

# ACER

 Agency for the Cooperation  
of Energy Regulators

## **Challenges for regional electricity cooperation within the EU framework and Nordic perspectives**

***Christophe Gence-Creux***  
Head of Electricity, ACER

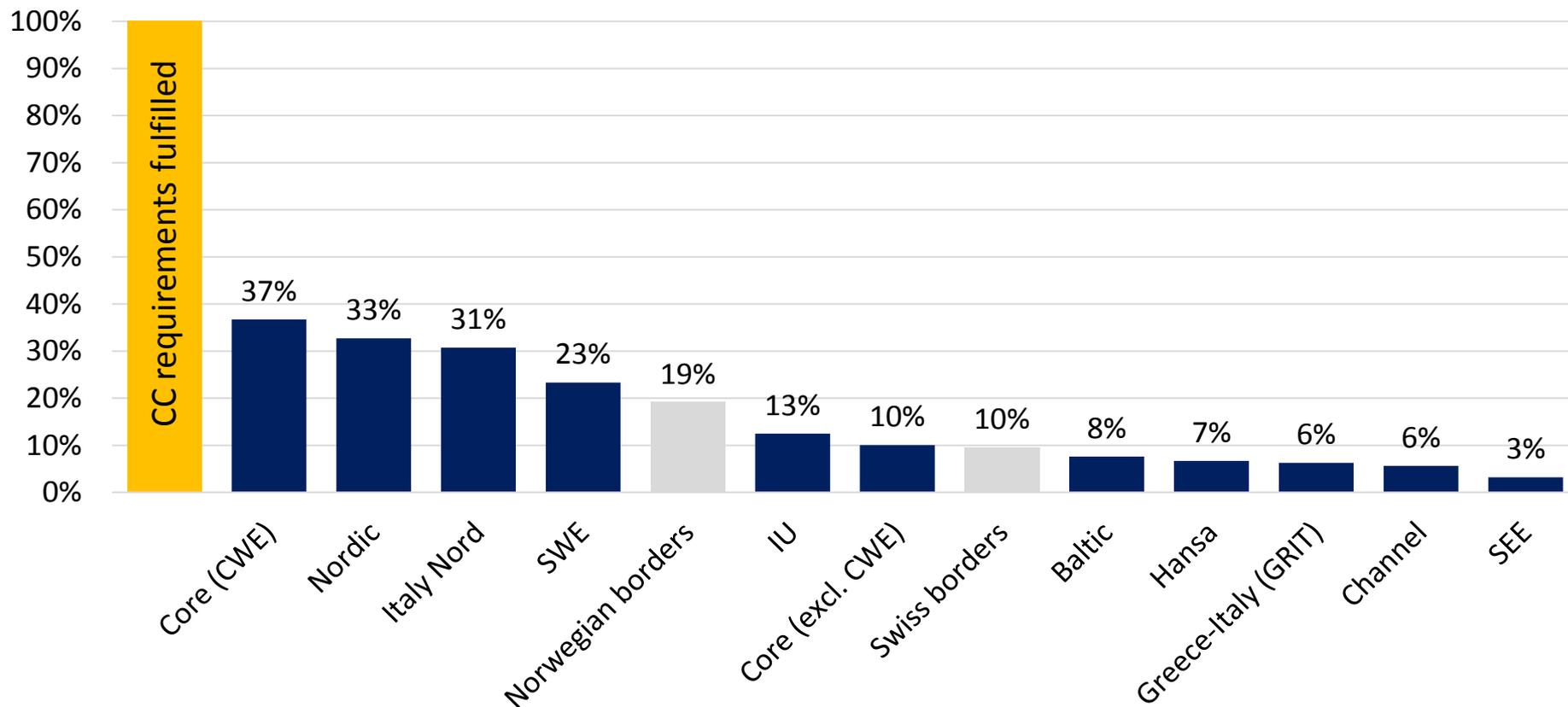
**Oslo, 22 November 2017**

- Decarbonisation of the energy sector
  - » By 2030, renewable generation will deliver almost 50% of all electricity produced
  - » Distributed and variable generation
- Ongoing market integration
  - » More efficient [capacity allocation methods](#)
  - » Growing number of [interconnectors](#)
  - » Urgent need for a '*paradigm shift*' in the way TSOs/NRAs/MSs consider cross-border capacities

Is the existing regional cooperation framework really fit for purpose?

## A large room for improvement in the level of TSO coordination

### Regional performance based on fulfilment of capacity calculations requirements – 2016 (% - scoring)



Source: ACER calculations based on NRAs and ENTSO-E (2017).

Note: Evaluation is based on frequency, coordination, use of CGM and required parameters, and hourly resolution of the applied CC methodology.

## Cross-zonal exchanges are discriminated against internal (intra-zonal) ones

Illustration on the level of discrimination in the CWE region, where flow-based (FB) capacity calculation applies, in 2016.

**1- Where** are the constraints limiting XB trade located?

**70%** related to internal lines

**Vs**

**30%** related to interconnectors

**2- How** is the capacity of critical network elements (CNEs) shared?

**84%** "consumed" by internal exchanges

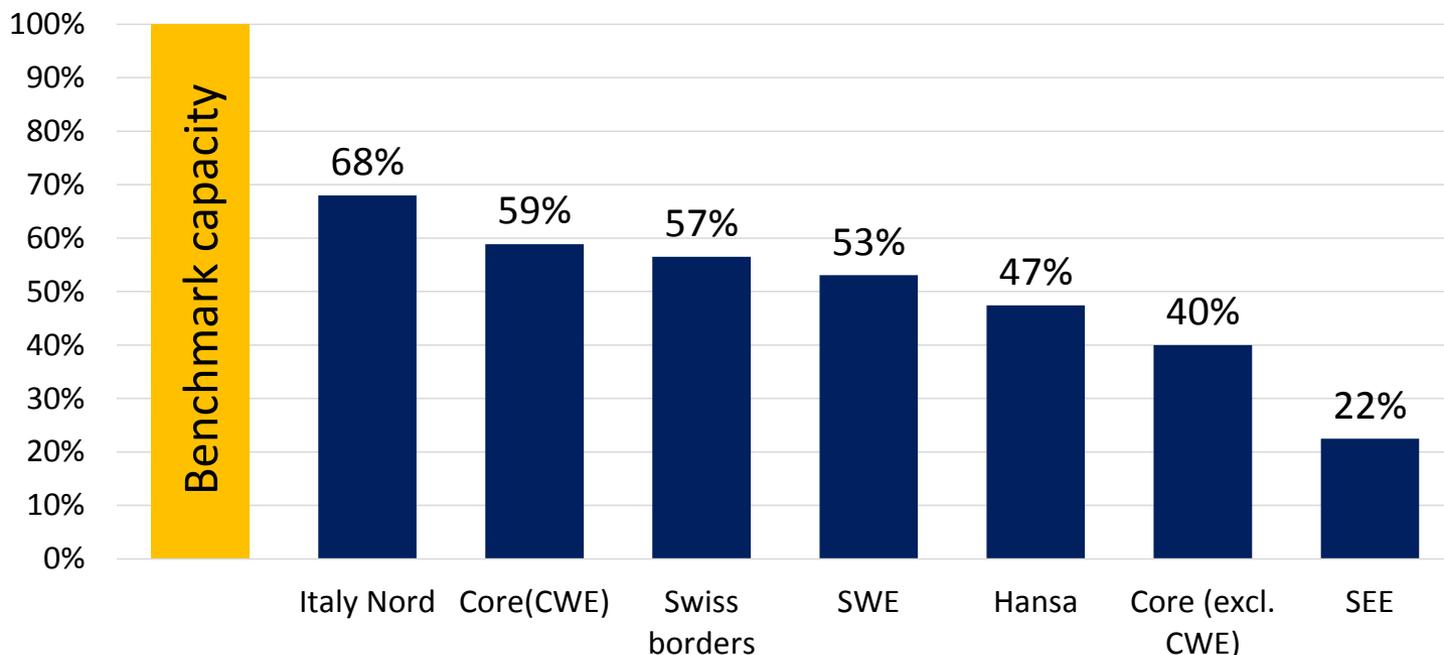
**Vs**

**16%** available for cross-zonal exchanges

**Important caveat:** This example in no way means that FB capacity calculation (CC) is more discriminatory than NTC-based CC. Where NTC applies, equivalent data is not available as CC is often more opaque and the scope for discrimination is higher.

# Cross-zonal exchanges usually get the 'leftovers' of the (limited) capacity of the network

Ratio between available cross-border capacity and the benchmark capacity\* of HVAC interconnectors per region – 2016 (%)



Borders with the lowest ratio between tradable capacity (NTC) and benchmark capacity (ranked) – 2016 (% , MW)

Border-Direction	ratio NTC/benchmark
DE/LU->PL	0%
CZ->PL	1%
SK->PL	2%
DE/LU->CZ	10%
RO->BG	10%
DK1->DE/LU	12%
PL->SE-4	16%
AT->CZ	28%
AT->CH	29%
DE->CH	29%
PL->LT	30%

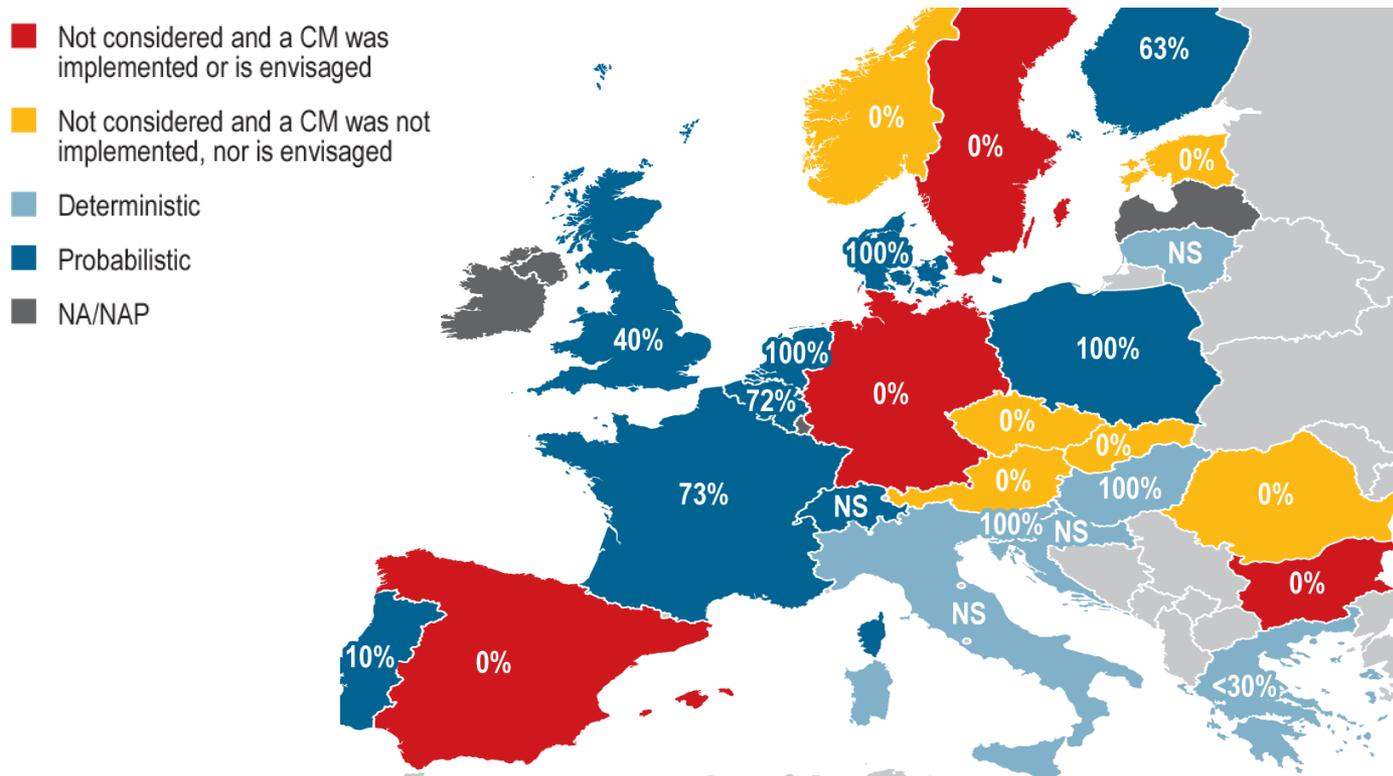
Source: ACER calculations based on ENTSO-E and NRAs (2017)

Benchmark capacity calculated by ACER as physical capacity less reliability margins and other acceptable reductions

## National adequacy assessments ignore or underestimate the contribution of interconnectors to security of supply

One third of the national adequacy assessments consider the contribution of interconnectors as being zero

### Treatment of interconnectors in national generation adequacy assessments in Europe – 2016



Source: NRAs (2017).

Notes: The information shown in the map is based on the national adequacy assessments used to take a decision on whether to implement a CM or, in countries where such a decision was not considered, on the latest national adequacy assessment. The percentages shown in the table are calculated, for a given country, as the ratio between the average expected net contribution of all interconnectors during scarcity situations and the sum of the average commercial import cross-border capacity. NS means not specified.

## A stronger regulatory framework which fits the ongoing and inevitable European (Regional)isation of the energy sector

- ➔ Binding guidance at EU level to deliver ambitious objectives (e.g. in terms of level of cross-border capacities made available to the market)
- ➔ Clear mandate for entities operating at regional or EU-wide level to deliver these objectives
- ➔ Appropriate regulatory oversight:
  - » *clear responsibility assigned to ACER*
  - » *binding decisions to ensure compliance of these entities with the objectives and the provisions in the Electricity Directive and Regulation and the Network Codes and Guidelines*
  - » *clear enforcement powers (NRAs to impose fines and penalties to ensure enforcement of the Agency's decisions)*

**Thank you for  
your attention!**

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**\*\*\*\*\*DISCLAIMER\*\*\*\*\***

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