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**Channel Capacity Calculation Region TSOs' proposal  
for redispatching and countertrading cost sharing  
methodology in accordance with Article 74(1) of  
Commission Regulation (EU) 2015/1222 of 24 July 2015  
establishing a guideline on capacity allocation and  
congestion management**

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**23 November 2018**

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All Transmission System Operators of the Channel region considering the following,

### **WHEREAS**

1. Commission Regulation (EU) 2015/1222 establishes a guideline on capacity allocation and congestion management (hereinafter referred to as the “CACM Regulation”), which entered into force on 14 August 2015.
2. This document is a common proposal developed by all Transmission System Operators (hereafter referred to as “TSOs”) of the Channel Capacity Calculation Region as defined in accordance with Article 15 of CACM Regulation (hereafter referred to as “Channel Region”) regarding the proposal for the Redispatching and Countertrading cost sharing methodology (hereafter referred to as “RD and CT Cost Sharing methodology”) in accordance with the CACM Regulation. This proposal is required by Article 74(1) of the CACM Regulation.
3. The TSOs of the Channel Region (hereafter referred to as “Channel TSOs”) aim at ensuring consistency with the Redispatching and Countertrading cost sharing methodologies of other Capacity Calculation Regions in which same bidding zones are concerned whilst acknowledging the specific characteristics of the interconnectors within the Channel Region.
4. This proposal considers the TSOs' proposal for a day-ahead and intraday capacity calculation methodology (hereinafter referred to as the “Channel DA and ID CC Methodology”) in accordance with Article 20 of the CACM Regulation and submitted to the NRAs of the Channel Region for approval on 15/9/2017.
5. This proposal considers the TSOs' proposal for the coordinated Redispatching and Countertrading methodology (hereinafter referred to as the “RD and CT Methodology”) in accordance with Article 35 of the CACM Regulation and submitted to the NRAs of the Channel Region for approval on 17/03/2018.
6. Changing the flow over an HVDC interconnector in the Channel Region for Redispatching and Countertrading purposes results in an imbalanced situation in the control areas to which the interconnector is connected (since the HVDC interconnector is between two different Synchronous Areas). Therefore, the TSOs at both ends of the HVDC interconnector need to activate energy to restore the balance (locally or cross-border). By doing so the TSOs need nevertheless to consider local physical congestion issues for finding the energy.
7. The Channel Region is made of HVDC interconnectors of bidding zone borders between two synchronous areas. Therefore, there are no unscheduled flows related to Channel trades because of the controllability of the HVDC. As there are no unscheduled flows from a Channel point of view, there is no “polluter”. Hence the costs related to costly Remedial Action applied in the frame of Channel Region shall be borne by the Requesting TSO.
8. The RD and CT Cost Sharing Methodology contributes to and does not in any way hinder the achievement of the objectives of Article 3 of the CACM Regulation. In particular, this RD and CT Cost Sharing Methodology:

- a. Establishes a common process for the Redispatching and Countertrading cost sharing by defining a set of harmonised rules for congestion management and as such serves the objective of promoting effective competition in the generation, trading and supply of electricity in accordance with Article 3(a) of the CACM Regulation;
- b. Contributes to the objective of ensuring optimal use of the transmission infrastructure in accordance with Article 3(b) of the CACM Regulation by ensuring TSOs to solve physical congestion at the least cost using last available inputs based on the best possible forecast of transmission systems and market results at the time of each security analysis, updated in a timely manner, for the detection of coordinated Redispatching and Countertrading needs;
- c. Contributes to the objective of ensuring and enhancing the transparency and reliability of information in accordance with Article 3(f) of the CACM Regulation by providing mechanism to verify the needs, monitor, assess the impact and allow improvement of Countertrading in the Channel Region in accordance with Article 74(5) of the CACM Regulation; and
- d. Contributes to the objective of respecting the need for a fair and orderly market and price formation in accordance with Article 3(h) of the CACM Regulation by developing rules within this methodology that ensure a fair distribution of costs and benefits between the involved TSOs.

**SUBMIT THE FOLLOWING PROPOSAL TO ALL NATIONAL REGULATORY AUTHORITIES OF THE CHANNEL REGION:**

## **TITLE 1 GENERAL PROVISIONS**

### **Article 1 Subject matter**

1. This RD and CT Cost Sharing methodology is the common proposal of all TSOs of the Channel Region in accordance with Article 74(1) of the CACM Regulation.

### **Article 2 Definitions and interpretation**

1. For the purposes of the RD and CT Cost Sharing Methodology, the terms used shall have the meaning given to them in:
  - a. Article 2 of the CACM Regulation;
  - b. Article 3 of the SO GL Regulation; and
  - c. Article 2 of the RD and CT Methodology
2. In this RD and CT Cost Sharing Methodology, unless the context requires otherwise:
  - a. the singular indicates the plural and vice versa;
  - b. headings are inserted for convenience only and do not affect the interpretation of this RD and CT Cost Sharing Methodology; and
  - c. any reference to legislation, regulations, directives, orders, instruments, codes or any other enactment shall include any modification, extension or re-enactment of it when in force.

### **Article 3 Scope**

1. The scope of this RD and CT Cost Sharing Methodology is limited to the cost sharing of the total cost of Coordinated Redispatching and Countertrading within the Channel Region that follow the definition of the Article 3 (2) of the RD and CT Methodology.
2. Coordinated Redispatching and Countertrading in the Channel Region consists of a range of tasks. Tasks (a) to (e) below are addressed in the RD and CT Methodology. Tasks (f) to (h) are addressed in this RD and CT Cost Sharing Methodology in accordance with Article 74 of the CACM Regulation. The tasks are:
  - a. volume information and availability exchange and price information exchange;
  - b. detection;
  - c. coordination;
  - d. selection of RD and CT Actions;

- e. activation of RD and CT Actions and update of nomination on the Channel Interconnector;
  - f. total cost calculation;
  - g. reporting; and
  - h. cost sharing and settlement.
3. To implement this RD and CT Cost Sharing Methodology, border-specific Coordinated Redispatching and Countertrading operational procedures (hereafter referred to as “RD and CT Procedures”) will be established during the implementation phase between relevant TSOs of each bidding zone border in the Channel Region. These RD and CT Procedures shall comply with the rules and principles laid out in this RD and CT Cost Sharing Methodology.

## **TITLE 2 COST SHARING**

### **Article 4 Principles**

1. As stated in Articles 4(2) and 4(6) of the RD and CT Methodology, all coordinated Countertrading and Redispatching in the Channel Region are cross-border relevant.
2. In accordance with Article 35(5) of the CACM Regulation, the total cost of coordinated Redispatching and Countertrading will be determined by summing the costs and incomes of Participating TSOs. The calculation process will be detailed in the RD and CT Procedures but will adhere to the principles described in Article 4(3) and 4(4).
3. Participating TSOs will incur costs and/or receive income from RD and CT Actions taken to achieve the desired cross border flow specified by the Requesting TSO. The relevant elements to include in the calculation process are:
  - a. contracted reserves, non-contracted reserves, shared reserves, bids sold or bought on markets and/or balancing actions by the Requesting and/or Assisting TSO (or by another party on its behalf) in their Control Area;
  - b. internal redispatch of available generation units and/or load by the Requesting and/or Assisting TSO within their Control Area; and
  - c. Positive or negative imbalance incurred by the Facilitating TSO.
4. Following a RD and CT Action, the Assisting TSO and Facilitating TSO will offset their costs incurred against any income received, if
  - a. costs exceed income, the Requesting TSO will pay the respective balance to the Assisting TSO and/or Facilitating TSO; or
  - b. income exceeds costs, the Requesting TSO will receive the respective balance from the Assisting TSO and/or Facilitating TSO.
5. For the avoidance of doubt, the costs not considered to be part of RD and CT Actions are:

- a. any costs that would have been incurred regardless of the activation of RD and CT Actions by the Requesting TSO (e.g. fixed costs of ex-ante reservation of resources for being available to perform RD and CT Actions);
  - b. Redispatching or Countertrading that are covered by the Coordinated Redispatching and Countertrading methodology of another Capacity Calculation Region
6. This RD and CT Cost Sharing Methodology should be applied for any Redispatching and Countertrading in the Channel Region. If the congestion was the result of actions taken in, or requested by, another CCR, Channel TSOs may seek recompense via the appropriate cost sharing methodology.
7. In accordance with Article 74(6) of the CACM Regulation, this RD and CT Cost Sharing Methodology:
  - a. provides incentives to manage congestion, including remedial actions and incentives to invest effectively by ensuring that the Requesting TSO is exposed to all appropriate costs incurred through enacting any RD and CT Actions. The Requesting TSO will be able to compare the cost of RD and CT Actions against any relevant investment decision that would reduce the necessity to use RD and CT to manage congestion in their control area.
  - b. is consistent with the responsibilities and liabilities of the TSOs involved by placing appropriate responsibilities on the Participating TSOs depending on their role in the RD and CT process. The Requesting TSO initiates the process which is supported by the Assisting and Facilitating TSOs. In addition to the TSOs, the RSCs have a role to identify the appropriate remedial actions for a given situation and this oversight provides additional scrutiny on the decision of the Requesting TSO.
  - c. ensure a fair distribution of costs and benefits between the TSOs involved by ensuring that the Assisting and Facilitating TSOs are compensated for the actions they have taken to support the specified flow from the Requesting TSO.
  - d. is consistent and doesn't conflict with:
    - i. the methodology for sharing congestion income set out in Article 73 as the RD and CT Cost Sharing Methodology only applies after the SDAC process has completed;
    - ii. the inter-TSO compensation mechanism, as set out in Article 13 of Regulation (EC) No 714/2009 and Commission Regulation (EU) No 838/2010 (1) as the RD and CT Cost Sharing Methodology is limited in scope to only Redispatching and Countertrading and not covered under the inter-TSO compensation mechanism;
  - e. facilitates the efficient long-term development and operation of the pan-European interconnected system and the efficient operation of the pan-European electricity market by incentivising the Requesting TSO to invest effectively as detailed in (a).

- f. facilitates adherence to the general principles of congestion management as set out in Article 16 of Regulation (EC) No 714/2009 by using a coordinated approach to activate the most economically efficient and non-discriminatory Redispatching and Countertrading actions post SDAC to allow the maximum capacity of the interconnectors and the transmission networks affecting cross-border flows.
- g. allows reasonable financial planning for the Requesting TSO as the Assisting TSO will make the costs and volumes known ahead to the Requesting TSO initiating Coordinated Redispatching or Countertrading. The costs for the Facilitating TSO could also be estimated in advance.
- h. is compatible with the:
  - i. day-ahead timeframe as any RD and CT Actions will take place after the day-ahead results are known
  - ii. intraday timeframes and detailed in Article 5(3) of the RD and CT Methodology.
- i. complies with the principles of transparency and non-discrimination by having a transparent monitoring and reporting requirements, as specified in Article 5 of this RD and CT Cost Sharing Methodology.

## **Article 5 Monitoring and Reporting**

1. All coordinated Redispatching and Countertrading, including costs and volumes, will be reported as described in Regulation (EC) 543/2013 on submission and publication of data in electricity markets (hereinafter referred to as the "Transparency Regulation") and in Commission Regulation (EC) 1227/2011 for Energy Market Integrity and Transparency (hereinafter referred to as the "REMIT Regulation").
  - a. In line with the REMIT Regulation, all coordinated Redispatching and Countertrading will be reported within 1 hour from the activation of the coordinated Redispatching and Countertrading.
  - b. Coordinated Redispatching and Countertrading volumes and costs are to be reported as per the Transparency Regulation. This mechanism will provide transparency and allow market parties to see when Redispatching and Countertrading actions are being used based on operational security and economic criteria in accordance with Article 74(5)(c) of the CACM Regulation.
2. The Requesting TSO shall record their justification for requesting coordinated Redispatching and Countertrading, or the reason for the rejection of a coordinated Redispatching and Countertrading request, the associated impact and the cost of any related RD and CT Actions taken. Upon NRA request, the Participating TSOs shall provide further justifications, impacts and associated costs in a report for monitoring.
3. To satisfy the requirement in CACM Article 74(5)(b)(c) and (d), by 01 July each year a detailed report will be drafted by Channel TSOs collating all the Requesting TSO reports. Channel TSOs will review, in this yearly report, the Coordinated Redispatching and

Countertrading and other remedial actions with costs taken over the previous 12 months. This review should also assess the impact and monitor the use of these remedial actions with costs, based on the operational security and economic criteria. Finally, Channel TSOs will evaluate and implement improvements within the RD and CT Procedures, or other procedure relevant for remedial actions, where needed. A summary report highlighting the main conclusions will be made available publicly on the Channel TSOs websites.

4. In accordance with Article 74(5)(a) of the CACM Regulation, the actual need for Redispatching and Countertrading is verified by the Channel RSCs who will recommend to the relevant Channel TSOs, effective and economically efficient remedial actions to solve the identified physical congestion, based on the available price and volume information. This recommendation for remedial actions shall be accompanied by explanations as to its rationale. The Channel RSCs shall perform, if needed, a new CSA to analyse the impact of the Redispatching or Countertrading on all Channel TSOs, and verify the actual need of Coordinated Redispatching or Countertrading, considering previous Coordinated Redispatching and Countertrading characteristics between Participating TSO, updated information on prices and volumes and considering the possible location of RD and CT Actions in case of Redispatching.
5. Pursuant to Article 74(5)(e) of the CACM Regulation, process allowing monitoring of Channel Region by the competent regulatory authorities will be effectively done by the monitoring mechanisms described in the Channel DA and ID CC Methodology and the monitoring report of Article 5(2) of this RD and CT Cost Sharing Methodology.

### **TITLE 3 MISCELLANEOUS**

#### **Article 6 Publication of the RD and CT Cost Sharing Methodology**

1. The TSOs shall publish the Channel RD and CT Cost Sharing Methodology without undue delay after all national regulatory authorities have approved the RD and CT Methodology or a decision has been taken by the Agency for the Cooperation of Energy Regulators in accordance with Article 9(10), 9(11) and 9(12) of the CACM Regulation.

#### **Article 7 Implementation of RD and CT Cost Sharing Methodology**

1. This RD and CT Cost Sharing Methodology will be implemented in conjunction with the RD and CT Methodology.

#### **Article 8 Language**

1. The reference language for this common capacity calculation Proposal shall be English. For the avoidance of doubt, where TSOs need to translate this Channel RD and CT Cost Sharing Methodology into their national language(s), in the event of inconsistencies between the English version published by TSOs in accordance with Article 9(14) of the CACM Regulation and any version in another language, the relevant TSOs shall be obliged to dispel any inconsistencies by providing a revised translation of this Channel RD and CT Cost Sharing Methodology to their relevant national regulatory authority.