

**REQUEST FOR AMENDMENT BY THE IRELAND-UK (IU)
REGULATORY AUTHORITIES
OF**

**THE IU TRANSMISSION SYSTEM OPERATORS'
PROPOSAL FOR THE
REDISPATCHING AND COUNTERTRADING
METHODOLOGY**

14 September 2018

I. Introduction and legal context

This document elaborates an opinion of the IU Regulatory Authorities, agreed on 14 September 2018, on the IU Transmission System Operators' (TSO) proposal for the coordinated redispatching and countertrading methodology in accordance with Article 35 of Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a Guideline on Capacity Allocation and Congestion Management (Regulation 2015/1222).

This agreed opinion of the IU Regulatory Authorities shall provide evidence that a decision on the coordinated redispatching and countertrading methodology does not, at this stage, need to be adopted by Agency for the Cooperation of Energy Regulators (ACER) pursuant to Article 9(11) of the Regulation 2015/1222. It is intended to constitute the basis on which the IU Regulatory Authorities will each subsequently make national decisions pursuant to Article 9(7)(c) of Regulation 2015/1222.

The legal provisions that lie as the basis for the coordinated redispatching and countertrading methodology and of this IU Regulatory Authority agreed opinion can be found in Article 3, 9 and 35 of Regulation 2015/1222. These Articles are set out below for reference.

Article 3 of Regulation 2015/1222:

This Regulation aims at:

- (a) Promoting effective competition in the generation, trading and supply of electricity;*
- (b) Ensuring optimal use of the transmission infrastructure;*
- (c) Ensuring operational security;*
- (d) Optimising the calculation and allocation of cross-zonal capacity;*
- (e) Ensuring fair and non-discriminatory treatment of TSOs, NEMOs, the Agency, regulatory authorities and market participants;*
- (f) Ensuring and enhancing the transparency and reliability of information;*
- (g) Contributing to the efficient long-term operation and development of the electricity transmission system and electricity sector in the Union;*
- (h) Respecting the need for a fair and orderly market and fair and orderly price formation;*
- (i) Creating a level playing field for NEMOs;*
- (j) Providing non-discriminatory access to cross-zonal capacity*

Article 9 of Regulation 2015/1222

- 1. TSOs and NEMOs 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 or NEMO, the participating TSOs and NEMOs shall closely cooperate. TSOs, with the assistance of ENTSO for Electricity, and all NEMOs shall regularly inform the competent regulatory authorities and the Agency about the progress of developing these terms and conditions or methodologies.*

[...]

- 5. Each regulatory authority shall approve the terms and conditions or methodologies used to calculate or set out the single day-ahead and intraday coupling developed by TSOs and NEMOs. They shall be responsible for approving the terms and conditions or methodologies referred to in paragraphs 6, 7 and 8.*

[...]

7. *The proposals for the following terms and conditions or methodologies shall be subject to approval by all regulatory authorities of the concerned region:*

[...]

- (c) the methodology for coordinated redispatching and countertrading in accordance with Article 35(1);*

[...]

[...]

9. *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.*

10. *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, 7 and 8, 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.*

[...]

12. *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, 7 and 8, the relevant TSOs or NEMOs 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 or NEMOs fail to submit a proposal for amended terms and conditions or methodologies, the procedure provided for in paragraph 4 of this Article shall apply.*

[...]

14. *TSOs and NEMOs 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 13.*

Article 35 of Regulation 2015/1222:

1. *Within 16 months after the regulatory approval on capacity calculation regions referred to in Article 15, all the TSOs in each capacity calculation region shall develop a proposal for a common methodology for coordinated redispatching and countertrading. The proposal shall be subject to consultation in accordance with Article 12.*

2. *The methodology for coordinated redispatching and countertrading shall include actions of cross-border relevance and shall enable all TSOs in each capacity calculation region to effectively relieve physical congestion irrespective of whether the reasons for the physical congestion fall mainly outside their control area or not. The methodology for coordinated redispatching and countertrading shall address the fact that its application may significantly influence flows outside the TSO's control area.*
3. *Each TSO may redispatch all available generation units and loads in accordance with the appropriate mechanisms and agreements applicable to its control area, including interconnectors.*

By 26 months after the regulatory approval of capacity calculation regions, all TSOs in each capacity calculation region shall develop a report, subject to consultation in accordance with Article 12, assessing the progressive coordination and harmonisation of those mechanisms and agreements and including proposals. The report shall be submitted to their respective regulatory authorities for their assessment. The proposals in the report shall prevent these mechanisms and agreements from distorting the market.

4. *Each TSO shall abstain from unilateral or uncoordinated redispatching and countertrading measures of cross-border relevance. Each TSO shall coordinate the use of redispatching and countertrading resources taking into account their impact on operational security and economic efficiency.*
5. *The relevant generation units and loads shall give TSOs the prices of redispatching and countertrading before redispatching and countertrading resources are committed.*

Pricing of redispatching and countertrading shall be based on:

- (a) prices in the relevant electricity markets for the relevant time-frame; or*
 - (b) the cost of redispatching and countertrading resources calculated transparently on the basis of incurred costs.*
6. *Generation units and loads shall ex-ante provide all information necessary for calculating the redispatching and countertrading cost to the relevant TSOs. This information shall be shared between the relevant TSOs for redispatching and countertrading purposes only.*

II. The IU TSO proposal

The coordinated redispatching and countertrading methodology proposes a common approach within the Ireland-United Kingdom (IU) Capacity Calculation Region (CCR) for the effective and economically efficient use of coordinated remedial actions which have the effect of relieving physical congestions within a control area of an IU TSO. The methodology includes proposed timescales for its implementation and a description of its expected impact on the objectives of Regulation 2015/1222, in line with Article 9(9) of Regulation 2015/1222.

The proposal for a coordinated redispatching and countertrading methodology was consulted on by the IU TSOs through ENTSO-E for one month from 12 January 2018 to 12 February 2018, in line with Article 35 and Article 12 of Regulation 2015/1222.¹

Following this, the coordinated redispatching and countertrading methodology (hereinafter referred to as the “RD and CT methodology”) proposed by IU TSOs, was received by IU Regulatory Authorities on 16 March 2018.

Article 9(10) of the Regulation 2015/1222 requires IU Regulatory Authorities to consult and closely cooperate and coordinate with each other in order to reach an agreement and make decisions within six months following receipt of submission by the last Regulatory Authority concerned. A decision is therefore required by each Regulatory Authority by 16 September 2018.

III. IU Regulatory Authority position

IU Regulatory Authorities request IU TSOs to amend the RD and CT methodology pursuant to Article 9(12) of Regulation 2015/1222. The details of the request for amendment are explained in this section, followed by a summary of the requested actions.

As a general remark, considering the level detail required by Article 35(2) of Regulation 2015/1222, IU Regulatory Authorities consider that the RD and CT methodology is insufficiently detailed and does not provide a satisfactory level of clarity. IU Regulatory Authorities believe that the information specified below, which is proposed to be included in border-specific coordinated redispatching and countertrading operational procedures (hereinafter referred to as “RD and CT Procedures”) should be included in the RD and CT methodology. The RD and CT methodology should comply with all the requirements established in Article 35 of the Regulation 2015/1222. IU Regulatory Authorities therefore request that the proposal is amended to provide greater detail in each of the Articles specified below.

The IU Regulatory Authorities have the following comments on the specific Articles of the proposed RD and CT methodology:

Article 3 – Scope

Article 3(4) states that, in order to implement this RD and CT methodology, border-specific RD and CT Procedures will be established during the implementation phase between relevant TSOs of each bidding zone border in the IU Region. IU Regulatory Authorities share the opinion that the principles that form the framework of the RD and CT methodology should be included directly in the RD and CT methodology and not in subsequent RD and CT Procedures, especially considering that the RD and CT Procedures will not be approved by IU Regulatory Authorities.

Article 12(7) states that the description of the available RD and CT Actions and the selection process of these RD and CT Actions in each control area should be described in the RD and CT Procedures. A description of redispatching and countertrading actions that are likely to be available and a clear description of the selection process in each control area must be included in the methodology in order to ensure a satisfactory level of transparency. Without this, market participants will not be able to accurately forecast outcomes and plan appropriately.

¹ The public consultation is available on the ENTSO-E website: <https://consultations.entsoe.eu/markets/iu-tsos-methodology-for-coordinated-r-c/>

Article 6 – Volume information availability and exchange

The methodology does not provide clarity as to how the volume available for coordinated redispatching and countertrading in each direction is estimated after publication of the results of single day-ahead coupling. Moreover, it does not specify the periods in time in which volumes are estimated and updated.

Article 6(4) states that the Requesting and Assisting TSOs shall inform each other how volume is calculated and updated. IU Regulatory Authorities request that the principles used to calculate volume are included within the methodology.

In addition to principles used to calculate volume, IU Regulatory Authorities request that IU TSOs include within the methodology, the principles used to select timings at which volume information shall be exchanged. Article 6(1) of the methodology implies that volume will first be calculated after the results of Single Day Ahead Coupling. The principles should clarify the point in time at which estimated available volumes become firm volumes.

Article 7 – Price information exchange

Article 7 does not provide sufficient clarity on the timing of price information exchanges. IU Regulatory Authorities request that IU TSOs include within the methodology, the principles used to select timings at which price information shall be exchanged.

Article 9 - Coordination

Article 9(9) explains that, should a Participating TSO reject a recommended remedial action, they must provide a justification for their decision to the other Participating TSOs. Nonetheless, Article 9 fails to explain the next steps for the Regional Security Coordinator(s) (RSC(s)) and Participating TSOs after a justification is given. IU Regulatory Authorities ask that the methodology is further developed to clearly outline the next steps after a justification for rejecting a recommended remedial action is given.

Following on from the above, Article 9(9) lists the events on which justification for rejecting recommended remedial action can be based, however, the description of the events could be improved in order to provide greater clarity. Specifically, IU Regulatory Authorities ask that IU TSOs provide clarity, with the use of examples, as to what is meant by “the condition (h)as changed since the decision done during the detection phase” as stated at Article 9(9)(c) and “adequacy issues” referred to in Article 9(9)(d).

Article 11 – Activation of Coordinated Redispatching and Countertrading

Article 11(4)(c) states that Participating TSOs may, if applicable, reject the Net Transmission Capacity (NTC) value of an interconnector proposed by the IU day-ahead and intraday capacity calculation and provide a new NTC value that solves the physical congestion. Article 11(5)(a) allows Participating TSOs to reduce the NTC value of an interconnector in the case where Single Intraday Coupling remains open for the concerned activation period.

Both provisions are out of the scope of the RD and CT methodology as defined by Article 35 of Regulation 2015/1222. The framework for determining the amount of NTC that can be offered to the market is set within Regulation 2015/1222 and the IU Capacity Calculation Methodology. Accordingly, IU Regulatory Authorities ask that these provisions are removed from the RD and CT methodology.

Article 12 – Selection of RD and CT Actions

Article 12(6) states that TSOs should activate the most “economically efficient” redispatching and countertrading actions amongst the resources available for redispatching and countertrading actions as opposed to the most “effective and economically efficient” actions. Article 8(4) states that IU RSCs shall, according to Article 78 of the guideline on Electricity Transmission System Operation², recommend to the relevant IU TSO effective and economically efficient remedial actions to solve the identified physical congestion, based on the available price and volume information. IU Regulatory Authorities ask that Article 12(6) is amended so that IU TSOs activate the most “effective and economically efficient” redispatching and countertrading action.

² Commission Regulation (EU) 2017/1485 of 2 August 2017 establishing a Guideline on Electricity Transmission System Operation.

IV. Actions

Based on the above rationale, all IU Regulatory Authorities agree to request an amendment to the proposed RD and CT methodology. This amendment should contain the following elements:

1. Amend Article 12(7) to include a description of the available RD and CT Actions and the selection process of the RD and CT Actions.
2. Amend Article 6 to include the principles used to calculate volumes available for coordinated redispatching and countertrading in each direction.
3. Amend Article 6 to include the principles used to select timings at which volume information shall be exchanged.
4. Amend Article 7 to include the principles used to select timings at which price information shall be exchanged.
5. Amend Article 9 to clearly outline the next steps after a justification for rejecting a recommended remedial action is given.
6. Amend Article 9 to further develop the explanation and provide a greater level of clarity regarding the events on which justification for rejecting a recommended remedial action can be based.
7. Remove provisions to reject and reduce the NTC value of interconnectors from Article 11.
8. Amend Article 12(6) so that IU TSOs activate the most “effective and economically efficient” RD and CT action.