

## **Annex II**

### **Evaluation of responses to the public consultation on the CCRs Proposal**

#### **1 Introduction**

Pursuant to Article 9(6)(b) and 15(1) of Commission Regulation (EU) 2015/1222<sup>1</sup> (the CACM Regulation), all Transmission System Operators (TSOs) submitted a common proposal regarding the determination of capacity calculation regions (the CCRs Proposal) to their respective national regulatory authorities (NRAs) for approval. The date on which the last NRA received the CCRs Proposal was 17 November 2015.

The NRAs were unable to reach a unanimous decision on the CCRs Proposal within six months from 17 November 2015. Therefore, in accordance with Articles 9(11) of the CACM Regulation and Article 8(1) of Regulation (EC) No 713/2009<sup>2</sup>, the Agency became responsible for adopting a decision concerning the CCRs Proposal as of 18 May 2016.

In order to take an informed decision on the CCRs Proposal, the Agency invited, on 22 June 2016, all interested stakeholders to express in writing their views on the elements of the CCRs Proposal introduced after the public consultation held by ENTSO-E<sup>3</sup>. When doing so, stakeholders were asked to take into account that, according to the Agency, the CCRs Proposal should be compliant with the requirements of the CACM Regulation, as well as of Regulation (EC) No 714/2009<sup>4</sup> and, in particular, point 3.1 of its Annex I.

The Agency's complete consultation document can be found [here](#).

The deadline for comments was 20 July 2016, 23.59 hrs (CET).

#### **2 Responses**

By the end of the consultation period, the Agency received responses from 58 stakeholders.

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<sup>1</sup> OJ L 197, 25.7.2015, p. 24.

<sup>2</sup> OJ L 211, 14.8.2009, p. 1.

<sup>3</sup> 24 August to 24 September 2015.

<sup>4</sup> OJ L 211, 14.8.2009, 15.

The Agency would like to take this opportunity to thank all stakeholders for responding to the Agency's public consultation. The list of respondents is provided in Annex 1 of this evaluation paper, and the responses are accessible on the Agency's website<sup>5</sup>.

The purpose of this evaluation paper is to summarise all stakeholders' comments and to respond to the views. The table below is organised according to the five questions in the consultation and provides the respective views from stakeholders.

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<sup>5</sup> [http://www.acer.europa.eu/Official\\_documents/Public\\_consultations/Pages/PC\\_2016\\_E\\_02.aspx](http://www.acer.europa.eu/Official_documents/Public_consultations/Pages/PC_2016_E_02.aspx)

<p><b>1. Do you consider both the commitment from the CWE and the CEE TSOs to cooperate towards a merger of the CWE and CEE CCRs and the MoU signed on 3 March 2016 as sufficient to ensure that the CWE and CEE regions will develop and implement a common congestion management procedure compliant with the requirements of the CACM Regulation, as well as of Regulation (EC) No 714/2009?</b></p> <p><b>Or, should the definition of the CCRs provide for a CCR already merging the proposed CWE and CEE regions to ensure compliance with the required common congestion management procedure?</b></p>	<p>The Agency agrees with the majority of stakeholders that the commitment from the CWE and the CEE TSOs to cooperate towards a merger of the CWE and CEE CCRs and the MoU signed on 3 March 2016 are insufficient to ensure that the CWE and CEE regions will develop and implement a common congestion management procedure compliant with the requirements of the CACM Regulation, as well as of Regulation (EC) No 714/2009 (see the arguments in the Decision).</p>
<p><b>29</b> stakeholders considered the commitment from the CWE and CEE TSOs to cooperate towards a merger of the CWE and CEE CCRs and the MoU signed on 3 March 2016 as insufficient to ensure that the CWE and CEE regions will develop and implement a common congestion management procedure.</p> <p>General feedback from stakeholders consisted of the following:</p> <ul style="list-style-type: none"> <li>• A merger is the only solution for ensuring that the two CCRs will develop and implement a common congestion management procedure compliant with the requirements of the CACM Regulation.</li> <li>• It will increase the level of development in both markets.</li> <li>• Parallel development of two different methodologies may eventually delay the CEE-CWE merger.</li> </ul> <p>More specific reasons for the support of an immediate merger broadly consisted of the following:</p> <p><b>16</b> stakeholders raised particular concern that current efforts solely provide for day ahead flow-based capacity calculation in the merged CEE CWE CCR. These stakeholders considered the CCRs Proposal and MoU as insufficient to ensure development and implementation of a common congestion management procedure in compliance with the above-mentioned legislation for the intra-day timeframe. Therefore, these</p>	<p>The Agency agrees. The Agency also acknowledges that the merger of the CWE and CEE regions (into the Core region) will bring additional challenges and should not, in particular, undermine ongoing initiatives, e.g. to implement an Intraday Flow-Based project in the CWE region or to improve the regulatory framework for coordinated redispatching and countereading in the CEE region.</p>

Respondents' views	ACER's views
<p>stakeholders recommended that the definition of the CCRs should provide for an immediate merger of the proposed CWE and CEE regions. Of these stakeholders, 1 stakeholder specifically stressed that:</p> <ul style="list-style-type: none"> <li>it would lead to more coordination of capacity calculation close to real-time resulting in a better usage of available transmission capacity, and that any adverse impact of introducing the DE-AT bidding zone border would be significantly reduced if TSOs make available more capacity to the market through coordinated intraday capacity calculation and allocation. A reliable and predictable procedure would be beneficial for market participants.</li> </ul> <p>4 stakeholders supported an immediate merger in the CCRs definition because it would provide legal and operational certainty which current commitments (such as bilateral commitments and the MoU of 3 March 2016) are unable to provide. In particular, they emphasised the need for:</p> <ul style="list-style-type: none"> <li>clear governance rules considering that the current CWE initiatives shall be continued and finalised without any delay and disruption.</li> <li>a binding agreement on methods and their implementation and application for coordinated capacity calculation and other related issues such as underlying input data and redispatching coordination.</li> <li>maximising coordination through a common governance scheme which could coordinate cross regional and interregional schemes</li> <li>and common legal obligations with respect to dispute resolution.</li> </ul> <p>3 stakeholders supported an immediate merger but insisted that market coupling should start with the current capacity calculation baseline (as in CEE: NTC/ATC) and then continue with the development of a common flow-based capacity calculation methodology. These stakeholders considered this two-step approach as important for the testing phase of the</p>	<p>In that respect, the Agency encourages CWE and CEE TSOs and NRAs to take utmost advantage of the ongoing efforts and progress achieved in the respective regions in order to speed up the development and implementation of common congestion management methodologies at the level of the two regions.</p> <p>To the extent necessary, some flexibility could be granted to the CWE-CEE TSOs, e.g. to develop less detailed methodologies and/or to propose a step-wise implementation of the methodologies commonly developed at the Core region's level.</p> <p>The Agency agrees that a CWE-CEE merger would provide more legal and operational certainty.</p>
<p>3 stakeholders supported an immediate merger but insisted that market coupling should start with the current capacity calculation baseline (as in CEE: NTC/ATC) and then continue with the development of a common flow-based capacity calculation methodology. These stakeholders considered this two-step approach as important for the testing phase of the</p>	<p>The Agency does not have strong views on whether market coupling could start with the current capacity calculation baseline (as in CEE: NTC/ATC) and then continue with the development of a common flow based capacity calculation methodology. It has however doubts that such a step-wise</p>

Respondents' views	ACER's views
<p><u>flow-based methodology implementation. Of these stakeholders, 1 stakeholder referred the unresolved splitting of the Austria-Germany bidding zone, which may pose a challenge during the development of a common methodology.</u></p> <p><u>1 stakeholder specifically considered that an immediate merger would ensure compliance with the required common congestion management procedure pursuant to Point 3.1 of Annex I of Regulation 714/2009, because the CWE and CEE regions form a very highly meshed transmission grid in continental Europe. Therefore, they must develop a common flow-based capacity calculation concept and process together not separately, and in particular they must develop:</u></p> <ul style="list-style-type: none"> <li>• rules for the governance of the merged region, which ensure that ongoing local implementation projects in the regions (i.e. intraday) should be continued on sub-regional level until the flow-based market coupling is implemented and/or these local projects could be extended to the whole merged region.</li> </ul>	<p>approach could prove to be important for the testing phase of the flow based methodology implementation. The Agency has also some concerns that such a project may further delay the implementation of a coordinated DA flow-based market coupling solution at the level of the CWE-CEE region.</p> <p>The Agency agrees. See above.</p>
<p><u>1 stakeholder saw merit in an immediate merger because it would ensure equal treatment of the TSOs according to the provisions in the CACM Regulation. Also, because an immediate merger would address both capacity calculation timeframes (although this could equally be addressed in a subsequent MoU). Ultimately, the stakeholder entrusts ACER in using its discretion when considering the options, and requests that ACER considers the challenges stemming from an immediate merger.</u></p>	<p>The Agency agrees. See above.</p>
<p><u>16 stakeholders considered the commitment from the CWE and CEE TSOs to cooperate towards a merger of the CWE and CEE CCRs and the MoU signed on 3 March 2016 as sufficient to ensure that the CWE and</u></p>	<p>The Agency disagrees (see the arguments in the Decision and ACER's views above).</p>

Respondents' views	ACER's views
<p>CEE regions will develop and implement a common congestion management procedure.</p> <p>General feedback from stakeholders consisted of the following:</p> <ul style="list-style-type: none"> <li>• The CCRs Proposal and the MoU have received positive feedback in the Florence Forum.</li> <li>• The CCRs Proposal provides a solid baseline for the gradual development of a common day ahead flow-based capacity calculation methodology.</li> </ul> <p>Stakeholders raised the issue of <u>potential challenges from an immediate merger, and in particular warned of governance and legal/procedural issues which may arise during an immediate merger of the two regions,</u> which may cause delays and inefficiencies:</p> <ul style="list-style-type: none"> <li>• Especially during the implementation of harmonised remedial actions and flow-based intraday capacity calculation arrangements.</li> <li>• Given the short timeframes provided in the CACM Regulation, which are not achievable, and extension of deadlines would require a revision of the CACM Regulation.</li> <li>• Considering the number and complexity of reforms needed to implement day-ahead flow-based market coupling throughout the CEE region, a merger would not speed up the process.</li> <li>• Considering the status of the XBID project, pushing flow-based capacity calculation in the intraday would not be rationale, as the CWE intraday methodology may fail in delivering expected results.</li> <li>• Quick wins, like the development of the intraday flow-based capacity calculation methodology or increased transparency, may be delayed.</li> </ul>	<p>The Agency acknowledges that the merger of the CWE and CEE regions will bring additional challenges and should not, in particular, undermine ongoing initiatives, e.g. to implement an Intraday Flow-Based project in the CWE region or to improve the regulatory framework for coordinated redispatching and countertrading in the CEE region. In that respect, the Agency encourages CWE and CEE TSOs and NRAs to take utmost advantage of the ongoing efforts and progress achieved in the respective regions in order to speed up the development and implementation of common congestion management methodologies at the level of the two regions.</p> <p>To the extent necessary, some flexibility could be granted to the CWE-CEE TSOs, e.g. to develop less detailed methodologies and/or to propose a step-wise implementation of the methodologies commonly developed at the Core region's level.</p>

Respondents' views	ACER's views
<ul style="list-style-type: none"> <li>• Given the diverging characteristics/market conditions of the two regions, an immediate merger would not be efficient.</li> <li>• Endanger current, progressive and pragmatic harmonization of the capacity calculation methodology at regional and EU level. A merger could endanger current achievements and envisaged measures in the CWE region.</li> </ul> <p>Stakeholders considered that TSOs have taken the <u>most pragmatic, realistic and efficient approach</u> because:</p> <ul style="list-style-type: none"> <li>• It will lead to successful delivery of a common day-ahead flow-based capacity calculation procedure.</li> <li>• It will enable reaching solutions in an easier and timely way, and will meet grid users'/citizens expectations, including being welcomed by a majority of CEE TSOs.</li> <li>• It is the practical approach, by putting priority on the more liquid day-ahead time frame.</li> <li>• It acknowledges the complexity of the process, which requires a step-by-step approach that facilitates solving technical issues on an individual and case-by-case basis, therefore contributing to a smoother implementation of flow-based capacity calculation methodology.</li> <li>• It enables parties to be aware of the levels of interconnection between the participating members, by acknowledging the unique operational challenges and security issues that may arise.</li> <li>• It accounts for the complexity and sensitivity of related issues for Member States and stakeholders. For example, the CEE TSOs' conclusion of the inability to implement the CWE flow-based methodology as they would lose flexibility to solve technical issues (CEE TSOs are developing their own flow-based methodology).</li> </ul>	

Respondents' views	ACER's views
<ul style="list-style-type: none"> <li>Leaving intraday capacity calculation, redispatching and cost allocation out of the MoU is the easiest way forward for both regions.</li> </ul> <p>Of the stakeholders that considered current efforts as sufficient, there were nevertheless some suggested improvements. Including:</p> <p>1 stakeholder insisted that:</p> <ul style="list-style-type: none"> <li>TSOs commit to ensuring that the merger will effectively materialise in the longer term <u>within reasonable timing, by providing a strict and detailed timeline, and that there should be an increased level of transparency in the process.</u></li> </ul> <p>1 stakeholder insisted that:</p> <ul style="list-style-type: none"> <li>NRAs within both CCRs and ACER must follow the progress made towards the development of a common capacity calculation methodology and the merger of the two CCRs very closely, to ensure that timelines are respected.</li> </ul> <p>2 stakeholders suggested:</p> <ul style="list-style-type: none"> <li><u>Improving the progress in bridging the implicit auctions between multi-regional coupling and the 4M market coupling project (RO-HU-SK-CZ market coupling) because it would result in better reference data for comparing NTC market coupling and flow-based market coupling results before 'going live'.</u></li> </ul>	



Respondents' views	ACER's views
<p><b>1 stakeholder made a general statement in favour of <u>strengthening the cooperation between the two regions</u> because it is the way forward for the implementation of the CACM Regulation.</b></p>	<p>The Agency agrees.</p>
<p><b>1 stakeholder did not expressly state that the CCRs Proposal and MoU were sufficient however, it did not support an immediate merger of the CEE and CWE CCRs. It advocated for a merger in the short-term which must be balanced with a high quality standard methodology. It also emphasised that the current MoU does not provide a sufficient level of detail.</b></p>	<p>See above.</p>
<p><b>1 stakeholder did not argue on the sufficiency of current efforts however, insisted that the quality of market coupling and market integration within the <u>CWE CCR</u> must be improved first before moving on to extending the flow-based market coupling to CEE, as it introduces a risk of slowing quick evolution in this field.</b></p>	<p>The Agency acknowledges the need for an improved transparency in the capacity calculation and redispatching methods and is committed to taking action in this important area but considers this point falls outside the scope of the CCRs definition process.</p>
<p><b>11 stakeholders provided no comments on Question 1.</b></p>	
<p><b>2. Do you have comments on the description of the geographical evolution of the CCRs over time, as proposed by all TSOs in Annex 3 to the Explanatory document to the CCRs Proposal?</b></p>	
<p><b>7 stakeholders commented on the <u>lack of detail, clear planning and timelines as well as a credible roadmap</u> for an increasingly larger CCR. In particular Annex 3 must:</b></p> <ul style="list-style-type: none"> <li>Define and provide indicative timelines for merging Hansa, Channel and Baltic regions with one of their neighbouring CCRs taking into account evolution of other coordination projects within Europe (e.g. merger of CEE and CWE CCRs or construction of new</li> </ul>	<p>The Agency agrees that the CCRs Proposal lacks detail, clear planning and timelines with regard to the next mergers.</p> <p>The Agency considers that the definition of capacity calculation regions should be regularly re-assessed in light of forthcoming developments and the evolution of the level of interdependency between regions.</p> <p>The Agency invites the ENTSO-E, in the framework of its biennial report on</p>

Respondents' views

- interconnectors). Therefore, market participants will have necessary time horizons for establishing flow-based capacity calculation methodology in all CCRs.
- Must do more to streamline coordination and integration efforts. The MoU provides more detail in order to urge TSOs to work more closely together, and enable progress in parts of the regions.
  - Need more information from TSOs on their plan for completing market integration at each step, taking into account previous experience, including guidance from NRAs.
  - Include transparency improvements for the flow-based and ATC based capacity calculation.
  - Maintain the step-wise approach to capacity calculation like with the CWE CCR.
  - Complement with efficiency studies comparing alternative path to capacity calculation.
  - Based on an impact assessment, including criteria, models or scenarios, to justify the proposed outlook and timelines for future enlargement or merger of CCRs.
  - Provide a long-term outlook with an indicative roadmap, together with a periodical review of the CCRs following structural evolution, accompanied by a full impact assessment of the current situation and possible changes, to facilitate the potential evolution of CCR configuration. An outlook should include future interconnectors to be commissioned beyond 2018, such as FABLink, IFA 2, Viking, NSN projects.
  - Not prevent TSOs from an increased coordination in cross-border redispatching measures and coordinated use of HVDC and Phase Shifting transformers within a larger CCR such as the new HVDC link on the France – Spain border (despite difficulties to develop a capacity calculation methodology on DC cables).

ACER's views

capacity calculation and allocation pursuant to Article 31 of the CACM Regulation, to develop statistical indicators to evaluate the level of interdependency between the defined CCRs and the expected efficiency gains further mergers could bring. When doing so, the relevant TSOs are invited to focus, in particular, on the level of interdependency between the CWE-CEE region and the Channel, Italy-North, South-East, Hansa and Nordic regions.

Respondents' views	ACER's views
<ul style="list-style-type: none"> <li>• Clarify timelines and triggers for a review and possible re-delineation of CCRs. A periodic review of the CCRs, every four or five years, accompanied by a full impact assessment of the current situation and of possible changes to the CCRs is suggested to fill the current gap in the CACM Regulation which does not provide for a CCR review process.</li> <li>• Provide a precise timeline for CCR extension and publish an indicative timeline identifying the projected mergers of CCRs in the coming years, according to the available information on the evolution of the various on-going coordination projects in Europe.</li> </ul>	
<p><b>5</b> stakeholders recommended the inclusion of Switzerland from the start in the CCRs definition (CWE and North Italy CCRs), providing a range of reasons including:</p> <ul style="list-style-type: none"> <li>• Its central geographical location; it must be taken into account in the capacity calculation processes, otherwise important interconnectors will be ignored when calculating capacities in Central Europe. For example: security issues can arise when exchanges in Europe increase and systems are operated closer to their limits (Switzerland accounts for about 10% of all electricity exchanges in Europe). Its inclusion is therefore relevant for safe and secure network operation.</li> <li>• Its exclusion can have implications on grid security in Switzerland.</li> <li>• The Swiss network's role in the safe operation of the EU grid is further underlined in the System Operation Guideline (SO GL).</li> <li>• Its inclusion is a technical point that should be considered despite Switzerland's relationship with EU legislation</li> </ul>	<p>The Agency reminds that, regardless of the many benefits the inclusion of some third-party countries, in particular Switzerland, could provide, such inclusion requires specific agreements between the Union and those countries and the implementation of relevant Union legislation in those countries (see Article 1(4) and 1(5) of the CACM Regulation with regard to Switzerland).</p>
<p><b>1</b> of the 5 stakeholders above specifically requested that any further</p>	

development in implementing the flow-based approach should wait until Switzerland joins single day-ahead market coupling. This stakeholder suggested that TSOs agree to extend the deadline for submission of the proposal for a common coordinated flow-based capacity calculation methodology to up to 6 months after Switzerland joins.

8 stakeholders requested the inclusion of the Serbian bidding zone border in the CEE CCR as it would have a positive impact on overall interconnectivity in the region. Specific reasons included:

- Serbian borders (Serbia – Hungary, Serbia – Romania) are frequently used for trading within CEE.
- Serbian PX and neighbouring CEE's PXs are compatible, so the inclusion of the bidding zone border would not present technical problems.
- Its inclusion would reinforce Hungary-Romania (HU-RO) interconnectivity.
- Its inclusion would help avoid grid and geography challenges faced by the region.

**Of the stakeholders that advocated for Switzerland and Serbia being included in the CCRs definition, 3 stakeholders** made general comments about the benefits of their inclusion:

- Their exclusion may undermine the functioning and processes of market coupling on those borders.
- The inclusion ensures efficient and faster regional coordination.
- It acknowledges the reality of the highly interconnected market, and avoids unnecessary bureaucracy, by way of technical implementation versus trade arrangements.

Respondents' views	ACER's views
<ul style="list-style-type: none"> <li>It is necessary for swift coupling of the CEE-CEE CCRs.</li> </ul> <p><b>3</b> stakeholders requested that Romania is included in both the CEE and <u>SEE CCRs</u>, providing the following reasons:</p> <ul style="list-style-type: none"> <li>Since the CCRs were last defined in the early 2000s, the list needs to be updated to reflect the realistic situation.</li> <li>The CCRs definition should consider the equal geographical position of Romania in both Central- Eastern Europe and South-Eastern Europe and the energy flows between Romania and neighbouring countries.</li> <li>Article 20(4) of the CACM Regulation supports the inclusion of Romania in both CEE and SEE regions.</li> <li>Its geographical position and therefore the importance of the Romanian power system in the CEE region support such inclusion.</li> </ul>	<p>The Agency agrees.</p>
<p><b>1</b> stakeholder specifically recommended that <u>TSOs provide for open, transparent and inclusive procedures</u>. The stakeholder also suggested that those deliverables that come out of Article 31 (biennial report) and 32 (bidding zone review) of the CACM Regulation should be used to stipulate the development of the CCRs over time, as compared to the rather static CCRs Proposal.</p> <p><b>38</b> stakeholders provided no comments on Question 2 (or additional comments besides those associated with Question 1, which were included therein.)</p>	<p>The Agency agrees that the definition of capacity calculation regions should be regularly re-assessed in light of forthcoming developments and the evolution of the level of interdependency between regions (and that the mentioned deliverables could be a valuable input in that respect).</p>
<p><b>3. Should the CEE region (or a merged region) include the bidding zone borders between Croatia and Slovenia, between Croatia and Hungary, and between Romania and Hungary?</b></p>	

Respondents' views	ACER's views
<p><b>28</b> stakeholders agreed that the CEE region (or a merged region) include the bidding zone borders between Croatia and Slovenia, between Croatia and Hungary, and between Romania and Hungary, and provided reasons, which are summarised in the following paragraphs.</p> <p><b>3 of the 27</b> stakeholders provided their support because they are existing bidding zone borders and therefore fall within the scope of Article 15 of the CACM Regulation.</p> <p><b>2 of the 27</b> stakeholders considered their inclusion as crucial for the effective, non-discriminatory and transparent access and management of the interconnectors.</p> <p><b>1 of the 27</b> stakeholders supported them because their inclusion would enable the achievement of full capacity allocation, efficient congestion management and overall market efficiency in the CEE region.</p> <p><b>1 of the 27</b> stakeholders supported them because these borders are congested and congestion management procedures are already in place.</p> <p><b>18</b> stakeholders placed specific emphasis on the importance of immediately including the RO-HU border in the CEE CCR mainly because it would reflect the current level of market integration. In particular, the border has been included in implicit capacity allocation mechanism in the CEE CCR since November 2014, within the framework of the 4M MC project (RO-HU-SK-CZ market coupling). Stakeholders also raised the following points in support of its immediate inclusion:</p> <ul style="list-style-type: none"> <li>• It was supported by stakeholders during ENTSO-E's public</li> </ul>	<p>The Agency agrees that the bidding zone borders between Croatia and Slovenia, between Croatia and Hungary, and between Romania and Hungary should be included in the CWE-CEE merged region from the beginning as proposed in the CCRs Proposal.</p>

- consultation.
  - Article 20(4) of the CACM Regulation provides that the TSOs from Member States which have borders with other regions are encouraged to join the initiatives to implement a common flow-based capacity calculation methodology with these regions.
  - EU's energy sector has developed since the adoption of Regulation (EC) No 714/2009 (and the Annex therein containing the regions).
  - Swift implementation of harmonised rules, procedures and systems across HU borders would help the Hungarian market.
  - It ensures Croatia has access to the RO-BG-GR block.
  - Its exclusion will have a negative impact on market participants and end consumers in Romania, not allowing them to benefit from a flow-based capacity calculation advantage.
  - The Harmonised Auction Rules (HAR) were adopted for long-term allocation, with a specific border annex harmonised with CEE rules and without major deviations to the general rules.
  - Romania is involved in initiatives to achieve intraday coupling.
  - It facilitates the IEM implementation.
- 4** stakeholders placed specific emphasis on the border between Croatia and Hungary, and **3** stakeholders placed specific emphasis on the border between Croatia and Slovenia, considering that the latter should be within the CEE or a larger CWE-CEE capacity calculation region. Their reasons overlapped, and are summarised in the following bullet points:
- The Croatian transmission grid is currently affected by loop-flows deriving from North and West Europe in the CEE region.

Respondents' views	ACER's views
<ul style="list-style-type: none"> <li>• Cross border capacity allocation is already taking place on the SI-HR and HU-HR borders on yearly and monthly timeframe and also (as a transition solution only) on the day-ahead timeframe.</li> <li>• It enables better security of supply and allows for higher penetration of RES in the CEE region since most cross-border trade by Croatian market participants is carried out on these borders.</li> <li>• It makes more capacity available to market participants where flow-based capacity calculation takes place.</li> <li>• The inclusion of these borders is aligned with the CACM Regulation.</li> <li>• It enables faster inclusion of Croatian borders with non-EU countries into the CEE region.</li> <li>• It contributes to liquidity and integration in the CEE CCR.</li> <li>• There is an active participation in electricity exchanges and brokerage platforms in Germany (EPEX, SPECTRON), Slovenia (BSP yearly), Hungary (HUPX i TFS).</li> <li>• It reflects a logical sequence of market coupling in the region.</li> <li>• HOPS (Croatia TSO) is a shareholder in JAO, involved in the CEE-CWE merger project and a signatory of the MoU for the development of a common CWE CEE CCR day ahead flow-based capacity calculation methodology.</li> <li>• There exist historic ties between Croatian and Slovenia power systems.</li> <li>• Recent investment in cross-border infrastructure with Hungary was made with the aim of a single market, regional balancing and security of supply.</li> </ul>	



Respondents' views	ACER's views
<ul style="list-style-type: none"> <li>The inclusion of the borders in the SEE CCR is unfeasible given the RO-HU border being included in the CEE CCR.</li> </ul>	
<p>16 stakeholders agreed that the CEE region (or a merged region) includes the bidding zone borders between Croatia and Slovenia, between Croatia and Hungary, and between Romania and Hungary, but did not provide any specific reasons.</p>	<p>See above.</p>
<p>1 stakeholder whilst supporting the CCRs Proposal stressed the <u>obligation to cooperate in Article 29(9) of the CACM Regulation</u> through exchange and confirmation of information on the interdependency of CCRs.</p>	<p>The Agency agrees that a step-wise implementation of commonly defined congestion management procedures might be a more realistic approach and considers the CACM Regulation as sufficiently flexible to allow for it.</p>
<p>1 stakeholder whilst supporting the CCRs Proposal <u>suggested a stepwise approach for implementation</u> to lessen the impact that these new borders may have on implementation timelines.</p>	
<p>12 stakeholders provided no comments on Question 3.</p>	
<p><b>4. Should the CEE region (or a merged region) include a bidding zone border between Germany/Luxembourg and Austria?</b></p>	
<p>30 stakeholders supported the inclusion of a bidding zone border between Germany/Luxembourg and Austria in the CEE region (or a merged region).</p>	<p>The Agency agrees with a majority of stakeholders that, given the proven existence of a structural congestion on the DE-AT border (see in particular</p>

Respondents' views	ACER's views
<p>The majority of these stakeholders placed weight on ACER's Opinion No 09/2015<sup>6</sup>, insisting that the CCRs Proposal maintains compliance with the ACER Opinion, and specifically citing that the Opinion illustrates:</p> <ul style="list-style-type: none"> <li>• German/Austrian interconnector does not have sufficient capacity to accommodate all flows deriving from implementation of commercial contracts, and that such flows are carried out as unscheduled flows which burden interconnectors on other borders such as: Polish/German, Polish/Czech, Czech/German, Czech/Austrian.</li> <li>• absence of a regionally coordinated allocation mechanism at the cross-border interconnection between Germany and Austria which is at variance with Regulation (EC) No 714/2009.</li> <li>• DE-AT interconnection is usually and structurally congested and therefore requires capacity allocation methods to be implemented on the border, in accordance with point 1.2 and point 1.3 of Annex I to Regulation (EC) No 714/2009, within the definition provided in Article 2(2)(c) of the same Regulation.</li> <li>• existing mitigating measures cannot replace transparent, non-discriminatory and market based congestion management procedures compliance with Regulation (EC) No 714/2009.</li> <li>• DE-AT border should form a constituent part of the CEE region for the application of coordinated capacity calculation, optimization of allocation and secure operation of the network, as required by point 3.5 of Annex I to Regulation (EC) No 714/2009.</li> </ul>	<p>Annex IV to this Decision), the implementation of a capacity allocation procedure on the DE-AT border is required pursuant to Article 16(1) of Regulation (EC) No 714/2009 and points 1.2, 1.4 and 3.1 of Annex I to this Regulation, and can be implemented through the CCRs proposal process.</p> <p>The recent measures implemented on the DE-PL border (in particular the installation of a PST in Mikulowa and the opening of the interconnector Vierraden-Krajnik between Poland and Germany) aim at remedying the impact of the North-South exchanges within the DE-AT bidding zone on the DE-PL border, however, they do not fundamentally change the physical impact of a DE-AT cross-border exchange on neighbouring countries. They do not change either the fact that the actual maximum transfer capacity between Germany and the main part of Austria would not be able to accommodate all the requests for exchanges between Germany and Austria in the absence of loop flows. Finally, these measures cannot replace transparent, non-discriminatory and market-based congestion management procedures compliant with Regulation (EC) No 714/2009, which give efficient economic signals to market participants and the transmission system operators involved (see Annex IV to the Decision for further details).</p>

<sup>6</sup> [http://www.acer.europa.eu/Official\\_documents/Acts\\_of\\_the\\_Agency/Opinions/Opinions/ACER%20Opinion%2009-2015.pdf](http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2009-2015.pdf)

- a first step towards establishing a level playing field for electricity trade in the CEE region (especially since the existing setting discriminates against market participants and is a significant obstacle to merging the CEE and CWE regions and further market integration).

A large share of stakeholders emphasised that the inclusion of the German/Luxembourg - Austrian bidding zone border (DE-AT) in the CEE CCR region (or a merged region) is crucial for the effective, non-discriminatory and transparent access and management of the interconnectors. The implementation of the border should therefore enable non-discriminatory treatment and bring equal opportunities for all involved Member States. And that furthermore, the inclusion of the DE/LU-AT bidding zone border, regarding the German-Austrian interconnector as structurally limited, would enable the establishment of a capacity allocation method on the border.

A large share of shareholders emphasised that implementing the bidding zone border may make the trade of electricity between Polish and German markets possible (currently the possibility of energy exchange between Polish and German markets is excluded).

2 stakeholders considered the said bidding zone border inclusion as an initial step to a successful implementation of a flow-based methodology, by solving the loop flow issue. Its exclusion would expose the flow-based methodology to the risk of not getting NRA approval. Furthermore, these stakeholders stressed that the market would be able to handle the split, i.e. no congestion means the capacity allocation mechanism will allow for no price differences, whereas congestion will be reflected in zonal prices,

Respondents' views	ACER's views
<p>which will inform the further changes that may be needed.</p> <p>4 TSOs (Poland, Czech Republic, Slovakia and Hungary) <u>insist that the loop flows at their borders cause big uncertainty, and require the implementation of costly remedial actions.</u> Specific reference is made to two studies issued by Czech, Polish, Slovak and Hungarian TSOs on the impact of the DE-AT bidding zone on neighbouring systems. Ongoing bidding zone discussions since 2006 have a negative influence on the regional development of a flow-based methodology. Reference is made to other reports: THEMA (consultant), ENTSO-E's bidding zone review and ACER's 2015 Market Monitoring Report.</p> <p>3 stakeholders insist on the fact that the inclusion of the DE/LU-AT bidding zone border would improve the situation, <u>provide for equal conditions for all market participants and remove a significant barrier in the market integration process.</u></p> <p>2 stakeholders insist that the inclusion of the said bidding zone border would have a positive impact on <u>market efficiency and the effectiveness of the single European energy market.</u></p> <p>2 stakeholders stressed that maintaining the status quo would <u>endanger secure operation of transmission systems.</u></p> <p>2 stakeholders emphasised that a <u>DE-AT bidding zone border must be an integral part of the CEE CCR</u> because it is important for congestion management in the whole region.</p>	

Respondents' views	ACER's views
<p>1 stakeholder noted that since 30-50% of commercial transactions between Germany and Austria are actually realised through neighbouring networks of Poland and Czech Republic, <u>the DE-AT border must be considered to have a significant impact on the power flows in the region.</u> The issue is compounded by the fact that the exchanges at this border are the highest in the CEE region.</p> <p>1 stakeholder highlighted that during the development of the CCRs Proposal, TSOs considered all borders within the CEE region pursuant to point 3.2 of Annex I to Regulation 714/2009. Furthermore, the CACM Regulation <u>requires TSOs to cooperate on a CCR level, pan-European level and across bidding zone borders,</u> and capacity calculation for day-ahead and intraday timeframes should be coordinated at least at the regional level, and thus defined by TSOs.</p> <p>1 stakeholder considered that <u>the border de facto exists</u> by way of TSOs applying operational limitations for scheduling intraday exchanges (i.e. intraday stop).</p> <p>13 stakeholders did not support the inclusion of a bidding zone border between Germany/Luxembourg and Austria in the CEE region (or a merged region), the majority of which placed strong weight on the formal process in the CACM Regulation. In particular, <u>that the inclusion of new bidding zone borders is outside the scope of Article 15 of the CACM Regulation, which is intended to propose CCRs based on existing borders,</u> and that instead the introduction of a new bidding zone border is solely provided for in Article 32 <i>et seq.</i> of the CACM Regulation.</p>	<p>The Agency agrees that the bidding zone review should be considered as the main process to define bidding zones in a region. However, the Agency disagrees with stakeholders who consider that the inclusion of new bidding-zone borders is outside the scope of Article 15 of the CACM Regulation and that Article 32 of the CACM Regulation is the exclusive path to introduce a new bidding zone border (see the core Decision for further details).</p>
<p>A large share of the stakeholders insisted that a bidding zone study is</p>	<p>In the Agency's views, the inclusion of new bidding zone borders in the CCRs</p>

Respondents' views	ACER's views
<p>currently being performed by ENTSO-E in accordance with Article 32 <i>et seq.</i> of the CACM Regulation, and that this formal process and its results should not be undermined, and that the bidding zone review in accordance with Article 32 <i>et seq.</i> is based on a thorough and detailed review of the existing bidding zone configuration as a prerequisite for the introduction of new bidding zone borders, including the prescribed two-step process followed by national regulatory approval. Therefore, the approval of the inclusion of the bidding zone border within the CCRs Proposal is <u>beyond ACER's competence, and legally inadmissible.</u></p>	<p>Proposal does not undermine any bidding zone review process. Neither has any such process formally started yet, nor is its launch precluded by the aforementioned inclusion.</p> <p>Furthermore, as explained above, a new bidding zone border can be implemented in the framework of Article 15 where this is necessary to comply with Regulation (EC) No 714/2009 or where this is necessary to meet the objectives of the CACM Regulation. The Agency therefore considers that the inclusion of this border in the CCRs Proposal is perfectly possible and in the area of the decision-making competence of the Agency. The parties need to make sure in the implementation phase that the decision on the DE-AT bidding zone will not be an obstacle to the implementation of the results of the bidding zone review.</p>
<p>4 stakeholders raised the issue of <u>E-controls request for amendment</u> pursuant to Article 9(12) of the CACM Regulation. They consider that the request for amendment was not dealt with in line with the procedure in that Article of the CACM Regulation, and that the procedure ought to be upheld to avoid potential judicial declaration of nullity of the terms and conditions or methodologies adopted under the CACM Regulation.</p>	<p>As confirmed by the services of the European Commission's Directorate-General for Energy (letter of 4 July 2016), the Agency considers E-Control's request for amendment as null and inadmissible and considers itself as fully competent to take a Decision on the CCRs Proposal.</p>
<p>4 stakeholders raised the issue that the inclusion of the bidding zone border infringes certain Articles in the Treaty on the Functioning of the European Union (TFEU), and in particular the competition rules in Article 101 of the TFEU, Article 102 of the TFEU, Article 106 of the TFEU, and the provisions on the free movement of goods in Articles 34 and 35 of the TFEU.</p>	<p>Since a capacity allocation procedure on the DE-AT border is required under Regulation (EC) No 714/2009 to manage the congestion problems caused by the DE-AT cross-border exchanges in a market-based way, the implementation of this capacity allocation procedure is a necessary and justified legal consequence. In fact, it is the legislator's response to a situation of inadequate interconnection capacity, which, by its nature, is an obstacle to free cross-border trade in electricity and to a real competitive European electricity market. Recital (11) of the CACM Regulation makes it particularly clear that the splitting of bidding zones may also be necessary 'to ensure efficient congestion management and overall market efficiency'. As such, the implementation of a capacity allocation procedure on the DE-AT border is only enabling competitive</p>

Respondents' views	ACER's views
<p>3 stakeholders noted that there is no congestion at this potential bidding zone border. One of these stakeholders also noted that the interconnection on the border is usually in a position to accommodate all physical flows between Austria and Germany, therefore there is no predictable and stable congestion at this border within the meaning of 'structural congestion' in the CACM Regulation. These three stakeholders insisted that the <u>ACER Opinion must now be considered in light of developments</u>. They listed the following developments:</p> <ul style="list-style-type: none"> <li>• the upcoming opening of the phase shifter in Mikulowa which can be used to directly control the flows and allow at least some import to Poland.</li> <li>• the upcoming opening of the interconnector Vierraden-Krajnik between Poland and Germany.</li> <li>• the addition of at least two strong 380 kV circuits between Germany and Austria by 2019. Austrian authorities have recently approved the construction of 8000 MW of additional interconnection capacity between Germany and Austria. The interconnection capacity will total 18000 MW and will exceed Austria's peak load.</li> <li>• the upcoming operation of the phase shifters at the Czech-German border.</li> <li>• the special switching of Hradec-Rohrdsorf to TenneT;</li> <li>• the north south transmission capacity should be increased in</li> </ul>	<p>access to transmission lines and promoting non-discriminatory trade in electricity in the CWE and CEE regions. Therefore, it does not constitute an artificial split of an integrated market infringing Articles 101 or 102 TFEU or an artificial trade barrier infringing Articles 34 or 35 TFEU. On the contrary, it contributes to competition and market integration by creating a level-playing field for market participants on the European wholesale market.</p> <p>As explained above, the Agency considers that the recent measures implemented or on the point to be implemented in the CEE region (as, e.g. the installation of a PST in Mikulowa and the opening of the interconnector Vierraden-Krajnik between Poland and Germany) aim at remedying the impact of the North-South exchanges within the DE-AT bidding zone on the DE-PL border but do not fundamentally change the proven facts that:</p> <ol style="list-style-type: none"> <li>1) cross-border exchanges on the DE-AT border have a significant impact on structurally congested areas in the CWE and CEE regions and</li> <li>2) the actual maximum capacity transfer would usually be not able to accommodate all DE-AT cross-border exchanges in the absence of loop flows.</li> </ol> <p>These measures cannot either replace transparent, non-discriminatory and market-based congestion management procedures compliant with Regulation (EC) No 714/2009, which give efficient economic signals to market participants and the transmission system operators involved.</p> <p>The Agency highly welcomes the intention of the Austrian and German authorities to develop new grid infrastructures in order to reinforce their respective network and notes that such new grid infrastructure developments can only help reducing any potential price differential stemming from the introduction of capacity allocation method on the DE-AT border.</p> <p>However, the Agency considers that the planned developments do not provide a sufficient level of certainty, and therefore cannot be relied upon in defining</p>

Respondents' views	ACER's views
<p>Germany in 2016 by 3000+ MW.</p> <p><b>2 stakeholders</b> emphasised that the ACER Opinion 09/2015 is not binding and therefore does not provide any sustainable legal basis.</p>	<p>The CCRs and the borders therein.</p> <p>The Agency fully acknowledges the non-binding character of its Opinion 09/2015.</p> <p>The Agency is, however, of the view that the findings in this Opinion, as well as the new ones in Annex IV to this Decision, prove that the non-inclusion of this border in the CCRs Proposal would clearly go against Regulation (EC) No 714/2009 and the objectives of the CACM Regulation.</p> <p>Annex IV to this Decision demonstrates that there is a structural congestion on the DE-AT border itself.</p>
<p><b>1 stakeholder</b> insisted that there was no proof available to show that congestion exists at the DE-AT border. To date, no assessment has been undertaken with regard to the presumed congestion, including the identification of all potentially congested interconnectors and an analysis of the extent to which structural congestion within Germany contributes to unscheduled flows in the CEE region.</p>	<p>The Agency considers that Annex IV to this Decision shows the importance and urgent need to include the DE-AT border in the capacity calculation method of the CWE-CEE region.</p>
<p><b>1 stakeholder</b> insisted that ignoring the correct formal process as outlined in Article 32 <i>et seq.</i> of the CACM Regulation could lead to wrong incentives, i.e. the attitude of viewing the capacity calculation from a national or control area perspective.</p>	<p>In the Agency's views, the inclusion of new bidding zone borders in the CCRs Proposal does not undermine any bidding zone review process. Neither has any such process formally started yet, nor is its launch or the implementation of its result precluded by the aforementioned inclusion.</p>
<p><b>1 stakeholder</b> highlighted the benefits of the bidding zone review process because it will result in balanced conclusions as to the necessity and appropriateness of a possible bidding zones re-delineation. In particular it allows for an in-depth analysis and exchange of views between regulators/ACER, TSOs/ENTSO-E, and market participants, which contributes to the consideration of all viewpoints in the final proposal to be made by ENTSO-E. It also provides for a consultation with market participants, in line with the amendment process described in Article 9(13) of the CACM Regulation.</p>	<p>The Agency considers that the need for implementing a capacity allocation mechanism on the DE-AT border, and therefore for including this border in the CCRs Proposal, has been thoroughly assessed and discussed. It has furthermore received a favourable Opinion from the whole NRAs' community but one.</p>
<p><b>1 stakeholder</b> raised the issue that the inclusion of the bidding zone border would have negative effects on market liquidity and market power.</p>	<p>As mentioned in its Opinion No 09/2015, the Agency considers that the potential negative effects of implementing a capacity allocation mechanism on</p>



Respondents' views	ACER's views
<p>Therefore, it would run counter to stepwise integration of European electricity markets.</p>	<p>the DE-AT border need to be further evaluated and, if deemed necessary, potential transitory regulatory measures for market participants could be put in place.</p>
<p>1 stakeholder supported the inclusion of a bidding zone border between Germany/Luxembourg and Austria in the CEE region (or a merged region) but stressed that the consultation as not the formal process within which this bidding zone border should be considered.</p>	<p>See above.</p>
<p>2 stakeholders supported the inclusion of a bidding zone border between Germany/Luxembourg and Austria in the CEE region (or a merged region) but did not provide specific reasons.</p>	
<p>1 stakeholder refrained from taking a strict view however, suggested that further improvement of the flow-based calculation should be analysed in depth before any discussion of delimitation of bidding zones, so as to avoid capacity calculation from a national or control area perspective. The stakeholder also considered that the CCRs process is not the place to introduce a new bidding zone border as there is the ENTSO-E bidding zone review study, which should allow a deeper and sound understanding of important parameters for a well-functioning, competitive and unified wholesale electricity market as set out in the Third Energy Package. Any reduction/splitting of bidding zones should take place only if there is structural congestion that will persist in the future and only after a detailed cost-benefit analysis and impact assessment including its impact on market efficiency and market dynamics.</p>	<p>See above.</p>
<p>1 stakeholder cited Article 16(1) of Regulation (EC) No 714/2009, which provides that congestion must be countered by way of non-discriminatory market-based solutions.</p>	<p>The implementation of a capacity allocation method on the DE-AT border would constitute the most transparent, non-discriminatory market-based solution.</p>
<p>11 stakeholders provided no comments on Question 4.</p>	

Respondents' views	ACER's views
<p><b>5. Do you have comments on any other new element or development concerning the CCRs Proposal, which occurred after the public consultation held by ENTSO-E from 24 August to 24 September 2015?</b></p> <p>5 stakeholders raised the issue of weak transparency, and stressed that after one year of flow based market coupling, the lack of transparency has had consequences on the understanding and the prediction of the prices for market parties. In particular:</p> <ul style="list-style-type: none"> <li>• TSOs should provide more transparency on the parameters that are price sensitive.</li> <li>• TSOs should provide greater transparency on redispatch and other remedial actions.</li> <li>• TSOs should establish a transparent process for inter-CCR coordination, in accordance with the provisions of the CACM Regulation.</li> <li>• TSOs should focus on transparency of calculation methodologies.</li> <li>• TSOs should ensure ongoing transparency during the initial implementation of the flow-based capacity allocation and the functioning of the flow-based capacity allocation. For example: <i>ex-ante</i> publication by TSOs of the complete set of flow-based parameters, because availability and disclosure of fundamental data will allow market participants to adjust appropriately and will reduce uncertainty.</li> <li>• Attention must be given to the CWE CCR where transparency requirements have not been properly implemented, which does not set a good precedent.</li> </ul>	<p>The Agency acknowledges the need for an improved transparency in the capacity calculation and redispatching methods and is committed to taking action in this area but considers this point falls outside the scope of the CCRs definition process.</p>
<p>4 stakeholders stressed the importance of taking into account current significant delays in the implementation of the CACM Regulation during</p>	<p>The Agency notes this comment but considers it falls outside the scope of this CCRs definition process.</p>

Respondents' views	ACER's views
<p>the finalisation of the timetable in the Electricity Balancing Network Code.</p> <p>1 stakeholder specifically recommended that the <u>institutional responsibility for drafting and approving the "all TSOs/all NRAs" methodologies provided for in the CACM GL is directly invested in ENTSO-E and ACER, given the failure in the NRA approval process.</u></p>	<p>The Agency notes this comment but considers it falls outside the scope of this CCRs definition process.</p>
<p>1 stakeholder highlighted the <u>current poor results of the flow-based allocation method and provided recommendations:</u></p> <ul style="list-style-type: none"> <li>• TSOs and NRAs must work on solutions to avoid loop flows in accordance with Regulation (EC) No 714/2009 (with reference to a study of the Belgian NRA, CREG).</li> <li>• Smaller price zones are disadvantaged due to power flows going to larger control areas as a result of the social welfare maximisation criterion. Must find a solution during a power shortage (spot price equals market price cap) and during everyday operation of the algorithm. There is currently no acceptable solution for intraday or balancing domain recalculation after day-ahead flow-based market clearing in the CWE CCR.</li> </ul> <p>1 stakeholder specifically recommended TSOs to improve the calculation time to make the market more efficient through faster coordination for example, as speed is a key element to market integration.</p>	<p>The Agency notes these comments but considers they fall outside the scope of this CCRs definition process.</p>
<p>1 stakeholder emphasised that the integration of RES in the electricity markets requires TSOs to <u>increase capacity calculation updates, especially near time of delivery.</u></p>	<p>The Agency notes this comment but considers it falls outside the scope of this CCRs definition process.</p>
<p>1 stakeholder raised concern that the CCRs Proposal separates the France-Switzerland border (FR-CH) in the future from the other Italian northern borders (Region 4), and suggested that it <u>must be justified and</u></p>	<p>The Agency reminds that, regardless of the many benefits the inclusion of some third-party countries, in particular Switzerland, could provide, such inclusion requires specific agreements between the Union and those countries</p>

Respondents' views	ACER's views
<p><u>explained by an impact assessment and the analysis of different options.</u></p> <p><u>1 stakeholder requested that the CCRs Proposal take account of any changes in the future/prospective bidding zone borders due to interconnections that are planned to be commissioned after 2018.</u></p> <p><u>1 stakeholder reminded of the need to ensure consistency with the SO GL during regional cooperation within CCRs. For example: when building the common grid model and during regional coordination on remedial actions activation.</u></p> <p><u>1 stakeholder emphasised that the current CCRs Proposal is the most efficient and pragmatic, and that ACER consults in case an amendment to the current CCRs Proposal is requested, directly with all TSOs and ENTSO-E on the draft decision / new amendments text.</u></p> <p>The stakeholder also expressed that it is important to involve European non-EU TSO members of ENTSO-E, especially those responsible for electricity systems physically connected to EU Member States, in defining the CCRs.</p>	<p>and the implementation of relevant Union legislation in those countries (see Article 1(4) and 1(5) of the CACM Regulation with regard to Switzerland).</p> <p>The Agency agrees that the definition of capacity calculation regions should be regularly re-assessed in light of forthcoming developments and the evolution of the level of interdependency between regions.</p> <p>The Agency notes this comment but considers it falls outside the scope of this CCRs definition process.</p>
<p><u>1 stakeholder emphasised that the current CCRs Proposal is not compliant with the Regulation (see the arguments in the core Decision).</u></p> <p>The Agency has consulted all TSOs and ENTSO-E before issuing this Decision.</p>	<p>The Agency considers that the current CCRs Proposal is not compliant with the Regulation (see the arguments in the core Decision).</p> <p>The Agency has consulted all TSOs and ENTSO-E before issuing this Decision.</p>
<p><u>1 stakeholder made the observation that in the CEE and CWE CCRs, there are two overlapping Regional Security Coordinators (RSCs) (Coreso and TSC), covering most of the countries that are at stake in the CEE-CWE merger. Many TSOs already work together operationally as the information for capacity calculation is available in these RSCs.</u></p>	<p>The Agency notes this comment and considers the fact that many TSOs already work together operationally in the framework of Coreso and TSC as an encouraging factor for the forthcoming merger of the two regions.</p>
<p><u>1 stakeholder requested the inclusion of the Swiss and Norwegian borders in the CCRs definition, providing the following reasons:</u></p> <ul style="list-style-type: none"> <li>• Their exclusion will be detrimental to the functioning of the relevant CCRs.</li> <li>• The state of advancement of the wholesale electricity markets in both these countries.</li> </ul>	<p>As noted above, the Agency reminds that, regardless of the many benefits the inclusion of some third-party countries, in particular Switzerland, could provide, such inclusion requires specific agreements between the Union and those countries and the implementation of relevant Union legislation in those countries (see Article 1(4) and 1(5) of the CACM Regulation with regard to Switzerland).</p>

Respondents' views	ACER's views
<ul style="list-style-type: none"> <li>• Their inclusion would effectively contribute to creating an integrated European electricity market, to enhancing security of supply, and to increasing flexibility within Europe by allowing for cross-border electricity exchange between non-adjacent EU Member States.</li> </ul>	
<p>1 stakeholder raised the issue that Annex 1 of the CCRs Proposal's explanatory document titled "Future composition of CCRs including various non-EU bidding zone borders" contains two chapters which are missing important borders between Energy Community Parties (synchronously interconnected non-EU bidding zones). It is important to include all interconnected areas in the 'shadow' CCRs because they will form the basis for the capacity calculation and allocations to be applied by the TSOs.</p>	<p>As noted above, the Agency reminds that, regardless of the many benefits the inclusion of some third-party countries, in particular Switzerland, could provide, such inclusion requires specific agreements between the Union and those countries and the implementation of relevant Union legislation in those countries (see Article 1(4) and 1(5) of the CACM Regulation with regard to Switzerland).</p>
<p>1 stakeholder raised the issue of the Brexit vote, and requested that the CCRs Proposal provides for a degree of flexibility in the deliberation of the most appropriate common capacity calculation methodology for the Ireland-UK (IU) region, given the uncertainty as to the UK's internal and external policies, as well as its interaction with the EU.</p>	<p>The Agency notes this comment but considers it falls outside the scope of this CCRs definition process.</p>
<p>1 stakeholder raised the issue of the lack of a thorough impact assessment of the proposed delineation of CCRs, as well as an analysis of possible alternatives.</p>	<p>The Agency agrees that the CCRs Proposal's impact assessment of the proposed delineation of CCRs, as well as detail, clear planning and timelines with regard to the next mergers could have been more thorough.</p> <p>The Agency considers that the definition of capacity calculation regions should be regularly re-assessed in light of forthcoming developments and the evolution of the level of interdependency between regions.</p> <p>The Agency invites the relevant TSOs and NRAs to submit a new CCRs</p>

Respondents' views	ACER's views
	<p>proposal within 3 years after this Decision is issued and, when doing so, to focus, in particular, on the following possible future mergers:</p> <ul style="list-style-type: none"> <li>- the merger of the Channel region with the CWE-CEE region;</li> <li>- the merger of the Italy North and South-East Europe regions with the CWE-CEE region; and</li> <li>- the merger of the Hansa region with the Nordic region and then further with the CWE-CEE region.</li> </ul>
<p><b>1</b> stakeholder suggested that there is some level of flexibility in the definition of CCRs due to the wide spectrum of operational issues for stakeholders.</p>	<p>The Agency considers that the CACM Regulation provides enough flexibility with regard to the implementation timeline of the CACM provisions.</p>
<p><b>39</b> stakeholders provided no comments on Question 5.</p>	



## Annex 1 - List of Respondents

Organisation	Type
ADH CR	Association
AFEER	Association
AGEN-RS	NRA
AMERICAN CHAMBER OF COMMERCE IN ROMANIA	Association
Amprion	TSO
ANRE	NRA
Austrian Federal Economic Chamber	Association
Austrian Power Grid AG	TSO
BDEW	Association
CERA	NRA
CEZ Group	Energy Company
CNTEE Transelectrica SA	TSO
Confederation of Industry of the Czech Republic	Association
EAI	Association
ENTSO-E	European Network of Transmission System Operators
E-control	NRA
EDF	Energy Company
EFET	Association
Enel SpA	Energy Company
Energy Community Secretariat	
ERU	NRA
Eurelectric	Association
EXAA Energy Exchange Austria	Electricity Exchange
Febeliec	Association
Federation of Austrian Industries	Association
Forum	Association
GEN-I Group d.o.o.	Energy Company
HEP	Energy Company
HERA	NRA
IGMNiR	Association
IEPiOE	Association
KIGEIT	Association
Lewiatan	Association
Market Parties Platform	Association
MEKSZ	Association
Ministry of Energy (Romania)	Member State

Ministry of Industry and Trade of the Czech Republic	Member State
MVM Partner	Energy Company
Oesterreichs Energie	Association
OPCOM	Market Operator
PGE S.A.	Energy Company
PKEE	Association
Polenergia Obrot SA	Energy Company
Polish Chamber of Chemical Industry	Association
Polish Glass Manufacturers Federation	Association
Polish Lime Association of End-users of Electricity and Gas (WAPNO)	Association
Polish Wind Energy Association	Association
PSE S.A.	TSO
PTPiREE	Association
Romanian Energy Centre	Association
SPP	Association
swisselectric	Association
TenneT B.V and TenneT GmbH	TSOs
Towarzystwo Obrotu Energia (TOE)	Association
Transenergo Com SA	TSO
URE	NRA
Verbund AG	Energy Company