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# Consultation Report for the Channel TSOs proposal of a common capacity calculation methodology for the long-term time frames

**January 21<sup>st</sup>, 2020**

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## Disclaimer

This assessment of stakeholders' comments is submitted by all TSOs of the Channel Region to all NRAs of the Channel Region for information and clarification purposes only accompanying the proposal for common capacity calculation methodology for the long-term market timeframe in accordance with Article 10 of Commission Regulation (EU) 2019/1719 of 26 September 2016.

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### 1. Assessment of the Stakeholder’s comment

Common main themes grouped together as follows:

1. Provision of 35%
  - a. Justification for choice of 35% cap.
  - b. More clarity on value being fixed as max./min threshold.
  - c. Why restricted to 35% if calculations would allow a higher fraction?
2. Approaches
  - a. Which approach is most optimal in achieving 35%?
  - b. Working examples of each approach to be provided.
  - c. Arbitrariness of 50% reduction (app 1), P10 (app 2), 35<sup>th</sup> percentile (app 3).
  - d. Unclear why margin per Art. 23.1(c) added (app 1).
  - e. Inclusion/exclusion of effects of RAs/countertrading.
  - f. Is countertrading before or after DA market coupling?
3. Validation
  - a. Rationale behind reductions to proposed value.
  - b. Arbitrariness of “very high risk threshold”.
  - c. Principle of reduction periods and their application.
  - d. CNEs per Art. 6(4) not part of statistical approach.
4. General Context
  - a. If this behaviour triggers increase in dispatching actions taken by TSOs, it risks non-compliance with clean energy policy.
  - b. Will TSOs in Channel CCR provide an economic assessment for the chosen approach once agreed and submitted to NRAs?

#### 1.1 General consultation responses

This consultation report is provided to the Channel National Regulatory Authorities and has been prepared by all Channel TSOs. Channel TSOs aim at providing more clarity on the Channel Long Term Capacity Calculation to the market Parties.

Channel TSOs acknowledge that providing an explanatory note to the Market parties would have been useful. An explanatory note is in the process of being prepared which will provide further relevant information on the principles underpinning the long-term capacity calculation methodology as well as elaborating on the content and text of the proposal itself.

One main point which was not clear for the market parties is why the capacity is capped to 35% in February. Market parties would like maximum capacity earlier in the year for their hedging strategy. This is clear; however, from a TSOs perspective, we believe that offering at most 35% of the MPTC in February Y-1 is already a big step for the market parties as in all the other capacity calculation regions in Europe, there is no calculation before end of the year Y-1 and so the possibility for hedging is more restricted.

Another point which might be confusing, is that the auctions need the capacity calculation results as an input. But once these results are available, the Interconnectors are free to schedule the auctions all along the year (and not necessary only in February, September and December) as long as the splitting rules methodology is respected by all parties.

Market Parties have been requested to deliver their view on the topic of RoCoF, Channel TSOs have delivered to the Channel NRAs two different documents concerning RoCoF explaining the two different views.

## **1.2 Consultation responses per article**

### **Article 1: Subject matter and scope**

“Non-standard” products (e.g. seasonal, quarterly, weekly etc.) are also accommodated in the LT CCM and referenced under Article 3.4

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

No comments received related to this article.

### **Article 3: Capacity calculation approach**

A clearer differentiation of the statistical and scenario-based capacity calculation approaches (accompanied by additional text elaborating on their respective timings) is provided in this Article following this feedback. The document justifying the use of a statistical-based approach in accordance with Article 10.4(b) of the FCA Regulation will be prepared and submitted in the Explanatory Note following the received guidance of the Channel NRAs

### **Article 4: General principles**

This refers to the statistical-based approach where the February Y-1 timeframe for performing the capacity calculation is proposed and as such broadly reflects the recognition that annual capacity being made available to the market early in the year prior to delivery supports the objective described in Article 3(a) of the FCA Regulation.

### **Article 5: Methodology for the statistical long-term capacity calculations**

No comments received related to this article.

### **Article 6: Validation**

No comments received related to this article.

### **Article 7: General principles for long-term cross-zonal capacity calculations**

No comments received related to this article.

### **Article 8: Critical Network Element and Contingency (CNEC) methodology**

The chosen wording in Articles 8.5 and 8.6 is the same as that used in Articles 7.5 and 7.6 of the DA/ID capacity calculation methodology as are the selection criteria themselves. Article 7.4 also makes it a mandatory task for each onshore TSO to publish on its website the list of grid elements identified as a result of applying such selection criteria.

#### **Article 9: Reliability margin methodology**

Some market parties consider that using for the LT CCM the same FRM (Flow Reliability Margin) as in the day-ahead and intraday CCM is not adequate since uncertainties are necessarily higher in the LT timeframes.

Channel TSOs understand the reasoning of the market parties. However, the uncertainties between LT CCM & DA/ID CCM will be covered by the choice of scenarios. So Channel TSOs believe this uncertainty is acceptable and covered in the LT CCM methodology.

#### **Article 10: Methodology for operation security limits**

No comments received related to this article.

#### **Article 11: Generation shift keys methodology**

No comments received related to this article.

#### **Article 12: Methodology for Remedial Actions in capacity calculation**

No comments received related to this article.

#### **Article 13: Scenarios definition methodology**

No comments received related to this article.

#### **Article 14: Timestamp selection**

Channel TSOs received the following proposal: “Rather than selecting the timestamp via the number of simultaneous outages, why not considering the gravity of the outage directly via the PTDFs?”

We believe this proposal is highly interesting, make sense and would be an improvement of the methodology. However, due to the already limited list of CNECs following the usage of a PTDF threshold, Channel TSOs believe that the impact of such an improvement will be very limited.

#### **Article 15: Provision of the inputs for the long-term capacity calculations**

No comments received related to this article.

#### **Article 16: Long-term capacity calculations**

In theory, the simultaneous import/export aim at assessing the maximum transfer of power on each direction between GB and Continental Europe that will be possible to reach simultaneously without endangering the security of the system.

So from a GB perspective, it is to maximize the import/export flow from continental Europe to GB.

On the formulation, Channel TSOs will work to make the articulation between Articles 16 & 20 clearer and more precise (and across all the document as a general statement).

#### **Article 17: Coordinated Net Transmission Capacity process**

In article 17.2 the CCC will just do a contingency analysis to see if the MPTC for each interconnector can be reached or not without limitation or further actions. In order to make it clearer the sentence “With the objective to maximize cross zonal capacity” will be deleted from the final methodology as this paragraph refers to a contingency analysis only without the use of remedial actions.

Only in case the check is negative and the capacity could potentially be limited then the CC will apply the remedial actions as described in article 17.3.

**Article 18: Implementation of reduction of import/export**

Some Market parties don’t understand why Channel TSO will only consider the BZ where the CNE is located for the max import/export. Channel TSOs will update the article to make it clear.

**Article 19: Implementation of shift of import/export**

No comments received related to this article.

**Article 20: N-1 security assessment of maximum import/export for each timestamp of the calculation**

No comments received related to this article.

**Article 21: Calculation consistency**

No comments received related to this article.

**Article 22: Cross-zonal capacity validation methodology**

In case of LT capacity already auctioned, and if a TSO sees the need to re-assess this capacity, the reasons behind this re-assessment would be transparent as they should follow only the points described in article 22.2. This Article 22 is not to be confused with the general transparency requirements as stipulated under Article 24 of the proposal

A point which need to be clear is that unless in case of real issue for security operation, the final NTC provided by the LT capacity Calculation to the market would not be lower than the capacity already sold by the Interconnectors (in accordance to Article 21.2).

**Article 23: Fall-back procedures for annual and monthly capacity calculations**

No comments received related to this article.

**Article 24: Publication of information**

No comments received related to this article.

**Article 25: Implementation of the LT CC Methodology**

No comments received related to this article.

**Article 26: Implementation of new interconnectors**

No comments received related to this article.

**Article 27: Language**

No comments received related to this article.