
All TSOs' of the Nordic Capacity Calculation Region
proposal for capacity calculation methodology in accordance
with Article 20 (2) of Commission Regulation (EU)
2015/1222 of 24 July 2015 establishing a guideline on
capacity allocation and congestion management

3 July 2017

DISCLAIMER

This document is released on behalf of all transmission system operators belonging to the Nordic Capacity Calculation Region ("Nordic TSOs") solely for the purpose of public consultation on the Nordic TSOs' proposal for a capacity calculation methodology for the Nordic CCR ("CCM Proposal" or "Proposal") in accordance with Article 20 of Commission Regulation (EU) No 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management ("CACM Regulation"). This version of the proposal is a draft proposal and does not constitute a firm, binding or definitive TSOs' position on the content.

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

Whereas

- (1) This document is a common proposal developed by all Transmission System Operators of the Nordic Capacity Calculation Region (hereafter referred to as “TSOs”) regarding a methodology for Capacity Calculation (hereafter referred to as “CCM”) in accordance with Article 20 and Article 21 of Commission Regulation (EU) 2015/1222 establishing a guideline on Capacity Allocation and Congestion Management (hereafter referred to as the “CACM Regulation”). This proposal is hereafter referred to as “CCM Proposal”.
- (2) This CCM Proposal takes into account the general principles, goals and other methodologies set in the CACM Regulation and 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 the coordination and harmonisation of capacity calculation and capacity allocation in the day-ahead and intraday cross-border markets, and it sets requirements for the TSOs to cooperate on the level of capacity calculation regions (hereinafter referred to as “CCRs”), on a pan-European level and across bidding zone borders. The CACM Regulation sets also rules for establishing capacity calculation methodologies based either on the Flow-Based Approach (“FB Approach”) or the Coordinated Net Transmission Capacity Approach (“CNTC Approach”).
- (3) Article 9(9) of the CACM Regulation requires that the expected impact of the Proposal on the objectives of the CACM Regulation is described. The impact is presented below (points (5) to (10) of this Whereas Section).
- (4) The CCM Proposal contributes to and does not in any way hamper the achievement of the objectives of Article 3 of the CACM Regulation. In particular, the proposal serves the objectives, promoting effective competition in the generation, trading and supply of electricity (Article 3(a) of the CACM Regulation), ensuring optimal use of the transmission infrastructure (Article 3(b) of the CACM Regulation), ensuring operational security (Article 3(c) of the CACM Regulation), optimising the calculation and allocation of cross-zonal capacity (Article 3(d) of the CACM Regulation), ensuring and enhancing the transparency and reliability of information (Article 3(f) of the CACM Regulation), contributing 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) and providing non-discriminatory access to cross-zonal capacity (Article 3(j) of the CACM Regulation).
- (5) The CCM for the CCR Nordic promotes effective competition in the generation, trading and supply of electricity, as the CCM supports fair and equal access to the transmission system. The flow based capacity calculation methodologies does not implicitly pre-select or exclude bids from market players and, hence the competitiveness of bidding is the only criteria on which bids of market players are selected during the matching, yet taking the significant grid constraints into consideration.
- (6) The CCM for the CCR Nordic secures optimal use of the transmission capacity as it takes advantage of the flow-based capacity calculation methodologies, representing the limitations in the alternating current (hereafter referred to as “AC”) grids. There is no predefined and static split of the capacities on critical network elements, and the flows within CCR Nordic and between CCR Nordic and adjacent CCRs are decided based on economic efficiency

during the capacity allocation phase. The CCM for the CCR Nordic treats all bidding zone borders within the CCR Nordic and adjacent CCRs equally, and provides non-discriminatory access to cross-zonal capacity. The CCM for CCR Nordic fully applies Advanced Hybrid Coupling (hereafter referred to as “AHC”) for the efficient integration of DC interconnectors into the flow-based CCM of CCR Nordic.

- (7) The CCM for CCR Nordic secures operational security as the most important grid constraints are taken into account in the Day Ahead and Intraday timeframe. This supports operational security in a short time perspective, where bidding zone re-configuration will be used in a mid-term perspective.
- (8) The CCM for CCR Nordic will ensure the best possible transparency of the calculation of the actual grid capacity. This will in turn result in a better understanding for market participants and improve transparency and reliability of information compared to what is available today.
- (9) The CCM for CCR Nordic does not hinder an efficient long-term operation in CCR Nordic and adjacent CCRs, and the development of the transmission system in the European Union. The CCM, by taking most important grid constraints into consideration, will support efficient pricing in the market, providing the right signals from a long term perspective.
- (10) The CCM for Nordic CCR provides non-discriminatory access to cross-zonal capacity without compromising operational security, as flow based capacity calculation supports secure operation of the power system.
- (11) In conclusion, the capacity calculation methodology contributes to the general objectives of the CACM Regulation to the benefit of all market participants and electricity end consumers.

SUBMIT THE FOLLOWING CAPACITY CALCULATION METHODOLOGY PROPOSAL TO ALL REGULATORY AUTHORITIES OF THE NORDIC CAPACITY CALCULATION REGION:

TITLE I

GENERAL

Article 1

Subject matter and scope

The CCM as determined in this Proposal is the common proposal of TSOs in accordance with Article 20(2) and Article 21 of the CACM Regulation.

The Proposal applies solely to the capacity calculation methodology in the CCR Nordic.

Article 2

Definitions and interpretation

1. For the purposes of the Proposal, the terms used shall have the meaning given to them in Article 2 of Regulation (EC) 714/2009, Article 2 of the CACM Regulation, Article 2 of Commission Regulation (EU) 2016/1719 of 26 September 2016 establishing a guideline on forward capacity allocation and Commission Regulation (EU) No 543/2013 of 14 June 2013 on submission and publication of data in electricity markets and amending Annex I to Regulation (EC) No 714/2009 of the European Parliament and of the Council (hereafter referred to as "Regulation 543/2013").

2. In addition, in this Proposal, the following terms shall have the meaning below:
 - a) “base case” means the best available forecast for the state of the power system in a specific hour of a specific day. The base case combines the expected grid topology, load and generation forecast on a nodal basis;
 - b) “cut” means a flow limit spanning several lines or other grid components which is not possible to manage in a critical branch/critical outage setup;
 - c) “grid constraint” means any grid component, or set of grid components, that limits the flow that can be carried by the grid due to thermal, voltage or stability requirements;
 - d) “remaining available margin (RAM)” means the free margin that is allowed to be used by the allocation mechanism on a CNE;
 - e) “snapshot” means like a photo of a TSO’s transmission state, showing the voltage, currents, and power flows in the grid at the time of taking the photo; and
 - f) “virtual bidding zone” means an bidding zone without any buy and sell bids from market participants.
 - g) “PTDF” means Power Transfer Distribution Factor, and provides a linearized approximation of how the flow on the CNEs and cuts change in response to a transaction from a bidding zone (change in net position) to the slack node.

3. In this Proposal, 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 this proposal; and
 - c) any reference to legislation, regulations, directives, orders, instruments, codes or any other enactment shall include any modification, extension or re-enactment of it when in force.

4. For the sake of clarity it is stated, that this Proposal does not affect TSOs' right to delegate their task in accordance with the Article 81 of the CACM Regulation. In this Proposal "TSO" shall refer to Transmission System Operator or to a third party whom the TSO has delegated tasks in accordance with the CACM Regulation, where applicable.

TITLE 2

Calculation of the inputs to capacity calculation for DA and ID timeframe

Article 3

Methodology for determining reliability margin

1. The TSOs shall determine the reliability margin as follows:
 - a) A probability distribution of the deviation between the forecasted and realized (observed) power flows is determined annually for each grid constraint or cross-zonal border, based on historical snapshots of the Common Grid Model (hereafter referred to as “CGM”) for different hours. The flows for each grid constraint are calculated with a power flow simulation with the contingency for the grid constraint tripped. Observed differences (in MW) form the prediction error distribution for each grid constraint or cross-zonal border. The prediction errors shall be fitted to a statistical distribution that minimizes the modelling error; and
 - b) The reliability margin (hereafter referred to as “RM”) value shall be calculated by deriving a value from the probability distribution based on the TSOs risk level value as defined in Article 3.5 of the Proposal.

2. The principles for calculating the probability distribution of the deviations between the expected power flows at the time of the capacity calculation and realised power flows in real time are as follows:

- a) The forecasted flow in the base case is compared with the realized flow observed in a snapshot modelled in the CGM; and
 - b) To compare the observed flows from the snapshot with the predicted flows the forecasted grid constraint and cross-zonal border flows are adjusted with the realized schedules corresponding to the instant of time, that the snapshot was created to ensure, that the realized net positions are taken into account when comparing the forecasted flows with the observed ones.
3. The margin caused by the activation of the frequency control reserve (FCR) shall be modelled separately and merged with the RM. The following approach shall be applied:
 - a) The FCR power flow impact is deduced for each grid constraint and cross-zonal border for historical hours annually, forming an FCR distribution;
 - b) This distribution shall be combined with the prediction error distribution, from which the RM then is selected as described in Article 3.6 of this Proposal;
 - c) Alternatively the maximum FCR impact may be assessed, giving an absolute FCR margin for the grid constraint or cross-zonal border; and
 - d) The final RM margin shall be set by the largest of the two; the RM or the FCR margin.
4. The uncertainties covered by the RM values are among others:
 - a) Uncertainty in load forecast;
 - b) Uncertainty in generation forecasts (generation dispatch, wind prognosis, etc.);
 - c) Assumptions inherent in the GSK strategy;
 - d) External trades to adjacent synchronous areas;
 - e) Application of a linear grid model (with the power transfer distribution factors (hereafter referred to as the “PTDFs”)), constant voltage profile and reactive power;
 - f) Unintentional flow deviations due to activation of frequency reserves (FCR and aFRR);
 - g) Topology changes due to e.g. unplanned line outages;
 - h) Internal trade in each bidding zone (i.e. working point of the linear model);
 - i) Intraday trade;
 - j) mFRR activation; and
 - k) Grid model errors, assumptions and simplifications.
5. Each TSO shall determine a suitable risk level (in %) for their grid constraints and cross-zonal borders to be applied in the calculation of the RM. The TSOs shall take into account the operational security limits, the power system uncertainties and the available remedial actions when determining the risk level for their grid constraints and cross-zonal borders to ensure the system security and efficient system operation. This risk level shall determine how the RM value shall be derived from the probability distribution. The risk level is defined as the area (cumulative probability) right of the RM value in the prediction error probability distribution. The TSO may use different risk levels for different grid constraints and cross-zonal borders.
6. The TSOs shall store the differences between the observations and predictions in a database that allows the TSOs to make statistical analyses. Based on a predefined risk level, the RM value shall be computed from the prediction error distribution.
7. The probability distribution and RM value shall be stored in a standardized data format for each grid constraints and cross-zonal border. The RM value shall be defined and stored as an absolute value (in MW). It may be converted for comparison purposes to a percentage of the grid constraints F_{max} in the FB approach or cross-zonal capacity in the Coordinated Net Transmission Capacity (hereafter referred to as “CNTC”) approach. The TSO shall send RM values as input data to the Coordinated Capacity Calculator (hereafter referred to as “CCC”).

8. The TSOs shall perform the calculation of the RM regularly and at least once a year applying the latest information on the probability distribution of the deviations between expected power flows at the time of capacity calculation and realised power flows in real time.

Article 4

Methodology for determining operational security limits

1. The acceptable operating boundaries for secure grid operation within the capacity calculation, such as thermal limits, voltage limits, short-circuit current limits, and frequency and dynamic stability limits. These operational security limits consist of limits applied in the operational security analysis.
2. All operational security limits shall be respected both during the normal operation and in application of the N-1 criterion when defining allowed power flows across the power system.

Article 5

Methodology for determining contingencies relevant to capacity calculation

1. Capacity calculation by the CCC considers the same operational security limits applied in the operational security analysis

Article 6

Methodology for determining allocation constraints

1. TSOs may apply allocation constraints that are needed to maintain the transmission system within operational security limits and that cannot be transformed efficiently into maximum flows on critical network elements, including but not limited to
 - a) The production in a bidding zone shall be above a given minimum production level;
 - b) The combined import or export from one bidding zone to other neighbouring bidding zones shall be limited to a threshold value; and
 - c) Maximum flow change on DC-links between MTUs (ramping restrictions).
2. Each TSO applying allocation constraints of Article 6(1) shall define the allocation constraint with the applied limits and communicate these transparently to the market participants together with justification.
3. The relevant TSOs shall provide the allocation constraints to the CCC.

Article 7

Methodology for determining generation shift keys

1. GSKs shall define how a net position change in a given bidding zone should be distributed to each production and load unit on that bidding zone in the CGM.
2. Each TSO shall select GSK strategy for each bidding zone aiming at optimal GSK based on experience and the following aspects:
 - a) Production and load units that are, based on historical data and experience, sensitive to changes in market situation and flexible in changing their electrical output and intake and likely to be shifted shall receive a high participation factor;
 - b) Non-flexible production units shall be ignored in shifting and shall receive a zero participation factor;
 - c) The TSO shall aim to find a GSK that minimizes the prediction error between the forecasted and observed flows for all production and load units in each bidding zone for a

- certain time span in order to find GSK set that minimises the overall RM for the studied period;
- d) Each of the strategies may be applicable for a bidding zone, either during all hours for a year or for a single hour; and
 - e) Different GSK strategies may be optimal (meeting the requirement under c) for different bidding zones, countries or hours as the generation technology mixture varies between bidding zones or as the geographical distribution of generation and generation technologies varies significantly between zones.
3. The TSOs shall provide GSK for CCC to be used in the capacity calculation for each bidding zone and the MTUs for which GSK shall be valid.
 4. The TSOs shall make ex-post analysis of the capacity calculation and allocation regularly and using latest available information at least once a year review and update the application of the methodology for determining GSK.

Article 8

Methodology for determining remedial actions to be considered in capacity calculation

1. Each TSO shall individually define the remedial actions (hereafter referred to as “RA”) to be applied in capacity calculation. The applied remedial actions shall be clearly described, communicated to other TSOs and, where appropriate coordinated between all TSOs.
2. Each TSO shall take into account RA in capacity calculation to allow for an increase in remaining available margin (hereafter referred to as “RAM”) on grid constraints or cross-zonal borders if application of RA is more efficient.
3. TSOs may apply the following RA:
 - a) Redispatching (Special regulation);
 - b) Countertrading;
 - c) Automatic tripping of generation, consumption or grid components in case of fault (System protection schemes);
 - d) Changes in grid topology to minimise the effect of faults; and
 - e) Emergency power and runback on HVDC interconnections
4. The TSOs shall provide RA for CCC to be used in the capacity calculation.
5. Using the available information, the TSOs shall regularly and at least once a year review and update the remedial actions taken into account in capacity calculation.

TITLE 3

Detailed description of the capacity calculation approach for DA timeframe

Article 9

Mathematical description of the applied capacity calculation approach with different capacity calculation inputs

1. Capacity calculation approach for DA timeframe shall be flow-based (hereafter referred to as “FB”) approach.
2. The FB approach shall include
 - a) Simplified representation of the grid constraints as PTDFs applied for critical network elements (hereafter referred to as “CNE”) and Cuts in accordance with Article 13 of this Proposal

- b) Power flow limit (RAM) for each grid constraint, which shall be the amount of transmission capacity available for the capacity allocation in the market coupling process and determined in accordance with Article 14 of this Proposal
3. For each grid constraint provided by the TSOs, the capacity allocation in the market coupling process shall apply the following constraint during the capacity allocation, i.e. product of the NP vector and the PTDF matrix shall be less or equal to the RAM vector:

$$NP \cdot PTDF \leq RAM$$

where NP refers to the vector of bidding zone market net positions within the FB region, PTDF refers to the matrix of PTDFs for the bidding zones in the FB region calculated for the specific constraint, and RAM refers to the available margin on the constraint.

4. The PTDF and RAM shall form FB parameters describing the available transmission capacity between relevant bidding zones.
5. DC interconnections and radial AC connections shall be embedded by the advanced hybrid coupling, i.e. PTDF and margins will be applied to the Nordic access points of the connections, in which the Nordic access points are forming a virtual bidding zone.

Article 10

Rules for avoiding undue discrimination between internal and cross-zonal exchanges

1. Internal and cross-zonal flows induced by trading actions of market participants shall be given access to the market (grid capacity) on an equal and fair basis, no undue discrimination must take place. Only selection criteria for access to the market (grid capacity) to be applied are the competitiveness of the bids submitted by the market participants, still ensuring operational security. Undue discrimination is defined as a situation where some flow are given preferential status on grounds which cannot be justified based on economic efficiency and in order to ensure operational security.
2. The TSOs shall periodically review the grid constraints applied for capacity allocation that are found to be limiting the cross-zonal power exchange, to determine if inclusion of the grid constraints fulfils the requirements set in CACM Regulation Article 21(1)(b)(ii).
3. The TSOs shall make the review of existing bidding zone configuration regularly if the same internal grid constraint is limiting cross-zonal exchanges recurrently. In this review, the TSOs shall study whether dividing the bidding zone where the grid constraint is located into several bidding zones would bring benefits to the market in accordance with Article 33 of the CACM Regulation.
4. To avoid undue discrimination between internal and cross-zonal exchanges, only those grid constraints (critical network elements or cuts) that are significantly influenced by the cross-zonal exchanges, as defined in Article 5 of this Proposal, will be included in the capacity calculation. This will ensure that internal critical network elements, which are not significantly impacted by cross-zonal exchanges, will not limit the cross-zonal trading.
5. For each grid constraint, the TSO shall calculate the maximum influence from cross-zonal power exchange, by applying the following equation:

$$\text{Max } PTDF_n^{ij} = PTDF_{n, \text{Max}} - PTDF_{n, \text{Min}}$$

where PTDF is the power transfer distribution factor, i and j are the bidding zones and n is the grid constraint. If this maximum influence is below the threshold defined by each TSO, the contingency will be removed from the PTDF matrix defined under Article 13 of this Proposal.

6. Each TSO shall define a maximum level of significant influence from any cross-zonal power exchange. Initially each TSO shall apply a threshold value of 15 % and above for significant influence.
7. The TSOs shall develop criteria's to be applied for deciding on the threshold value. These criteria's shall be based on the concepts of economics efficiency and secure operation of the power system
8. Each TSO shall evaluate and update the maximum level of significant influence to be used in capacity calculation at least once a year.

Article 11

Rules for taking into account previously allocated cross-zonal capacity

1. TSOs shall take into account the previously allocated capacity as follows
 - a) Capacity allocated for nominated Physical Transmission Rights (PTRs); and
 - b) Capacity allocated for cross-zonal exchange of ancillary services, except those ancillary services in accordance with Article 22(2) of the CACM Regulation.
2. Previously allocated cross-zonal capacity shall be translated into resulting flows on each CNE by applying PTDFs. The resulting flow for each CNE shall be subtracted from the RAM of that CNE to define the RAM including the previously allocated cross-zonal capacity.

Article 12

Rules on the adjustment of power flows on critical network elements or of cross-zonal capacity due to remedial actions

1. TSOs shall take into account in the capacity calculation RAs as defined in Article 8 of this Proposal to increase the cross-zonal capacity for day-ahead timeframe.
2. RAs shall be translated into resulting flows on each CNE by applying power system analyses for several relevant scenarios in the CGM. The resulting flow for each available RA on each CNE shall be added in the opposite direction to the RAM of that CNE to define the RAM including the RAs.

Article 13

A mathematical description of the calculation of power transfer distribution factors for the FB approach

1. The PTDFs describe how the net position in each bidding zone impacts the flow on the grid constraints. PTDFs shall be calculated applying AC load flow analysis software tool to CGM with the simplifications necessary to create a linear approximation as described in this Article.
2. PTDFs shall be calculated to represent the power system state after the contingency or disconnections within RAs implying that PTDFs will represent the power system state after disconnection of the power system elements.

3. PTDFs shall be calculated with following assumptions:
 - a) The magnitude of voltage in each node is 1 pu;
 - b) The resistance of the power system series elements are neglected (zero); and
 - c) The difference between the voltage angles of adjoining nodes is small
4. Taking into account these simplification in AC load flow analysis, PTDFs can be calculated for all nodes and transmission elements as

$$PTDF_{ik,n} = B_{ik}(Zbus_{in} - Zbus_{kn})$$

where the $PTDF_{ik,n}$ is the sensitivity for the transmission element ik for the power injection in the bidding zone n that is taken out at the defined slack node, B_{ik} is susceptance between nodes i and j , $Zbus_{in}$ is bus impedance between nodes i and j , and $Zbus_{kn}$ is bus impedance between nodes i and j .

5. For the capacity allocation the nodal PDTDFs as calculated under Article 13(4) shall be aggregated for a PTDF value for the bidding zone applying GSK weighting for each node as follows

$$PTDF_{i,j}^A = \sum_{\forall \alpha} GSK^{\alpha} PTDF_{i,j}^{\alpha}, \text{ and} \quad \sum_{\forall \alpha} GSK^{\alpha} = 1$$

where

$PTDF_{i,j}^A$ is sensitivity of transmission element i,j to injection in bidding zone A;

$PTDF_{i,j}^{\alpha}$ is sensitivity of transmission element i,j of injection in node α ; and

GSK^{α} is weight of node α on the PDTDF of zone A.

Article 14

A mathematical description of available margins on critical network elements for the FB approach

1. The RAM shall provide the capacity available for allocation. The RAM shall be calculated as follows:

$$RAM = F_{max} - FRM + RA - F'_{ref} - FAV$$

where F_{max} is maximum flow on grid constraint, FRM is flow reliability margin, RA is remedial actions, F'_{ref} is reference flow at zero net position applying computed PTDF and FAV is final adjustment value, which value can be both positive or negative.

2. F_{max} shall be is a maximum flow on grid elements or sets of grid elements calculated by AC load flow analysis using the CGM or thermal limits of the power system elements to ensure the secure grid operation, defined as a MW limit applying the operational security limits as defined in accordance with Article 4 of this Proposal.
3. FRM shall be flow reliability margin covering the uncertainty between the expected power flow at the time of the capacity calculation and the realised power flow in real time to be calculated in accordance with Article 3 of this Proposal.
4. RA shall be remedial actions to increase RAM and defined in accordance with Article 8 of this Proposal.
5. F'_{ref} shall be reference flow at zero net position applying computed PTDF and shall be defined as follows (Figure 1):

$$F_{ref}' = F_{ref} - PTDF \cdot NP^{BC}$$

where F_{ref} is forecasted flow on the grid constraint, NP^{BC} is a vector of the forecasted zone net positions in the base case and $PTDF$ is the vector of $PTDF$ values for this grid constraint. F_{ref}' may be positive and shall be subtracted from the RAM or negative and shall be added to the RAM .

6. RAM may be adjusted by applying FAV to take into account relevant information, such as last minute update of temperature or wind forecast adjusting the RAM and not included in other terms of RAM . The FAV may be taken into account when RAM is validated during validation of capacity calculation in accordance with Article 30 of the CACM regulation. TSOs applying FAV shall be transparent towards the CCC and other TSOs about the information applied in FAV .

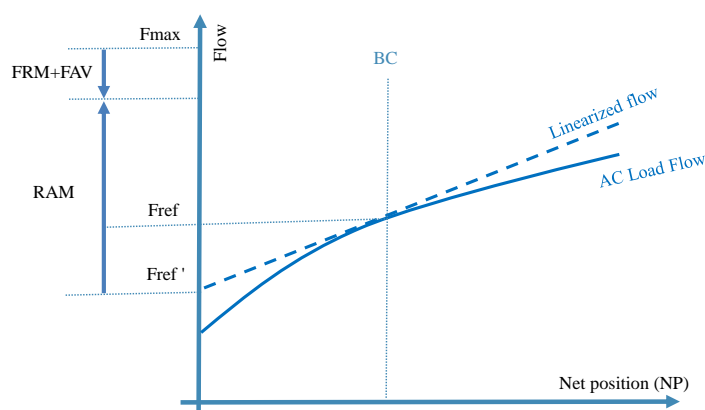


Figure 1. Relation between flow, net position and RAM .

7. The FB approach shall allow for negative RAM s to the extent that the capacity allocation process within single day-ahead coupling will allow such negative values.

Article 15

Rules for sharing the power flow capabilities of critical network elements among different capacity calculation regions in order to accommodate these flows, where power flows on critical network elements are influenced by cross-zonal power exchanges in different capacity calculation regions

1. Advanced hybrid coupling (AHC) is applied for the interconnectors to the neighbouring CCRs.

TITLE 4

Methodology for the validation of cross-zonal capacity for DA timeframe

Article 16

Methodology for the validation of cross-zonal capacity

1. Each TSO shall perform the validation of cross-zonal capacities on its bidding zone border(s) to ensure that the results of regional calculation of cross-zonal capacity will respect applied operational security limits. During the validation each TSO shall assess whether any additional cross-zonal capacity can be made available without risk to the operational security.
2. TSOs shall develop a validation tool to extract information from the FB parameters.

3. The rules for splitting the corrections of cross-zonal capacity shall follow the same methodology as described in the methodology for Article 21b(vi).
4. The TSOs shall reduce the cross-zonal capacity in a manner that minimizes the negative impact on the market by applying the same rules for splitting the cross-zonal capacity as is described in the methodology for Article 21b(vi).
5. The CCC shall provide information on reductions or increases in cross-zonal capacity to the neighbouring CCCs. Any information on increased or decreased cross-zonal capacity from neighbouring CCCs will be provided to the TSOs to be taken into account during the validation.

TITLE 5

Detailed description of the capacity calculation approach for ID timeframe

Article 17

Mathematical description of the applied capacity calculation approach with different capacity calculation inputs

1. Capacity calculation approach for ID timeframe shall be CNTC approach, which is based on AC load flow and dynamic analysis.
2. Inputs to CNTC approach shall be
 - a) CGM, which presents the forecasted state of the power system for ID timeframe;
 - b) GSKs in accordance with Article 7 of this Proposal;
 - c) Contingencies in accordance with Article 5 of this Proposal; and
 - d) Operational security limits in accordance with Article 4 of this Proposal.
3. AC load flow analysis shall reveal the voltage (magnitude and angle) on each node of the CGM. power flows (active and reactive power) and losses on each serial component of the CGM. Voltages and power flows can be calculated when load (outtake) and generation (injection) in each node of the CGM is known. The active and reactive power flows in steady state shall be calculated as follows

$$\underline{S}_i = P_i + jQ_i = (P_{Gi} - P_{Li} - P_{Ti}) + j(Q_{Gi} - Q_{Li} - Q_{Ti})$$

where \underline{S}_i is the net apparent power coming to node i , P_i is the net active power coming to node i , Q_i is the net reactive power coming to node i , P_{Gi} is the active power coming to node i from the connected generators, P_{Li} is the active power from node i to the connected load, P_{Ti} is the active power going from node i to the connected transmission lines, Q_{Gi} is the reactive power coming to node i from the connected generators, Q_{Li} is the reactive power from node i to the connected load and Q_{Ti} is the reactive power going from node i to the connected transmission lines.

4. Cross-zonal capacity shall be calculated as follows

$CZC = TTC$ (adjusted applying remedial actions, rules for undue discrimination and rules for sharing power flow capabilities among different bidding zone borders) - AAC - RM ,

where TTC refers to total transmission capacity, AAC refers to previously allocated capacity and RM refers to reliability margin. TTC is the maximum allowed power exchange of active power between adjoining bidding zones respecting $N-1$ criteria and operational security limits taking into account remedial actions, rules for undue discrimination and rules for efficiently sharing the power flow capabilities of critical network elements among different bidding zone borders.

Article 18

Rules for avoiding undue discrimination between internal and cross-zonal exchanges

1. Grid constraints within a bidding zone shall be monitored during the capacity calculation process. If these grid constraints limit the cross-zonal power exchanges, analysis shall be performed to determine if inclusion of these grid constraints fulfil the requirements in Article 21(1)(b)(ii) of the CACM Regulation, where the loss of socio-economic welfare due to limitation in the cross-zonal capacity caused by these grid constraints shall be compared against the costs of remedial actions to relieve these grid constraints shall be studied.
2. If the same grid constraint within a bidding zone is limiting cross-zonal power exchanges recurrently, the relevant TSO(s) shall study whether the change in bidding zone configuration would bring benefits to the market taking into account in this study also costs related to this change. This study shall be done on a regular basis.

Article 19

Rules for taking into account previously allocated cross-zonal capacity

Cross-zonal capacities shall be reduced, where appropriate, by the amount of previously allocated capacities in accordance with Article 11 of this Proposal and DA timeframe. In case previously allocated capacity is bigger than CZC on a bidding zone border, the relevant TSO(s) shall provide zero cross-zonal capacity for the capacity allocation.

Article 20

Rules on the adjustment of power flows on critical network elements or of cross-zonal capacity due to remedial actions

TSOs shall take into account in the capacity calculation RAs as defined in Article 12 of this Proposal to increase the cross-zonal capacity for the ID timeframe. After calculating the maximum power exchanges between bidding zones without RAs, necessary adjustments taking into account RAs are executed in the CGM and maximum power exchanges between bidding zones taking into account RAs shall be calculated.

Article 21

A mathematical description of the calculation of power transfer distribution factors for the FB approach

The content of Article 13 of this Proposal shall apply.

Article 22

A mathematical description of available margins on critical network elements for the FB approach

The content of Article 14 of this Proposal shall apply.

Article 23

Rules for calculating cross-zonal capacity, including the rules for efficiently sharing the power flow capabilities of critical network elements among different bidding zone borders for the CNTC approach

1. The capacity calculation shall follow the process described in Article 29(8) of the CACM Regulation as follows:
 - a) use common grid model, generation shift keys and contingences to calculate maximum power exchange on bidding zone borders, which shall equal the maximum calculated exchange between two bidding zones on either side of the bidding zone border respecting operational security limits;
 - b) adjust maximum power exchange using remedial actions taken into account in capacity calculation;
 - c) adjust maximum power exchange, applying rules for avoiding undue discrimination between internal and cross-zonal exchanges;
 - d) apply the rules for efficiently sharing the power flow capabilities of different critical network elements among different bidding zone borders; and
 - e) calculate cross-zonal capacity, which shall equal to maximum power exchange adjusted for the reliability margin and previously allocated cross-zonal capacity.
2. In step a) of Article 29(8) of the CACM Regulation the following shall apply:
 - a) The calculation of the maximum power exchange on a bidding zone border consists of AC load flow analysis and dynamic analysis. As long as there are no CGMs that allow for dynamic simulations, offline dynamic simulations covering only CCR Nordic shall be performed by modifying existing dynamic models to accommodate CGM in CCR Nordic and dynamic simulations are performed using existing calculation tools;
 - b) The calculation of maximum power exchanges in accordance with Article 23(1)(a) of this Proposal shall apply the scenario of the CGM defined for the studied MTU. The power exchange on studied bidding zone border shall be changed (increased / decreased) by applying defined GSK on this scenario;
 - c) The first approximation of the maximum power exchange shall be done using AC load flow (hereafter referred to as “ACLF”) analysis. In this ACLF analysis, GSK will be applied on both sides of the studied bidding zone border scaling the power exchange stepwise on the studied bidding zone border. After each increase in power exchanges contingency analysis applying N – 1 criteria shall be performed to check that operational security limits have not been violated. The power exchange on bidding zone border can be increased as long there are no violations of operational security limits during execution of contingency analysis. The ACLF analysis is completed when the maximum power exchange respecting the operational security limits with contingencies has been found; and
 - d) Dynamic analysis shall be performed after the ACLF analysis. Starting point of dynamic analysis shall be the CGM with maximum power exchange as defined in accordance with Article 23(2)(c) of this Proposal. Contingencies shall be performed during dynamic analysis to find out if operational security limits are violated. If no operational security limit violations are found during the dynamic analysis with the starting point, maximum power exchanges calculated in accordance with Article 23(2)(c) of this Proposal shall be used as maximum power exchanges in accordance with Article 23(1)(a) of this Proposal. If operational security limit violation(s) are found during the dynamic analysis, the power exchange on the studied bidding zone border needs to be decreased. This shall be done by backtracking the GSK done in the ACLF analysis. This backtracking in the power exchanges on the studied bidding zone border is done until a CGM scenario is found that there is no violations in operational security limits during the dynamic analysis. This

backtracked power exchange shall be used as maximum power exchange in accordance with Article 23(1)(a) of this Proposal.

3. In steps b) and c) of Article 29(8) of the CACM Regulation the following shall apply:
 - a) The maximum power exchange from Article 23(2) of this Proposal shall be adjusted by using remedial actions as defined in accordance with Article 12 of this Proposal; and
 - b) The maximum power exchanges from Article 23(2) of this Proposal shall be adjusted by applying rules for undue discrimination between internal and cross-zonal exchanges as defined in accordance with Article 10 of this Proposal
4. In step d) of Article 29(8) of the CACM Regulation the following shall apply:
 - a) Based on the assumption that CNTC should be applied in CCRs where cross-zonal capacity is less interdependent sharing rules may be applied for interdependent bidding zone borders to share capacities efficiently among the different bidding zone borders. Zone-to-zone PTDF matrices may be used to evaluate on which bidding zone borders sharing rules may be applied; and
 - b) Initially the current sharing rules to define these interdependencies shall be applied. Re-evaluation of interdependencies between bidding zones borders shall be done regularly in accordance with the timeframe set in Article 31 of the CACM Regulation.
5. In step e) of Article 29(8) of the CACM Regulation the following shall apply:
 - a) Cross-zonal capacity shall equal to maximum power exchange calculated in accordance with Article 23(2), Article 23(3) and Article 23(4) of this Proposal adjusting exchanges with reliability margin in accordance with Article 3 of this Proposal and previously allocated cross-zonal capacity in accordance with Article 11 of this Proposal taking into account also cross-zonal capacity allocated in day-ahead timeframe.

Article 24

Rules for sharing the power flow capabilities of critical network elements among different capacity calculation regions in order to accommodate these flows, where power flows on critical network elements are influenced by cross-zonal power exchanges in different capacity calculation regions

1. Adjoining bidding zones in neighbouring CCR(s) shall be taken into account in the capacity calculation in CCR Nordic. Cross-zonal capacities on bidding zone borders between CCR Nordic and neighbouring CCRs shall be calculated using CGMs and relevant information from these adjoining bidding zones in coordination with the neighbouring CCC(s).
2. If there is difference in the cross-zonal capacity on the bidding zone border to the neighbouring CCR, the lower value of the cross-zonal capacity shall be used for the capacity allocation.

TITLE 6

Methodology for the validation of cross-zonal capacity for ID timeframe

Article 25

Methodology for the validation of cross-zonal capacity

Each TSO shall perform the validation of cross-zonal capacities on its bidding zone border(s) to ensure that the results of regional calculation of cross-zonal capacity will respect applied operational security limits in accordance with Article 17 of this Proposal.

TITLE 7**Miscellaneous****Article 26****Reassessment frequency of capacity for the intraday capacity calculation timeframe**

The frequency of the reassessment of intraday capacity shall be dependent on the availability of input data relevant for capacity calculation, as well as any events impacting the capacity on the cross-zonal lines.

Article 27**Fallback procedure for the case where the initial capacity calculation does not lead to any results**

The TSOs will develop fallback procedures together with the CCC, and for different parts of the capacity calculation process, in such a way that in any case capacities can be provided to the allocation mechanism.

TITLE 8**FINAL PROVISIONS****Article 28****Publication and Implementation of the Proposal**

1. The TSOs shall publish the Proposal without undue delay after all national regulatory authorities in the Nordic CCR have approved the Proposal or a decision has been taken by the Agency for the Cooperation of Energy Regulators in accordance with Article 9 (10), Article 9(11) and 9(12) of the CACM Regulation regarding the Proposal.
2. The TSOs shall implement the Proposal on all bidding zone borders within the Nordic CCR after the common grid model methodology developed in accordance with Article 17 of the CACM Regulation, the market coupling operator function developed in accordance with Article 7(3)) of the CACM Regulation, the relevant requirements set in algorithm submitted in accordance with Article 37(5), and the coordinated capacity calculator in Nordic CCR has been set up in accordance with Article 27 of the CACM Regulation, are implemented in the Nordic CCR. The milestones and the criteria for implementing the CCM are presented in Table 1 and 2.

Table 1. Implementation milestones and criteria for implementation of FB Approach for day-ahead timeframe.

#	Milestone	Criteria to be met before moving to the next milestone
1	CGM for day-ahead timeframe	<ul style="list-style-type: none"> CGMs with sufficient quality exist and can be applied in the capacity calculation in accordance with CACM
2	Market simulations in Simulation Facility using prototype FB tool and applying CGMs (overlapping with milestone #3)	<ul style="list-style-type: none"> Requirements/specifications for the industrialized tool are finished and are based on prototype tool In order to increase transparency, stakeholders are involved in the development of stakeholder information tool (continuing activity) NRAs have approved CCM proposal
3	Investment decision - FB industrialized tool	<ul style="list-style-type: none"> Minimum of one year of FB market simulations (as described under milestone #2), where: <ul style="list-style-type: none"> FB proven to be more efficient (i.e. indicates higher welfare) compared to NTC FB proven not to decrease system security FB reliable in producing capacity calculation parameters and results Market simulation results are published to the stakeholders GSK and FRM methodologies are fully developed Studies on how to implement rules for avoiding undue discrimination are performed CCR Nordic TSOs have submitted an application to the NRAs for exemption from the ACER recommendation in terms of including internal CNEs in the capacity calculation, using operational security and efficiency as arguments
4	Parallel runs including FB and NTC	<ul style="list-style-type: none"> Parallel runs are performed in real NEMO systems and capacity calculation parameters are submitted to NEMOs daily as with current NTC <ul style="list-style-type: none"> Precondition is that Euphemia is able to handle FB parameters for a larger area including Nordic CCR when performing calculations for whole MRC area At the minimum 6 months of continuous parallel runs, where: <ul style="list-style-type: none"> FB proven to be more efficient (i.e. indicates higher welfare) compared to NTC FB proven not to decrease system security FB reliable in producing capacity calculation parameters Results from the parallel runs are published daily
5	FB go-live	

Table 2. Implementation milestones and criteria for implementation of CNTC Approach and FB Approach for intraday timeframe.

#	Milestone	Criteria for moving forward
1	CGM for intraday timeframe	<ul style="list-style-type: none"> CGMs with sufficient quality are existing and can be applied in the capacity calculation according to CACM
2	CGMs applied in capacity calculation using current NTC approach	<ul style="list-style-type: none"> Studies on how to implement rules for avoiding undue discrimination are performed GSK strategy is fully developed TRM methodology ready for implementation
4	CNTC go-live	<ul style="list-style-type: none"> FB fully developed, tested and proven to be efficient in DA XBID ready to support FB approach
5	FB go-live	

Article 29 Language

The reference language for this Proposal shall be English. For the avoidance of doubt, where TSOs need to translate this Proposal 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 Proposal to their relevant national regulatory authorities.