

**REQUEST FOR AMENDMENT OF ALL REGULATORY
AUTHORITIES COORDINATED THROUGH THE
CACM TF**

ON

**ALL TSOs' PROPOSALS FOR
CALCULATING SCHEDULED EXCHANGES RESULTING
FROM SINGLE DAY-AHEAD AND INTRADAY
COUPLINGS (SCH EXC)**

7 September 2018

I. Introduction and legal context

Article 43(1) of Regulation 2015/1222¹ requires that, by 16 months after the entry into force of this Regulation, TSOs which intend to calculate scheduled exchanges resulting from day-ahead coupling shall develop a proposal for a common methodology for this calculation (hereafter referred to as: “the SCH EXC Proposal”).

Article 56(1) of the CACM Guideline requires that, by 16 months after the entry into force of this Regulation, TSOs which intend to calculate scheduled exchanges resulting from intraday coupling shall develop a proposal for a a common methodology for this calculation.

In line with Article 9(9) of the CACM Guideline the proposal must include a proposed timescale for its implementation and a description of the expected impact on the objectives of the CACM Guideline.

In line with the above Articles, some RAs subsequently received these SCH EXC methodologies on 14 December 2016.

Following the submission of the methodologies, on 14 March 2017 a letter was sent by the Agency to the European Commission, on behalf of all RAs, to ask for an interpretation on whether all TSOs, including those who did not submit the methodologies on 14 December 2016, should develop and submit a common SCH EXC methodology for approval by regulatory authorities (RA).

On 1 June 2017, the European Commission responded that it is up to the RAs to decide whether it is more efficient to involve all TSOs in the development of the SCH EXC methodologies or not. Subsequently, all RAs agreed that all TSOs should submit a common methodology for both day-ahead and intraday. In a letter dated 22 September 2017, all RAs requested all TSOs to submit a common methodology by 31 December 2017.

Following the receipt of the RAs’ letter, all TSOs elaborated on common SCH EXC methodologies for the day-ahead and intraday timeframes. Due to discussions between TSOs and NEMOs on the inclusion of the calculation of scheduled exchanges between NEMO trading hubs, TSOs indicated that the deadline set by RAs will not be feasible. Therefore, RAs agreed in December 2017 to prolong the deadline for submission of the common methodology until 28 February 2018. The last RA received the common SCH EXC methodology for the day-ahead and intraday timeframes on 14 March 2018.

According to Article 9(7)(d) of the CACM Guideline these proposals must be subject to the approval of all Regulatory Authorities (RAs) of the concerned region which in this case includes all RAs, as confirmed by the European Commission

This document elaborates an agreement of All Regulatory Authorities to request an amendment to the SCH EXC Proposals by all TSOs, dated 7 September, on the all TSOs’ proposals for calculating scheduled exchanges resulting from single day-ahead and intraday couplings, in accordance with Article 43 and 56 of the Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management (Regulation 2015/1222).

¹ “Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management”, hence referred to as “CACM Guideline”.

This agreement of All Regulatory Authorities shall provide evidence that a decision on the SCH EXC Proposal does not, at this stage, need to be adopted by ACER pursuant to Article 9(11) of the Regulation 2015/1222. This agreement is intended to constitute the basis on which All Regulatory Authorities will each subsequently request an amendment to the SCH EXC Proposal pursuant Article 9(12).

The legal provisions relevant to the submission and this All Regulatory Authority agreement on the request of amendemend of the SCH EXC Proposal, can be found in Articles 3, 8, 9, 43, 49, 56, 60, 61 and 82 of the Regulation 2015/1222.

Article 3 of Regulation 2015/1222:

This Regulation aims at:

- (a) Promoting effective competition in the generation, trading and supply of electricity;*
- (b) Ensuring optimal use of the transmission infrastructure;*
- (c) Ensuring operational security;*
- (d) Optimising the calculation and allocation of cross-zonal capacity;*
- (e) Ensuring fair and non-discriminatory treatment of TSOs, NEMOs, the Agency, regulatory authorities and market participants;*
- (f) Ensuring and enhancing the transparency and reliability of information;*
- (g) Contributing to the efficient long-term operation and development of the electricity transmission system and electricity sector in the Union;*
- (h) Respecting the need for a fair and orderly market and fair and orderly price formation;*
- (i) Creating a level playing field for NEMOs;*
- (j) Providing non-discriminatory access to cross-zonal capacity*

Article 8 of Regulation 2015/1222:

1. (...)
2. (...)

(g) where required, establish scheduled exchange calculators for calculating and publishing scheduled exchanges on borders between bidding zones in accordance with Articles 49 and 56;

[...]

Article 9 of Regulation 2015/1222

- 1. TSOs and NEMOs shall develop the terms and conditions or methodologies required by this Regulation and submit them for approval to the competent regulatory authorities within the respective deadlines set out in this Regulation. Where a proposal for terms and conditions or methodologies pursuant to this Regulation needs to be developed and agreed by more than one TSO or NEMO, the participating TSOs and NEMOs shall closely cooperate. TSOs, with the assistance of ENTSO for Electricity, and all NEMOs shall regularly inform the competent regulatory authorities and the Agency about the progress of developing these terms and conditions or methodologies.*
2. (...)
3. (...)
4. (...)

5. *Each regulatory authority shall approve the terms and conditions or methodologies used to calculate or set out the single day-ahead and intraday coupling developed by TSOs and NEMOs. They shall be responsible for approving the terms and conditions or methodologies referred to in paragraphs 6, 7 and 8.*
6. (...)
7. *The proposals for the following terms and conditions or methodologies shall be subject to approval by all regulatory authorities of the concerned region:*
(...)
(d) the common methodologies for the calculation of scheduled exchanges in accordance with Articles 43(1) and 56(1);
(...)
8. (...)
9. *The proposal for terms and conditions or methodologies shall include a proposed timescale for their implementation and a description of their expected impact on the objectives of this Regulation. Proposals on terms and conditions or methodologies subject to the approval by several or all regulatory authorities shall be submitted to the Agency at the same time that they are submitted to regulatory authorities. Upon request by the competent regulatory authorities, the Agency shall issue an opinion within three months on the proposals for terms and conditions or methodologies.*
10. *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 reach an agreement. Where applicable, the competent regulatory authorities shall take into account the opinion of the Agency. Regulatory authorities 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 regulatory authority or, where applicable, by the last regulatory authority concerned.*
11. (...)
12. *In the event that one or several regulatory authorities request an amendment to approve the terms and conditions or methodologies submitted in accordance with paragraphs 6, 7 and 8, the relevant TSOs or NEMOs shall submit a proposal for amended terms and conditions or methodologies for approval within two months following the requirement from the regulatory authorities. The competent regulatory authorities shall decide on the amended terms and conditions or methodologies within two months following their submission. Where the competent regulatory authorities have not been able to reach an agreement on terms and conditions or methodologies pursuant to paragraphs (6) and (7) within the two-month deadline, or upon their joint request, the Agency shall adopt a decision concerning the amended terms and conditions or methodologies within six months, in accordance with Article 8(1) of Regulation (EC) No 719/2009. If the relevant TSOs or NEMOs fail to submit a proposal for amended terms and conditions or methodologies, the procedure provided for in paragraph 4 of this Article shall apply.*
13. (...)
14. (...)

Article 43 of Regulation 2015/1222:

1. *By 16 months after the entry into force of this Regulation, TSOs which intend to calculate scheduled exchanges resulting from single day-ahead coupling shall develop a proposal for a common methodology for this calculation. The proposal shall be subject to consultation in accordance with Article 12.*
2. *The methodology shall describe the calculation and shall list the information which shall be provided by the relevant NEMOs to the scheduled exchange calculator established in accordance with Article 8(2)(g) and the time limits for delivering this information. The time limit for delivering information shall be no later than 15.30 market time day- ahead.*
3. *The calculation shall be based on net positions for each market time unit.*
4. *No later than two years after the approval by the regulatory authorities of the concerned region of the proposal referred to in paragraph 1, TSOs applying scheduled exchanges shall review the methodology. Thereafter, if requested by the competent regulatory authorities, the methodology shall be reviewed every two years.*

Article 49 of Regulation 2015/1222:

1. *Each scheduled exchange calculator shall calculate scheduled exchanges between bidding zones for each market time unit in accordance with the methodology established in Article 43.*
2. *Each scheduled exchange calculator shall notify relevant NEMOs, central counter parties, shipping agents and TSOs of the agreed scheduled exchanges.*

Article 56 of Regulation 2015/1222:

1. *By 16 months after the entry into force of this Regulation, TSOs which intend to calculate scheduled exchanges resulting from single intraday coupling shall develop a proposal for a common methodology for this calculation. The proposal shall be subject to consultation in accordance with Article 12.*
2. *The methodology shall describe the calculation and shall list the information which shall be provided by the relevant NEMOs to the scheduled exchange calculator established and the time limits for delivering this information.*
3. *The calculation shall be based on net positions as specified in Article 52(1)(b).*
4. *No later than two years after the approval by the regulatory authorities of the concerned region of the proposal referred to in paragraph 1, TSOs applying scheduled exchanges shall review the methodology. Thereafter, if requested by the competent regulatory authorities, the methodology shall be reviewed every two years.*

Article 60 of Regulation 2015/1222:

1. *All NEMOs performing MCO functions shall deliver the continuous trading matching algorithm results:*
 - (a) to all other NEMOs, for results on the execution status per trade specified in Article 52(1)(a);*
 - (b) to all TSOs and scheduled exchange calculators, for results single net positions specified in Article 52(1)(b).*
2. *(...)*

3. *If, in accordance with paragraph 1(b), any NEMO, for reasons outside its responsibility, is unable to deliver these continuous trading matching algorithm results, it shall notify all TSOs and each scheduled exchange calculator as soon as reasonably practicable. All NEMOs shall notify the market participants concerned.*

Article 61 of Regulation 2015/1222:

1. *Each scheduled exchange calculator shall calculate scheduled exchanges between bidding zones for each market time unit in accordance with the methodology established in Article 56.*
2. *Each scheduled exchange calculator shall notify relevant NEMOs, central counter parties, shipping agents and TSOs of the agreed scheduled exchanges.*

Article 82 of Regulation 2015/1222:

1. *The entity or entities performing the MCO functions shall be monitored by the regulatory authorities or relevant authorities of the territory where they are located. Other regulatory authorities or relevant authorities, and the Agency, shall contribute to the monitoring where adequate. The regulatory authorities or relevant authorities primarily responsible for monitoring a NEMO and the MCO functions shall fully cooperate and shall provide access to information for other regulatory authorities and the Agency in order to ensure proper monitoring of single day-ahead and intraday coupling in accordance with Article 38 of Directive 2009/72/EC.*
2. *Monitoring of the implementation of single day-ahead and intraday coupling by ENTSO for Electricity in accordance with Article 8(8) of Regulation (EC) No 714/2009 shall in particular cover the following matters:*
(...)
 - (f) the review of the methodology for calculating scheduled exchanges resulting from single day-ahead coupling in accordance with Article 43(4).*

II. All TSOs' proposals

TSOs' submitted two proposals, one for the methodology for calculating scheduled exchanges resulting from single day-ahead coupling in accordance with Article 43 of Regulation 2015/1222 and one for calculating scheduled exchanges resulting from single intraday coupling in accordance with Article 56 of Regulation 2015/1222.

Each of these is subject to the All Regulatory Authorities approval process, as outlined in Article 9 of the CACM Regulation.

The proposals contain, as required by Article 9(9) of Regulation 2015/1222, a description of the timeline for implementation as well as a description of the expected impact of objectives of the Regulation as listed in Article 3.

TSOs also submitted two supporting documents for further information regarding the proposals. This document contains a more in-depth description of the calculation methodologies but is not submitted for the approval of All Regulatory Authorities. Finally, following the requirements in Article 12(3) on the transparency of the outcome of the public consultation, a consultation report including the views of the stakeholders and the assessment of TSOs has been included in the relevant explanatory note of the proposal along.

III. All Regulatory Authorities' position

General remarks for both proposals

On the format

All RAs ask all TSOs to be extra careful with the wording as the usage of defined terms is not fully consistent. Abbreviations should be defined prior to their usage (e.g. CCR), consistent wording regarding to Regulation 2015/1222 should be used (e.g. algorithm should be price coupling algorithm, prices should be market prices) and most importantly text and formulas should consistently refer to scheduled exchanges not to flows (as defined in Regulation 2015/1222 where only scheduled exchanges and not scheduled flows are defined)

All RAs ask TSOs to use a consistent format also for descriptions and variable names in formulas and to double check indexes, sets and used parameters since there are still many inconsistencies (line vs. interconnector, period vs. market time unit, etc.).

On deadlines

Regarding Art. 4(7) of the day-ahead proposal, all RAs are of the view that the wording "timely manner" is not clear enough. All RAs therefore ask all TSOs, after consultation with NEMOs, to introduce a more precise definition of the deadline for the provision of the necessary information. TSOs, in determining the deadlines for provision of scheduled exchanges within the day-ahead timeframe, should duly consider the requirements under Transparency Regulation² and the necessity for this information to be provided ahead of the Intraday Cross-Zonal Gate Opening Time (15:00 CET). The reasoning for the setting of respective deadlines should be outlined in the explanatory document.

On the perimeter of the calculation

All TSOs shall also clearly define the perimeter of calculations (the whole Europe, per CCR or per bidding zone border) and any sub-parameters for each level of calculation.

On scheduling areas without NEMO trading hubs

Regarding the provision establishing the determination of net positions per scheduling area by the NEMOs as foreseen in the proposal, there are some doubts that they can be fulfilled for all the scheduling areas and all the TSOs. As it is not possible to either calculate net positions nor allocated capacities based on the trades when there is no NEMO trading hub in a scheduling area, the day-ahead and intraday SCH EXC methodologies shall mention that the different inputs/outputs at the level of scheduling area is only possible for scheduling areas where at least one NEMO operates.

On additional information to be included in the explanatory document

All RAs ask all TSOs to include the following information in the explanatory note of the amended proposal:

- Description of the connection(s) - if any - between this proposal and the advanced hybrid coupling and/or ramping restrictions
- Specification of the input to the scheduled exchanges calculations

² Commission Regulation (EU) No 543/2016 of 14 June 2013 on submission and publication of data in electricity markets (the "Transparency Regulation"), see in particular Articles 12(1)(f) and 12(2)(e). The scheduled day-ahead commercial exchanges are results of the day-ahead market coupling and have to be published at the latest one hour after the cut-off time.

On the content of the day-ahead proposal

Article 1 – Subject matter of scope

The output parameters described in Art. 1(2) shall be provided for each market time unit (as in Art. 4).

Article 3 – List of information required from relevant NEMOs

All RAs request all TSOs to clarify the status of the information they ask from NEMOs. Indeed, according to Regulation 2015/1222, the only mandatory information that algorithm shall provide is the net position and the price per bidding zone. More specifically, all TSOs shall also refer to the all TSOs' requirements for the price coupling algorithm and the continuous trading matching algorithm (e.g. also including the requirement to provide scheduled exchanges on DC interconnector level), developed in accordance with Article 37(1) of Regulation 2015/1222. In the case NEMOs provide additional data, as it is foreseen in the current algorithm proposal, TSOs should clarify what would be the status of the collaboration between TSOs and NEMOs (e.g. a delegation of task according to Article 81 of CACM).

Article 4 – Scheduled exchange calculator

All RAs ask all TSOs to clarify the deadline for submission of information referred to in Art. 4(7).

Article 7 - Calculation of scheduled exchanges between bidding zones

All RAs ask all TSOs to include in the target function the 'indices of summation', including the 'lower bounds of summation' and the 'upper bounds of summation' and subindices of variables.

The usage of the term "interconnector" for a bidding zone border (or "bidding zone line" as in the explanatory document) is misleading here as there can be more than one interconnector between two bidding zones. All RAs ask all TSOs to provide a more clear wording here.

All RAs ask TSOs to clarify the variable φ . It seems to be the scheduled exchange between bidding zones (as it is also called "bidding zone line" in the explanatory document p.37) not the flow on an certain interconnector.

All RAs request TSOs to indicate how the cost coefficients will be determined by each TSO and which principles will be used to do so.

All RAs request TSOs to confirm that, in Art. 7(4)(ii) "regions" should be "bidding zones".

Article 8 – Calculation of scheduled exchanges between scheduling areas

All RAs ask all TSOs to use consistent format (font, etc.) and description of formulas in the proposal as the formula provided here looks totally different from the one in Art. 7 even though it provides for the same calculation only for different areas.

All RAs request TSOs to indicate how the cost coefficients will be determined by each TSO and which principles will be used to do so.

All RAs ask all TSOs to amend the description of the calculation according to the following:

- Scheduled exchange should again (as in Art. 7) be φ not \overline{flow} (for bidding zones) or $flow$ (for scheduling areas)

- Same terms as in Art. 7 should be used for linear and quadratic coefficients
- Market time unit h should be included (as in Art. 7)
- TOP_{SA} should be defined (a description is at the moment only provided in the explanatory note which is not approved by all RAs)
- 1,2 for SA and Z in the descriptions of variables are subindices, therefore they should be lowered (as subscripts)
- Sets from which I and j are drawn ($i.z/j.z$) should be sufficiently defined (a description is at the moment only provided in the explanatory note which is not approved by all RAs)
- Overline for NP is missing in formula in Art. 8(d)
- Formula Art. 8(d) second part $sa_s = sa$ should be $sa_2 = sa$

Calculation of scheduled exchanges between NEMO trading hubs

All RAs ask all TSOs to include an additional article covering the calculation of scheduled exchanges between NEMO trading hubs, defined as “electricity transfer scheduled between NEMO trading hubs operating within or between scheduling areas or bidding zones” in the ACER Decision No 08/2018 on the NEMO’s proposal for the price coupling algorithm and the continuous trading matching algorithm.

When doing so, all RAs ask all TSOs to take also into account the previous comments provided by RAs regarding the descriptions of the calculation of scheduled exchanges between bidding zones (Article 7) and scheduling areas (Article 8).

All RAs ask all TSOs to ensure the consistent calculation of those three types of scheduled exchanges and to include related explanations.

All RAs ask all TSOs to closely cooperate with NEMOs when following this request in order to ensure scheduled exchanges between NEMO trading hubs to be properly included in the methodology.

On the content of the intraday proposal

Article 4 - Calculation of scheduled exchanges between bidding zones and scheduling areas

All RAs ask all TSOs to improve the description of the calculation of scheduled exchanges between bidding zones and scheduling areas for the intraday timeframe in order to properly reflect the links to the scheduled exchanges between NEMO trading hubs to be introduced (see next paragraph).

Calculation of scheduled exchanges between NEMO trading hubs

As described for the day-ahead proposal, all RAs ask all TSOs to include an additional article covering the calculation of scheduled exchanges between NEMO trading hubs, defined as “electricity transfer scheduled between NEMO trading hubs operating within or between scheduling areas or bidding zones” in the ACER Decision No 08/2018 on the NEMO’s proposal for the price coupling algorithm and the continuous trading matching algorithm.

When doing so, all RAs ask all TSOs to take also into account all relevant comments provided by RAs for the day-ahead proposal.

IV. Actions

Based on the above rationale, all RAs agree to request an amendment to the SCH EXC proposals. This amendment should contain the elements as outlined in the previous chapter and shall aim at further develop the content of the proposal submitted by all TSOs.