

ACER public consultation on ENTSO-E proposal for system operation regions

A Eurelectric response paper

Eurelectric represents the interests of the electricity industry in Europe. Our work covers all major issues affecting our sector. Our members represent the electricity industry in over 30 European countries.

We cover the entire industry from electricity generation and markets to distribution networks and customer issues. We also have affiliates active on several other continents and business associates from a wide variety of sectors with a direct interest in the electricity industry.

We stand for

The vision of the European power sector is to enable and sustain:

- A vibrant competitive European economy, reliably powered by clean, carbon-neutral energy
- A smart, energy efficient and truly sustainable society for all citizens of Europe

We are committed to lead a cost-effective energy transition by:

investing in clean power generation and transition-enabling solutions, to reduce emissions and actively pursue efforts to become carbon-neutral well before mid-century, taking into account different starting points and commercial availability of key transition technologies;

transforming the energy system to make it more responsive, resilient and efficient. This includes increased use of renewable energy, digitalisation, demand side response and reinforcement of grids so they can function as platforms and enablers for customers, cities and communities;

accelerating the energy transition in other economic sectors by offering competitive electricity as a transformation tool for transport, heating and industry;

embedding sustainability in all parts of our value chain and take measures to support the transformation of existing assets towards a zero carbon society;

innovating to discover the cutting-edge business models and develop the breakthrough technologies that are indispensable to allow our industry to lead this transition.

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Topic 1 - Whereas

- In Recital 5 of the 'Whereas' section of the proposal, ENTSO-E's states that:

The SOR Proposal should clarify Article 36(2) requirement on the coordination between regional coordination centres for the borders adjacent to SOR without prejudice of the creation of Regional Coordination Centres (hereafter referred to as "RCC(s)") in line with Article 35(1) of the Electricity Regulation. The SOR Proposal cannot be interpreted as direct or indirect TSOs' intention to create a specific RCC. Consequently, when establishing RCCs, TSOs should be allowed the flexibility needed in that regard to ensure a suitable level of coordination of technical processes within the geographical scope of the SOR and with the borders adjacent to the SOR.

The Agency understands that Article 35 of Regulation 2019/943 is out of scope of the SOR proposal and considers that any references to it should be removed.

2

Recital 8 states that the SOR proposal provides that all TSOs of those SOR involving third country TSOs should endeavour where necessary to enter into agreements setting the basis for their technical cooperation and compliance with the relevant EU legislation. The scope of this cooperation is included in the informative Annexes to this proposal.

The Agency emphasises that the SOR proposal under review concerns EU Member States, as RCCs will encompass Union TSOs only and as it is foreseen by Regulation 2019/943.

3

In line with its mandate, the Agency wishes to stress that it has to consider only the submitted proposal, i.e., exclusive of its informative Annexes. In view of the Agency, Article 2 of the SOR proposal falls short of all acronyms necessary for the understanding the SOR proposal.

Replies sought:

1.1 Please comment on the Whereas of the SOR proposal and on the Agency's views elaborated above.

1: Eurelectric agrees with ACER that Article 35 of Regulation is out of scope for the SOR proposal.

3: We agree with ACER regarding the remark that informative Annexes are not part of the proposal and therefore the proposal is not understandable and incomplete for several aspects.

Topic 2 - Proposal for System Operation Regions

1

Article 3 of the proposal details the composition of the proposed SOR and specifies that

only TSOs that have obligations that are relevant for system operations, such as, but not limited to: calculation of capacity, assessment of needed remedial actions to ensure security of the whole system, coordination of all the outages to ensure security and efficiency, adequacy assessment and tasks related to the provision of balancing, shall be included in the relevant SOR.

However, given that the SORs act as the basis for the establishment of the RCCs, the entire range of tasks listed in ANNEX I of the recast Regulation could be considered in the Agency's view.

The Agency is not fully convinced that, in accordance with Article 36(1) of Regulation 2019/943, the proposal adequately takes into account the grid topology, including the degree of interconnection and of interdependency of the electricity system in terms of flows today and in the near future.

Replies sought:

2.1 Please comment on the proposal for System Operation Regions as laid out in Article 3 of the SOR proposal and on the Agency's view elaborated above.

1: Eurelectric agrees with the Agency that the entire range of tasks listed in ANNEX I of the recast Regulation should be considered in the proposal

2: Eurelectric agrees with ACER that the proposal does not fully comply with Article 36(1). The most logical composition of System Operation Regions should be by synchronous system. Creating overlaps in a synchronous system creates operational uncertainties and lead to errors, reduces operational speed and/or to over dimensioned safety margins. Given the growing meshed DC interconnections of the Nordic and Continental synchronous system one could even argue that these should be combined in one SOR.

Topic 3 - Coordination of the bidding zone borders adjacent to SOR

Article 4, paragraph 7.3 of the proposal states that:

The RCC established by TSOs in Central Europe shall coordinate the FR-BE, FR-DE/LU, FR-CH and ITNORD-FR bidding zone borders in accordance with the applicable terms, conditions and methodologies, covering inter alia: CORE and North Italy Calculation Methodologies pursuant to Articles 20 et 21 of the CACM GL and Article 10 of the FCA GL and applicable agreements with Swissgrid, CORE and North Italy Coordinated Security Analysis Methodology pursuant to Article 76 of the SO GL and applicable agreements with Swissgrid, (...)

The Agency underlines that, as previously stated, system operation regions concern EU Member States only and therefore consideration of bidding zone borders with Switzerland do not take place in this proposal; references thereof made in Article 4 (7) (3) must be removed.

3.1 Please comment on the coordination of the bidding zone borders adjacent to SORs as laid out in

Article 4 of the SOR proposal and on the Agency's view elaborated above.

For both topics 1 and 3, on provisions relating to the inclusion in the SOR of borders with adjacent non EU-countries and of constraints in non-EU countries that may affect the operational security of the interconnected region, Eurelectric believes that operational cooperation between EU-TSOs should be open to non-EU TSOs to better ensure the security of the EU network/system, and thereby contribute to enhancing cross-border trades within EU. All EU TSOs and borders between EU Member States must indeed be included in the SOR. Eurelectric sees no reason to exclude borders with adjacent non EU-countries, where the EU legislation does not apply, to ensure the possibility of an efficient coordination with the same tools and mechanisms. Instead of ad-hoc bilateral agreements between a non-EU TSO and each EU TSO of the SOR, the inclusion of a non-EU country could be subject to a single commitment by the non-EU TSO to comply with terms and conditions defined by the EU-TSOs of the SOR and validated by all respective NRAs.

For the case of Switzerland, the comments are all the more consistent as in terms of existing perimeters, Switzerland is already covered by TSCNET.

Although acknowledging legal matters, Eurelectric would also like to point out that simpler processes avoiding unnecessary complexities or more inclusive approaches could lead to more efficient and harmonized approaches from the start. An example can be provided with the forward capacity allocation rules which originally included Switzerland. The adoption of the FCA Regulation led to exclude Switzerland from these EU rules and but then in the end to develop a separate set of almost identical rules.

According to the subjects and, here, given the importance of network/system security and the fact that in these matters the EU cannot ignore what is at its borders, it should incentivize to try and create from the start a geographically broader set of rules or processes (associated tools, etc.) complemented whenever necessary by regional specifics.

Eurelectric, in addition, wonders why the articles 35 and 74 of CACM are not listed within the list of methodologies to be respected/followed by the RCC. Eurelectric indeed considers that all approved methodologies, including RD&CT ones, should be duly respected by the RCC.

Topic 4- Consultation with the NRAs and relevant stakeholders

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Article 5 (1) of the proposal states that:

Where the SOR definition includes BZ borders and transmission assets that span into a TSO(s) control area of a different SOR, the TSOs of that SOR shall consult in the development of the applicable co- operative processes with all relevant stakeholders which will include, where required, the NRA(s) established in the other TSOs control area.

The Agency questions the purpose and rationale of this paragraph. Bearing in mind the specifications made under Article 4, it is unclear why this paragraph is additionally needed and what was the reasoning behind its inclusion. Furthermore, the Agency would consider the term “transmission assets” to be unclear in this context.

2

The Agency considers paragraph 2 of Article 5 to be out of scope of Article 36 of Regulation 2019/943. Cooperation within and between regional coordination centres, in accordance with Article 38 of Regulation 2019 /943, is to be developed in the context of the proposal for the establishment of RCCs under Article 35, and will be subject to NRA review and approval.

Replies sought:

4.1 Please comment on the aspects of consultation with the NRAs and relevant stakeholders as laid out in Article 5 of the SOR proposal and on the Agency’s view elaborated above.

1: Eurelectric agrees with the comment of the Agency. It is unclear what this article tries to achieve.

2: Eurelectric agrees with the Agency.

Topic 5 - Any other views

1

Replies sought

5.1 Please add any other comments you may have on the proposal for System Operation Regions, namely on issues not previously addressed in response to other questions.

Eurelectric would like to encourage ACER and TSOs to take future network and market developments into account when defining SORs. The current proposal for SORs seems to be the reflection of the current situation without taking future network and market developments nor the required closer system operation cooperation into account.

Eurelectric pursues in all its activities the application of the following sustainable development values:

Economic Development

- Growth, added-value, efficiency

Environmental Leadership

- Commitment, innovation, pro-activeness

Social Responsibility

- Transparency, ethics, accountability



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