

Evaluation report

MESC consultation on the deliverables of the project prioritisation exercise for 2024

13 June 2024

1. Introduction

On 6 March 2024, in accordance with the guidance note on project prioritisation and planning for EU implementation projects, endorsed at the Market European Stakeholders Committee (MESC) meeting of 18 October 2023, ACER launched a consultation with MESC members on the draft deliverables of the project prioritisation exercise for 2024. This consultation only covered the draft deliverables available at the point in time when the consultation was launched, meaning:

- The “Regulatory Projects Portfolio”, prepared by ACER and NRAs
- The “Overview of Regulatory Project Pipelines”, prepared by ACER and NRAs
- The “Regulatory Projects Planning” for the project pipeline “TSOs capacity calculation - Core”, prepared by the Core TSOs

The “Regulatory Projects Planning” for the other three project pipelines considered in this exercise, i.e. CACM SDAC, CACM SIDC and “TSOs capacity calculation – Nordic” have not been delivered in accordance with the principles laid down in the guidance note and hence were not included in the consultation.

The consultation was closed on 2 April 2024.

2. Responses

By the end of the consultation period, the Agency received responses from 5 respondents.

This document summarises all received comments and responses to them. The table below is organised per topic and provides the respective views from the respondents, as well as a response from ACER clarifying the extent to which their comments were considered.

ACER highlights that it might have slightly streamlined the text of some observations for the sake of brevity and clarity. ACER strove to respect the content of the responses provided, but to avoid any possible misunderstanding arising from summarising the observations received, the names of the respondents are not always explicitly provided in the table below. For transparency reasons, full access to the original responses to the consultation is provided as an attachment to this document.

Respondents’ replies	ACER views
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Scope of the exercise

<p>All Regulations, not only CACM, should be in scope. The aim of the exercise should be to avoid congestions in the delivery pipeline, not managing them. It should be equally important to consider non-congested parts and ensure that they remain that way. Despite this backdrop,</p>	<p>The focus for this first exercise is on CACM since it is the pipeline with the largest number of projects and where congestion occurs. In the future, the scope may be extended to all other Regulations. Co-optimisation, as well as regional TSOs project linked to capacity calculation, have</p>
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<p>some projects originating from other network codes or guidelines (e.g. co-optimisation stemming from EBGL) have been arbitrarily included.</p>	<p>been included since they have a direct impact on SDAC and/or SIDC. Finally, all projects stemming from other Regulations are included in a separate worksheet (“Full list of projects”), even if not scored and hence not prioritised.</p>
<p>Some relevant national and regional projects are excluded from the list. The current approach seems to disavow both interdependencies and resulting complexities. For example, resources are regularly reserved/blocked by national and regional undertakings; tested environments and/or systems are affected by national and regional projects; national and regional steps can constitute prerequisites for common projects.</p>	<p>National projects should be included in the “Regulatory Projects Planning” prepared by NEMOs and TSOs. Regional projects related to CACM belonging to congested pipelines are included in the list and prioritised. In general, the implementation of national projects shall not put at risk the timely implementation of regional and pan-European projects, the benefits of which are generally much higher.</p>

Scoring criteria

<p>An assessment of the costs and/ or efforts to implement the respective projects is missing.</p>	<p>They are qualitative evaluated under the criterion 1a “Overall benefits compared to costs for all stakeholders and impact on assets and implementation efforts”.</p>
<p>The benefits are described and weighted in a qualitative manner only. For instance, regarding the positive impact on overall welfare (criterion 5b), a welfare increase of 1M would be equal to 100M. In addition, assessing a higher level of harmonisation (criterion 2b) as equally beneficial as an increase of security of operation (criterion 5c) does not seem fair since harmonisation is a means, while security of operation is a purpose.</p>	<p>The criteria were extensively discussed and agreed in the content of the discussions preceding the endorsement of the guidance note by MESC in October 2023. While we agree that a broader scale would allow to better capture the impact of the different projects, the exercise is meant to provide a qualitative assessment, not a quantitative one. In any case, we remain open for suggestions for a different scale that would be better fit for purpose.</p>
<p>The assessments lack any description and /or reasoning, e.g. in the following cases:</p> <ol style="list-style-type: none"> 1. A complex and lengthy implementation should be measured negatively in a cost benefit analysis. However, as regards FB allocation for IDAs and Core Advanced Hybrid Coupling, ACER seems to consider a simple implementation, and corresponding limited efforts, as negative too. 2. Co-optimisation might increase welfare with a certain probability. However, it remains unclear how this likelihood is computed and whether it is plausible at all. 	<ol style="list-style-type: none"> 1. The negative sign in the reasoning behind the assessment of criterion 1a for simple implementation projects was a typo, which has been corrected. Projects simpler to implement are scored higher compared to the more complex ones. 2. The consultancy study on the expected welfare gains of co-optimisation, published by ACER on 27 May 2024, shows that the benefits are significant.

Corrections of inaccuracies and additions regarding the listed projects

Both Core TSOs and Nordic TSOs provided feedback on some elements missing and/or inaccurately reported in the list of projects. See the attached documents for a detailed view of which elements were recommended to be added or amended.

ACER took onboard these suggestions when drafting the final deliverable.

Different scores for the listed projects

Both Energy Traders Europe and Eurelectric propose different scores for some of the projects included in the Regulatory Projects Portfolio.

ACER's remarks for each project are included in the attached document.

Other projects to be added to the list

Transition to CGMES network model shall be considered in the list of projects since this causes a strong dependency between ROSC and IDCC projects. In addition, there is some degree of freedom for DACC and LTCC transition to CGMES.

The criteria against which the projects are assessed have been set such that they allow to capture the benefits of projects with a direct impact on the electricity market functioning rather than on internal TSOs processes and model improvements. With these criteria, the priority assigned to this project would result being low, whereas ACER agrees that its added value is much higher. For this reason, ACER has decided to not include it in the list of projects subject to prioritisation, but to only list it under the worksheet "Full list of projects", acknowledging the impact it has for most of the implementation projects belonging to the Core CCR and the benefits for some pan-European processes.

Both Energy Traders Europe and Eurelectric listed several projects that, in their view, should be accounted for in the Regulatory Projects Portfolio.

ACER deems that most of these additional projects do not fulfil the definition of implementation projects included in the guidance note, according to which the project should:

- Be defined in a regulatory text or linked to discussions for a future inclusion in a regulatory text;
- Be part of a congested pipeline; and
- Trigger work for at least 6 months.

ACER's remarks for each project are included in the attached document.

How to link ACER-NRAs deliverables with the roadmap of TSOs

<p>The projects in implementation phase are not impacted by this prioritisation exercise. The room for manoeuvre is on the projects that are to be planned/ are in regulatory phase, examples being CCR Central and the harmonised market-based cross-zonal capacity allocation pursuant to EBGL. The outcome of the prioritisation exercise is one input, whilst functional dependencies remain a second input and they form the basis to discuss trade-offs.</p>	<p>ACER agrees.</p>
<p>Projects of the Hansa CCR have an impact on the Nordics project pipeline (and potentially also on the Core one) since the same RCCs are involved, using the same IT systems.</p>	<p>Even if the Hansa pipeline is not in the list of congested pipelines, the implementation projects belonging to this CCR are listed under the worksheet "Full list of projects". The interdependencies across CCRs can still be captured by filling in the columns "Depends on projects" and "Blocks projects" appropriately.</p>

Annex I: List of respondents

No.	Organisation	Segment
1.	Energy Traders Europe	Association
2.	Eurelectric	Association
3.	Europex	Association
4.	Core TSOs	Transmission System Operators
5.	Nordic TSOs	Transmission System Operators