



European Union Agency for the Cooperation  
of Energy Regulators

# Cross-zonal capacities and the (70%) margin available for cross-zonal electricity trade

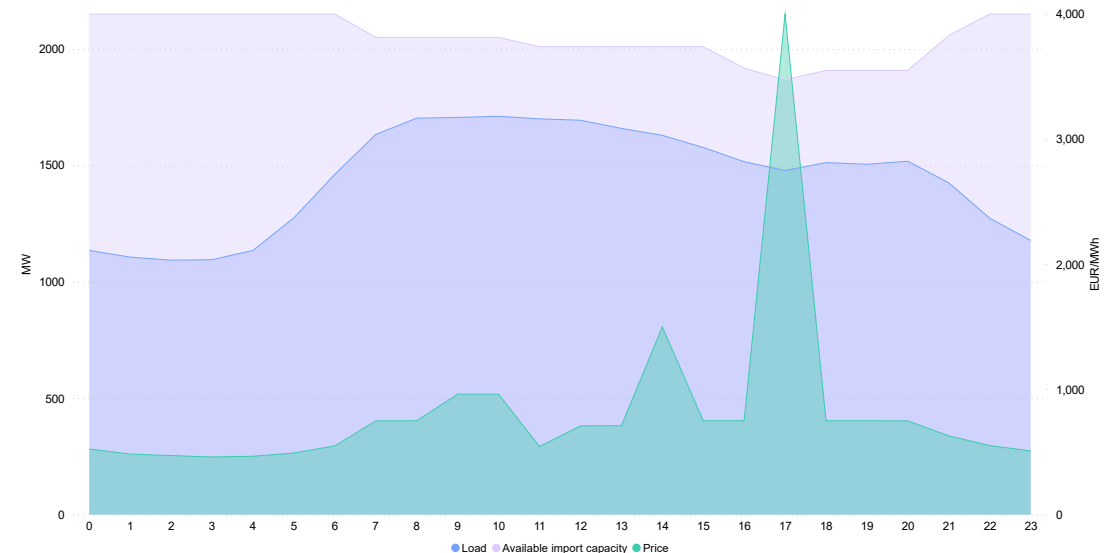
ACER Electricity Market Monitoring team

MESC meeting

5 July 2023

# Why cross-zonal capacity matters

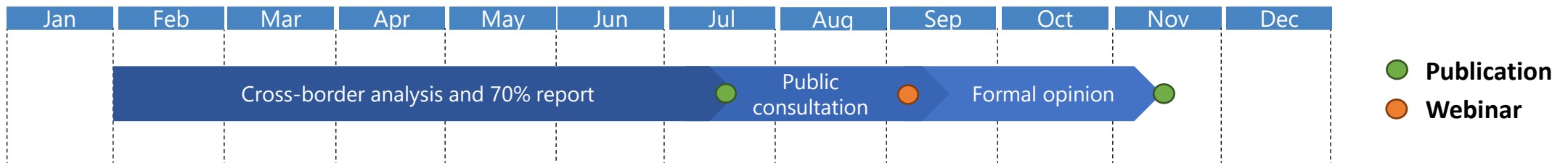
- Maximising the cross-zonal interconnection capacity offered to the market is a **prerequisite** for a **well-functioning** European **electricity** market.
- The 70% target enables the **most efficient use** of the available **interconnection capacity**.
- This has been emphasised by the energy **crisis of 2022**, where cross-zonal capacities have played a **fundamental role\*** in:
  - Mitigating price volatility across the EU.
  - Enhancing the integration of RES.
  - Ensuring security of supply.
  - Providing flexibility to the market.



Hourly variations in load, import capacity and day-ahead price in the Baltic region on 17 August 2022 (MW, MW and EUR/MWh, respectively)

# Background and timeline on 70% report

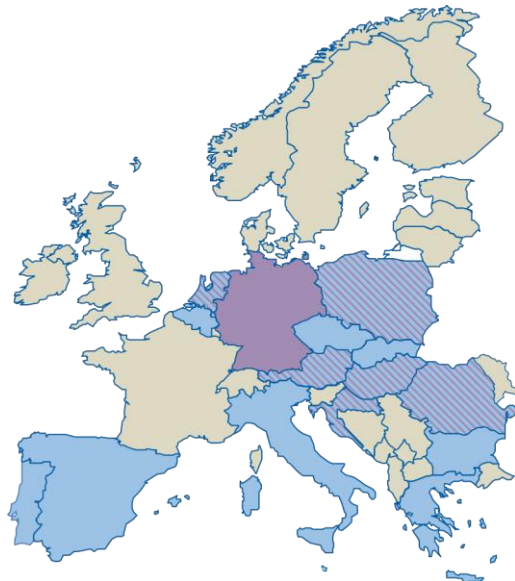
- Annual **70% report** has been combined with the chapter on cross-zonal capacity of previous years' **market monitoring report**.
- **Scope** of the report:
  1. Evolution of cross-zonal capacity levels across the EU
  2. Assessment on the margin available for cross-zonal electricity trade in 2022
  3. Unnecessary constrained capacities limit EU welfare
  4. Conclusions
- In monitoring the 70% target across the EU, ACER applies a **common methodology** for all Member States, following a significant **harmonization effort** with all NRAs.



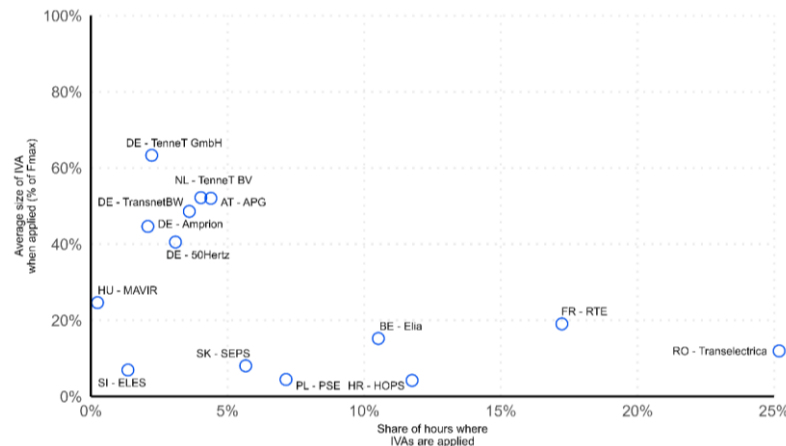
# Significant room for improvement

- Across the EU, the **picture varies significantly**, highlighting the persistent need for substantial efforts.
- Core DA FB MC led to **performance improvements**, although not uniformly spread.
- **Significant limitations** towards the achievement of the 70% target remain.

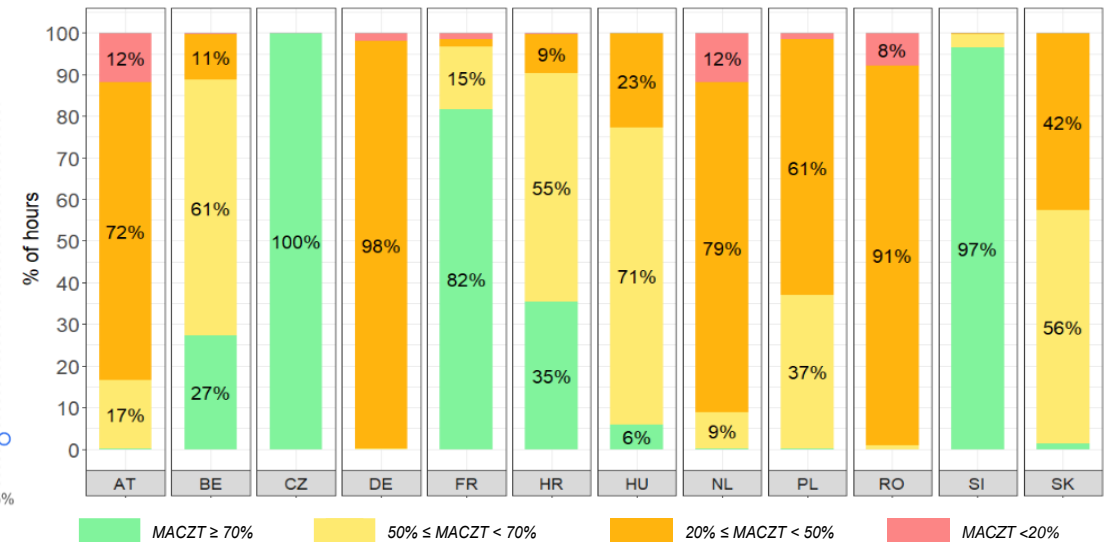
## Derogations



## Unilateral reductions



## Uneven level of 70% fulfilment



Percentage of MTUs when the minimum 70% target was reached in the Core CCR

Derogation(s)  
 Derogation(s) & an action plan  
 Action plan  
 None

\* MACZT = Margin Available for Cross-Zonal Trade

- Maximal availability of cross-zonal capacities is a **prerequisite for the green transition** and the EU's immediate energy objectives.
- **Few Member States fully reach the 70% target**, and doing so will become increasingly difficult in the coming years.
- Lifting both internal and cross-zonal constraints is key to achieving the 70% target. **'All tools in the toolbox' need to be considered:**
  - *Expedient **grid investment**: Reinforcing the grid where congestions occur; **and***
  - *Enable the use of all available costly and non-costly **remedial actions**; **and***
  - *Where not sufficient (or cost-efficient), take on an ambitious **bidding zone review**; **and***
  - ***Flow-based** capacity calculation & allocation applied to large, meshed, coordination areas.*
- **Data quality matters** when performing monitoring.

# Thank you.



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