

Mr Alberto Pototschnig,
Director
ACER

CC:
Dr Klaus-Dieter Borchardt,
Director
Internal Energy Market
DG ENER
European Commission

Mr Laurent Schmitt,
Secretary General
ENTSO-E

14 June 2017

Dear Alberto,

I am writing to you on behalf of all Regulatory Authorities with regard to the proposed all Transmission System Operators (TSOs) Congestion Income Distribution (CID) Methodology submitted in accordance with Article 73(1) of the Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a Guideline on Capacity Allocation and Congestion Management (Regulation 2015/1222).

After a first submission of the CID Methodology and a request for amendments by all Regulatory Authorities, all TSOs submitted an amended proposal in accordance with Article 8(2) Regulation 2015/1222; this was received by the last Regulatory Authority on 21 April 2017.

On 14 June 2017 all Regulatory Authorities after having agreed the key elements of the amended CID methodology to be addressed have agreed to request the Agency to adopt a decision on this methodology pursuant to 9(12) Regulation 2015/1222 for the following reasons.

All Regulatory Authorities consider that the TSOs have not sufficiently and properly taken into account the Regulatory Authorities' request for amendment of 24 January 2017 (annexed to this letter). In particular, TSOs did not address the request for amendment to:

1. remove the process established in Article 5 (General Provisions for specific sharing keys and additional rules); and
2. remove the specific sharing keys in Article 6 .

All Regulatory Authorities also agreed that the proposed CID Methodology should not include a number of additional provisions that were only introduced after the Regulatory Authorities' request for amendment, and, therefore, were not addressed in the all Regulatory Authorities' initial request for amendment. These provisions include:

- Article 3(3): this Article contains elements that should be included in methodologies required under Regulation (EU) 2016/1719 of 26 September 2016 establishing a Guideline on forward capacity allocation;
- Article 3(4): this Article sets out the rule for application of 'relevant conditions' that may be taken into account during the calculation of congestion income; and
- Articles 4(1) and 5(3): these Articles establish a process for the development of a sub-methodology that requires subsequent regulatory approvals.

In adopting its decision, we anticipate that the Agency will give utmost consideration on our assessment of the key elements we have identified and agreed of the proposed amended methodology in the amended CID Methodology proposal. We are ready to assist the Agency to develop and adopt its decision.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Lord Mogg'. The signature is stylized with a large initial 'L' and 'M'.

Lord Mogg