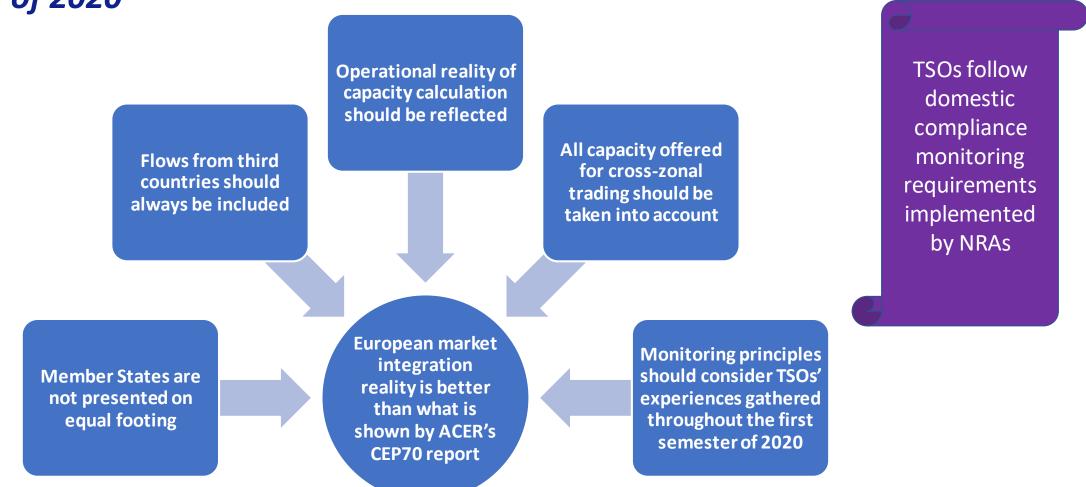
ENTSO-E highlights key aspects with regards to the implementation of the 70% minimum capacity rule

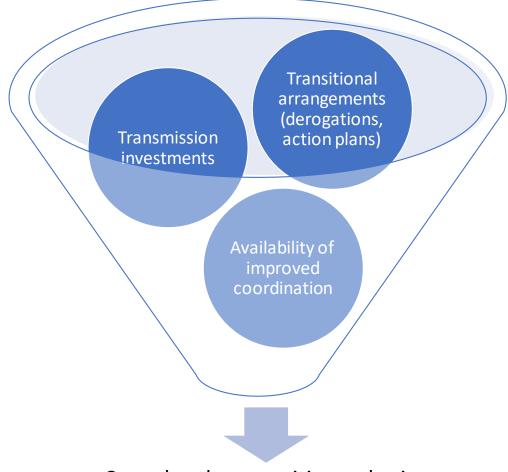
Konrad Purchała
Chairman, ENTSO-E Market Committee

ENTSO-E's technical comments on the ACER 'Report on the result of monitoring the margin available for cross-zonal electricity trade in the EU in the first semester of 2020'



ENTSO-E would like to invite ACER and NRAs to continue the good cooperation and further dialogue on the implementation principles of the 70%

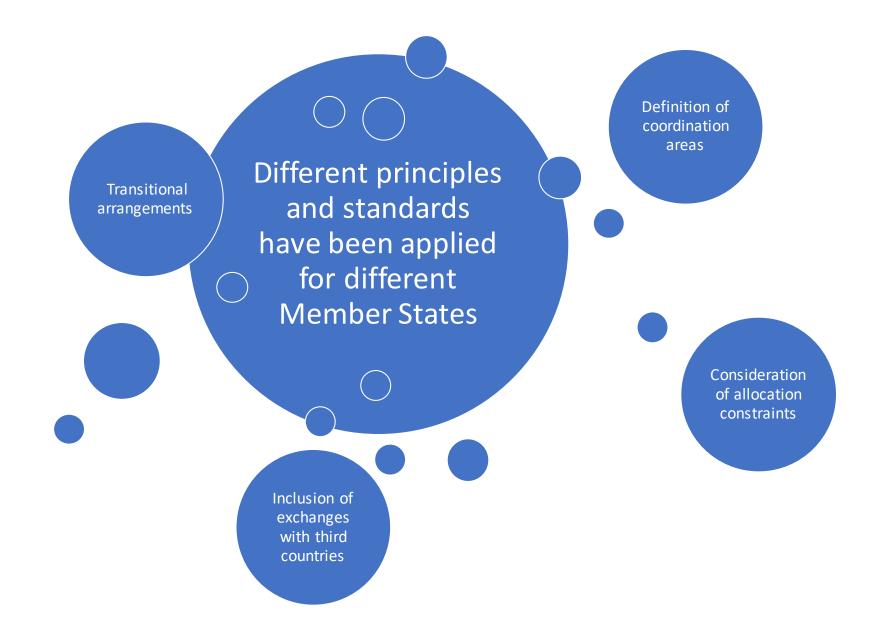
European market integration reality is better than what is shown by ACER's CEP70 report



Cross-border capacities and price convergence in Europe is continuously increasing.

ACER's CEP70 report does not recognize the fact that wholesale prices do converge in an increasing number of hours and that more cross-border capacity during such instances would not have benefited consumers

Member States are not presented on equal footing



Flows from third countries should always be included

Excluding the

exchanges with

third countries

will

disproportionally

affect near

countries

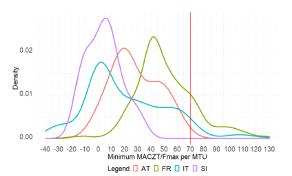
TSOs are not in charge of setting policy decisions to limit trade with non-EU countries and *have to* accommodate them

TSOs need to consider them in day-to-day operations

Exchanges of electricity with third countries are today's reality

Electricity exchanges with third countries will therefore impact overall trading margins.

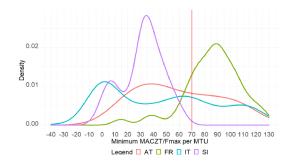
Example: Italy North



Margins without considering non-EU Member States



Margins including considering non-EU Member States



Operational reality of Capacity Calculation processes should be reflected

ACER uses
exchange
schedules that
are not
available when
TSOs calculate
capacity

ACER RESULTs: One-size-for-all framework

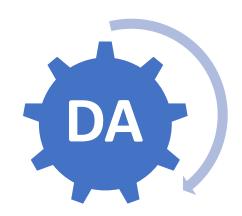
TSOs RESULTs: Day to day operations

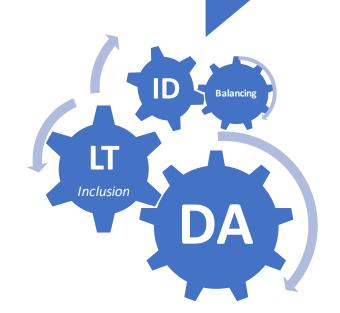
Comparing the outcome of **TSO operational capacity calculation** processes (ex-ante, executed under uncertainty) with **hypothetical ones** obtained by ACER based on ex-post data does not help improving the clarity of the picture with respect to CEP70.

All the capacity offered for cross-zonal trading should be taken into account

ACER's CEP70 report limited to Day-Dhead timeframe

European TSOs offer cross-zonal capacity in **all** timeframes





Monitoring principles should consider TSOs' experiences gathered throughout the first semester of 2020

Practical
experience from
CEP70
operational
calculations
shall be
considered for
the future
monitoring



Expert dialogue and thorough alignment on CEP70 is needed between TSOs – NRAs – ACER, with special attention to the <u>operational capacity calculation procedures</u> and the <u>legislative provisions</u> of the Clean Energy Package.