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CCR Hansa day-ahead and intraday capacity calculation methodology (DA&ID CCM) – consultation response

Green Power Denmark appreciates the opportunity to comment on the proposed amendments to the existing CCR Hansa DA&ID CCM

The consultation is presented as a 'surgical' amendment to the CCM with a reference to a so-called 'approval' of a Danish methodology put forward by Energinet to the Danish NRA. With such a wording it is suggested that the amendment is non-controversial and a valid next step building on a Danish practice.

However, this is not the case as the proposed amendment would allow TSOs to reduce cross-zonal capacities in the intraday timeframe in connection with countertrade.

Green Power Denmark finds that the proposed amendment is not compliant with the minimum capacity requirements in article 16 of the electricity market regulation (2019/943) and the rules for avoiding undue discrimination between internal and cross-zonal exchanges in article 21 of the CACM regulation (2015/1222).

Furthermore, the so-called 'approval' in the referenced Danish methodology rests on a rejection of a proposed capacity adjustment element.

In conclusion, Green Power Denmark believes that the proposed amendment in this Hansa DA&ID CCM must be either abandoned or adjusted to be compliant with the requirements of the electricity market regulation and the CACM regulation.

General remarks

In December 2021, Energinet submitted a new methodology for procurement of countertrade energy to the Danish Utility Regulator for approval. The methodology contained two parts, an intraday countertrade transaction methodology to conduct the countertrade volumes and an intraday capacity adjustment mechanism to ensure that mitigated cross-zonal flows were not reissued during the remainder of the intraday market timeframe.

The Danish Utility Regulator approved the transaction methodology and rejected the capacity adjustment mechanism – stating that a Danish NRA is not singlehanded a competent authority to decide on such a mechanism.

The suggested amendment in this Hansa consultation reflects the same fundamental question as the rejected Danish capacity adjustment mechanism – namely the ability of a TSO to reduce intraday cross-zonal capacity below the 70% minimum capacity requirement in the electricity market regulation.

As stated in the recitals of the existing Hansa DA&ID CCM, the CCM takes into account the general principles and goals set in the CACM regulation (recital 2) and highlights that "the goal of the CACM Regulation is the coordination and harmonisation of capacity calculation and allocation in the day-ahead time frame and the intraday time frame" (recital 3)

The CACM regulation in recital (3) states that "*This Regulation therefore sets out minimum harmonised rules for the ultimately single day-ahead and intraday coupling, in order to provide a clear legal framework for an efficient and modern capacity allocation and congestion management system..*"

Furthermore, the CACM regulation establishes in Article 21.1 that "*The proposal for a common capacity calculation methodology for a capacity calculation region determined in accordance with Article 20(2) shall include at least the following items for each capacity calculation time-frame*:"
(b), (ii) *rules for avoiding undue discrimination between internal and cross-zonal exchanges to ensure compliance with point 1.7 of Annex I to Regulation (EC) No 714/2009*".

The legal basis regarding reduction of cross-zonal capacity intraday must therefore be that rules on avoiding undue discrimination are a requirement for both the day-ahead and the intraday market timeframe. Green Power Denmark does not see a valid legal basis in the current regulation to sustain a distinction in the minimum capacity requirements between the two market time frames.

Green Power Denmark notes that the European Commission emphasizes the same conclusion in its consultation on the revision of the CACM regulation in March 2022. In the capacity calculation section of the 'Targeted Stakeholder Consultation Paper' the Commission highlights that: "*The Electricity Regulation 2019/943 (article 16(8)) requires that a minimum target apply to capacity calculation timeframes covered by CACM Regulation, which means day-ahead and intraday market coupling: Which solution do you propose to solve any issue related to the implementation of this target across these timeframes"?*

Green Power Denmark furthermore notes that the same conclusion of intraday applicability of the 70% requirement is also highlighted by ACER in its Recommendation to the CACM revision (Recommendation 02/2021). In the recommendation's Annex 4, ACER takes note of a partial TSO opposition to the 70% requirement in the intraday timeframe, but concludes that: *"Given the above, ACER invites the Commission to look into this problem and proposes a solution that would address the underlying concerns, i.e. to provide a transitional period in which intraday*

capacity targets could be relaxed in order for each Member State to finish its action plans and in order to stop relying on redispatching to achieve minimum capacity targets".

ACER's statement clearly implies that the 70% requirement by default applies to the intraday timeframe and that if the intraday capacity were to be relaxed through a revision of the CACM regulation, this should be done for a transitional period and only for Member States to finish action plans.

Given that the CACM regulation revision has been postponed and the intraday capacity requirement has not been relaxed, the conclusion must be that there is no established legal basis for reducing cross-zonal capacity below the 70% threshold in neither the day-ahead timeframe nor the intraday timeframe.

Subsequently, Green Power Denmark believes that the proposed amendment must be adjusted accordingly or abandoned.

Best regards

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