

DECISION No 09/2019
OF THE EUROPEAN UNION AGENCY FOR THE COOPERATION OF
ENERGY REGULATORS

of 25 July 2019

ON THE SEE CCR TSOS' PROPOSAL FOR A REDISPATCHING AND
COUNTERTRADING METHODOLOGY

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, and, in particular, 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, Articles 9(7)(c) and 9(12) thereof,

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

Having regard to the favourable opinion of the Board of Regulators of 17 July 2019, 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

¹ OJ L 158, 14.6.2019, p. 22.

² OJ L 197, 25.7.2015, p. 24.

in the day-ahead and intraday markets in electricity. These requirements also include the development of a common methodology for coordinated redispatching and countertrading ('RDCT') in each of the capacity calculation regions ('CCR') in accordance with Article 35 of the CACM Regulation.

- (2) Pursuant to Articles 9(1), 9(7)(c) and 35(1) of the CACM Regulation, transmission system operators ('TSOs') of each CCR are required to develop a common proposal for a common coordinated RDCT methodology within the respective region 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 common coordinated RDCT methodology within six months after the receipt of the proposal by the last regulatory authority, according to Article 9(10) of the CACM Regulation, or, if they require the TSOs to amend the proposal, within two months after the receipt of the amended proposal by the last regulatory authority, according to Article 9(12) of the CACM Regulation. If the regulatory authorities fail to reach an agreement within those deadline, or upon their joint request, the Agency, pursuant to Article 9(11) and (12) of the CACM Regulation, is called upon to adopt a decision concerning the TSOs' proposal in accordance with Article 6(10) of Regulation (EU) 2019/942.
- (3) The present Decision of the Agency follows from the request of all the regulatory authorities of the South-east Europe ('SEE') CCR ('SEE regulatory authorities') that the Agency adopts a decision on the amended proposal for the common coordinated RDCT methodology, which the TSOs of the SEE CCR ('SEE TSOs') submitted to all SEE regulatory authorities for approval. Annex I to this Decision ('Decision on SEE common coordinated RDCT methodology') sets out the common coordinated RDCT methodology as decided by the Agency.

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 common coordinated RDCT methodology for their region, no later than sixteen months after the approval of the proposal for the CCR. As the Agency's Decision on the definition of the CCRs was issued on 17 November 2016³, the SEE TSOs were required to submit a proposal for a common coordinated RDCT methodology by 17 March 2018.

³ Agency Decision No 06/2016 of 17 November 2016 on the Electricity Transmission System Operators' Proposal For The Determination Of Capacity Calculation Regions.

- (5) On 2 February 2018, the SEE TSOs published for public consultation the draft ‘Coordinated Redispatching and Countertrading methodology for SEE CCR TSOs in accordance with Article 35 of Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management’. The consultation lasted from 2 February 2018 until 4 March 2018.
- (6) On 30 April 2018, the SEE TSOs submitted to the SEE regulatory authorities a ‘Coordinated Redispatching and Countertrading methodology for SEE CCR TSOs in accordance with Article 35 of Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management’ (the ‘Proposal’).
- (7) On 26 October 2018, the SEE regulatory authorities issued a request for amendments of the Proposal.
- (8) On 13 December 2018, the SEE TSOs submitted an amended proposal for the common coordinated RDCT methodology (hereinafter referred to as the ‘Amended Proposal’). The Amended Proposal was received by the last SEE regulatory authority on 13 December 2018.

2.2. Proceedings before the Agency

- (9) In a letter received by the Agency on 11 February 2019, the President of the Greek regulatory authority, on behalf of all SEE regulatory authorities, informed the Agency that, on 11 February 2019, the SEE regulatory authorities unanimously agreed to request the Agency to adopt a decision on the Amended Proposal pursuant to Article 9(12) of the CACM Regulation.
- (10) In the letter, all SEE regulatory authorities considered that the SEE TSOs did not fully take into account the regulatory authorities’ request for amendments.
- (11) More specifically, according to the SEE regulatory authorities, the following request were not addressed or were addressed only poorly:
 - (a) the inclusion of the definition of ‘redispatching’ and ‘countertrading’ in Article 2 of the common coordinated RDCT methodology;
 - (b) clarifying which congestions are cross-border relevant and thereby need to be solved in a coordinated manner;
 - (c) elaborating on the process for defining all available countertrading and redispatching actions, on the process for the coordination of countertrading and redispatching focusing on economic optimisation to solve congestions, on the process for the activation of countertrading and redispatching and on the way to identify the causes of congestions (i.e. polluters);

- (d) explaining how the determination of available resources for each timeframe will be taking place and including in the Amended Proposal the different articles on the issues of redispatching and countertrading, as they may be applied for different scopes;
 - (e) including some information concerning timing issues, such as the time that is needed by the Regional Security Coordinator (RSC) to provide for remedial actions and the deadline for the RSC to trigger the fast activation process;
 - (f) defining with more clarity the communication channels between generation units and loads, TSOs and the RSC;
 - (g) explaining the twelve-month requirement for the proposed common coordinated RDCT methodology and how this affects the overall market coupling requirement for the countries.
- (12) The Agency closely cooperated with the SEE regulatory authorities and TSOs and further consulted on the amendments to the Amended Proposal which the Agency intended to introduce in order to approve the proposed common coordinated RDCT methodology, during numerous teleconferences and meetings and through exchanges of amendments. In particular, the following procedural steps were taken:
- 22 February 2019: teleconference with all SEE regulatory authorities;
 - 6 March 2019: circulation of a draft of the proposed amendments to the Amended Proposal to all SEE regulatory authorities and TSOs;
 - 7 March 2019: teleconference with all SEE regulatory authorities and TSOs;
 - 20 March 2019: circulation of an updated draft of the proposed amendments to the Amended Proposal to all SEE regulatory authorities and TSOs;
 - 21 March 2019: teleconference with all SEE regulatory authorities and TSOs;
 - 2 April 2019: circulation of an updated draft of the proposed amendments to the Amended Proposal to all SEE regulatory authorities and TSOs;
 - 4 April 2019: teleconference with all SEE regulatory authorities and TSOs;
 - 18 April 2019: circulation of an updated draft of the proposed amendments to the Amended Proposal to all SEE regulatory authorities and TSOs;
 - 24 April 2019: teleconference with all SEE regulatory authorities and TSOs;
 - 13 May 2019: teleconference with all SEE regulatory authorities and TSOs;

- 21 May 2019: circulation of an updated draft of the proposed amendments to the common coordinated RDCT methodology to all SEE regulatory authorities and TSOs;
- 27 May 2019: teleconference with all SEE regulatory authorities and TSOs;
- 4 June 2019: circulation of an updated draft of the proposed amendments to the common coordinated RDCT methodology to all SEE regulatory authorities and TSOs;
- 13 June 2019: teleconference with all SEE regulatory authorities and TSOs;
- 13 June 2019: circulation of an updated draft of the proposed amendments to the common coordinated RDCT methodology to all SEE regulatory authorities and TSOs;
- From 21 June to 28 June 2019: consultation of all regulatory authorities in the framework of the Agency's Electricity Working Group ('AEWG').

3. THE AGENCY'S COMPETENCE TO DECIDE ON THE AMENDED PROPOSAL

- (13) Pursuant to Article 9(12) of the CACM Regulation, where the regulatory authorities have requested the TSOs of the concerned region to amend the proposal and have not been able to reach an agreement on the amended terms and conditions or methodologies within two months after their resubmission, or upon the regulatory authorities' joint request, the Agency shall adopt a decision concerning the amended terms and conditions or methodologies within six months, in accordance with Article 6(10) of Regulation (EU) 2019/942⁴.
- (14) In the letter of 11 February 2019, the President of the Greek regulatory authority, on behalf of all SEE regulatory authorities, informed the Agency that all SEE regulatory authorities unanimously agreed on 11 February 2019 to request the Agency to adopt a decision on the Amended Proposal pursuant to Article 9(12) of the CACM Regulation.

⁴ With effect of 4 July 2019, Regulation (EU) 2019/942 has replaced Regulation (EC) No 713/2009. According to Article 46 of Regulation (EU) 2019/942, references to Regulation (EC) No 713/2009 shall be construed as references to Regulation (EU) 2019/942 and shall be read in accordance with the correlation table in Annex II of the same Regulation. Thus, the reference to Article 8(1) of Regulation (EC) No 713/2009 in Article 9(11) and (12) of the CACM Regulation is to be understood as a reference to Article 6(10) of Regulation (EU) 2019/942.

- (15) Therefore, under the provisions of Article 9(12) in conjunction with Article 9(7)(c) of the CACM Regulation and in accordance with Article 8(1) of Regulation (EC) No 713/2009 and, subsequently, with point (b) of the first subparagraph and point (b) of the second subparagraph of Article 6(10) of Regulation (EU) 2019/942, the Agency became responsible to adopt a decision concerning the submitted Amended Proposal by the referral of 11 February 2019.

4. SUMMARY OF THE AMENDED PROPOSAL

- (16) The Amended Proposal consists of the following elements:
- (a) The ‘Whereas’ section and Articles 1 to 3, which include general provisions, the scope of application, the definitions and the legal basis for the proposal;
 - (b) Articles 4 and 5, which define the geographical area of applicability of the Amended Proposal, namely the area of common interest, as well as the resources for redispatching and countertrading;
 - (c) Articles 6 to 9, which provide an overview of coordinated processes, respectively for countertrading, for redispatching and for critical situations (fast activation process), as well as the various timeframes for these processes;
 - (d) Article 10, which determines the calculation of total costs for relieving physical congestion in the area of common interest;
 - (e) Article 11, which includes provisions on the publication and implementation timeline of the coordinated redispatching and countertrading methodology;
 - (f) Article 12, which includes provisions on language;
 - (g) Article 13, which includes provisions on the confidential treatment of information.

5. SUMMARY OF THE OBSERVATIONS RECEIVED BY THE AGENCY

5.1. Initial observations of the regulatory authorities

- (17) According to the letter of the President of the Greek regulatory authority of 11 February 2019, sent on behalf of all SEE regulatory authorities, the SEE regulatory authorities jointly observed shortcomings in the Amended Proposal.
- (18) The SEE regulatory authorities found the Amended Proposal did not sufficiently and properly take into account their request for amendments of 26 October 2018.

5.2. Consultation of the SEE regulatory authorities and TSOs

- (19) During the phase of close cooperation between the Agency, all SEE regulatory authorities and TSOs as detailed in paragraph (12) above, the Agency tried to clarify the interactions between the CACM Regulation and Commission Regulation (EU) 2017/1485 of 2 August 2017 establishing a guideline on electricity transmission system operation⁵ (the ‘SO Regulation’), in particular with regard to Articles 75 and 76 of that Regulation.
- (20) First, pursuant to Article 35 of the CACM Regulation, TSOs of each CCR must develop a common methodology for coordinated redispatching and countertrading within 16 months after the regulatory approval on capacity calculation regions. Pursuant to Article 76 of the SO Regulation, 3 months after the approval of the methodology for coordinating operation security analysis in Article 75(1) of the SO Regulation, TSOs of each CCR must develop a proposal for common provisions for regional operational security coordination, which entails a coordinated use of remedial actions. As redispatching and countertrading are remedial actions, TSOs must detail their coordinated use in both methodology proposals, pursuant to Article 35 of the CACM Regulation and Article 76 of the SO Regulation.
- (21) These two methodologies need to establish a single coordination process, which involves optimised activation of all remedial actions, not just redispatching and countertrading. Therefore these two methodologies need to be fully consistent. However, this is difficult to achieve as TSOs of the SEE CCR will develop the methodology proposal pursuant to Article 76 of the SO Regulation after the deadline for the Agency to issue the present Decision.
- (22) In order to ensure compatibility of the proposals according to Article 35(1) of the CACM Regulation and according to Article 75(1) of the SO Regulation, to the extent feasible, the Agency included in its Decision on the methodology pursuant to Article 35 of the CACM Regulation, relevant requirements of the SO Regulation related to the regional coordination of remedial actions:
- (i) by adopting the terminology used in the Agency’s Decision on the methodology for coordinating operation security analysis pursuant to Article 75(1) of the SO Regulation;
 - (ii) with respect to the scope of the coordinated redispatching and countertrading methodology, by adopting the criteria to establish the cross-border relevance of a remedial action used in the Agency’s Decision on the methodology for

⁵ OJ L 220, 25.8.2017, p. 1.

coordinating operation security analysis pursuant to Article 75(1) of the SO Regulation and applying it to redispatching and countertrading only.

- (23) Second, regarding the possibility to use forecasted prices of redispatching and countertrading actions, which may deviate from the prices used for settlement of these actions, the Agency discussed with SEE regulatory authorities and TSOs the options for limiting the risk of strategic behaviour resulting from this approach. Namely, the Agency identified that Article 5(3) of the Amended Proposal offered the possibility for TSOs to provide to the RSC an estimate of the costs incurred by the future use of a given remedial action. This cost estimate is used in the context of the coordination pursuant to Article 7 of the Amended Proposal. Finally, after redispatching and countertrading resources have been activated, pursuant to Article 10(3) of the Amended Proposal, *‘actual total costs of the coordinated redispatching and countertrading shall be calculated based on the costs the TSOs of the SEE region incurred at the activation of the actual resources.’*
- (24) The Agency observed that the cost estimate used by the RSC influences the likeliness of the RSC recommending the activation of a given remedial action. There is an incentive for generators to communicate low cost estimates to favour the activation of a given remedial action and subsequently communicate significantly higher actual costs after the activation.
- (25) The Agency, SEE regulatory authorities and TSOs discussed the relevance of removing the possibility for generators to communicate price estimates, as well as the necessity closely to monitor spreads between cost estimates and incurred costs.

6. ASSESSMENT OF THE AMENDED PROPOSAL

6.1. Legal framework

- (26) Articles 9(1) and 9(7)(c) of the CACM Regulation require TSOs to provide the proposal for a methodology for coordinated redispatching and countertrading in accordance with Article 35(1) of the CACM Regulation to all regulatory authorities for their approval.
- (27) Article 35 of the CACM Regulation sets general requirements regarding the development of a proposal for a methodology for coordinated redispatching and countertrading and its implementation.
- (28) Article 35(1) of the CACM Regulation requires TSOs in each CCR to submit a proposal for a common coordinated RDCT methodology no later than 16 months after the approval of the proposal for CCRs in accordance with Article 15(1) of the CACM Regulation. This proposal for a common coordinated RDCT methodology needs to be consulted in accordance with Article 12 of the CACM Regulation.
- (29) Articles 35(2) to 35(6) of the CACM Regulation specify various requirements for the content of the proposal for a common coordinated RDCT methodology.

- (30) Article 35(2) of the CACM Regulation sets out requirements related to the scope of the common coordinated RDCT methodology. Namely, it requests that the common coordinated RDCT methodology include actions of cross-border relevance and enable all TSOs in each CCR effectively to relieve physical congestion irrespective of whether the reasons for the physical congestion fall mainly inside their control area. Furthermore, the common coordinated RDCT methodology must address the fact that its application may significantly influence flows outside the TSO's control area.
- (31) Articles 35(3) and Article 35(4) of the CACM Regulation lay down principles related to redispatching and countertrading: while each TSO may apply appropriate mechanisms and agreements to its control area, TSOs must abstain from unilateral or uncoordinated redispatching and countertrading measures of cross-border relevance. To the contrary, TSOs must coordinate the use of redispatching and countertrading resources taking into account their impact on operational security and economic efficiency.
- (32) Articles 35(5) and (6) set communication requirements between relevant generation units and loads, on the one side, and TSOs, on the other side. Generation units and loads must communicate *ex ante* to the TSOs (i) the prices of redispatching and countertrading before redispatching and countertrading resources are committed and (ii) all information necessary for calculating the redispatching and countertrading cost.

6.2. Assessment of the legal requirements

6.2.1. Assessment of the requirements for the development of the proposal for a methodology for coordinated redispatching and countertrading

- (33) The Amended Proposal partly fulfils the requirements of Articles 9(1), 9(7)(c) and 35(1) of the CACM Regulation, as all SEE TSOs jointly developed a proposal for a methodology for coordinated redispatching and countertrading, but submitted it for approval to all SEE regulatory authorities only on 30 April 2018, which is after the legal deadline of 17 March 2017 (i.e. 16 months after the adoption of the determination of CCRs that was adopted on 17 November 2016, as detailed in Section 2.1 above). The Proposal was subject to consultation as described in Section 2.1.
- (34) The Amended Proposal fulfils the requirements of Article 9(12) of the CACM Regulation, as all SEE TSOs jointly resubmitted the Amended Proposal within two months following a request for amendment from the SEE regulatory authorities.

6.2.2. Assessment of the requirements regarding redispatching and countertrading actions of cross-border relevance

- (35) Articles 3 and 4 of the Amended Proposal aim to fulfil the requirements of Article 35(2) of the CACM Regulation. Namely, Article 4 of the Amended Proposal requests that the common coordinated RDCT methodology include redispatching and countertrading

actions of cross-border relevance. Furthermore, Article 3 of the Amended Proposal defines the SEE CCR as the area in which the common coordinated RDCT methodology must be applied, and Article 4 of the Amended Proposal defines an area of common interest within which, pursuant to Article 7(1) of the Amended Proposal, the common coordinated RDCT methodology must enable all TSOs of the SEE CCR *'to effectively relieve physical congestion [...] irrespective of whether the reasons for the physical congestion fall mainly outside their control area or not.'*

- (36) Yet the Agency found it necessary to amend Articles 2, 3, 4, 7 and 9 of the Amended Proposal to improve clarity and enforceability of the common coordinated RDCT methodology. In doing so, the Agency took into account, in particular, the concerns expressed by the SEE regulatory authorities as per recitals (11)(a), (11)(b) and (11)(d) above, regarding the area of application of the common coordinated RDCT methodology.

Scope of coordination and consistency with the SO Regulation

- (37) Article 35 of the CACM Regulation defines the scope of the common coordinated RDCT methodology as the regional coordination of cross-border relevant redispatching and countertrading actions.
- (38) This is in contrast with Articles 75 and 76 of the SO Regulation, which require the development of the methodologies that facilitate regional coordination of all cross-border relevant remedial actions, (i.e. including redispatching and countertrading actions). As coordination of cross-border relevant redispatching and countertrading actions is included in both the CACM Regulation and the SO Regulation, whereas coordination of other remedial actions are not required by the CACM Regulation, the Agency understands that this apparent inconsistency can only be solved in a way that the methodologies established pursuant to both Regulations describe the same coordination process, which includes coordination of all cross-border relevant remedial actions. This coordination process needs to be fully elaborated in the methodologies established pursuant to the SO Regulation, whereas the methodology established pursuant to the CACM Regulation (i.e. common coordinated RDCT methodology) will describe only a part of this process which relates to cross-border relevant redispatching and countertrading actions.
- (39) The Agency applied the above understanding with two specific amendments. First, the Agency introduced into the common coordinated RDCT methodology the same definition of cross-border relevant remedial actions (i.e. XRA) as in the Agency's Decision on the methodology pursuant to Article 75 of the SO Regulation, but limited the scope of the remedial actions to redispatching and countertrading actions only. Applying the same term for XRA in the common coordinated RDCT methodology as well as in the methodology pursuant to Article 75 of the SO Regulation, but with a partially different scope, allows better to understand that the coordination of XRAs in

these methodologies describe one single coordination process and not two different processes.

- (40) Second, the Agency clarified in Article 10 of the common coordinated RDCT methodology that, regardless of the scope of XRAs being limited to cross-border relevant redispatching and countertrading actions, the coordination of XRAs should be performed together with the coordination of other remedial actions not considered as XRAs in accordance with the common coordinated RDCT methodology, but still considered as cross-border relevant. This provides a clear framework that ensures consistency between the common coordinated RDCT methodology and the methodologies pursuant to Articles 75 and 76 of the SO Regulation.
- (41) Finally, the Agency also added a new recital that explains this consistency issue and provides an explanation of the solution applied.

Cross-border relevance of remedial actions

- (42) Article 4(2) of the Amended Proposal defines a redispatching and countertrading action of cross-border relevance as relieving *'a congestion on a network element of cross-border relevance'*. Furthermore, Article 4(4) of the Amended Proposal defines cross-border relevant RDCT actions as follows: *'RD and CT Measures which are cross-border impacting as defined in the methodologies required by art 75 and 76 of SO GL Regulation have a significant impact on other TSOs have to be coordinated.'*
- (43) While the Agency observes that this general principle reflects the requirements set by Article 35(2) of the CACM Regulation, the Agency found that further details were necessary to provide full clarity on the application of this principle. Thus, in Article 4(4) to Article 4(6) of Annex I to this Decision, the Agency described both a quantitative and a qualitative approach to determining cross-border relevance of redispatching and countertrading actions. These two approaches are fully consistent with the adopted methodology pursuant to Article 75 of the SO Regulation.
- (44) Regarding the quantitative approach pursuant to Article 4(4) of Annex I to this Decision, the Agency defined a remedial action influence factor, used to assess the cross-border relevance of redispatching and countertrading actions. Regarding the qualitative approach pursuant to Article 4(6) of Annex I to this Decision, TSOs need to coordinate with RSCs qualitatively to assess and to agree on the cross-border relevance of redispatching and countertrading actions. The quantitative assessment is the default option in situations when no agreement can be reached.

Cross-border relevance of network elements (congestions)

- (45) Article 4(1) of the Amended Proposal specifies that *'The congestions which are cross-border relevant and thereby need to be solved in a coordinated manner [...] are identified according to the process defined in the day-ahead and intraday capacity calculation methodology for SEE Region'*.

- (46) The Agency observes that such definition (i) wrongly assumes that the concept of ‘cross-border relevance’ in the context of capacity calculation can be applied to the common coordinated RDCT methodology, and (ii) is incomplete, as it fails to define all elements to be considered as cross-border relevant.
- (47) In that regard, it is to recall that the concept of critical network element established in the context of capacity calculation is different from the concept of cross-border relevance in the context of coordination of redispatching and countertrading actions. If these two concepts were the same, the CACM Regulation would clearly apply the same terms both in Articles 20 to 29 and in Article 35.
- (48) In the context of capacity calculation, as a principle, the critical network elements should be defined such that congestions inside bidding zones do not limit cross-zonal capacity, since alternative solutions to solving these congestions (e.g. remedial actions, network investments or the reconfiguration of bidding zones) are available and should be compared. The aim achieved through the definition of critical network element in capacity calculation is to comply with the above principle, to the extent that it is efficient.
- (49) In the context of the common coordinated RDCT methodology, which is performed after capacity calculation, there are no other remaining options to address congestions on network elements that are identified with operational security analysis. Therefore, as a general principle, all congestions where the contribution to congestion at least partially lies outside the concerned TSO area should be considered as cross-border relevant. This implies maximising the scope of the common coordinated RDCT methodology to any element possibly facing congestion and any means to alleviate such a congestion.
- (50) The Agency introduced the definitions and acronyms for XNE, XNEC respectively referring to cross-border relevant network elements and cross-border relevant network elements with contingency. Then, in order to ensure consistency of the common coordinated RDCT methodology with the Agency’s Decision on the methodology pursuant to Article 75 of the SO Regulation, the Agency defined all network elements of the SEE TSOs of a voltage level equal or above 150 kV as cross-border relevant. SEE TSOs may jointly agree on excluding some of those elements from the initial list.
- (51) In the Agency’s Decision on the methodology pursuant to Article 75 of the SO Regulation, the Agency clarified that the notion of cross-border relevance should include all network elements where the percentage of flows resulting from exchanges outside the TSO control area, where such network element is located, is significant. This is because the management of congestions on network elements must identify the underlying cause of congestions and where the underlying cause is attributed to two or more TSOs, solving the congestion should involve the coordination between these TSOs. To identify which congestions fall within the scope of such coordination, TSOs in a CCR would need to perform deeper analyses for each specific network element and

each specific situation, which can be a very burdensome task. As such, this principle requires deeper analyses by TSOs in a CCR. The Agency considers that this target can equally be achieved by a rather simple rule that, by default, all network elements of a voltage level equal or above 150 kV are defined as cross-border relevant, except those network elements for which all TSOs in a CCR agree that they are not cross-border relevant. This approach is supported by the understanding that including too many network elements in the coordination does not risk a loss of economic efficiency or operational security in regional coordination. However, including not enough network elements would indeed entail such a risk. For this reason, the principle for the identification of cross-border relevant network elements as proposed by the Agency is considered as adequate.

- (52) In this context, the Agency removed the notion of area of common interest from the text, as it was replaced by a detailed definition of cross-border relevant network elements.

The role of regional security coordination

- (53) The Agency clarified the central role of the RSC in Articles 4 to 7 of the common coordinated RDCT methodology. The RSC should receive all relevant information required to identify the availability, costs and cross-border relevance of redispatching and countertrading actions and then optimise the use of these actions to address congestions on cross-border relevant network elements at the level of the CCR. Therefore, the adopted common coordinated RDCT methodology enables all TSOs of the SEE CCR effectively to relieve physical congestion irrespective of whether the reasons for the physical congestion fall mainly inside their control area.
- (54) Finally, the Agency completed the list of definitions in Article 2 of the Amended Proposal, to include the terms listed in recital (35). In addition, the Agency amended Article 9 of the Amended Proposal to align it with the scope as defined recital (35).

6.2.3. Assessment of the requirements for principles to be applied regarding costs incurred by the coordinated optimisation of redispatching and countertrading

- (55) Paragraphs 4 and 5 of Article 11 of the Amended Proposal set principles to be applied for the splitting of costs incurred by the coordinated optimisation of redispatching and countertrading actions.
- (56) The Agency observes that such principles are outside the scope of Article 35 of the CACM Regulation. They belong to the methodology on cost sharing developed pursuant to Article 74 of the CACM Regulation. Therefore, the Agency removed these provisions from the Amended Proposal.

6.2.4. Assessment of the principles determining the availability of redispatching and countertrading actions to regional coordination

- (57) Article 5(1) of the Amended Proposal fulfils the requirements set by Article 35(3) of the CACM Regulation, by specifying that ‘*[e]ach TSO may redispatch all available generation units and loads in accordance with the appropriate mechanisms applicable to its control area*’.
- (58) Article 5(2) of the Amended Proposal partly addresses the requirements set by Article 35(4) of the CACM Regulation. Article 5(2) clarifies that when evaluating the availability of a remedial action, the SEE TSOs should not endanger the security of supply.
- (59) Articles 6 to 8 of the Amended Proposal detail how these principles are applied to the overall process for coordinated countertrading, coordinated redispatching and fast activation, respectively.
- (60) The Agency found it necessary to amend and complete Article 5(2), as the Amended Proposal failed to address the requirement for TSOs to (i) abstain from unilateral or uncoordinated redispatching measures of cross-border relevance, and (ii) take into account economic efficiency in the context of the selection of redispatching and countertrading measures.
- (61) Therefore, the Agency introduced, in Article 12(2) of Annex I to this Decision, the requirement for SEE TSOs to abstain from uncoordinated activation of XRAs. In addition, the Agency introduced in Article 12(2) and Article 15 of the adopted common coordinated RDCT methodology the requirement for the RSC to monitor and report such events, should they occur.
- (62) Furthermore, following the concerns expressed by the SEE regulatory authorities as per recitals (11)(a) and (11)(b) above, the Agency found it necessary to clarify the coordination process for redispatching and countertrading, including in the context of sudden critical situation, as detailed in Articles 6 to 8 of the Amended Proposal.
- (63) Therefore, the Agency introduced, in Articles 10 to 12 of Annex I to this Decision, a clear description of the coordination processes, detailing steps, with their chronology, responsibilities and deliverables.
- (64) In doing so, the Agency did not further detail the provisions on cross-regional coordination, as TSOs must first gain experience on the definition and implementation of regional coordination pursuant to Article 35 of the CACM Regulation and Article 76 of the SO Regulation. Following this initial step, the methodology pursuant to Article 75 of the SO Regulation must be amended to include further details on cross-regional coordination. Once these two preconditions are fulfilled, regional methodologies pursuant to Article 35 of the CACM Regulation and Article 76 of the SO Regulation

will possibly be amended to reflect amendments of the methodology pursuant to Article 75 of the SO Regulation.

6.2.5. Assessment of the requirements regarding data exchange detailed in the proposal for a methodology for coordinated redispatching and countertrading

- (65) Article 5(3) of the Amended Proposal addresses some of the requirements set by Article 35(6) of the CACM Regulation. Article 5(3) of the Amended Proposal sets forth that the SEE TSOs provide either (i) actual prices for redispatching and countertrading to the RSC in advance and based on actual prices taken from the generator units and loads or (ii) *'best up-to-dated estimation of the incurred costs'*.
- (66) The Agency found it necessary to amend and complete Article 5(3) of the Amended Proposal, as (i) the Amended Proposal does not clarify the basis for redispatching and countertrading costs, although explicitly required by the CACM Regulation, and (ii) the Amended Proposal offers the possibility of relying on price and cost estimates, which is not provided for by Article 35(6) of the CACM Regulation.
- (67) The possibility of relying on price and cost estimates implies that all information necessary for calculating actual prices and costs is available *ex-post*. Therefore, the Agency observes that, on the one hand, the provisions set in Article 35(6) of the CACM Regulation seem to forbid the possibility of relying on cost estimates, as it states that *'[g]eneration units and loads shall ex-ante provide all information necessary for calculating the redispatching and countertrading cost to the relevant TSOs.'* On the other hand, Article 35(3) states that *'[e]ach TSO may redispatch all available generation units and loads in accordance with the appropriate mechanisms and agreements applicable to its control area'*, which might turn out to be incompatible with the provision of actual prices *ex-ante*, as such agreements may include the possibility for generation units and loads to communicate to TSOs price and cost estimate *ex-ante*, and actual prices and costs *ex-post*.
- (68) In order to accommodate both provisions, the Agency included, in Article 7 of Annex I to this Decision, the requirement that TSOs communicate actual prices *ex-ante* unless TSOs can prove that existing arrangements cannot be changed. Thus, the Agency introduced in Article 7(2) of Annex I to this Decision the explicit requirement that actual prices be based on prices in the relevant electricity markets for the relevant timeframe; or the costs of XRAs be calculated transparently on the basis of incurred costs, pursuant to Article 35(5) of the CACM Regulation.
- (69) In addition, the Agency requested that TSOs study the possibility to rely solely on actual prices communicated to the RSC and not anymore on price forecasts. The study will inform an amendment proposal to be submitted by SEE TSOs 18 months after the implementation of the common coordinated RDCT methodology.

- (70) Furthermore, following the concerns expressed by the SEE regulatory authorities as per recitals (11)(d) and (11)(f) above, the Agency found it necessary to clarify the communication necessary for the coordination, and in particular the timing for the exchanges of information, as well as the communication channels implied by the coordination process in Articles 6 and 7 of the Amended Proposal.
- (71) Therefore, the Agency detailed, in Articles 6 and 7 of Annex I to this Decision, the necessary exchanges of information, i.e. communication channels, information exchanged, parties involved, and necessary timing, respectively related to the availability and the cost of cross-border relevant remedial actions.

6.2.6. Proposed timescale for implementation

- (72) The Amended Proposal aims to fulfil the requirements of Article 9(9) of the CACM Regulation with regard to the proposed timescale for implementation of the common coordinated RDCT methodology.
- (73) Article 11 of the Amended Proposal provides that the SEE TSOs implement the proposed common coordinated RDCT methodology not later than 12 months after both (i) the regulatory approval of the redispatching and countertrading cost sharing methodology required by Article 74 of the CACM Regulation in accordance with Article 9 of the CACM Regulation and (ii) the implementation of the capacity calculation methodology for the SEE CCR.
- (74) Yet, the Agency finds it necessary to amend Article 11 of the Amended Proposal to improve clarity and enforceability of the implementation provisions and to adjust the timelines to the delays imposed in the adoption of the common coordinated RDCT methodology as the Amended Proposal did not include any firm deadline for the adoption of the common coordinated RDCT methodology. In doing so, the Agency took into account of the concerns expressed by the SEE regulatory authorities as per recital (11)(g) above.
- (75) First, the Agency has introduced a firm implementation timeline for the implementation of the common coordinated RDCT methodology such that it should be implemented no later than 1 July 2021. This implementation timeline reflects (i) the necessity to ensure enforceability of the methodology by including a firm deadline for implementation, and (ii) the observation that such implementation can reasonably be expected within two years after the adoption of the common coordinated RDCT methodology.
- (76) The Agency has defined the above mentioned firm deadline after consultation with all SEE TSOs and regulatory authorities. The firm deadline is not conditioned to other processes, unlike the deadline initially set in the Amended Proposal. However, provided that TSOs dedicate the required time and resources to the implementation of the common coordinated RDCT methodology, the Agency understands that the risk for

TSOs of not meeting the conditions initially set by the Amended Proposal by the firm deadline is minimal.

6.2.7. Description of the expected impact on the objectives of the CACM Regulation

- (77) The recitals of the Amended Proposal provide a description of the expected impact of the methodologies on the objectives of Article 3(a) to (d) of the CACM Regulation.
- (78) The Agency added a description of the impact on the objectives pursuant to Articles 3(e), (f), (g), (h) and (j) of the CACM Regulation and improved the description of the impact on other objectives where it was inadequate.

6.2.8. Assessment of the requirements for consultation, transparency and stakeholder involvement

6.2.8.1. *Transparency and publication of information*

- (79) The Amended Proposal did not include provisions aiming to address the objective of ensuring and enhancing the transparency and reliability of information as defined by Article 3(f) of the CACM Regulation.
- (80) To address this objective, the Agency included, in Article 15 of Annex I to this Decision, requirements for the RSC to monitor and publish semi-annually various aspects of the common coordinated RDCT methodology, including the updated list of XNECs, occurrences of uncoordinated XRA activations, and occurrences of non-activation of activation of XRAs recommended by the RSC.

7. CONCLUSION

- (81) For all the above reasons, the Agency considers the Amended Proposal in line with the requirements of the CACM Regulation, provided that the amendments described in this Decision are integrated in the Amended Proposal, as presented in Annex I to this Decision.
- (82) Therefore the Agency approves the Amended Proposal subject to the necessary amendments and to the necessary editorial amendments. To provide clarity, Annex I to this Decision sets out the Amended Proposal as amended and as approved by the Agency,

HAS ADOPTED THIS DECISION:

Article 1

The common methodology for coordinated redispatching and countertrading of the South-east Europe (SEE) capacity calculation region, developed pursuant to 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:

ADMIE S.A.,
Electricity System Operator EAD (ESO EAD), and
C.N.T.E.E. Transelectrica S.A.

Done at Ljubljana on 25 July 2019.

- SIGNED -

For the Agency
Director ad interim
Alberto POTOTSCHNIG

Annexes:

Annex I – Methodology for coordinated redispatching and countertrading for SEE capacity calculation region in accordance with Article 35 of Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management

Annex Ia – Methodology for coordinated redispatching and countertrading for SEE capacity calculation region in accordance with Article 35 of Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management (track-change version, for information only)

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.