubljana, on 4 December 2020.

- SIGNED -

*For the Agency
The Director*

C. ZINGLERSEN

Annexes:

Annex I – Methodology for Coordinated Redispatching and Countertrading for the Core CCR in accordance with Article 35 of the Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management

Annex Ia (for information only) Methodology for Coordinated Redispatching and Countertrading for the Core CCR in accordance with Article 35 of the Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management – with track changes

Annex II (for information only) – Evaluation of Responses to the Public Consultation on the Methodology for Coordinated Redispatching and Countertrading for the Core CCR

In accordance with Article 28 of Regulation (EU) 2019/942, the addressees may appeal against this Decision by filing an appeal, together with the statement of grounds, in writing at the Board of Appeal of the Agency within two months of the day of notification of this Decision.

In accordance with Article 29 of Regulation (EU) 2019/942, the addressees may bring an action for the annulment before the Court of Justice only after the exhaustion of the appeal procedure referred to in Article 28 of that Regulation.