

## **IFIEC Europe answer to ACER consultation on the electricity price coupling algorithm methodology**

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IFIEC Europe would like to thank ACER for this consultation on the electricity price coupling algorithm methodology.

IFIEC Europe remains strongly opposed towards reservation of cross-border capacity for balancing purposes, and insists that all available cross-border capacity is given as soon as possible to the markets, in order to allow for efficient hedging for market actors and to avoid unused capacity in real-time which could have been used had it been released in an earlier timeframe. IFIEC Europe moreover does not see how co-optimization could work in practice, taking into account the above premise, as it would entail guesstimates from TSOs with respect to probable market outcomes and balancing needs, which would in any case not correctly reflect real imbalances as by definition unexpected incidents could not be taken into account and would presumably also lead to more paradoxical market results. The above would then imply either foreseeing very important error margins, which would either nullify the volumes available for balancing or strongly erode the cross border capacity in earlier timeframes, or result in a methodology which produces paradoxical outcomes and in which nobody would have any confidence, both unwanted outcomes. IFIEC Europe considers the requirement for the development of a methodology not to imply that such cross border balancing capacity should be reserved and also considers many other on-going developments to be much more beneficial towards European market integration and would rather focus scarce resources on them. IFIEC Europe furthermore also insists that between timeframes recalculations should be done in order to see if additional cross-border capacity can be released, a.o. because of lower uncertainties and thus lower reserve margins required to guarantee system integrity.