

**REQUEST FOR AMENDMENT BY ALL REGULATORY
AUTHORITIES AGREED AT THE ENERGY
REGULATORS' FORUM
ON
THE ALL TSO PROPOSAL FOR
COMMON GRID MODEL METHODOLOGY
(CGMM) IN ACCORDANCE WITH ARTICLE 18 OF
COMMISSION REGULATION (EU) 2016/1719
ESTABLISHING A GUIDELINE ON FORWARD
CAPACITY ALLOCATION**

23 February 2018

I. Introduction and legal context

This document elaborates an agreement of All Regulatory Authorities made at the Energy Regulators' Forum on 23 February 2018, on the All TSO Proposal for the Common Grid Methodology (CGMM proposal) submitted in accordance with Article 4(6)(b) of the Commission Regulation (EU) 2016/1719 of 26 September 2016 establishing a Guideline on Forward Capacity Allocation (Regulation 2016/1719).

This agreement of All Regulatory Authorities shall provide evidence that a decision on the CGMM does not, at this stage, need to be adopted by ACER pursuant to Article 4(10) of the Regulation 2016/11719. This agreement is intended to constitute the basis on which All Regulatory Authorities will each subsequently request an amendment to the CGMM proposal pursuant Article 4(11) of the Regulation 2016/11719.

The legal provisions relevant to the submission and approval of the CGMM proposal and this All Regulatory Authority agreement on the CGMM proposal, can be found in Articles 3, 4, 18 and 19 of Regulation 2016/1719 and in Article 17, 18 and 19 of the Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a Guideline on Capacity Allocation and Congestion Management (Regulation 2015/1222). They are set out here for reference.

Article 3 of Regulation 2016/1719:

This Regulation aims at:

- (a) promoting effective long-term cross-zonal trade with long-term cross-zonal hedging opportunities for market participants;*
- (b) optimising the calculation and allocation of long-term cross-zonal capacity;*
- (c) providing non-discriminatory access to long-term cross-zonal capacity;*
- (d) ensuring fair and non-discriminatory treatment of TSOs, the Agency, regulatory authorities and market participants;*
- (e) respecting the need for a fair and orderly forward capacity allocation and orderly price formation;*
- (f) ensuring and enhancing the transparency and reliability of information on forward capacity allocation;*
- (g) contributing to the efficient long-term operation and development of the electricity transmission system and electricity sector in the Union.*

Article 4 of Regulation 2016/1719:

- 1. TSOs shall develop the terms and conditions or methodologies required by this Regulation and submit them for approval to the competent regulatory authorities within the respective deadlines set out in this Regulation. Where a proposal for terms and conditions or methodologies pursuant to this Regulation needs to be developed and agreed by more than one TSO, the participating TSOs shall closely cooperate. TSOs, with the assistance of ENTSO for Electricity, shall regularly inform the competent regulatory authorities and the Agency about the progress of developing these terms and conditions or methodologies.*
- 2. (...)*
- 3. (...)*
- 4. (...)*

5. *Each regulatory authority shall be responsible for approving the terms and conditions or methodologies referred to in paragraphs 6 and 7.*
6. *The proposals for the following terms and conditions or methodologies shall be subject to approval by all regulatory authorities:*
 - (a) (...)
 - (b) *the common grid model methodology pursuant to Article 18;*
 - (c) (...)
 - (d) (...)
 - (e) (...)
 - (f) (...)
 - (g) (...)
7. (...)
8. *The proposal for terms and conditions or methodologies shall include a proposed timescale for their implementation and a description of their expected impact on the objectives of this Regulation. Proposals on terms and conditions or methodologies subject to the approval by several or all regulatory authorities shall be submitted to the Agency at the same time that they are submitted to regulatory authorities. Upon request by the competent regulatory authorities, the Agency shall issue an opinion within three months on the proposals for terms and conditions or methodologies.*
9. *Where the approval of the terms and conditions or methodologies requires a decision by more than one regulatory authority, the competent regulatory authorities shall consult and closely cooperate and coordinate with each other in order reach an agreement. Where applicable, the competent regulatory authorities shall take into account the opinion of the Agency. Regulatory authorities shall take decisions concerning the submitted terms and conditions or methodologies in accordance with paragraphs 6 and 7, within six months following the receipt of the terms and conditions or methodologies by the regulatory authority or, where applicable, by the last regulatory authority concerned.*
10. (...)
11. *In the event that one or several regulatory authorities request an amendment to approve the terms and conditions or methodologies submitted in accordance with paragraphs 6 and 7, the relevant TSOs shall submit a proposal for amended terms and conditions or methodologies for approval within two months following the requirement from the regulatory authorities. The competent regulatory authorities shall decide on the amended terms and conditions or methodologies within two months following their submission. Where the competent regulatory authorities have not been able to reach an agreement on terms and conditions or methodologies pursuant to paragraphs 6 and 7 within the two-month deadline, or upon their joint request, the Agency shall adopt a decision concerning the amended terms and conditions or methodologies within six months, in accordance with Article 8(1) of Regulation (EC) No 713/2009. If the relevant TSOs fail to submit a proposal for amended terms and conditions or methodologies, the procedure provided for in paragraph 4 shall apply. (...)*
12. *TSOs responsible for establishing the terms and conditions or methodologies in accordance with this Regulation shall publish them on the internet after approval by the competent regulatory authorities or, if no such approval is required, after their establishment, except where such information is considered as confidential in accordance with Article 7.*

Article 18 of Regulation 2016/1719 about the Common grid model methodology:

1. *No later than six months after the approval of the common grid model methodology established for the day-ahead and intraday time frames referred to in Article 9(6) of Commission Regulation (EU) 2015/1222, all TSOs shall jointly develop a proposal for a common grid model methodology for long-term time frames. The methodology shall be subject to consultation in accordance with Article 6.*
2. *The common grid model methodology shall take into account and complement the common grid model methodology developed pursuant to Article 17 of Regulation (EU) 2015/1222. The methodology shall enable the establishment of the common grid model for long-term capacity calculation time frames in capacity calculation regions where security analysis based on multiple scenarios pursuant to Article 10 is applied.*
3. *When developing the common grid model methodology, the requirements set in Article 17 of Regulation (EU) 2015/1222 shall apply.*

Article 19 of Regulation 2016/1719 about the Scenarios:

1. *All TSOs in capacity calculation regions, where security analysis based on multiple scenarios pursuant to Article 10 is applied, shall jointly develop a common set of scenarios to be used in the common grid model for each long-term capacity calculation time frame.*
2. *When developing the common set of scenarios, the relevant requirements set in Article 18 of Regulation (EU) 2015/1222 shall apply*

Article 17 of Regulation 2015/1222 about the Common grid model methodology:

1. *By 10 months after the entering into force of this Regulation all TSOs shall jointly develop a proposal for a common grid model methodology. The proposal shall be subject to consultation in accordance with Article 12.*
2. *The common grid model methodology shall enable a common grid model to be established. It shall contain at least the following items:*
 - (a) *a definition of scenarios in accordance with Article 18;*
 - (b) *a definition of individual grid models in accordance with Article 19;*
 - (c) *a description of the process for merging individual grid models to form the common grid model.*

Article 18 of Regulation 2015/1222 about the Scenarios:

1. *All TSOs shall jointly develop common scenarios for each capacity calculation time-frame referred to in Article 14(1)(a) and (b). The common scenarios shall be used to describe a specific forecast situation for generation, load and grid topology for the transmission system in the common grid model.*
2. *One scenario per market time unit shall be developed both for the day-ahead and the intraday capacity calculation time-frames.*
3. *For each scenario, all TSOs shall jointly draw up common rules for determining the net position in each bidding zone and the flow for each direct current line. These common rules shall be based on the best forecast of the net position for each bidding zone and on the best forecast of the flows on each direct current line for each scenario and shall include the overall balance between load and generation for the transmission system in the Union. There shall be no undue discrimination between internal and cross-zonal exchanges when defining scenarios, in line with point 1.7 of Annex I to Regulation (EC) No 714/2009.*

Article 19 of Regulation 2015/1222 about Individual grid model:

1. *For each bidding zone and for each scenario:*
 - (a) *all TSOs in the bidding zone shall jointly provide a single individual grid model which complies with Article 18(3); or*
 - (b) *each TSO in the bidding zone shall provide an individual grid model for its control area, including interconnections, provided that the sum of net positions in the control areas, including interconnections, covering the bidding zone complies with Article 18(3).*
2. *Each individual grid model shall represent the best possible forecast of transmission system conditions for each scenario specified by the TSO(s) at the time when the individual grid model is created.*
3. *Individual grid models shall cover all network elements of the transmission system that are used in regional operational security analysis for the concerned time-frame.*
4. *All TSOs shall harmonise to the maximum possible extent the way in which individual grid models are built.*
5. *Each TSO shall provide all necessary data in the individual grid model to allow active and reactive power flow and voltage analyses in steady state.*
6. *Where appropriate, and upon agreement between all TSOs within a capacity calculation region, each TSO in that capacity calculation region shall exchange data between each other to enable voltage and dynamic stability analyses.*

II. The All TSO proposal

The CGMM draft proposal was consulted on by All TSOs through ENTSO-e for one month from 6 March 2017 to 6 April 2017 in line with Article 18(1) and Article 6 of Regulation 2016/1719¹. The final All TSO CGMM proposal, dated 9 June 2017, was received by the last Regulatory Authority on 5 September 2017, together with a separate document providing justification for including or not the views resulting from the public consultation. Both documents are publicly available on the ENTSO-e website². The proposal includes proposed timescales for its implementation and a description of its expected impact on the objectives of Regulation 2016/1719, in line with Article 4(8) of Regulation 2016/1719.

Article 4(9) of Regulation 2016/1719 requires All Regulatory Authorities to consult and closely cooperate and coordinate with each other in order to reach an agreement, and subsequently take national decisions within six months following the receipt of the CGMM proposal by the last Regulatory Authority. A national decision based on the agreement reached between All Regulatory Authorities is therefore required by each Regulatory Authority by 5 March 2018.

¹ The public consultation held from 6 March to 6 April 2017 is available on the ENTSO-e website: <https://www.entsoe.eu/news-events/announcements/announcements-archive/Pages/News/Public-consultation-on-revised-Generation-and-Load-Data-Provision-Methodology-and-Common-Grid-Model-Methodology.aspx>

² The CGMM and the response to consultation comments are publicly available on the ENTSO-e website: <https://www.entsoe.eu/major-projects/network-code-implementation/fca/Pages/default.aspx>

III. All Regulatory Authorities' position

All Regulatory Authorities cannot approve the CGMM proposal because of the subject detailed below. All Regulatory Authorities request All TSOs to amend the proposal pursuant Article 4(11) of Regulation 2016/1719.

Development of scenarios within a CCR

Regulation 2016/1719 states in Article 18(3) that the requirements set in Article 17 of Regulation 2015/1222 shall apply. Article 17(2)(a) of Regulation 2015/1222 requires the inclusion of a definition of the scenarios in the common grid model methodology.

Regulation 2015/1222 and Regulation 2016/1719 differ in the clauses on scenarios. Article 18 of Regulation 2015/1222 states that the scenarios are jointly developed by all TSOs. Article 19(1) of Regulation 2016/1719 states that all TSOs in capacity calculation regions, where security analysis based on multiple scenarios pursuant to Article 10 is applied, shall jointly develop a common set of scenarios.

Article 19(1) of Regulation 2016/1719 identifies a group of TSOs who within their capacity calculation regions apply security analysis based on multiple scenarios. This group of TSOs shall jointly develop a common set of scenarios.

TSOs have applied Article 19(1) of Regulation 2016/1719 in such a way that each capacity calculation region is allowed to develop its own set of scenarios. As a consequence, the proposal for the CGMM contains in several clauses references to the TSO's assumption that each CCR may develop their own scenarios:

1. Article 3(3): "or by the TSOs in a capacity calculation region pursuant to Article 19(1) of Regulation 2016/1719, as the case may be";
2. Article 3(4) "or the TSOs in a capacity calculation region, respectively";
3. Article 3(5): "or the TSOs in a capacity calculation region"; and
4. Article 3(6).

All Regulatory Authorities consider that the use of more than one set of scenarios within the common grid model could result in a less accurate capacity calculation. The capacity calculation could e.g. give results which are not simultaneously feasible across capacity calculation regions, or underestimate the available capacity.

All Regulatory Authorities consider that specific circumstances may need to be analysed in some regions during the capacity calculation process. Those circumstances could be dealt with in the regional capacity calculation methodology as per Article 10 of Regulation 2016/1719. TSOs are asked to elaborate on this in the explanatory note.

IV. Conclusions

Based on the above rationale, All Regulatory Authorities consider that the CGMM proposal does not meet the requirements of Regulation 2016/1719. All Regulatory Authorities agreed to request an amendment to the CGMM Proposal on 23 February 2018. This amendment concerns the following element:

All TSOs should remove the indications in the methodology which imply that each capacity calculation region may develop its own set of scenarios.