

# ACER's consultation on the cross-zonal gate opening and gate closure times for intraday coupling ('IDCZGTs')

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A EURELECTRIC response paper

January 2018

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*We speak for more than 3,500 companies in power generation, distribution, and supply.*

***We Stand For:***

***Carbon-neutral electricity by 2050***

We have committed to making Europe's electricity cleaner. To deliver, we need to make use of **all low-carbon technologies**: more renewables, but also clean coal and gas, and nuclear. Efficient electric technologies in **transport and buildings**, combined with the development of smart grids and a major push in **energy efficiency** play a key role in reducing fossil fuel consumption and making our electricity more sustainable.

***Competitive electricity for our customers***

We support well-functioning, distortion-free **energy and carbon markets** as the best way to produce electricity and reduce emissions cost-efficiently. Integrated EU-wide electricity and gas markets are also crucial to offer our customers the **full benefits of liberalisation**: they ensure the best use of generation resources, improve **security of supply**, allow full EU-wide competition, and increase **customer choice**.

***Continent-wide electricity through a coherent European approach***

Europe's energy and climate challenges can only be solved by **European – or even global – policies**, not incoherent national measures. Such policies should complement, not contradict each other: coherent and integrated approaches reduce costs. This will encourage **effective investment** to ensure a sustainable and reliable electricity supply for Europe's businesses and consumers.

***EURELECTRIC. Electricity for Europe.***

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EURELECTRIC welcomes the opportunity to provide constructive comments on the Agency's proposed draft amendments of the All Transmission System Operators' ('TSOs') proposal for intraday cross-zonal gate opening and gate closure times ('IDCZGTs') in accordance with Article 59 of Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management ('CACM Regulation').

As a general remark, we find the proposed amendments and views stated by the Agency containing several improvements compared to the initial proposal by the TSOs as well as to the amended TSOs proposal from August 2017.

That given, please find below some non-exhaustive, and non-restrictive comments to the posed questions, which are in line with [our May 2016 consultation response](#) to the respective initial proposal by the TSOs.

**Q1: Do you find it reasonable to apply transitional GOTs which can be after 15:00 D-1 in order to give TSOs sufficient time to gain operational experience with congestion management procedures and intraday capacity calculation?**

TSOs, in their updated August 2017 proposal, propose different GOTs for the different CCRs that range from 15:00 for the Nordic CCR to 22:00 for the Channel, CORE, SWE, SEE, Italy North, and Greece-Italy CCRs. This proposal in our view constitutes, despite introducing a non-harmonised approach, an improvement in comparison to their initial one in 2016. Still, it maintains the 22:00 GOT in several CCRs, which is not in line with our proposal stipulated in [our response to the initial TSO consultation](#), where we had proposed the 19:00 GOT target, based on the principle that 19:00 is giving enough time to TSOs after the day-ahead market coupling in order to compute the intraday cross-zonal capacity.

In our understanding, the main argument from the TSOs' side for such a non-harmonised approach, is that TSOs do not feel experienced enough in ID capacity re-calculation hence their reservations. While EURELECTRIC shares the view that TSOs have not much experience in ID capacity re-calculation (confer [our joint response to TSOs' proposal on CCMs](#)), EURELECTRIC does not agree with the fact that this is a reason for not allowing an early opening of the cross-zonal intraday market.

Indeed, as RSC will have to develop methodologies intraday capacity calculation process and coordinated security analysis, EURELECTRIC considers that these methodologies should be developed in view of the target model, i.e. with an IDCZGOT at 15.00 on all borders. Furthermore, it should be reminded that national ID auctions and continuous markets are generally open sooner in the afternoon, and already deliver economic signals that allow market participants to update their positions in parallel to the security assessment and capacity calculation processes. In our understanding, TSOs already deal with the corresponding uncertainties, which would not be significantly increased if the ID continuous markets were to be coupled as soon as 15.00. Therefore, we would like to gain more clarity on the estimated margins that TSOs intend to consider for capacity calculation with and without parallel opening of the cross-zonal intraday market.

In addition, we would also welcome feedback on the rationale based on which the CORE TSOs in the CE region opted for such a time margin between the point in time when the closure of the DA market/confirmation of nominations (15:30 at the latest), and the proposed ID CZ GOT of 22:00.

As expressed in [our May 2016 answer](#), a GOT set at 22:00 would indeed result in several market participants (especially smaller ones) trading only in the following morning, with limited time for the first hours of the day. Additionally, we would like to emphasize on the fact that a GOT set at 22:00 is later than the currently established GOT of 21:00 at most continental European borders. Hence such an approach proposed the respective TSOs can be safely perceived more as regress rather than progress.

Moreover, from the updated TSO proposal we infer that the intraday capacity allocated in the Nordic CCR at 15:00 will be based on remaining available capacities after the DA market clears, which is in line with CACM Art. 14.4 and 21.2 that cross-border ID capacities can be recalculated a number of times during the operation of single intraday coupling. The way-forward proposed by the Nordic TSOs to open the intraday market before capacities are recalculated and to re-adjust capacities once the recalculation has been performed has certainly merit. The TSOs of the other regions have not considered such a way-forward nor have they justified not following it. We find that such a way-forward would yield seven more hours of ID trading for market participants in CE, and consequently lead to maximization of social welfare, by opening cross-border ID markets at 15:00, to the extent possible.

EURELECTRIC based on the aforementioned facts and reasoning, would insist on establishing the ID GOT at 15:00, based on the remaining capacity that is available after the DA market coupling, as soon as the XBID platform goes live.

Should there be a good rationale (i.e.: compromising the efficiency) to **not go** for such approach, and in order to enable a smooth and at the same time efficient transition, we acknowledge a transitional/intermediary way-forward that can be reflected in the following concrete proposed changes:

- The IDCZGOT for the Channel, CORE, SWE, SEE, Italy North, and Greece-Italy CCRs is set preferably at 18:00, and at 21:00 at the latest (in order to avoid any step-back compared to current situation); (Art. 4.1),
- The TSOs shall set the future default IDCZGOT to be 15:00, where feasible considering restrictions that may apply in relation to network and operational security; (Art. 5), and
- The TSOs shall further harmonise the IDCZGOT to reach the future default IDCZGOT of 15:00 in line with the timing mentioned at Qu4. (Art. 5)

**Q2: Do you consider the proposed GOT in the Baltic, Channel and Hansa CCRs ambitious enough or could TSOs on both sides of the bidding zone borders in those CCRs implement internal GOTs at 15:00 D-1?**

EURELECTRIC is of the opinion that the proposals for IDCZGOT in most CCRs, including Baltic and Hansa, and in particular Channel, aren't ambitious enough. We support the notion that the target IDCZGOT for all CCRs in Europe should be 15:00 (starting with the remaining capacity after DA), as stated in our answer to Q1.

**Q3: Do you consider that TSOs could further optimise their planned capacity calculation and congestion management processes to enable a transitional GOT in some CCRs to be set to 21:00 or even earlier?**

[In our relevant May 2016 consultation response](#), based on the rationale of increasing offered cross-border capacities to ID markets and overall social welfare, EURELECTRIC had even proposed to set the IDCZGOT to 19:00 based on the assumption that this would give sufficient time to proceed to the ID cross-zonal capacity calculation. This was an ambitious target for incentivizing TSOs to move further from the proposed 22:00 at that point in time, and to attempt preventing the materialization of an IDCZGOT at 22:00.

As expressed in Q1, we also consider that opening the market at 15:00 with the remaining capacity from the day-ahead market coupling is a good approach and that so far, we have not been sufficiently informed about the impact of this approach on the capacity calculation. We therefore call for clarity on the estimated margins that TSOs intend to consider for capacity calculation with and without parallel opening of the cross-zonal intraday market

Should there be a good rationale (i.e.: compromising the efficiency) to not go for such approach, and as expressed in Q1, we think that a transitional GOT be set preferably at 18:00 and at maximum at 21:00 (in order to avoid any step-back), provided that a clear deadline is set to move to a more ambitious GOT.

**Q4: Which option for the harmonisation of GOT do you prefer? Please, explain thoroughly why or, alternatively, propose a new concrete timing and add the reasoning for such a choice.**

As expressed in Q1, since EURELECTRIC considers that an opening of the intraday market seems possible with the remaining capacity from the day-ahead, we do not understand the rationale of linking the target go live with the implementation of CCM (option c). We therefore do not support option c. Considering the information received so far, we also do not understand the need to have 36 months after ACER decision, which would give a target date after the implementation of CCM (confer CACM article 21.4). Therefore we are in favour of option a.

**Q5: Do you consider it acceptable that each CCR can have a different target date for implementing the harmonised GOT, depending on specific circumstances in such CCR?**

EURELECTRIC does not oppose a step-by-step approach in harmonizing the GOT in the different CCRs, taking into account the actual particularities of each CCR.

**Q6: Do you agree with the exception from the harmonised GCTs and do you see other bidding zone borders than the EE-FI border where this exception could apply? If so, please explain why.**

EURELECTRIC is in favor of the application of the EE-FI exception, which would bring the GCT at the corresponding border closer to real time, where need be and where in line with practices in local ID markets.

Furthermore, based on the aforementioned rationale, we consider that for similar borders connecting two BZs in which the GCT is set closer to real time, similar exceptions should be similarly granted. In our view, borders such as BE-NL, and NL-DE, constitute similar cases.

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▶ Growth, added-value, efficiency

Environmental Leadership

▶ Commitment, innovation, pro-activeness

Social Responsibility

▶ Transparency, ethics, accountability



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