

ACER

 Agency for the Cooperation
of Energy Regulators

The Director

Ljubljana, 16 October 2017
ACER-AP-CGC-ss-2017-501

Mr. Laurent Schmitt
Secretary-General
ENTSO-E
Avenue de Cortenbergh, 100
1000 Brussels
Belgium
Email:
Laurent.Schmitt@entsoe.eu

By e-mail only

Subject: *Request for a technical report on current bidding zones*

Dear Mr. Schmitt, *dear Laurent.*

In accordance with Article 34(1) of Commission Regulation (EU) 2015/1222 (the “CACM Regulation”), the Agency has been tasked to assess the efficiency of current bidding zone configuration every three years. In order to fulfil this task, the Agency shall, among others, request ENTSO-E to draft a technical report on the current bidding zone configuration.

As the three-year deadline, by which the Agency needs to finalise this assessment, will expire on 15 August 2018, the Agency needs the technical report sufficiently ahead of this deadline in order to be able to use it as an input for the final assessment, which will also be based on the market report that the Agency intends to publish together with the assessment.

Therefore, in accordance with Article 34 of the CACM Regulation, the Agency requests ENTSO-E to deliver to the Agency a new technical report on bidding zones no later than 9 months after the date of receiving this letter. The technical report should cover the area of the whole EU, including the significantly impacted third countries, and should cover at least the last three calendar years, i.e. from 2015 to 2017.

In addition, the Agency invites ENTSO-E fully to take into account the requirements of Article 34(2) of the CACM Regulation and, in particular, to include in the technical report:

- (a) A list of structural congestions and other major physical congestions, including locations and frequency. As the previous report did not provide sufficient details on

structural congestions, the Agency insists on the importance that the technical report discloses the location, the frequency (e.g. statistics) and the type (e.g. real-time, intraday, day-ahead, etc.) of structural (physical) congestions, as well as other major physical congestions and critical network elements limiting further cross-border exchanges – including information on what remedial actions are applied to remedy these congestions;

- (b) An analysis of the expected evolution or removal of physical congestions resulting from investment in networks or from significant changes in generation or in consumption patterns in the short to mid-term timeframe;
- (c) An analysis of the share of power flows that do not result from the implementation of capacity allocation mechanisms, for each capacity calculation region, where appropriate.

Finally, the Agency invites ENTSO-E thoroughly to review the inputs provided by individual TSOs such that the technical report becomes a reliable document, detailing the constraints in the European power grid.

Please do not hesitate to contact me or Mr. Christophe Gence-Creux (christophe.gence-creux@acer.europa.eu, tel: +386 (0) 820 53 407), Head of the Electricity Department, should you have any question regarding this letter.

Yours sincerely,


Alberto Pototschnig

Copy:

Mr. Klaus-Dieter Borchardt, Director, DG Ener, European Commission
klaus-dieter.borchardt@ec.europa.eu