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ACER decisions on SAP, CID and FRC

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- On 28 September 2022, the TSOs submitted proposals for amendments of the FCA methodologies:
  - Single Allocation Platform methodology (**SAP**) (FCA Articles 49 and 59);
  - Congestion income distribution methodology (**CID**) (FCA Article 47); and
  - Methodology for sharing costs incurred to ensure firmness and remuneration of LTTRs (**FRC**) (FCA Article 61)

- The main amendments proposed enable long-term flow-based allocation (LT FBA).

- The amendments to those methodologies are expected to be adopted by the Board of Regulators by mid March 2023.

- A further public workshop will be organized to discuss the LT FBA simulations results once prepared by the TSOs.

ACER Decision on SAP – overview of changes (1)

- Application of the SAP: all TSOs except those exempted based on FCA Article 30(7) and the ones not commercialising its transmission capacity on the single DA nor on the LT market

- Evolved Flow-Based (EFB) approach for both:
  - internal HVDCs (such as Allegro cable (BE-DE))
  - external* HVDCs, also extending to radial non-meshed AC borders

- Implementation timeline:
  - Y auctions 2025: flow-based
  - Stepwise implementation of Evolved Flow-Based approach

* Similar to the Advanced Hybrid Coupling (AHC) on DA level

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ACER Decision on SAP – overview of changes (2)

- LT allocation algorithm objective:
  - Aligning mathematical representation of cNTC-based and Flow-based allocation approaches
  - Supporting PTRs and FTR-options
    - Application of FTR-obligations requires amending of the SAP and HAR

- Monitoring, reporting and transparency:
  - Yearly monitoring report to assess:
    - Implementation progress
    - Long-term cross-zonal capacity allocation (incl. allocated volumes per BZB direction)
    - Algorithm performance
    - Incidents of insufficient collaterals
  - Publication of non-confidential version of SAP cooperation agreement

* Similar to the Advanced Hybrid Coupling (AHC) on DA level

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Zoom Long-term flow-based allocation algorithm

Objective is to maximize the economic surplus: $sum_{bids}\ (bid\_prices * accepted\_bid\_volumes)$

Constraints: 1) flow at each CNEC (or group of CNECs): $accepted\_bid\_volumes * PTDF^{+} \leq RAM$

Options ⇒ no netting of counter flows ⇒ only burdening flows are summarized (via $PTDF^{+}$)

2) total allocated capacity per BZ Border:

$sum_{bids,\ BZB} \leq External\ Constraint_{BZB}$ (where defined)

Clearing prices per border: $sum_{CNECs}\ (DualValue * PTDF^{+})$

Dual Value, i.e. Shadow Price at a congested CNEC

Congestion revenue: $sum_{borders}\ (clearing\_prices * accepted\_bid\_volumes)$