

Public consultation on ACER's 2023 market monitoring report on cross-zonal capacities and the 70% margin available for cross-zonal electricity trade (MACZT)

Fields marked with * are mandatory.

Objective

The objective of this consultation is to gather views from stakeholders regarding the findings of ACER's market monitoring report on '**Cross-zonal capacities and the 70% margin available for cross-zonal electricity trade (MACZT)**'. Based on the findings of the report and the stakeholders' input gathered, ACER will issue a formal opinion to the European Commission and European Parliament by the end of 2023.

Target group

This consultation is addressed to all interested stakeholders, including market participants, regulatory authorities, nominated electricity market operators, and transmission system operators.

Contact and deadline

The contact point for this consultation is: ewpmm@acer.europa.eu

All interested stakeholders are invited to submit their comments ~~by 15 September 2023, 23.59 hrs (CET)~~ **by 22 September 2023, 23.59 hrs (CET)**.

More information on ACER's monitoring of cross-zonal capacities is available [here](#).

General terms of the consultation

* Name of the respondent

Michaël Van Bossuyt

* Email

mvanbossuyt@febeliec.Be

* Company

IFIEC Europe

* Country of origin (headquarters)

Belgium

* Countries where your company is active

All EU

* Activity

End-user (or association)

* Should the following answers to this public consultation be treated as confidential?

- Yes
 No

The Agency will publish all non-confidential responses, and it will process personal data of the respondents in accordance with Regulation (EC) No 45/2001 of the European Parliament and of the Council of 18 December 2000 on the protection of individuals with regard to the processing of personal data by the Community institutions and bodies and on the free movement of such data, taking into account that this processing is necessary for performing the Agency's consultation task. For more details on how the contributions and the personal data of the respondents will be dealt with, please see the [Agency's Guidance Note on Consultations](#) and [the privacy statement](#) referred to this consultation.

General feedback - Evolution of cross-zonal capacity levels

To what extent do you agree with the conclusions illustrated in ACER's 2023 market monitoring report on cross-zonal capacities and the 70% margin available for cross-zonal electricity trade (MACZT)?

- Strongly agree.
 Agree.
 Neutral.
 Disagree.
 Strongly disagree.

What changes would you suggest for future editions of ACER's cross-zonal capacity report?

Based on the data presented in Chapter 1 of ACER’s report, do you believe that the current development of cross-zonal capacities across the EU is sufficient to enable the integration of European electricity markets?

- Yes
- No

Please clarify your answer.

IFIEC Europe is of the opinion that the current developments, including the minimal 70%minRAM, would only lead to market coupling and not a functional market integration. Moreover, IFIEC Europe is very much concerned that the proposed target of minimum 70%minRAM will not be achieved in time and this despite the legal obligation to do so. IFIEC Europe also wants to stress explicitly that the 70%minRAM target is the absolute minimum and that grid users are paying for 100% of the grid capacity. IFIEC Europe further also wants to stress that even if the minimum 70%minRAM target is achieved in the day ahead market , it remains very important to ensure that also all remaining and available capacity is given to the intraday and balancing timeframes insofar this leads to a positive cost-benefit analysis taking into account all required measures to ensure as much as possible full market integration over all timeframes.

Margin available for cross-zonal trade in the EU in 2022

Considering the results of the monitoring exercise of 2022, do you believe that enough progress is being made across the EU to fulfil the 70% cross-zonal transmission capacity target by 2026?






- Yes
- No

Please clarify your answer.

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In ACER’s report, several elements are presented as critical limitations to the achievement of the 70% cross-zonal transmission capacity target. Please rank them by order of relevance:

5 stars correspond to the biggest threat.

Lack of a mechanism to share remedial actions costs	
Lack of sufficient remedial actions	
Suboptimal bidding zone configuration and resulting loop flows	
Lack of sufficient grid developments	
Unilateral capacity reductions applied by TSOs	

Do you see any other threat to the achievement of the 70% target?

IFIEC Europe wants to stress that not only more investments will be needed to cope with the enormous surge in decentral generation. Also the minimum 70%minRAM discussion looks mostly at modifying the use of the existing grid assets. As even the combination of both might not be sufficient, IFIEC Europe considers it of the utmost importance to consider all options to ensure to have efficient solutions in place which limit the overall system costs for grid users.

What would be the key enabler(s) for reaching the 70% target by 2026?

More investment in grid capacity, including removing internal congestions which should not negatively impact cross-border flows, reduction of loopflows and unintended flows

Have you been affected by unilateral capacity reductions, such as allocation constraints or individual validation adjustments?

- Yes
- No
- Not applicable

Please clarify your answer - in particular, the extent to which you were affected.

Market integration and even market coupling have been negatively impacted by allocation constraints and individual validation adjustments, leading to a loss of social welfare in Europe and thus higher costs for grid users than in more efficient cases which would have respected the European legal targets, including the minimum 70%minRAM obligation.

Do you believe that enough transparency and justification is provided by TSOs in the application of validation adjustments, or other similar unilateral reductions of cross-zonal capacities?

- Yes
- No

Please clarify your answer.

IFIEC Europe considers the current approach a black box, with hardly any information and even less justification for the chosen approach by TSOs. In particular, apart from even a lack of transparency on the actions that were taken, no analysis is provided on the alternative solutions that would have been possible, including a full-fledged cost-benefit analysis. IFIEC Europe regrets that for such important decisions, with a direct and clear impact on the social welfare of European grid users, it is regrettable that no quantitative (or even full-fledged qualitative) analysis is provided ex post, which does also not allow to learn lessons towards the future concerning the application of possible solutions or mitigating measures.

Do you consider that ACER's current MACZT monitoring exercise on regions that apply a CNTC capacity calculation methodology provides a complete assessment?

- Yes
 No

Please clarify your answer, and potential suggestions to improve this monitoring.

IFIEC Europe is at this moment not capable to asses to which extent the monitoring by ACER provides a complete assessment of the situation. Nevertheless, IFIEC Europe greatly appreciates the efforts taken by ACER and hopes that a continuous improvement process for ACER's monitoring will be maintained.

Unnecessary constrained capacities limit EU welfare

Do you believe that additional cross-border transmission capacity would have played a critical role in coping with the effects of the energy crisis of 2022?

- Yes
 No

Please clarify your answer.

IFIEC Europe is of the opinion that full market integration (and not just market coupling) brings in general value to grids users, also during crisis situations, as it would have allowed to better allocate scarce resources across the union. This being said, IFIEC Europe also wants to indicate that for such an impactful event as the energy crisis in 2022 (which is still continuing today and wreaking havoc for industrial consumers in Europe), based on an exogenous (gas) supply disruption with consequent negative spill-over effects in the European electricity market, even non-constrained cross-border transmission capacity would not have been able to mitigate the complete negative impact within Europe and even less so compared with the rest of the world.

Do you see a risk for re-dispatching costs to offset the potential gains from increased cross- border transmission capacity and further market integration?

- Yes
 No

Please clarify your answer.

IFIEC Europe is of the opinion that re-dispatching should only be conducted insofar a cost-benefit analysis is positive. This automatically implies that the costs would never be higher than the potential gains.

Conclusions

Any other comment

Contact

[Contact Form](#)