
South West Europe TSOs proposal of common capacity calculation methodology for the day-ahead and intraday market timeframe in accordance with Article 21 of Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management

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All TSOs, taking into account the following:

Whereas

- (1) This document (hereafter referred to as “South West Europe common capacity calculation methodology”, or “SWE common capacity calculation methodology”), including its annexes, is a common proposal developed by all Transmission System Operators (hereafter referred to as “TSOs”) within the South West Europe Capacity Calculation Region (hereafter referred to as “SWE Region”) on the common capacity calculation performed for the capacity allocation within the day-ahead and intraday market timeframes. This proposal is required by Article 20 (2) and developed in accordance with Article 21 of Regulation (EU) 2015/1222 on Capacity Allocation and Congestion Management (the “CACM Regulation”).
- (2) This proposal (hereafter referred to as the “CCC methodology Proposal”) takes into account the general principles and goals set in Commission Regulation (EU) 2015/1222 establishing a guideline on capacity allocation and congestion management (hereafter referred to as the “CACM Regulation”) as well as 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”).
- (3) The goal of the CACM Regulation is the coordination and harmonisation of capacity calculation and allocation in the day-ahead and intraday cross-border markets. To facilitate these aims and implement single day-ahead and intraday coupling, the TSOs shall calculate in a coordinated manner the available cross-border capacity.
- (4) Article 21 (1) of the CACM Regulation constitutes the legal basis for this proposal and defines several specific requirements that the CCC methodology Proposal should take into account:

“1. The proposal for a common capacity calculation methodology for a capacity calculation region determined in accordance with Article 20(2) shall include at least the following items for each capacity calculation time-frame:

 - (a) *methodologies for the calculation of the inputs to capacity calculation, which shall include the following parameters:*
 - (i) *a methodology for determining the reliability margin in accordance with Article 22;*
 - (ii) *the methodologies for determining operational security limits, contingencies relevant to capacity calculation and allocation constraints that may be applied in accordance with Article 23;*
 - (iii) *the methodology for determining the generation shift keys in accordance with Article 24;*
 - (iv) *the methodology for determining remedial actions to be considered in capacity calculation in accordance with Article 25.*
 - (b) *a detailed description of the capacity calculation approach which shall include the following:*



- (i) *a mathematical description of the applied capacity calculation approach with different capacity calculation inputs;*
 - (ii) *rules for avoiding undue discrimination between internal and cross-zonal exchanges to ensure compliance with point 1.7 of Annex I to Regulation (EC) No 714/2009;*
 - (iii) *rules for taking into account, where appropriate, previously allocated cross-zonal capacity;*
 - (iv) *rules on the adjustment of power flows on critical network elements or of cross-zonal capacity due to remedial actions in accordance with Article 25;*
 - (v) *for the flow-based approach, a mathematical description of the calculation of power transfer distribution factors and of the calculation of available margins on critical network elements;*
 - (vi) *for the coordinated net transmission capacity approach, the 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;*
 - (vii) *where the power flows on critical network elements are influenced by cross-zonal power exchanges in different capacity calculation regions, the rules for sharing the power flow capabilities of critical network elements among different capacity calculation regions in order to accommodate these flows.*
- (c) *a methodology for the validation of cross-zonal capacity in accordance with Article 26.”*
- (5) Article 14 of the CACM Regulation defines, the following: “1. (...) TSOs shall calculate cross-zonal capacity for (...) (a) “day-ahead, for the day-ahead market;“ and “2. For the day-ahead market time-frame, individual values for cross-zonal capacity for each day-ahead market time unit shall be calculated.”, and “3. For the day-ahead market time-frame, the capacity calculation shall be based on the latest available information. The information update for the day-ahead market time-frame shall not start before 15:00 market time two days before the day of delivery”.
- (6) Article 20 (1) of the CACM Regulation defines the approach to use in the common capacity calculation methodologies as “flow-based approach except where the requirements of paragraph 7 are met ” and (7) specifies that: “TSOs may jointly request the competent regulatory authorities to apply the coordinated net transmission capacity approach in regions and bidding zone borders other than those referred to in paragraphs 2 to 4, if the TSOs concerned are able to demonstrate that the application of the capacity calculation methodology using the flow-based approach would not yet be more efficient compared to the coordinated net transmission capacity approach and assuming the same level of operational security in the concerned region.“
- (7) Article 20 (2) of the CACM Regulation defines the deadline to submit the common proposal based on the coordinated net transmission capacity approach for the TSOs from the SWE region, as defined in point (e) of point 3.2 of Annex I to Regulation (EC) No 714/2009, as follows:



2. “No later than 10 months after the approval of the proposal for a capacity calculation region in accordance with Article 15(1), all TSOs in each capacity calculation region shall submit a proposal for a common coordinated capacity calculation methodology within the respective region. The proposal shall be subject to consultation in accordance with Article 12. (...)”
- (8) Article 2 (8) of the CACM Regulation defines the “*coordinated net transmission capacity approach*” as “*the capacity calculation method based on the principle of assessing and defining ex ante a maximum energy exchange between adjacent bidding zones*”.
- (9) In the context of this proposal, the definition of “*coordinated capacity calculator*” is important and is defined in Article 2 (11) of the CACM Regulation as: “*the entity or entities with the task of calculating transmission capacity, at regional level or above*”.
- (10) Article 9 (9) of the CACM Regulation requires that the proposed timescale for the implementation and the expected impact of the CCC methodology Proposal on the objectives of the CACM Regulation is described. The impact is presented below (point (10)) of this Whereas Section.
- (11) The CCC methodology Proposal contributes to and does not in any way hinder the achievement of the objectives of Article 3 of the CACM Regulation :

Article 3 (a) of the CACM Regulation aims at promoting effective competition in the generation, trading and supply of electricity. The CCC methodology Proposal serves the objective of promoting effective competition in the generation, trading and supply of electricity by defining a set of harmonised rules for capacity calculation and congestion management, which contributes to the effectiveness of the single day-ahead and intraday coupling. Establishing common and coordinated processes for the capacity calculations within the day-ahead and intraday market timeframes contributes to achieve this objective.

Article 3 (b) of the CACM Regulation aims at ensuring optimal use of the transmission infrastructure. The CCC methodology Proposal contributes to achieve the objective of ensuring optimal use of the transmission infrastructure by using last available inputs based on the best possible forecast of transmission systems at the time of each capacity calculation, updated in a timely manner.

Article 3 (c) of the CACM Regulation aims at ensuring operational security. The CCC methodology Proposal contributes to achieve the objective of ensuring operational by coordinating the capacity calculation with updated inputs for the day-ahead and intraday market timeframe at regional level to ensure its reliability.

Article 3 (d) of the CACM Regulation aims at optimising the calculation and allocation of cross-zonal capacity. By coordinating the timings for the delivery of inputs, calculation approach and validation requirements of the CCC between TSOs and the coordinated capacity calculator, the CCC methodology proposal contributes to achieve the objective of optimising the calculation and allocation of cross-zonal capacity.



Article 3 (g) of the CACM Regulation aims at contributing to the efficient long-term operation and development of the electricity transmission system and electricity sector in the Union. By using the best possible forecast of the transmission systems at the time of each capacity calculation within the SWE region, the results of the coordinated capacity calculation contributes to determine the most limiting branches within this region, thus supporting TSOs for a more efficient development of the electricity transmission system.

- (12) In conclusion, the CCC methodology Proposal contributes to the general objectives of the CACM Regulation.

SUBMIT THE FOLLOWING CCC METHODOLOGY PROPOSAL TO ALL NATIONAL REGULATORY AUTHORITIES:



Article 1

Subject matter and scope

The common capacity calculation methodology as determined in this CCC methodology Proposal is the common proposal of all SWE TSOs in accordance with Article 21 of the CACM Regulation.

Article 2

Definitions and interpretation

1. For the purposes of the CCC methodology Proposal, the terms used shall have the meaning set forth in Article 2 of Regulation (EC) 714/2009, Article 2 of Regulation (EC) 543/2013, which amends the previous, and Article 2 of Regulation (EC) 2015/1222.
2. In addition, the following definitions shall apply:
 - a. 'RTE' means Réseau de Transport d'Electricité, the French system operator;
 - b. 'FR-ES border' means bidding zone border between France and Spain;
 - c. 'REE' means Red Electrica de España, the Spanish system operator;
 - d. 'PT-ES border' means bidding zone border between Portugal and Spain;
 - e. 'REN' means Rede Eléctrica Nacional, S.A., the Portuguese system operator;
 - f. 'D-1' means the day before the day of delivery
 - g. 'D-2' means two days before the day of delivery
 - h. 'D-2 Common Grid Model' means the common grid model built for each market time unit two days before the day of delivery for the day-ahead capacity calculation timeframe in accordance with Article 17 of the CACM Regulation
 - i. 'Day-ahead Common Grid Model' means the common grid model built for each market time unit on the day before the day of delivery for the intraday capacity calculation timeframe in accordance with Article 17 of the CACM Regulation
 - j. 'Sensitivity ratio' means the variation of the flow in one critical network element with a change of 1MW in cross-zonal power exchanges of the bidding-zone border considered.
 - k. 'NTC' means the net transfer capacity that amounts to the maximum total exchange program (MW) for commercial purposes between adjacent bidding zones for each market time unit in a specific direction. NTC is obtained by subtracting the reliability margin to the TTC.
 - l. 'TTC' means the total transfer capacity that amounts to the maximum total exchange program (MW) complying with the operational security limits between adjacent bidding zones for each market time unit in a specific direction
3. In this CCC methodology 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.

Article 3

Application of this proposal



This proposal applies solely to the common capacity calculation methodology within the SWE Region. Common capacity calculation methodologies within others Capacity Calculation Regions or others timeframes are outside the scope of this proposal.

Article 4

Cross-zonal capacities for the day-ahead market

For the day-ahead market time-frame, individual values for cross-zonal capacity for each day-ahead market time unit shall be calculated using the common capacity calculation methodology started in D-2.

Article 5

Cross-zonal capacities for the intraday market

For the intraday market time-frame, individual values for cross-zonal capacity for each remaining intraday market time unit shall be calculated using the common capacity calculation methodology performed in the end of D-1 on Day-ahead Common Grid Model.

Article 6

Reliability margin methodology

1. For the capacity calculation performed in D-2, the TSOs of SWE Region shall define the reliability margin in line with Article 22 of the CACM Regulation and based on the analysis of the following data:
 - unintended deviations of physical electricity flows within a market time unit caused by the adjustment of electricity flows within and between control areas, to maintain a constant frequency
 - uncertainties which could affect capacity calculation and which could occur between D-2 and real time, for the market time unit being considered.
2. For the capacity calculation performed in the end of D-1, the TSOs of SWE Region shall define the reliability margin in line with Article 22 of the CACM Regulation and based on the analysis of the following data:
 - unintended deviations of physical electricity flows within a market time unit caused by the adjustment of electricity flows within and between control areas, to maintain a constant frequency;
 - uncertainties which could affect capacity calculation and which could occur between the respective capacity calculation and real time, for the market time unit being considered.
3. For a transitory period, the TSOs of SWE Region shall define the reliability margin as such:
 - For FR-ES border, in both directions, the reliability margin for the capacity calculation performed in D-2 is calculated as the maximum value between the applicable fix value of reliability margin used for the weekly capacity calculation and a percentage of the TTC value covering most of the unsecured situations based on a preliminary analysis of the concerned TSOs;
 - For PT-ES border, in both directions, the reliability margin for the capacity calculation performed in D-2 is calculated as the maximum value between the applicable fix value of TRM and percentage of the TTC value covering most of the unsecured situations based on preliminary analysis of the concerned TSOs;
 - For FR-ES border, in both directions, the reliability margin, for the capacity calculation performed in the end of D-1, is defined as the same value of reliability margin as calculated for the capacity calculation performed in D-2;



- For PT-ES border, in both directions, the reliability margin for the capacity calculation performed in the end of D-1, is defined as the same value of reliability margin as calculated for the capacity calculation performed in D-2.
- 4. The TSOs of SWE Region will extract the reliability margin from a probability distribution function taking into account two variables:
 - Unintended deviation on the France-Spain or Portugal-Spain interconnection; and
 - Uncertainties of the forecast between the time of the calculation studies and real time.

The reliability margin will be based on a level of confidence that shall be covered to ensure the transmission system is operated within operational security limits.

- 5. The TSOs of SWE Region shall review once a year the reliability margin for each bidding zone border of the SWE region.

Article 7

Methodologies for operational security limits, contingencies and allocation constraints

1. The TSOs of SWE Region shall not apply allocation constraints in the capacity calculation within SWE Region.
2. For the capacity calculation, the TSOs of SWE Region shall only monitor the operational security limits and contingencies on network elements significantly influenced by cross-zonal power exchanges. The selection of these critical network elements and contingencies shall be based on a sensitivity analysis updated at least once a year by the TSOs of the SWE Region in the different network states including but not limited to base case, after contingency and after remedial action.
3. The TSOs of SWE Region shall review the list of critical network elements to be monitored in the capacity calculation process at least once a year.
4. The coordinated capacity calculator shall use the critical network elements in accordance with Article 7.3 for the capacity calculation performed within SWE Region in order to determine the maximum net transmission capacity for each bidding-zone border.

Article 8

Generation and load shift keys methodology

1. The TSOs of SWE Region shall define the generation shift keys methodology in accordance with Article 24 of CACM Regulation.



2. RTE shall define generation shift keys proportional to the base case scenarios for each market time unit with all expected generating units in the IGM, reflecting RTE's best forecast of market behaviour.
3. REE shall define generation shift keys based on a merit order list, reflecting the best forecast of market behaviour for each market time unit with all available generation units.
4. REN shall define generation load shift keys based on a merit order list, reflecting the best forecast of market behaviour for each market time unit with all available generation and loads enable to participate in balancing markets.

Article 9

Methodology for remedial actions in capacity calculation

1. The TSOs of SWE Region shall define the remedial actions in accordance with Article 25 of CACM Regulation.
2. Each TSO of SWE Region shall define individually the remedial actions of its responsibility area to be used in the capacity calculation within SWE Region.
3. The remedial actions to be defined by each TSO of SWE Region shall be either preventive (pre-fault) or curative (post-fault). The TSO of SWE Region may use the following remedial actions, but not limited to ;
 - Changing the tap position of a phase shifter transformer (PST).
 - Topology measure: opening or closing of a line, cable, transformer, bus bar coupler or switching of a network element from one bus bar to another.
 - HVDC set-point modification
 - Modification of generation
 - Activation/deactivation of FACTS, reactance(s), capacitor(s)
4. Each TSO of SWE Region shall inform the coordinated capacity calculator in a timely manner on any change in its remedial actions within SWE Region to ensure an efficient capacity calculation.
5. RTE and REE shall coordinate, prior to the capacity calculation, the remedial actions that can be shared with each other to maximize the available cross-zonal capacities for the FR-ES border.
6. REN and REE shall coordinate, prior to the capacity calculation, the remedial actions that can be shared with each other to maximize the available cross-zonal capacities for the PT-ES border.
7. The TSOs of SWE Region can use curative remedial actions with costs where technically and economically relevant and in accordance with national regulation, for the capacity calculation within SWE Region.



Article 10

Cross-zonal capacity validation methodology

1. The TSOs of SWE Region shall validate the cross-zonal capacities calculated by the coordinated capacity calculator of the SWE Region.
2. The coordinated capacity calculator shall make available the common grid model for SWE Region in the extreme scenarios for the relevant market time unit to the TSOs of SWE Region.
3. Where required, TSOs can validate the cross-zonal capacities calculated by performing security analysis with grid model provided in accordance with Article 10.2.
4. Where one or more SWE TSOs do not validate the cross-zonal capacity calculated, the concerned TSO(s) shall provide the coordinated capacity calculator with the updated amount of cross-zonal capacities for the border considered and the reasons for the reduction. The final cross-zonal capacity is the minimum value sent by the SWE TSOs of the border considered.

Article 11

Day-ahead capacity calculation

1. In accordance with Article 8 of CACM Regulation, the TSOs of SWE Region shall calculate cross-zonal capacities for each bidding-zone border of SWE Region.
2. The TSOs of SWE Region shall provide the coordinated capacity calculator with the last updated information on the transmission systems in a timely manner for the capacity calculation that is started in the end of D-2.
3. The TSOs of SWE Region shall provide the coordinated capacity calculator with the previously allocated cross-zonal capacities on each border of the SWE Region.
4. The coordinated capacity calculator shall merge the individual grid model provided by each TSO of the SWE region. During the merging process, quality checks of the information provided by each TSO of the SWE Region shall be performed by the coordinated capacity calculator.
5. The capacity calculation process is based on a Remedial Action Optimization methodology which aims to find the higher secure capacity based on the inputs provided by the TSOs and applying a dichotomy.
6. The coordinated capacity calculator shall define the values of TTC for each market time unit up to the first unsecured situation. These values shall be provided to TSOs of the SWE Region for validation.
7. The coordinated capacity calculator of the SWE Region shall provide the Single Allocation Platform with the validated NTCs after application of the reliability margin defined in accordance with Article 6 for each bidding-zone border of SWE Region.
8. In accordance with Article 46 of CACM regulation, the coordinated capacity calculator and SWE TSOs shall ensure that cross-zonal capacity shall be provided to relevant NEMOs before the day-ahead firmness deadline as defined in accordance with Article 69 of CACM regulation.



Article 12

Intraday capacity calculation

1. In accordance with Article 14 of CACM Regulation, the TSOs of SWE Region shall calculate cross-zonal capacities for each bidding-zone border of SWE Region.
2. The TSOs of SWE TSOs shall provide the coordinated capacity calculator with the last updated information on the transmission systems in a timely manner for the intraday capacity calculation that is performed in the end of D-1.
3. The TSOs of SWE Region shall provide the coordinated capacity calculator with the previously allocated cross-zonal capacities on each border of the SWE Region.
4. The coordinated capacity calculator shall merge the individual grid model provided by each TSO of the SWE region. During the merging process, quality checks of the information provided by each TSO of the SWE Region shall be performed by the coordinated capacity calculator.
5. The capacity calculation process is based on a Remedial Action Optimization methodology which aims to find the higher secure capacity based on the inputs provided by the TSOs and applying a dichotomy.
6. The coordinated capacity calculator shall define the values of TTC for each market time unit up to the first unsecured situation. These values shall be provided to TSOs of the SWE Region for validation.
7. The coordinated capacity calculator of the SWE Region or the TSOs of the SWE Region shall provide the NEMOs with the validated ATCs for each bidding-zone border of SWE Region in accordance with Article 58 of CACM regulation.
8. The TSOs of SWE TSOs shall review the frequency of recalculation two years after the implementation of the capacity calculation for the intraday market timeframe by performing a cost-benefit analysis on the SWE Region

Article 13

Fallback procedures

1. Prior to each capacity calculation started in D-2, the TSOs of SWE Region shall ensure the coordinated capacity calculator is provided with the last coordinated cross-zonal capacities calculated within the long term timeframe.
2. For the capacity calculation performed in D-2, where an incident occurs in the capacity calculation process and the coordinated capacity calculator is unable to produce results within the allotted time for the calculation process, the SWE TSOs shall validate the last coordinated cross-zonal capacities calculated within the long term timeframe and review it where relevant. After this validation step, the coordinated capacity calculator or SWE TSOs where applicable, shall provide the single allocation platform with this coordinated value.



3. Prior to each capacity calculation performed in the end of D-1, the TSOs of SWE Region shall ensure the coordinated capacity calculator is provided with the already allocated capacities in previous timeframes.
4. For the capacity calculation performed in the end of D-1, where an incident occurs in the capacity calculation process and the coordinated capacity calculator is unable to produce results, the SWE TSOs shall validate the last cross-zonal capacities calculated within SWE Region for the market time unit considered and review it where relevant. The coordinated capacity calculator or TSOs of SWE Region where applicable, shall provide the NEMOs of SWE Region with coordinated value.

Article 14

Publication and Implementation of the CCC methodology Proposal

1. The TSOs of SWE Region shall publish the CCC methodology Proposal without undue delay after all national regulatory authorities have approved the proposed CCC methodology 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.
2. The TSOs of SWE Region shall implement the CCC methodology Proposal for the capacity calculation started in D-2 no later than S1-2019, except the methodology of the Reliability Margin in line with Article 22 of the CACM Regulation.
3. The TSOs of SWE Region shall implement the CCC methodology Proposal for the capacity calculation performed in the end of D-1 no later than S2-2020 except the methodology of the reliability margin in line with Article 22 of the CACM Regulation.
4. For a transitory period, the reliability margin shall be determined in accordance with Article 6.3.
5. For the capacity calculation started in D-2, the reliability margin defined in accordance with Article 6.4 shall be implemented 3 months after collecting 1 year of data (including those from public parallel run) and no later than S2-2019.
6. For the capacity calculation performed in the D-1, the reliability margin defined in accordance with Article 6.4 shall be implemented 3 months after collecting 1 year of data (including those for public parallel run) and no later than S1-2021.
7. The deadlines defined in Article 14.2, Article 14.3, Article 14.5 and Article 14.6 can be modified on request from all TSOs of SWE Region to their national regulatory authorities, where testing period does not meet necessary conditions for implementation.

Article 15

Language

1. The reference language for this common capacity calculation Proposal shall be English.
2. For the avoidance of doubt, where TSOs need to translate this CCC methodology 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 CCC methodology Proposal to their relevant national regulatory authorities.