All TSOs' of the Nordic Capacity Calculation Region for a coordinated redispatching and countertrading cost sharing methodology in accordance with Article 74 of Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management

DATE 14th of November 2018

All TSOs of the Nordic Capacity Calculation Region, taking into account the following:

Whereas

(1) This document is a common methodology of the Transmission System Operators (hereafter referred to as "TSOs") of Capacity Calculation Region (hereafter referred to as "CCR") Nordic in accordance with Article 15 of Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on Capacity Allocation and Congestion Management (hereafter referred to as the "CACM Regulation")

(2) This methodology is a common methodology for coordinated redispatching and countertrading cost sharing (hereafter referred to as "**CRCCS Methodology**") in accordance with Article 74 of CACM regulation.

(3) This CRCCS methodology takes into account the general principles, goals and other methodologies set in the CACM Regulation, Commission Regulation (EU) 2017/1485 of 2 August 2017 establishing a guideline on electricity transmission system operation (hereafter referred to as "SO Regulation, Regulation (EC) No 714/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the network for cross-border exchanges in electricity (hereafter referred to as "Regulation (EC) No 714/2009"). The goal of the CACM Regulation is coordination and harmonisation of capacity calculation and capacity allocation in the day-ahead and intra-day cross-border markets, and it sets requirements for the TSOs to cooperate on the level of CCRs, on a pan-European level and across bidding zone borders. The SO Regulation defines rules and requirements for methodology development for the purpose of safeguarding operational security, frequency quality and the efficient use of the interconnected system and resources.

(4) In accordance with Article 9(9) of the CACM Regulation, the CRCCS Methodology across the Nordic CCR contributes to and does not in any way hinder the achievement of the objectives of Article 3 of CACM Regulation. The CRCCS Methodology together with the methodology developed according to article 35 in the CACM Regulation ensures fair and non-discriminatory treatment of TSOs (Article 3(e) of the CACM Regulation). It ensures operational security by specifying the cost sharing principles for the process for coordination of countertrading and redispatching actions thus enabling the use of countertrading and redispatching in a regionally coordinated way. This in addition ensures equal treatment of TSOs. Further the methodology ensures transparency in the actions taken by TSOs by obliging them to record all actions taken and the subsequent cost of these actions.

(5) In CCR Nordic the task as CCC is assigned to the Nordic Regional Security Coordination (hereafter referred to as the "CCR Nordic RSC")

(6) This CRCCS Methodology complements Capacity calculation methodology (herafter referred to as "CCR Nordic CCM") of CCR Nordic and the CRC Methodology of CCR Nordic in promoting effective competition in the generation, trading and supply of electricity, ensuring optimal use of transmission infrastructure, contributing to the efficient long-term operation and development of the electricity transmission system and electricity sector in the Union and optimizing the calculation and allocation of cross-zonal capacity. (Article 3(a) of the CACM Regulation).

(7) Coordination between TSOs and CCR Nordic RSC and application of redispatching and countertrading in the day-ahead and intra-day timeframes in accordance with the CCR Nordic CCM of CCR Nordic in combination with a fair cost sharing of applied actions will ensure

optimal use of the transmission infrastructure (Article 3(b) of the CACM Regulation). By enhancing coordination between TSOs and between TSOs and CCR Nordic RSC and allowing for more effective use of redispatching and countertrading resources, the methodology ensures and enhance the transparency and reliability of information and contributes to the efficient long-term operation and development of the electricity transmission system and electricity sector in the Union (Article 3(g) of the CACM Regulation). The methodology and its coordination process leads to a more effective allocation of cross-zonal capacity (Article 3(d) of the CACM Regulation).

(8) The eligible costs are determined in a transparent and auditable manner, as required by CACM Article 74(3), as CCR Nordic RSC following Article 78(2)(a) of the SO Regulation is obliged to recommend to the relevant TSOs the most effective and economically efficient remedial actions, following the updated list of possible remedial actions and their anticipated costs, which each TSO – following Article 78(1)(b) SO Regulation is obliged to submit to CCR Nordic RSC.

(9) Planning the use of remedial actions, including countertrading and redispatching will take place in advance of operation in coordination between Nordic CCR TSOs and the RSC according to the methodology developed under article 35 in the CACM Regulation, while the activation of actions is done as close to the time of operation as needed. This will allow for the planning to be updated with the latest information regarding redispatching and countertrading. This leads to continuous improvements of the application of remedial actions, and thus this methodology fulfils the requirement of article 74.5(d) in the CACM regulation.

(10) The CRCCS Methodology follows the requirements by articles 74.6(a-c) and (f) in CACM Regulation as it provides incentives for TSOs to invest effectively and the TSOs and CCR Nordic RSC to manage congestions in a coordinated and effectively manner by fair cost sharing between TSOs.

(11) The CRCCS Methodology promotes fair cost sharing by costs being covered by the CCR Nordic TSO for whose control areas redispatching and countertrading is applied to mitigate congestions or optimizing capacities or covered by the TSO of the relevant CCR in case redispatching and countertrading is proposed based on coordinated operational security analysis according to article 75 in the SO Regulation. This transparent and coordinated procedure, between TSOs and between TSOs and the CCR Nordic RSC as well between regional security operator of different CCRs, allows the TSOs to have reasonable financial planning as required by CACM Regulation article 74.6(g).

(12) The CRCCS methodology is consistent with other relevant mechanisms, as the cost sharing principles is not conflicting with the principles for sharing congestion income as set out in Article 73 of the CACM, and the inter-TSO compensation mechanism as set out in Article 13 of Regulation (EC) No 714/2009 and Commission Regional (EU) No 838/2010. Thus it complies with article 74.6(d) in CACM Regulation.

(13) The CRCCS Methodology facilitates long-term development and operation of the pan-European interconnected system and the efficient operation of the pan-European electricity market as required by article 74.6(e) in CACM Regulation. As specified in whereas 7 and 10 the methodology provides incentives to invest efficiently, to coordinate the use of redispatching and countertrading, to allow improvements in the use of remedial actions and to ensure efficient utilisation of the transmission grid.

(14) The CRCCS Methodology follows the requirements by CACM Regulation Articles 74.5(a) and (c) as the need to utilise redispatching and countertrading is analysed and verified through the

operational security analysis carried out by CCR Nordic RSC and in real-time by the TSOs. If redispatching and countertrading has been recommended by CCR Nordic RSC, the CCR Nordic RSC has verified the redispatching and countertrading of cross-border relevance to have been the most effective and economically efficient solution to violations of the operational security limits in the operational security analysis. In the CCR Nordic CRC methodology Article 4, the TSOs oblige the CCR Nordic RSC to document the use of redispatching and countertrading and the costs in order to monitor the use of redispatching and countertrading with costs ex post following the requirements by CACM Regulation Article 74.5(b).

(15) The CCR Nordic RSC will run a coordinated operational security analysis. In case the operational security analysis finds violations of operational security limits, the CCR Nordic CCR Nordic RSC shall recommend the most effective and economically efficient redispatching and countertrading resources to relieve the violations to TSOs. The recommendation shall be based on a list of possible remedial actions provided by the TSOs in accordance to the CCR Nordic CCM. In case a CCR Nordic TSO disagrees with the proposal, the TSO can make a counter proposal to the CCR Nordic RSC. The CCR Nordic RSC will test the new proposal in the operational security analysis. If the new set of redispatching and countertrading actions relieves the violation, the CCR Nordic RSC will propose this to the CCR Nordic TSO.

(16) In the coordinated operational security analysis, the CCR Nordic RSC identifies the need for redispatching and countertrading and make proposals to the TSOs. This is a daily process fed by updated Common Grid Models (hereafter referred to as “CGM”s). The activation of redispatching or countertrading will be done by the TSOs as close to the time of operation as necessary.

(17) In CCR Nordic redispatching and countertrading resources is activated by the TSOs from the Common Merit Order List (hereafter referred to as “CMOL”) in the balancing market or according to other appropriate mechanisms and agreements. When choosing bids to be activated from the common balancing market, the bids shall be selected by merit order taking regards technical efficiency of each resource in relieving the relevant violation.

(18) In CCR Nordic costs for redispatching and countertrading will according to article 35.5(a) in the CACM Regulation be based on bid prices of redispatching and countertrading resources in the relevant electricity markets for the relevant timeframe. The acquisition of redispatching and countertrading recourses in CCR Nordic shall be made by bids from the balancing market but could also be resources available through other appropriated mechanisms and agreements applicable to each CCR NordicTSO control area.

(19) The mechanism to verify the actual need for redispatching and countertrading as required by CACM Article 74.5(a) follows the requirements put out by Articles 78.2 and 78.3 of the SO Regulation to CCR Nordic RSC’s coordinated regional operational security assessment and the individual TSO’s assessment following Article 78.4 of the SO Regulation.

(20) The assessment of the impact on operational security and economic criteria of the redispatching and countertrading are performed in accordance with Article 74.5(c) in CACM and Article 78.2(a) of the SO Regulation specifying that when the CCR Nordic RSC detects a constraint, it shall recommend to the relevant TSOs the most effective and economically efficient remedial actions.

SUBMIT THE FOLLOWING CRCCS METHODOLOGY TO ALL REGULATORY AUTHORITIES OF THE NORDIC CCR:

Article 1
Subject matter and scope

1. This CRCCS Methodology is the common methodology of the TSO´s in CCR Nordic in accordance with Article 74 of CACM Regulation

2. The CRCCS Methodology for CCR Nordic shall cover the coordinated redispatching and countertrading cost sharing for;

    a. Critical network elements (hereafter referred to as "CNE") and Power Transfer Corridors (hereafter referred to as "PTC") with cross border relevance that are included in capacity calculation of CCR Nordic, according to Article 2 in the CCR Nordic CCM.

    b. Capacity calculation for day-ahead and intra-day timeframes corresponding to timeframes covered by the CCR Nordic CCM.

Article 2
Definitions and interpretation

1. For the purposes of the CRCCS Methodology, terms used in this document shall have the meaning of the definitions included in Article 2 of the CACM Regulation, of Regulation (EC) 714/2009, Directive 2009/72/EC and Commission Regulation (EU) 543/2013 and definitions listed in the Methodology developed according to art 35 in the CACM Regulation.

2. In addition, the following definitions shall apply:

    a. "Requesting TSO" means the TSO for whose control area redispatching and countertrading is required.

    b. "costs" are the actual costs and income incurred by application and activation of redispatching and countertrading resources for CNEs or PTCs in capacity calculation or in operations to relive congestions.

3. In this CRCCS Methodology, unless the context requires otherwise:
    a. The singular indicates the plural and vice versa.
    b. Headings are inserted for convenience only and do not affect the interpretation of the methodology.
    c. References to an "Article" are, unless otherwise stated, references to an article of this CRCCS Methodology ; and
    d. Any reference to legislation, regulations, directives, orders, instruments, codes or any other enactment includes any modification, extension or re-enactment of it when in force.

Article 3

Actions of cross border relevance

1. The coordinated cost sharing principles for redispatching and countertrading for CCR Nordic applies to the following situations:

    a. If costly redispatching or countertrading is activated during real time operation for CNEs or PTCs owned by one TSO in CCR Nordic and these costly redispatching or countertrading resources was applied to increase day-ahead and/or intra-day capacity in accordance with CCR Nordic CCM;

    b. If costly redispatching or countertrading is activated during real time operation for CNEs or PTCs owned by more than one TSO (e.g interconnectors) in CCR Nordic and these costly redispatching or countertrading was applied to increase day-ahead and/or intra-day capacity in accordance with CCR Nordic CCM.

    c. If costly redispatching and countertrading not used in capacity calculation is activated in real time operations to guarantee firmness of day-ahead or intra-day capacities on interconnectors between CCR Nordic TSOs;

    d. If costly redispatching and countertrading not used in capacity calculation is activated in real time operations to relieve congestions in AC or DC grid owned by one TSO in CCR Nordic.

    e. If a TSO of CCR Nordic activates costly redispatching and countertrading in real time operations by request from a TSO in an adjacent CCR;

Article 4

Cost sharing principles for costly redispatching and countertrading of cross-border relevance

1. Costs and income according to article 3.1(a) shall be covered by requesting TSO.

2. Costs and income according to article 3.1(b) and (c) shall be shared equally between the TSOs responsible for operating the CNE, PTC or interconnector.

3. Costs and income according to article 3.1(d) and (e) shall be covered by requesting TSO.

4. The price for the activated countertrading and redispatching resources used when calculating the cost to be shared between TSOs should be the actual bid prices payed by the TSO on the market where the bids are activated e.g, balancing market(s) or price payed according to appropriate mechanisms and agreements.

Article 5

Monitoring the application and activation of costly countertrading and redispatching

1. For monitoring purposes, TSOs shall collect data on redispatching and countertrading activities. CCR Nordic TSO will publish redispatching and countertrading related information on ENTSO-E Transparency platform according to Article 13 of Commission Regulation (EU) No 543/2013 of 14 June 2013 on submission and publication of data in electricity markets.

2. TSO shall at least monitor and record the following information related to redispatching and countertrading per market time unit according to requirements by Commission Regulation on Transparency No 543/2013 Amending Annex 1 to Regulation No 714/2009 of the European Parliament and the Council. The data will be published on the European Transparency Platform

    a. Information related to redispatching
        i. The action taken (production increase/decrease, load increase/decrease)
        ii. The identification, location and type of network elements concerned by the action
        iii. The reason for the action
        iv. Capacity affected by the action taken (MW)
        v. The costs incurred in a given month (EUR)

    a. Information related to countertrading
        vi. The action taken (that is to say cross-zonal exchange increase or decrease)
        vii. The bidding zone concerned
        viii. The reason for the action
        ix. Change in cross-zonal exchange (MW)
        x. The costs incurred in a given month (EUR)

3. Upon request from a CCR Nordic NRA, the corresponding CCR Nordic TSO is obliged to provide a complete record of the items stated in Article 5.2 (a) and (b) of this CRCCS Methodology.

Article 6
Implementation of the CRCCS Methodology

1. CCR Nordic TSOs shall implement this methodology after regulatory approval and in coordination with the implementation of:
    a. The coordinated redispatching and countertrading methodology required by Article 35 of the CACM Regulation.

Article 7
Language

1. The reference language for this Methodology shall be English. For the avoidance of doubt, where TSOs need to translate this Methodology into their national language(s), in the event of inconsistencies between the English version published by TSOs in accordance with Article 9(14) of the CACM Regulation and any version in another language, the relevant TSOs shall be obliged to dispel any inconsistencies by providing a revised translation of this Methodology to their relevant national regulatory authorities.