



THE DEFINITION OF CAPACITY CALCULATION REGIONS

**Answer Paper
By the ROMANIAN ENERGY CENTER (CRE)**

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This document has been prepared by the members of the professional association Romanian Energy Center (CRE): COMPLEXUL ENERGETIC OLTENIA, CONPET S.A., ELECTRICA S.A., ROMGAZ, TRANSGAZ, ADREM, CEZ Group Romania, E.ON Romania, ECRO, ENERGOBIT, EXIMPROD, Institutul de Studii și Proiectări Energetice (ISPE), TRACTEBEL ENGINEERING, ȚUCA ZBÂRCEA & ASOCIAȚII.



The Romanian Energy Center is a professional organization for Romanian energy companies. It is managed and financed by its member companies and works towards securing them the most favorable conditions for competition and progress in order to ensure economic development, growth and well-being in Romania.

1. INTRODUCTION

The Romanian Energy Center (CRE) association welcomes the consultation on “The definition of capacity calculation regions” initiated by the Agency for the Cooperation of Energy Regulators (ACER).

CRE Members are pleased to provide comments with regard to the common proposal for capacity calculation regions which all TSOs have jointly developed pursuant to Article 15(1) of Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a Guideline on Capacity Allocation and Congestion Management (CACM).

CRE acknowledges the importance and the need for coordinated capacity calculation for the day-ahead and intraday market timeframes. It should be coordinated at least at the regional level to ensure that capacity calculation remains reliable and that optimal capacity is made available to the market. In our views, regions where such coordination is needed should be defined by all TSOs. In accordance with Article 2 of CACM Regulation (Definitions), these regions are defined as “capacity calculation regions”, meaning “the geographic area in which coordinated capacity calculation is applied”. Therefore, a Capacity Calculation Region (CCR) needs to consist of a set of bidding zone borders for which the capacity calculation shall be coordinated by TSOs in accordance with the CACM Regulation.

2. National approach

Romania supports the correct and complete transposition of the Third Energy Package and it is fully aware that its implementation needs to continue. Romania is focusing on the completion of the corporate governance reform of state-owned enterprises in the energy sector in line with the internal energy market legislation.

Romania's energy challenge will be to build modern and smart interconnections, both within the country and with other European countries and to promote energy saving practices and technologies. This challenge is particularly important as Romania has had to close severe gaps in its economic performance compared to developed countries.

In this framework, Romania is very interested in increasing the interconnection capacity with neighboring countries on both electricity and gas and to ensure the security of supply in the Central-Eastern European region. To support this strategic action at European and regional level, we are happy to promote cooperation and to contribute to joint key activities related to the energy sector, in particular programs addressing the investment gaps in this sector.

The Romanian Energy Center, now in its sixth year, is a professional organization based in Bucharest and Brussels that represents the interests of its members, state-owned and private companies active on the Romanian energy market. Our member companies cover the whole value chain for electricity and gas, specialized petroleum transport services,

engineering equipment and multi-technical energy related services. Together, they employ more than 45,000 people.

Since it was launched in 2011, the Romanian Energy Center has been in the middle of the debate on the energy transition across the Union, but more specifically in the Central-Eastern region. Thanks to our Member Companies, we brought forward valuable national and regional insight in consultations launched on key topics such as the New Energy Market Design, the Review of the Energy Efficiency and the Review of the Renewable Energy Directive post-2020.

CRE constantly strives at aligning the national and European decision-making processes in energy and ensure that the measures adopted at the EU level reflect the regional values and the need of our members.

3. CRE Answers to ACER Consultation questions

Please find below the answers provided by the members of the Romanian Energy Center to the five questions:

1. Do you consider both the commitment from the CWE and the CEE TSOs to cooperate towards a merger of the CWE and CEE CCRs and the MoU signed on 3 March 2016 as sufficient to ensure that the CWE and CEE regions will develop and implement a common congestion management procedure compliant with the requirements of the CACM Regulation, as well as of Regulation (EC) No 714/2009? Or should the definition of the CCRs provide for a CCR already merging the proposed CWE and CEE regions to ensure compliance with the required common congestion management procedure?

R. CRE members consider the commitment from the CWE and the CEE TSOs to cooperate towards a merger of the CWE and CEE CCRs is very relevant and encourages such cooperation.

CRE is fully in favor of strengthening the cooperation between the two regions and reckons it represents the way forward for the CACM implementation.

2. Do you have comments on the description of the geographical evolution of the CCRs over time, as proposed by all TSOs in Annex 3 to the Explanatory document to the CCRs Proposal?

R. CRE reckons there is an opportunity to improve the current description of the geographical evolution of the CCRs over time based on the proposal by all TSOs.

The regions, as they were initially defined in the early 2000s, did not take into consideration neither the equal geographical position of Romania in the both Central-Eastern Europe and South-Eastern Europe, nor the energy flows between Romania and neighboring countries.

Based on the above, CRE considers that Romania should have been included in more than one region, namely CEE and SEE, as it is the case for Slovenia, Italy, Austria, Germany.

CRE members are calling on ACER to consider the inclusion of Romania in both the CEE and SEE regions.

3. Should the CEE region (or a merged region) include the bidding zone borders between Croatia and Slovenia, between Croatia and Hungary, and between Romania and Hungary?

R. Yes. CRE considers that the bidding zone borders between Romania and Hungary and between Croatia and Hungary should be included in the CEE region (see Figure 1).

Given that Romania's market is coupled with CZ, SK and HU markets since 2014, the current status of RO-HU border is "de facto" into the CEE region. As per Article 20.4 of CACM, Romania is entitled to join initiatives that aim at implementing a common flow-based capacity calculation methodology with this region.

CRE considers that the issue presented is fully in line with the relevant EU Regulation and both ACER and EC's visions regarding the IEM implementation, which aims at ensuring fair and non-discriminatory conditions for all European market participants.

4. Should the CEE region (or a merged region) include a bidding zone border between Germany/Luxembourg and Austria?

R. An opinion on the border between Germany-Austria is expected soon from ACER following a request by the Polish Regulatory Authority to assess the compliance of congestion management rules on the Germany-Austria border with existing European Regulation.

5. Do you have comments on any other new element or development concerning the CCRs Proposal which occurred after the public consultation held by ENTSO-E from 24 August to 24 September 2015?

R. CRE supports the idea of reconsidering the current approach in defining the bidding zones in the CEE region.

CRE believes that the new approach has the potential to create equal opportunities and ensure equal treatment for all member states involved.

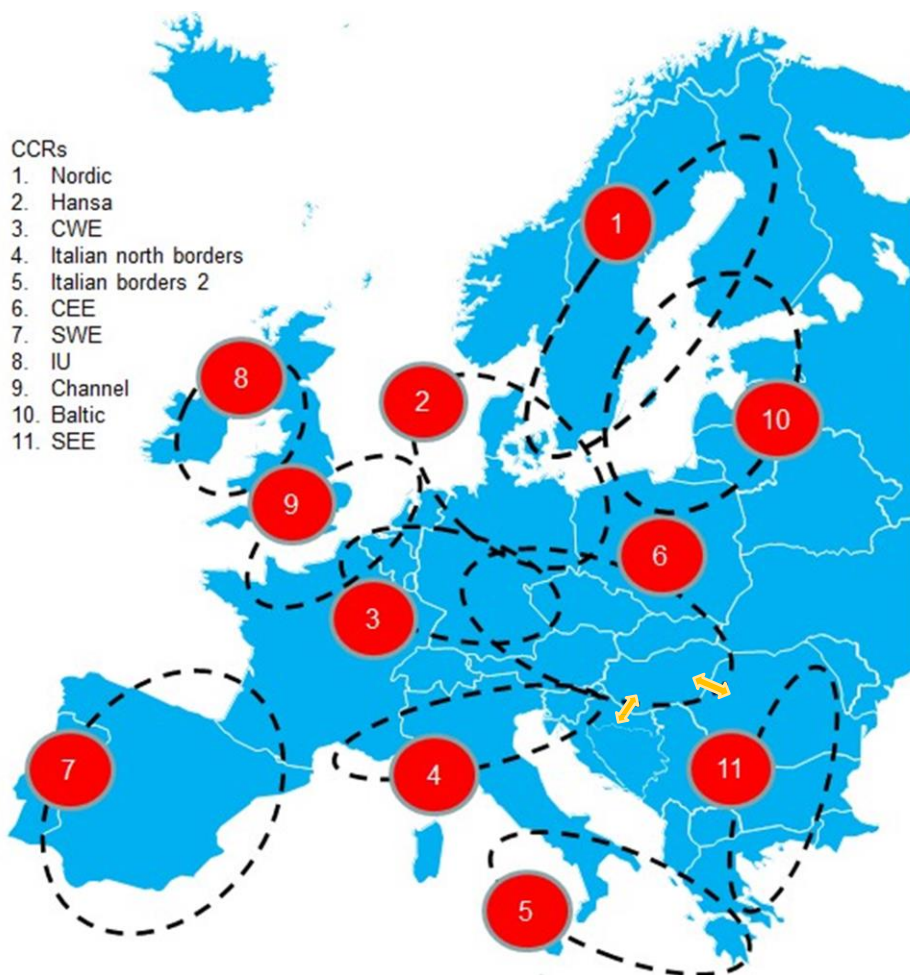


Figure 1. Rough geographic location of the proposed CCRs including the two bidding zone borders between HU-RO and HR-HU