

Core TSO Consultation on the 3rd amendment of the ID CCM

Joint response – 23 December 2022

General comments

The European Federation of Energy Traders (EFET), Market Parties Platform (MPP) and the International federation of industrial energy consumers (IFIEC) welcome the opportunity to provide comments regarding the Core TSOs' amendment of the Intraday Capacity Calculation Methodology (ID CC) related to the Available Transferable Capacity (ATC).

As part of the ID CC, the TSOs are entitled to validate (reduce) the RAMs of the ID FB domain before extracting the ATCs for the auctions. This is known as the Individual Validation Adjustment (IVA) phase.

However, due to timing constraints, they may not be in a position to perform a full FB validation and therefore propose the introduction of an ATC validation step ex-post, i.e. capping the values after extraction. This change would give the TSOs the ability to overwrite any ID ATC exceeding pre-calculated limits.

In our view, it is critical to ensure that the ATC validation is not performed ex-post but rather internalized as new constraints to the extraction algorithm itself because this can otherwise result in suboptimal allocations. This could worsen existing issues of border isolations (no import/export ATC left for IDM) observed quite frequently in Core.

More broadly, although we acknowledge that grid security can justify TSO interventions, we would also like to voice concerns about the risk of overutilization of such measures. We already observe such occurrences with the IVA on the DAM where bulk reductions are often applied, often leading to no capacity remaining on some CNECs/borders and causing the 20% minRAM requirement to be breached.

Comments on proposed TSO amendments

The extraction of an ATC domain from a FB one can have several solutions, i.e. various sets of ATCs can satisfy the FB constraints. In the transition period, such ATCs are calculated through a mathematical optimisation process that aims at maximizing both the sum of ATCs averaged across all borders and the lowest ATC across all borders (annex 4).

If the extraction selects a particular ATC domain which is then shrunk ex-post, this represents in our view a sub-optimal capacity allocation because another solution, which could satisfy both the ATC validation and the FB constraints could have been found instead.

Thus, we argue that the validation step should not be done ex-post to the extraction. Rather, the possible upper ATC limits should be directly integrated and introduced in the FB constraints after being properly calculated (e.g. with the finest level of granularity, taking into account the actual and situational security constraints).

This would allow the capacity calculation to always provide larger ATC box.

EFET

European Federation
of Energy Traders



MARKET PARTIES PLATFORM
Linking Energy Markets

 ifiec europe
International Federation of Industrial **energy** consumers

Our recommendations for the ATC validation step

1. The new ID Flow-Based domain is calculated by TSOs before the auction from the capacity leftover
2. Each TSO may compute a set of upper ATC limits while ensuring full transparency to the market participant of the level of these limits
3. The ID ATC extraction is performed ***while considering such limits***
4. ***No ex-post processing is applied because the ATCs are already validation-compliant***
5. The final ATCs are sent out to market coupling & clearing