

**REQUEST FOR AMENDMENT BY THE GREECE-ITALY
REGULATORY AUTHORITIES**

Of

**GREECE-ITALY TSOs PROPOSAL FOR COORDINATED
REDISPATCHING AND COUNTERTRADING
METHODOLOGY IN ACCORDANCE WITH ARTICLE 35
OF COMMISSION REGULATION (EU) 2015/1222 OF 24
JULY 2015 ESTABLISHING A GUIDELINE ON CAPACITY
ALLOCATION AND CONGESTION MANAGEMENT**

31 July 2018

I. Introduction and legal context

This document elaborates an agreement of the Greece-Italy Regulatory Authorities (in the following: GRIT NRAs), agreed on 31 July 2018 at Greece-Italy Energy Regional Regulators' forum, on the Greece-Italy TSO proposal for Coordinated Redispatching and Countertrading Methodology (in the following: GRIT CTRD), submitted in accordance with Article 35 of Commission Regulation 2015/1222 of 24 July 2015 establishing a Guideline on Capacity Allocation and Congestion Management (in the following: CACM).

This agreement of the GRIT NRAs shall provide evidence that a decision on the GRIT CTRD does not, at this stage, need to be adopted by ACER pursuant to Article 9(11) of CACM. It is intended to constitute the basis on which the GRIT NRAs will each subsequently request an amendment to the GRIT CTRD pursuant to Article 9(12) of CACM.

The legal provisions that lie at the basis of the GRIT CTRD, and this GRIT NRAs agreement on the above mentioned methodology, can be found in Articles 3 and 35 of CACM. They are set out here for reference.

Article 3 – Objectives of capacity allocation and congestion management cooperation

This Regulation aims at:

- (a) Promoting effective competition in the generation, trading and supply of electricity;*
- (b) Ensuring optimal use of the transmission infrastructure;*
- (c) Ensuring operational security;*
- (d) Optimising the calculation and allocation of cross-zonal capacity;*
- (e) Ensuring fair and non-discriminatory treatment of TSOs, NEMOs, the Agency, regulatory authorities and market participants;*
- (f) Ensuring and enhancing the transparency and reliability of information;*
- (g) Contributing to the efficient long-term operation and development of the electricity transmission system and electricity sector in the Union;*
- (h) Respecting the need for a fair and orderly market and fair and orderly price formation;*
- (i) Creating a level playing field for NEMOs;*
- (j) Providing non-discriminatory access to cross-zonal capacity*

Article 35 – Coordinated redispatching and countertrading

- 1. Within 16 months after the regulatory approval on capacity calculation regions referred to in Article 15, all the TSOs in each capacity calculation region shall develop a proposal for a common methodology for coordinated redispatching and countertrading. The proposal shall be subject to consultation in accordance with Article 12.*
- 2. The methodology for coordinated redispatching and countertrading shall include actions of cross-border relevance and shall enable all TSOs in each capacity calculation region to effectively relieve physical congestion irrespective of whether the reasons for the physical congestion fall mainly outside their control area or not. The methodology for coordinated redispatching and countertrading shall address the fact that its application may significantly influence flows outside the TSO's control area.*
- 3. Each TSO may redispatch all available generation units and loads in accordance with the appropriate mechanisms and agreements applicable to its control area, including interconnectors. By 26 months after the regulatory approval of capacity calculation regions, all TSOs in each capacity calculation region shall develop a report, subject to consultation in accordance with Article 12, assessing the progressive coordination and harmonisation of those mechanisms and agreements and including proposals. The report shall be submitted to their respective regulatory authorities for their assessment. The proposals in the report shall prevent these mechanisms and agreements from distorting the market.*

4. *Each TSO shall abstain from unilateral or uncoordinated redispatching and countertrading measures of crossborder relevance. Each TSO shall coordinate the use of redispatching and countertrading resources taking into account their impact on operational security and economic efficiency.*
5. *The relevant generation units and loads shall give TSOs the prices of redispatching and countertrading before redispatching and countertrading resources are committed. Pricing of redispatching and countertrading shall be based on:*
 - (a) *prices in the relevant electricity markets for the relevant time-frame; or*
 - (b) *the cost of redispatching and countertrading resources calculated transparently on the basis of incurred costs.*
6. *Generation units and loads shall ex-ante provide all information necessary for calculating the redispatching and countertrading cost to the relevant TSOs. This information shall be shared between the relevant TSOs for redispatching and countertrading purposes only.*

II. The Greece-Italy TSOs proposal

The GRIT CTRD was consulted by the Greece-Italy TSOs through ENTSO-E for one month from 8 February 2018 to 11 March 2018, in line with Article 12 and Article 35 of CACM¹. The final GRIT CTRD was received by the last Regulatory Authority of the Greece-Italy Capacity Calculation Region on 19 March 2018. The proposal includes proposed timescales for its implementation and a description of its expected impact on the objectives of CACM, in line with Article 9(9) of CACM.

Article 9(10) of CACM requires GRIT NRAs to consult and closely cooperate and coordinate with each other in order to reach an agreement, and make decisions within six months following receipt of submissions of the last Regulatory Authority concerned. A decision is therefore required by each Regulatory Authority by 19 September 2018.

The GRIT CTRD foresees countertrading as the only possible measure to manage congestions related to the Italy – Greece border: Italian and Greek system are directly connected by the mean of a DC link, thus from the operation point of view the two systems may be considered independent on each other². Redispatching is, instead, the main resource to be used to deal with internal congestions in both systems, including the cross zonal congestions involving Italian internal bidding zone borders.

Redispatching and countertrading are activated once all the non-costly remedial actions are exploited: countertrading is coordinated between Italian and Greek TSOs, while each TSO may activate redispatching independently on the other TSOs.

Redispatching activity may be also delegated to a SCOPF function to implement an automatic continuous redispatching at minimum cost.

A fast activation process is foreseen too: this is used when the regular process cannot be performed due to the urgency to adopt corrective measures.

The implementation of GRIT CTRD is subject to the regulatory approval of the CTRD proposal and of the associated cost sharing proposal, to the effective implementation of the capacity calculation methodology in the GRIT CCR and to the development of the proper IT systems to support all the activities related to countertrading and redispatching. The effective implementation no later than 12 months after all the above mentioned conditions are fulfilled.

¹ The public consultation is available on the ENTSO-e website:

<https://consultations.entsoe.eu/markets/greece-italy-tso-redispatching-countertrading/>

² Italy and Greece are also indirectly connected since they are both part of the Continental Europe Synchronous Area: they are, nonetheless, electrically far from each other, thus the independence of the operation of the two systems is preserved.

III. The Greece-Italy Regulatory Authorities position

GRIT NRAs welcome the effort by GRIT TSOs to develop a proposal in the current framework where most of the activities of the regional capacity calculators (and in prospective of the regional security coordinators according to Regulation 2017/1485) are still under discussion.

GRIT NRAs are fine with the proposed approach (countertrading as the only measure on the Italy – Greece border and redispatching to deal with internal congestions), nonetheless they have some concerns on which the TSOs are asked to provide more clarifications

Area of common interest

Article 5 of the GRIT CTRD defines the Area of Common Interest (ACI) for both Italy – Greece borders and for the Italian internal bidding zone borders.

The definition is quite vague (*the ACI refers to the parts of the grids of each TSO that are influenced by the flow in the HVDC interconnector and all other Italian areas which are sensitive to the exchanges between internal Italian bidding zones*): some more clarifications about the process to identify the elements belonging to the ACI shall be provided, along with relevant thresholds (if applicable).

Moreover, in case redispatching is delegated to a SCOPF function, the ACI may coincide with the entire transmission network modelled within this function. The TSOs are asked to confirm the above statement and to provide more details about this issue.

Regular process

Countertrading and redispatching measures within GRIT CCR are applied for different scopes: GRIT NRAs, thus, deem it useful to describe the process in different Articles to improve the readability of the text and to avoid misunderstandings.

In particular for countertrading the TSOs are requested at least:

- to provide more details about the timings of the coordinated process (some information are given in the explanatory note, but GRIT NRAs deem it not enough)
- to clarify whether the identification of countertrading measures is optimized along with the redispatching resources (by simulating the DC link by the mean of a dispatchable generator) or whether this process is done in a separate instance.

For redispatching, instead, the TSOs are requested at least:

- to clarify whether each TSO intends to delegate redispatching to an automatic SCOPF function;
- to provide the frequency of the SCOPF function, if used to activate redispatching resources;
- to provide the criteria to identify redispatching resources, if a SCOPF function is not used;

Articles 6 and 8 of the GRIT CTRD shall be reformulated accordingly to the above mentioned issues.

Moreover the TSOs are invited to highlight in the explanatory note the relation between this process and the security analysis run by the Regional Security Coordinator pursuant to Articles 75 and 76 of Regulation 2017/1485.

Fast activation process

The TSOs are invited to provide in the explanatory note more details about the expected usage of the fast activation process, both in terms of redispatching for internal congestions and countertrading on the Italy – Greece borders.

IV. Conclusions

The GRIT NRAs have consulted and closely cooperated and coordinated to reach agreement that **they request an amendment to the GRIT CTRD submitted by GRIT TSOs pursuant to Article 35 of CACM**. The amended proposal should take into account the GRIT NRAs position stated above, and should be submitted by TSOs no later than 2 months after the last national decision to request an amendment has been made, in accordance with Article 9(12) of CACM.

The GRIT NRAs must make their national decisions to request an amendment to GRIT CTRD methodology, on the basis of this agreement, by 19 September 2018.

V. List of Action points:

- Clarify the process and the relevant thresholds (where applicable) used to identify the Area of Common Interest;
- Confirm whether the Area of Common Interest coincides with the entire transmission network, if a SCOPF function is used to perform redispatching tasks;
- Describe countertrading and redispatching activities in separate Articles
- For countertrading provide at least further details about the timings of the process and about the optimization process (whether performed joint with local redispatching or in a separate instance);
- For redispatching clarify whether a SCOPF function is used or not and provide at least the frequency of the SCOPF function and the criteria adopted for redispatching if a SCOPF function is not used;
- Highlight in the explanatory note the relation between CTRD proposal and the security analysis run by the Regional Security Coordinator pursuant to Articles 75 and 76 of Regulation 2017/1485;
- Provide more details about the expected usage of the fast activation process