
ENTSO-E Proposal for a Methodology for the Optimisation of Inter-Transmission System Operators Settlements related to redispatching and countertrading in accordance with Article 37(1)(I) of Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market

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Whereas

1. Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity (hereafter referred to as “Electricity Regulation”) has been developed and adopted as part of the European Union’s Clean Energy Package for All Europeans.
2. Article 35 of the Electricity Regulation provides for the establishment of regional coordination centres (hereafter referred to as “RCCs”) whose tasks and roles are set out in Article 37 and further detailed in Annex I of this Regulation. Article 37(l) of the Electricity Regulation mandates the RCCs to support transmission system operators (hereafter referred to as “TSOs”) at their request in the optimisation of inter-transmission system operators settlements.

Paragraph 11.1 of Annex I of Electricity Regulation states:

“The transmission system operators in the system operation region may jointly decide to receive support from the regional coordination centre in administering the financial flows related to settlements between transmission system operators involving more than two transmission system operators, such as redispatching costs, congestion income, unintentional deviations or reserve procurement costs.”

Article 37 (5) of the Electricity Regulation establishes that for the tasks set out in Article 37 and not already covered by the relevant network codes and guidelines, ENTSO-E shall develop a proposal in accordance with the approval procedure under Article 27. Accordingly, before submitting a proposal, ENTSO-E shall carry out a consultation involving all relevant stakeholders, including regulatory authorities and other national authorities.

3. This document sets out a methodology for the optimisation of inter-transmission system operators settlements (hereafter referred to as “methodology”) in accordance with the Electricity Regulation, in particular Article 37(1)(l) and (5).
4. Non-European Union countries (third countries), their TSOs and RCCs are not legally obliged to implement the processes under this methodology. It is open to them to implement the processes under this methodology voluntarily.

Title 1 General provisions

Article 1 Subject matter and scope

1. This methodology is the methodology for the optimisation of inter-transmission system operators settlements related to redispatching and countertrading in accordance with Article 37(1)(l) and (5) of the Electricity Regulation.
2. This methodology governs the settlement of redispatching and countertrading costs which have been shared according to Article 74 of the Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management (hereafter referred to as “CACM Regulation”).

3. This methodology shall only apply in case the relevant TSOs within one capacity calculation region ("CCR") jointly request support from RCCs on the optimisation of inter-transmission system operators settlements.

Article 2 Definitions and interpretation

1. For the purpose of this methodology, the terms used in this document shall have the meaning of the definitions included in Article 2 of the CACM Regulation and Article 2 of the Electricity Regulation.
2. In addition, the following definitions and abbreviations apply:
 - a) **Calculation of costs: "Technical" part of cost sharing**

"Calculation of costs" means the process of calculating all costs and revenues of redispatching and countertrading actions per bidding zone/TSO which are eligible for the regional cost sharing process under the regional cost sharing methodologies. This process comprises the collection of input data, the calculation of the cost sharing key and the aggregation of the monthly total costs per bidding zone and/or TSO. At the request of TSOs, the calculation of costs and revenues resulting from redispatching and countertrading actions can be delegated to one or several RCC(s).
 - b) **Financial settlement and clearing: "Financial" part of cost sharing**

"Invoicing/financial settlement" means the process where the costs and revenues from redispatching and countertrading actions assigned to each bidding zone and/or TSO are invoiced and settled. At the request of TSOs, the invoicing and payment of costs and revenues from redispatching and countertrading actions can be delegated to the Central Settlement Entity.
 - c) **Central Settlement Entity**

The Central Settlement Entity (hereafter referred to as "CSE") oversees the financial part of the cost sharing process (invoicing and payment execution). CSE receives the validated monthly costs/revenues assigned to each bidding zone and/or TSO. Its main responsibilities are:

 - preparation and dispatch of invoicing documents
 - financial clearing of costs and revenues from redispatching and countertrading actions.
 - d) **Aggregation**

After the calculation of cost sharing keys by RCCs, various costs and revenues (TSOs' expenses on the activation of remedial actions) are to be aggregated. Aggregation means the act of aggregating monthly costs and/or revenues from remedial action provision and cost distribution per TSO.
 - e) **Financial Settlement**

Financial Settlement means the act of creating the invoicing documents per bidding zone and/or TSO on redispatching and countertrading costs and revenues. Financial Settlement ends with the completion of invoicing.

f) Settlement Attachment

Settlement Attachment means the aggregated output data from the calculation of costs defined in Article 2(2)(a). Settlement Attachment shall be sent to:

- the TSOs as basis for the validation of the cost sharing calculation results and
- once validated by TSOs, the CSE as basis for the financial settlement.

g) Clearing

Clearing means the payment execution between TSOs and the CSE.

h) Inter-CCR cost sharing

Inter-CCR cost sharing means financial settlement of cost and revenues resulting from overlapping costly XRAs according to Article 27 of (13-17) of the Methodology for Coordinating Operational Security Analysis (hereafter referred to as “CSAm”). An activated overlapping XRA which is fully or partially eligible for cost sharing must first undergo a cross-regional cost sharing process to assign its costs to any of the impacted CCRs. Once the regional cost sharing keys are determined, the corresponding costs and revenues are shared at regional level with a positive sharing key according to the regional cost sharing methodologies. Inter-CCR cost sharing is not subject to the present methodology.

i) Inter-TSO Settlement

Inter-TSO Settlement means the financial settlement of the costs and revenues of TSOs of the same CCR resulting from non-overlapping XRA according to Article 74 of the CACM Regulation and Article 27 (16) of the CSAm. If eligible for cost-sharing, a non-overlapping XRA must follow the cost sharing process as defined in the regional methodology of its CCR. Inter-TSO cost sharing is subject to the present methodology.

j) Provider costs

Costs and revenues resulting from costly remedial actions eligible for cost sharing.

k) Cross-border relevant network elements

Cross-border relevant network elements (hereafter referred to as “XNEs”) are network elements with a cross-border impact above a certain threshold.

l) Payment netting

Payment netting means summing up the amounts owed by the CSE to the TSO and vice versa.

m) Calculation results

Calculation results mean costs and revenues assigned to the TSOs by the regional cost sharing processes under the regional cost sharing methodologies.

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3. The following acronyms are used:

| Abbreviation | Definition |
|------------------|--|
| AC | Alternating current |
| ACER | European Agency for the Cooperation of Energy Regulators |
| BZ | Bidding Zone |
| CC | Capacity calculation |
| CCR | Capacity calculation region |
| CCRS Methodology | Common Methodology for Redispatching and Countertrading Cost Sharing |
| CRC Methodology | Common Methodology for Coordinated Redispatching and Countertrading |
| CROSA | Coordinated Regional Operational Security Assessment |
| CSAm | Methodology for Coordinating Operational Security Analysis |
| CSE | Central Settlement Entity |
| CT | Countertrading |
| DA | Day-ahead |
| ENTSO-E | European Network of Transmission System Operators for Electricity |
| GRIT | Greece-Italy |
| HVDC | High Voltage Direct Current |
| LRG | Legal & Regulatory Group |
| ID | Intraday |
| PC | Public Consultation |
| RA | Remedial action |
| RCCs | Regional Coordination Centers |
| RD | Redispatching |
| ROSC | Regional operational Security Calculation |
| SEE | South East Europe |
| SPoC | Single Point of Contact |
| SWE | South West Europe |
| TSO | Transmission System Operator |
| VAT | Value Added Tax |
| XNE | Cross border relevant network element |
| XRA | Cross border relevant remedial action |

4. In this proposal, unless the context requires otherwise:

- a) the singular indicates the plural and vice versa;
- b) the table of contents and headings are inserted for convenience only and do not affect the interpretation of the proposal; and
- c) any reference to European legislation shall include any modification, extension or re-enactment thereof then in force.

Title 2 Calculation of costs

Article 3 Input data

1. In case the regional cost sharing calculation process is performed on a regional platform, TSOs shall provide all relevant input data, for example, but not limited to, congested XNEs and provider costs.
2. In case RCCs support TSOs in the input data gathering for the regional cost sharing calculation process, RCCs may provide input data on behalf of the TSOs.
3. At the request of TSOs, RCCs shall supervise the input data gathering for the regional cost sharing calculation process.

Article 4 Cost sharing calculation

1. At the request of TSOs, RCCs shall execute the calculation of costs, as defined in Article 2(2)(a).
2. At the request of TSOs, RCCs shall provide the calculation results as defined in 2(2)(m) to the TSOs in a Settlement Attachment as defined in Article 2(2)(f).

Article 5 TSOs' Validation of calculation results

1. TSOs are responsible for the validation of the calculation results as defined in 2(2)(m). If the calculation results are provided in a Settlement Attachment as mentioned in Article 4(2) each TSO shall validate the Settlement Attachment.
2. The validation period shall be limited. The deadline applied shall be determined by each CCR corresponding to the complexity of the cost sharing calculation process. After reaching the deadline, deemed acceptance shall apply if no other agreement is in place between the TSOs of the CCR.
3. At the request of TSOs, RCCs shall support TSOs during the validation.
4. Where TSOs decide to reject the calculation results provided by the RCCs according to Article 42(3) of the Electricity Regulation, they shall submit a justification for their decision to RCCs and to the other TSOs of the CCR without undue delay.
5. At the request of TSOs, RCCs shall support the solving of the problem, if the calculation results are rejected by at least one TSO of the CCR:
 - a. RCCs shall investigate the justification of rejection submitted by the rejecting TSO. If the rejection cannot be confirmed, the process shall continue.

- b. If the rejection is confirmed, the validation period shall be interrupted. RCCs shall inform all affected TSOs and involved parties about the interruption of the validation period and coordinate the solving of the problem.
- c. If a calculation error leading to false results is detected, RCCs shall repeat all relevant calculation sub-steps and inform all affected TSOs and involved parties.
- d. If the problem is solved, RCCs shall inform all affected TSOs and involved parties.
- e. After the problem is solved, the validation period shall be re-started. The validation period can be shortened, if all affected TSOs agree.

Article 6 Data Communication to CSE

1. At the request of TSOs, RCCs shall provide the Settlement Attachment to the CSE:
 - a. The Settlement Attachment shall be the basis for the financial settlement and clearing.
 - b. The amounts included in the Settlement Attachment shall be aggregated per TSO.
 - c. In accordance with Article 5, TSOs shall validate the Settlement Attachment before it is provided to the CSE.
 - d. The data format for the Settlement Attachment shall be harmonised between the different CCRs.

Title 3 Financial settlement and clearing

Article 7 Invoicing

1. At the request of TSOs, the CSE shall be responsible for the financial settlement and clearing of the cost sharing of redispatching and countertrading.
2. The CSE shall perform the following validation checks upon reception of the Settlement Attachment:
 - a) The delivery period of the data included in the Settlement Attachment.
 - b) The neutrality of the Settlement Attachment (the positions in the Settlement Attachment shall be balanced).
3. The CSE shall issue the invoicing documents for payments on a monthly basis and no later than on the agreed working day of each month.
4. Each invoicing document shall be issued in line with the general accounting, fiscal principles of the CSE and other applicable law.
5. The TSOs shall provide the CSE without undue delay with relevant information for justifying whether local taxes are applicable.
6. The amount due plus any applicable taxes shall be rounded to two decimal places.

7. All financial information on the invoicing document (prices and amounts due) shall be expressed in Euros (€), except if applicable local law or regulations require a deviation.
8. The CSE shall send the invoice by electronic means to the TSOs to the contact information indicated in the registration form.
9. The date of issuance of the invoice shall be the date on which the invoice is provided.

Article 8 TSOs' Validation of the invoicing document

1. Each TSO shall verify the quality of data outputs on the invoicing document within the agreed validation period. After reaching the agreed deadline, deemed acceptance shall apply.

Article 9 Clearing

1. Any amounts to be settled in the invoicing process shall not be pre-financed by the CSE. This shall include any irrecoverable taxes such as, but not limited to, VAT and duties that might apply to the amounts processed by the CSE, and which would therefore be included in the amounts billed to the TSOs.
2. Payments shall be done in Euros (€).
3. TSOs shall pay the amounts due as calculated irrespective of any dispute raised.
4. In case the due date on the invoicing document falls on a public holiday or weekend, the payment shall be received on the following working day at the latest.
5. The CSE shall perform payment to the TSOs only up to the amounts received. Each TSO shall receive a share of the amount based on the financial volume.
6. If any TSO requests so, the CSE shall perform payment netting, as defined in 2(2)(l).

Title 4 Monitoring and Implementation

Article 10 Monitoring

1. At the request of TSOs, RCCs shall monitor the information for each redispatching measure activated (internal or cross-border) in accordance with the provisions of 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 “Transparency Regulation”). The monitoring may include the following information:
 - a) The measure taken (i.e. production increase or decrease in MW);
 - b) The duration of the measure (in multiples of the market time unit);
 - c) The identification, location and type of the relevant network elements;
 - d) The cause for the measure taken; and
 - e) The capacity affected by the measures taken (in MW);
2. At the request of TSOs, RCCs shall monitor the information for each countertrading measure activated in accordance with the Transparency Regulation. The monitoring may include the following information:
 - a) The measure taken (i.e. cross-zonal increase or decrease);
 - b) The duration of the measure (in multiples of the market time unit);
 - c) The bidding zones concerned;
 - d) The cause for the measure taken; and
 - e) The change in cross-zonal exchange schedule (in MW).

Article 11 Implementation of the methodology

1. In case Article 1(3) of this methodology applies, relevant TSOs shall implement this methodology at latest 12 months after the last regional cost sharing process has entered into operation.

Title 5 Miscellaneous

Article 12 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 ACER and any version in another language, the relevant TSOs shall, in accordance with national legislation, provide the relevant national regulatory authorities with an updated translation of the Proposal.

[Annexes: Next to this methodology an explanatory note about the inter-TSO Settlement is also provided to further elaborate on the terms and processes described in this methodology.]