

July 2023

UFE Response to All TSOs' proposal for amendment of the Determination of capacity calculation regions methodology in accordance with Article 15(1) of the CACM

4. Any views on the proposal are welcomed:

UFE takes note of this ENTSO-E consultation on the integration in the CORE capacity calculation region (CCR) of the Celtic Interconnector planned in 2026 in view of the integration of the Irish Single Electricity Market (SEM) in the EU market.

From a general perspective, UFE recalls that (i) it supports the idea of an as much coordinated as possible capacity calculation process within the EU borders and at the borders of the EU with third countries and that (ii) any further addition of borders in a CCR must be assessed against the possible joint influence of other borders on power flows and against the possible negative impacts on the capacity calculation processes at regional level and its ongoing evolutions.

UFE understands from former exchanges at national / regional level that two possible options were discussed for coupling SEM with the EU : one being a dedicated CCR and the other the integration into the CORE CCR. The latter seems to have been chosen; in view of point (i) above, UFE is a priori rather supportive of such a choice, but would appreciate more transparency on the pros and cons that led to the present proposal.

Moreover, TSOs have informed in their Capacity Calculation and Allocation (CC&A) Report 2023 (cf. Part 4) that they are developing a framework for Capacity Calculation Region Assessment, responding notably to the request made by ACER in its Decision on the determination of capacity calculation regions (Annex 1) of 7th May 2021. According to ENTSO-E, this framework will be "a 'toolbox' used by all TSOs to perform future assessments of CCR configurations". We understood this framework would be submitted to public consultation by end of 2023. UFE expects more stakeholder involvement, transparency and details towards market participants about this future framework. This should probably be discussed as well in the framework of CACM revision (cf. Article 15 dedicated to CCR in CACM Regulation).

UFE take notes that the choice of solution (integrating the Celtic interconnection into the CORE CCR) was made before the finalization of this new framework. In this context, UFE requests that the reasons for not waiting for the new framework be detailed and provided to market participants. This also raises the question whether the integration of Celtic into CORE could be reassessed with the new framework in case the interconnection with SEM is delayed.

Furthermore, UFE considers this consultation is uncomplete and lacks background analysis, preventing market participants to provide an informed view. UFE asks therefore for an explanatory document addressing the implications on the different timeframes (forward, DA and ID) and detailing that this evolution is not detrimental.

Finally, given the European obligation to implement the AHC on CORE, which is due at the same time as the arrival of Celtic, UFE also asks for confirmation that a dedicated CCR for Celtic or an integration of Celtic interconnector to CORE will have the same impact on capacity calculation and available capacity.

5. Any other feedback:

UFE understands that the Celtic interconnector would be included via advanced hybrid coupling. If this is indeed the case, market participants within UFE reiterate, as they already pointed out last December in [a joint position](#) of EFET and MPP, that this subject lacks clarity, and in particular that the impacts on Euphemia should be analyzed in greater detail.

Concerning the handling of interconnectors between EU and British Isles, UFE considers that several issues are of much bigger impact in the landscape than the integration of Celtic into CORE: UFE supports finding rapidly an agreement on (i) the coordination of capacity calculations for the various interconnectors between EU and UK and (ii) the allocation of the resulting capacities. On the latter point, the optimal solution of a full price coupling being unfortunately politically out of sight, a non-regret measure could still be implemented to complement the present default solution in place – i.e. explicit capacity auctions, which are an acceptable second best option and should in any case be preferred to the Multi-Region Loose Volume Coupling (MRLVC) –, namely the merger of EPEX and NPS order books, so as to avoid two different Day-Ahead prices.