

PUBLIC CONSULTATION ON DRAFT METHODOLOGIES AND COMMON RULES FOR CROSS-BORDER PARTICIPATION IN CAPACITY MECHANISMS

Response to public consultation comments received during the consultation held from 31 January to 13 March 2020.

23 responses have been received from the following stakeholders (in alphabetic order): BritNed Development Ltd, EDF, Edison SpA, Eleclink, Energie-Nederland, Energy Norway, ENGIE, Eurelectric, European Federation of Energy Traders – EFET, FEBEG, Great Britain Interconnector Forum, Iberdrola S.A., IFIEC Europe, Mutual Energy, National Grid Ventures, Naturgy, Nemo Link, Regulatory Assistance Project, Statkraft Energi, Total Direct Energie, WindEurope and two respondees who requested to remain anonymous.

Remarks:

- i. Identical comments from different stakeholders have been grouped and summarized where possible to improve the readability;
- ii. The reference to the articles and paragraphs are based on the version of methodologies and common rules for cross-border participation in capacity mechanisms that were submitted to public consultation ([link](#) towards the ENTSO-E consultation hub). When a response to a comment or a group of comments refers to an article or paragraph, it relates to the numbering used in the version which was finally submitted to ACER.

Legend related to the consideration of the received comments

ACCEPT: this means that ENTSO-E changed the draft methodology to accommodate (partly or fully) the comment.	(A)	Out of scope: this means that ENTSO-E considered that the comment touched upon a point which is not in the scope of these methodologies.	(OS)
Consider: this means that ENTSO-E accommodated this point in the explanatory document.	(C)	Reject: this means that ENTSO-E rejected the comment as it goes against the defined principles or objectives.	(R)

Contents

Methodology for calculating the maximum entry capacity for cross-border participation2

Methodology for sharing the revenues26

Common rules for the carrying out of availability checks48

Common rules for determining when a non-availability payment is due.....53

Terms of the operation of the registry60

Common rules for identifying capacity eligible to participate in the capacity mechanism.....65

General Provisions72

3 JULY 2020

Methodology for calculating the maximum entry capacity for cross-border participation

Topic	Specific article (if relevant)	Respondee(s)	Marker for grouping of comments	Summary of comments	Relevant text from response	Accept (A) / Consider (C) / Reject (R) / Out of Scope (OS)	ENTSO-E reply
Revenue for sharing		Eleclink	"Double-counting argument"	"Double-counting" to be addressed in revenue sharing methodology	<p>Eleclink has significant concerns regarding the duplicate de-rating within the maximum entry calculation and the methodology for sharing the revenues. Both methodologies currently apply a de-rating related to the likely concurrence of system stress events in the connecting markets. The maximum entry capacity calculation applies this de-rating to the interconnector capacity, whereas the sharing revenue methodology applies this de-rating to the resulting interconnector revenues. This "double de-rating" acts to discriminately undervalue the interconnectors contribution to the security of supply. To avoid the double de-rating, the sharing of revenues methodology should not consider the likely concurrence of system stress.</p>	R	<p>ENTSO-E diverges of opinion for the perceived 'double counting' issue raised by Eleclink.</p> <p>The existing capacity markets in the EU are not homogeneous: various designs (e.g. strategic reserves, capacity mechanism), differentiated eligibility rules (e.g. some technologies could be excluded in one CM and allowed in the other) or ways to check availability (e.g. differentiated delivery periods). This leads to different bidding behaviors from market participants and prices that reflect both a "market access right" value and the "interconnector" value. The following methodology proposed try to differentiate both of these values to deliver relevant incentives.</p> <p>Although the concept of simultaneous scarcity is part of the assessment of the Maximum Entry Capacity, it is used for a different purpose for the assessment of the revenue sharing: indeed, as exposed in the methodology, ENTSO-E is of the opinion that when transmission capacity is deemed the scarce resource during adequacy relevant moments revenues should be particularly shared with the developers of the transmission capacity at both sides of the border. In order to be able to differentiate between different CM – CM situations towards revenue sharing and assess the contribution of a resource to adequacy relevant moments, ENTSO-E has proposed to use as an indicator the likelihood of simultaneous scarcity (or concurrence of system stress) for the concerned Member States. This indicator allows well to make the required assessment in a sufficient differentiated manner accounting for the different situations at different borders. Moreover, this indicator also benefits from being an output of the ERAA, which will be carried out by ENTSO-E under a strong governance process involving public consultations and explicit ACER involvement and approval ensuring its robustness as indicator.</p> <p>Stated otherwise, rather than applying a binary approach of 'scarce' or 'not scarce', the use of this proposed indicator allows for a more balanced view taking into account during how many percent of time when there is scarcity the transmission capacity is deemed the scarce resource. In this respect, the starting principle put forward by the respondent is followed, but according to ENTSO-E it is applied in a more nuanced manner.</p> <p>Finally, it is to be noted that the proposed methodology is applied per border and per direction, but when considered for the two directions of a border, both sides of the interconnection have been treated in the same manner, while accounting for the relevant differences.</p>

Overall methodology	4	EFET	Clarification of language	Concern over language "shall consider/determine" - it implies methodology could change. It should just refer to methodology set out in articles 6-8	The present methodology should be directly applicable. The use of "shall determine/consider" has us wonder whether TSOs consider applying extra layers of calculation than those detailed in articles 6 to 8. In this case, the methodology would not fulfil its purpose as laid out in article 26.11 Regulation 2019/943. We invite the TSOs to delete all the "shall" and other aspirational wording from the proposal when it refers to the methodology itself, and include a reference to articles 6 to 8 in these two paragraphs of article 4.	C	The methodology has been updated with the goal to use concise language and to be harmonised with respect to Article 26(11) of the Regulation 2019/943.
Contribution under flow based and NTC	7, 8	EFET	Clarification of language	To avoid confusion 'contribution' should refer to contribution of markets in setting of reliability standard, and not for considering how much can participate in the CRM	The concept of 'contribution' (defined in the first paragraph of article 6) becomes somewhat confusing in the way it is used in articles 7 and 8. Indeed, there should be a clear distinction between the different steps of the design of capacity mechanisms, where the reliability standard is set and the CRM is dimensioned taking into account the positive but also negative contribution of adjacent bidding zones to a particular bidding zone's security of supply (this is outside the scope of this methodology). In a second step, once the reliability standard is defined and the CRM dimensioned, we indeed need to calculate how much the bidding zone with the CRM can rely on resources in adjacent bidding zones in case of scarcity, which indeed can be zero or positive. We would rather see the term "contribution" only used in step 1 and not step 2, to avoid any confusion.	R	ENTSO-E does not see why the use of the concept "contribution" would be a problem if the word is used in another way outside the scope of this methodology. ENTSO-E therefore proposes to keep the concept of "contribution" in this methodology.
Overall methodology		Anonymous Respondee 1	Comment on ERAA	Assumptions on grid capacity should include private and institutional Ics	Finally, Anonymous Respondee 1 considers that the grid scenario has to include both institutional and private interconnection projects, as foresees by the TYNDP. Overall, to manage context where cross border participation with equivalent rules as for the domestic ones is not in place, we agree with art.1.i, where it is foreseen that solutions could be sought at national level or in bilateral agreements among involved Regulatory Authorities according to Article 26.9 of Regulation (EU) 2019/943.	C	The network development taken into account in the ERAA is the TYNDP. The methodology for the calculation of the maximum entry capacity for cross-border participation, which uses the ERAA results, therefore also uses the TYNDP.
Link to ERAA, RCC and national studies	9	EFET	Comment on ERAA	Important MEC takes into account credible network development - ERAA does not reflect real network development	It is important to note that the current proposal of ERAA methodology does not take into account "real network development" as stated in Art. 23.5(l) of the Electricity Regulation because the baseline data proposed will include "best estimates regarding the state of the grid in line with the TYNDP and the most recent national development plans" (see Art. 3.3(b) of the ERAA proposal). It is important that the methodology to calculate the maximum entry capacity only takes credible network development projects into account, for the horizon relevant to each CRM. Otherwise the current proposal of cross-border participation in CRMs will also be affected by questionable assumptions.	R	The network development taken into account in the ERAA is the TYNDP. The methodology for the calculation of the maximum entry capacity for cross-border participation, which uses the ERAA results, therefore also uses the TYNDP.
Link to ERAA, RCC and national studies		Eurelectric	Comment on ERAA	Certain aspects of system should be properly modelled e.g. concern about how HVDC interconnectors are modelled	Eurelectric wants to stress that the whole methodology relies on the outcome of the ERAA and that it should ensure that some specific features of the electricity system are properly modelled. For instance, one could question how HVDC interconnectors between two countries are treated. Indeed and contrary to situations with only a meshed AC grid, energy flows on DC links can be controlled and the avoidance of loop-flows on AC should avoid a reduction of commercially available capacity on AC. Ramp rates should be adequately taken into account.	OS	This is rather a comment on the ERAA methodology. The capacity provided by HVDC interconnectors is set at the beginning of the ERAA. Also ramp rates are taken into account in the ERAA, which in turn provides the results for the calculation of the maximum entry capacity. The ERAA framework applies the current EU market rules for cross-border capacity calculation including both flow-based capacity calculation regions (CCR) and coordinated net transfer capacity CCR and borders. It will therefore properly consider loop flows as HVDCs and HVACs will be modelled in standard hybrid coupling and/or advanced hybrid coupling depending on the evolution of the FB method for capacity calculation and capacity allocation.
Link to ERAA, RCC and national studies		Energie-Nederland (same as Eurelectric)	Comment on ERAA	Certain aspects of system should be properly modelled e.g. concern about how HVDC interconnectors are modelled	Eurelectric wants to stress that the whole methodology relies on the outcome of the ERAA and that it should ensure that some specific features of the electricity system are properly modelled. For instance, one could question how HVDC interconnectors between two countries are treated. Indeed and contrary to situations with only a meshed AC grid, energy flows on DC links can be controlled and the avoidance of loop-flows on AC should avoid a reduction of commercially available capacity on AC. Ramp rates should be adequately taken into account.	OS	This is rather a comment on the ERAA methodology. The capacity provided by HVDC interconnectors is set at the beginning of the ERAA. Also ramp rates are taken into account in the ERAA, which in turn provides the results for the calculation of the maximum entry capacity. The ERAA framework applies the current EU market rules for cross-border capacity calculation including both flow-based capacity calculation regions (CCR) and coordinated net transfer capacity CCR and borders. It will therefore properly consider loop flows as HVDCs and HVACs will be modelled in standard hybrid coupling and/or advanced hybrid coupling depending on the evolution of the FB method for capacity calculation and capacity allocation.
Overall methodology		RAP	Comment on ERAA	Principle concern relates to the definition of system stress	One of our key concerns about this methodology relates to the definition of system stress periods. ENTSO-E suggests equating system stress periods with periods of involuntary customer disconnections (i.e., periods where the energy not served figure in the ERAA	C	It is true that security of supply goes beyond hours with ENS strictly greater than zero. However, the methodology is concerned with resource adequacy and particularly with the ability of the market (that is, the energy-only market complemented by capacity

				<p>modelling is greater than zero). This definition is extremely narrow and does not adequately reflect the times when the system is stressed from a system operation perspective. The system is indeed stressed when the available resources cannot meet the demand for energy and reserves. During these periods, the loss of load probability (LOLP) and risk of involuntary disconnections are material.</p> <p>Considering only the periods when the system is expected to face involuntary disconnections in the ERAA model could imply that only a limited amount of periods need to be taken into consideration for assessing the expected contribution of foreign resources. It could thus be biased by limited and very specific conditions. (Note: Expected involuntary disconnections in the model does not mean that these will happen, but this outcome reflects an expectation of what might happen based on historical information and the projected evolution of the power system). Such a limited assessment would for example ignore any periods when the contribution of resources from outside a market with a CM have helped to secure supplies and avoid involuntary disconnections.</p> <p>Implementation of the proposed definition would require defining LOLP across every Member State and bidding zone, especially if this is not already the case. For example, the ERAA model should already incorporate the LOLP estimate in Member States that have administrative shortage pricing in place, such as Great Britain, or others that are planning to implement it, such as Belgium and Poland. The implementation of LOLP should be relatively straightforward, given that the model encompasses an assessment of the different reserves required to operate the system safely.</p> <p>[Note: The aforementioned definition of LOLP has been used for a long time in the power sector (e.g. in the Pool market in Great Britain). Most recently, the LOLP has been used widely in the implementation of administrative shortage pricing, also referred to as Operating Reserve Demand Curve in U.S. jurisdictions. In these markets, the price is defined administratively when the available resources are lower than the demand for energy and reserves, and in its basic configuration is determined by multiplying the LOLP by the value of lost load. This configuration forms the basis for alternative configurations too.]</p> <p>Moreover, we believe that the methodology would benefit significantly from an analysis of the correlation between stress periods in the electricity market, based on the fundamental drivers of these periods. This, for example, could include study of the correlation between peak demand periods, production from variable renewables and hydro production, at a regional level. Such analysis would help ENTSO-E to better understand the potential risks of concurrent stress periods and complementarities between different systems, in order to determine where one system can help another. For example, according to the new interconnector between France and Spain, the Bay of Biscay interconnector, the two countries face peak demand at different times. [See INELFE. (2017). Electricity interconnection France-Spain across the Bay of Biscay. Retrieved from https://www.inelfe.eu/sites/default/files/2017-08/Inelfe_INGL_04Agos_WEB.pdf] This is a good indicator that Spain could contribute to securing France's supplies at times of highest demand in France, when the system is more likely to be stressed, and vice versa. This is further supported by the fact that Spain faces a healthy resource adequacy situation, as evidenced by the latest ENTSO-E Mid Term Adequacy Forecast. This recommended analysis would be helpful for the present methodology, but also beyond, to get a better grasp of the risks across Europe. [For an example of such an analysis see: Pöyry Management Consulting (UK) Ltd. (2013). Analysis of the correlation of stress periods in the electricity markets in GB and its interconnected systems – A report to Ofgem. Retrieved from https://www.ofgem.gov.uk/ofgem-publications/75231/poyry-analysis-correlation-tight-periods-electricity-markets-gb-and-its-interconnected-systems.pdf]</p> <p>Expected availability of interconnectors: The Regulation stipulates that the methodology should consider the expected availability of interconnection. We interpret this to mean both the technical and commercial availability of interconnectors, as both will have an impact on the level of support that can be provided by foreign resources. The proposed methodology by ENTSO-E</p>	<p>mechanisms) to ensure resource adequacy. We believe ENS is the proper indicator since the occurrence of ENS indicates that market resources (interconnection and/or production) are scarce and falling short to supply all inelastic demand needs. The aim of taking into account only hours during which an ENS greater than zero occurs, is to be sure that the model will deliver all the available capacity. The explanatory note has been extended significantly in this respect. The ERAA adopting a probabilistic approach with a large number of Monte Carlo simulations combining climate years with forced outages on production, HVDC interconnectors and HVAC interconnectors duly takes into account production and interconnector availability.</p> <p>Because of this reason, and because we believe the basic EENS and LOLE indicators defined in the ERAA are sufficient to implement the methodology, we do not see a need to use the Loss of Load Probability (LOLP) parameter.</p> <p>ENTSO-E agrees that an analysis of the correlation between system stress periods in terms of fundamental drivers could provide additional qualitative insights into the contribution from one system to another. However, by using the pan-European simulation results provided by the European Resource Adequacy Assessment to calculate the average contribution from one system to another, these underlying drivers will be automatically taken into account in the calculation of the maximum entry capacity.</p> <p>The forced outage rate (technical availability) is taken into account in ERAA studies and is therefore implicitly included in this methodology. Forced outage rates are based on available recordings and an estimation of the availability for new technologies. We want to highlight that ex-post recordings only give one view as for instance cable technologies and operation conditions can significantly change between decades. When the average import is calculated over all scarcity hours, interconnectors will not be technically available during some of these hours. The 70% minimum reliably available margin (RAM) of capacity for cross-border trade in electricity is included in the ERAA simulation. Therefore, the maximum entry calculation will implicitly make sure this requirement (commercial availability) is respected. Both the respect of technical availability and commercial availability will be clarified in the methodology.</p> <p>As a general note, we would like to mention that the explanatory note has been significantly updated with several examples related to the calculation of the maximum entry capacity to illustrate the calculation principles of the methodology more clearly.</p>
--	--	--	--	---	---

3 JULY 2020

					<p>does not touch on either element, and would therefore benefit from being further developed to explain how it will take them into account.</p> <p>With regard to the technical availability of interconnector — in other words, the probability of a cable being technically available or unavailable due to a fault — we recommend that this assessment is based on recent historical experience during the period the system with a CM is expecting to face tightness (e.g. the past 10 years), for each of the relevant cables. For Great Britain and France, for example, this would be the winter period, when the two systems are facing peak demand, instead of the entire year. The timeseries of historical years should be long enough to ensure that the results are not captured by one-off, large events. For future interconnection, technical availability should be assessed considering recent experience from cables that use the same technology either in Europe or internationally.</p> <p>Regarding the commercial availability of interconnectors, it should be consistent with the Clean Energy for All Europeans package and, more specifically, with the provisions under Article 16 of the Regulation and any action plans that have been developed by Member States pursuant to Article 15 of the Regulation. These set the minimum level of interconnector capacity to be offered to the market. ACER has developed a recommendation for implementing the 70% minimum margin of capacity available for cross-border trade in electricity, that this present methodology should take into due consideration. [See ACER. (2019, 9 August). ACER issues a Recommendation for implementing the 70% minimum margin of capacity available for cross border trade in electricity [Webpage.] Retrieved from: https://acer.europa.eu/Media/News/Pages/Electricity-ACER-issues-a-Recommendation-for-implementing-the-70-minimum-margin-of-capacity-available-for-cross-border-trad.aspx]. It would also be important for the methodology to consider the realised level of interconnector capacity made available to the market where this is higher than the minimum level. For example, in the case of direct current interconnectors, the level of installed capacity that has been offered to the market is generally well above the minimum 70% target, as demonstrated by ACER's most recent Market Monitoring Report. These considerations are important to include in the assumptions about the level of interconnector capacity available to the market in the future for the participation of foreign resources in a capacity mechanism.</p>		
Overall methodology	9	RAP	Comment on ERAA	Suggestion that scenario should not include capacity mechanisms due to the circularity that it creates	<p>According to Article 9 , "The calculation shall consider the latest available 'Scenarios with Capacity Mechanisms'..." We believe that ENTSO-E would be wise to consider scenarios without capacity mechanisms here instead. The ERAA model does not simulate CM auctions and these scenarios will depend on TSO's decisions about the resources that will be successful in the CM auctions and where these are located. These subjective opinions would, in turn, determine the resource mix of the future and, effectively, the contribution of interconnectors, as the flows on them will depend on the available resources and relative costs. Thus, this whole approach would be circular if ENTSO-E considers scenarios with CMs.</p>	R	The point of taking into account capacity mechanism is to compute a maximum entry capacity that is realistic and can solve adequacy problems. If the maximum entry capacity is computed based on a scenario without capacity mechanisms, the considered bidding zone would have a LOLE significantly higher than the target LOLE. It would yield a maximum entry capacity higher than the optimal equilibrium (because LOLE is not at the target level) and would then hamper investment needed in the bidding zone, as with maximum entry capacity being artificially high there is no room for capacity in the bidding zone.
Overall methodology	9	RAP	Comment on ERAA	Unclear what is meant by "assumptions of transmission capacity" - bidding zones are congestion free and therefore it is not clear wht this is referring to	<p>In the same Article, the methodology proposes that: "Regarding assumptions of transmission capacity, the calculation of the contribution shall be consistent with the assumption used in the ERAA assessment and hence incorporate the relevant grid modifications applicable to the different target time horizons considered in the assessment." It is unclear what this provision refers to and we suggest that ENTSO-E expands further on it. By definition, any bidding zone considered in the model is assumed to be congestion free. Therefore, there is no apparent reason to consider transmission capacity within it, as this would never cause resource adequacy problems. It is unclear, therefore, what transmission capacity is referred to in this provision, and what the relevant grid modifications and different target time horizons would be. This provision would benefit significantly from further clarification.</p>	C	In the methodology proposal, transmission capacity is defined as in the European Resource Adequacy Assessment, i.e. as transmission capacity between bidding zones.
Link to ERAA, RCC and national studies	9	RAP	Comment on ERAA	Interaction between ERAA and NRAA needs to be defined more clearly. Generally article is not clear	<p>The next paragraph of the same Article asserts that: "RCCs shall inform TSOs upon their recommendation in case the results of this ERAA do not ensure that Reliability Standard – defined by the methodology pertinent to Article 25 of Regulation (EU) 2019/943 – is met for countries with an existing or approved capacity mechanism." A similar point is made further down in the methodology, whereby: "If the result of the ERAA assessment shows that the considered country, having an existing or approved capacity mechanism, is significantly not respecting its national reliability standard target, (hence is not adequate), the NRAA [National</p>	C	On the interaction between ERAA and NRAA we have clarified the role of NRAA in the methodology (Art. 9) and the explanatory document. The role of RCC and NRAA are more precisely defined.

				<p>Resource Adequacy Assessment] may calibrate the pertinent ERAA scenario chosen for the purposes of setting the maximum entry capacity available for the participation of foreign capacity within the capacity mechanism of the Member State performing the NRAA.” At first, it is unclear why the reliability standard would not be met in the ERAA in the case of a CM. This is counterintuitive, given that the goal of a CM is exactly that, to achieve a certain reliability standard. In light of the fact that the ERAA doesn’t contain a CM auction module, the decisions around the capacities that will be successful in a CM seem to rely entirely on the subjective opinions of national TSOs. The present methodology doesn’t explain how the national TSOs will assess which resources will be successful in a CM. By default, it is extremely difficult to assess which resources will be successful in an auction, as this will depend on the availability of new resources, such as demand response, that might not be known at the time of the assessment, the bidding strategy of different market players, any available resources that may not participate in a CM and other parameters.</p> <p>We generally believe that Article 9 of the methodology is problematic: Its objectives and content are largely unclear, and there appears to be little to no justification about the proposed provisions in it.</p> <p>Finally, we would like to comment on the proposals about the use of national assessments in relation to the EU-wide assessment. Our understanding is that ENTSO-E proposes that national assessments can override the European-wide assessment (ERAA) when estimating the maximum entry capacity, if the reliability standard is not met in the ERAA. The approach proposed by ENTSO-E is that national TSOs amend the scenarios in this case, until they reach the established reliability standard. As commented above, we believe that the present exercise should base the maximum entry capacity estimate on scenarios without CMs, as the scenarios with CMs are effectively pre-determining the contribution of foreign resources. This change would also eliminate the burdensome exercise of deciding which resources will be successful in a CM. The present methodology does not explain how TSOs should treat both the ERAA (and by extension the RCCs recommendation) and NRAA, where relevant, when making a decision about the Maximum Entry Capacity for foreign capacities. We recommend that the results of the ERAA and NRAA be analysed together when deciding on the maximum entry capacity. This approach would be best served by taking into account the probability of the different EU-wide scenarios and national sensitivities and the outcome in each of them.</p> <p>Moreover, Article 6 of the methodology suggests that: “Beyond the average indicator, the National Resource Adequacy Assessments (NRAA) may analyse the statistical distribution of the contribution over all scarcity hours, after the recommendation of Regional Coordination Centres (RCCs) to TSOs, pertinent to Article 26(7) of Regulation (EU) 2019/943.” The methodology doesn’t explain the purpose of this exercise, why the responsibility should lie with the national assessments or what scenarios, sensitivities and results it will consider. It would be useful if the methodology explained how the results are going to be used. If this refers to the detailed results of the ERAA, then it would seem appropriate that the RCCs provide this analysis as they are responsible for providing a recommendation to national TSOs about the maximum entry capacity.</p>		
Overall methodology	Iberdrola, S.A.	Comment on ERAA	Assumptions on grid capacity should not be based on TYNDP, but instead actual planned and commissioned projects	In any case, a base case is necessary to run the market simulation to estimate the expected XB contribution. In this sense, using the Central Reference Scenario with CM built as proposed in the ENTSSOE’s ERAA proposal seems to be a promising way forward, although the design details must be duly analysed. In this regard, in that proposal the TYNDP was put forward as the basis for the grid modelling, which does not seem to correspond to the “real network development” as stated in Art. 23.5(l) of Regulation 2019/943. Therefore, grid development targets cannot be imposed as an input in the model used to determine the expected XB contribution, but rather the existing grid plus projects already in the commissioning phase.	R	The network development taken into account in the ERAA is the TYNDP. The methodology for the calculation of the maximum entry capacity for cross-border participation, which uses the ERAA results, therefore also uses the TYNDP.
Overall methodology	Naturgy	Comment on ERAA	Assumptions on grid capacity should take into consideration only projects in development phase,	Last but not least, we would like to point out that there is no final methodology for ERAA available yet. However Art. 9 mentions that “Transmission capacity assumptions shall be consistent with the assumptions used in the ERAA”. The Electricity Regulation provisions require to “takes into account real network development”. As mentioned in the response to the	R	The network development taken into account in the ERAA is the TYNDP. The methodology for the calculation of the maximum entry capacity for cross-border participation, which uses the ERAA results, therefore also uses the TYNDP.

				unlike current ERAA approach	ERAA consultation, in order to achieve consistency with real network development as required by the Electricity Regulation, ENTSOE should consider transmission projects in development phase only.		
Link to ERAA, RCC and national studies		Eurelectric	Consistency with other analyses	Need to ensure full consistency between ERAA and calculation of the MEC, and the outcomes of NRAA	<p>Second, we would like to point out that there is no final methodology for ERAA available yet and that full consistency is somehow needed between the ERAA methodology and this methodology under consultation. It is crucial to ensure that ERAA outcomes are as reliable as possible and reflect the reality of the physical flows and market functioning in order to allow for a straight forward definition of "maximum entry capacity". In particular:</p> <ul style="list-style-type: none"> o It is important to avoid creating an artificial mismatch between the outcomes of: <ul style="list-style-type: none"> - The European or national adequacy assessment reflecting some fundamentals (e.g. expected availability of interconnections and expected contribution of foreign capacity in times of system stress) set up in the ERAA methodology, - The maximum entry capacity on a border (setup in this methodology under consultation), - The foreign capacity that would like to participate / actually contribute to the incremental security of supply in the "home" capacity market (cf. auction process). <p>Indeed, the ERAA outcomes used to compute the maximum entry capacity reflect both the technical availability of interconnections but also the available capacity margin in neighbouring countries in order to respond to a country's needs. If this maximum entry capacity is lower than the commercial capacity of the interconnections, then the scarce resource during stress events is the foreign capacity (and not the interconnector itself).</p> <ul style="list-style-type: none"> o If the drafted approach towards building Central Reference Scenarios in ERAA methodology is sustained, there may be a serious issue of underestimating the actual threat to system adequacy. As mentioned in our response paper to the ERAA consultation, if the scenario considering CM looks at schemes as "approved" and not "as applied", there is a risk of over assessing the capacities eligible for support . For example, if the CM was introduced before the entry into force of the Electricity Regulation, the ERAA will not take into account the influence that the CO2 EPS in CRM had on economic viability of assets. As a consequence, the contribution in cross-border participation will be set on much higher level than it should be. o In addition, Art. 9 of the present methodology mentions that "Transmission capacity assumptions shall be consistent with the assumptions used in the ERAA". The Electricity Regulation provisions require to "takes into account real network development". As mentioned in our response to the ERAA consultation, in order to achieve consistency with real network development as required by the Electricity Regulation, ENTSOE should consider projects in development phase only. We would also welcome clarifications on the last two paragraphs of Art. 9. <p>As we do not know the final provisions of ERAA methodology, we should keep in mind the strong interlinks between this methodology as designed in Article 9 and ERAA methodology.</p>	C	<p>We consider ERAA as a reference methodology, that allows for a solid, transparent and consistent approach across Europe. In the meanwhile, the ERAA methodology was updated by ENTSO-E before submission to ACER, addressing your comment on CM as applied.</p> <p>The maximum entry capacity is directly derived from ERAA calculations and aims at assessing which part of the capacity (MW) of a bidding zone adjacent to a bidding zone with a capacity mechanism can participate (i.e. what is the adjacent bidding zone's value in terms of security of supply).</p> <p>This is the proposed consistent approach at European level. It is however possible that NRAA can assess additional sensitivities.</p> <p>The network development taken into account in the ERAA is the TYNDP. The methodology for the calculation of the maximum entry capacity for cross-border participation, which uses the ERAA results, therefore also uses the TYNDP. ERAA & TYNDP consultation is the most extensive stakeholder process to ensure consistency and robustness of assumptions within the EU framework foreseen formally by ACER and ECG.</p>
Link to ERAA, RCC and national studies		Energie-Nederland (same as Eurelectric)	Consistency with other analyses	Need to ensure full consistency between ERAA and calculation of the MEC	<p>Second, we would like to point out that there is no final methodology for ERAA available yet and that full consistency is somehow needed between the ERAA methodology and this methodology under consultation. It is crucial to ensure that ERAA outcomes are as reliable as possible and reflect the reality of the physical flows and market functioning in order to allow for a straight forward definition of "maximum entry capacity". In particular:</p> <ul style="list-style-type: none"> o It is important to avoid creating an artificial mismatch between the outcomes of: <ul style="list-style-type: none"> - The European or national adequacy assessment reflecting some fundamentals (e.g. expected availability of interconnections and expected contribution of foreign capacity in times of system stress) set up in the ERAA methodology, - The maximum entry capacity on a border (setup in this methodology under consultation), - The foreign capacity that would like to participate / actually contribute to the incremental security of supply in the "home" capacity market (cf. auction process). <p>Indeed, the ERAA outcomes used to compute the maximum entry capacity reflect both the technical availability of interconnections but also the available capacity margin in neighbouring countries in order to respond to a country's needs. If this maximum entry capacity is lower than the commercial capacity of the interconnections, then the scarce resource during stress events is the foreign capacity (and not the interconnector itself).</p> <ul style="list-style-type: none"> o If the drafted approach towards building Central Reference Scenarios in ERAA methodology is sustained, there may be a serious issue of underestimating the actual threat to system 	C	<p>We consider ERAA as a reference methodology, that allows for a solid, transparent and consistent approach across Europe. In the meanwhile, the ERAA methodology was updated by ENTSO-E before submission to ACER, addressing your comment on CM as applied.</p> <p>The maximum entry capacity is directly derived from ERAA calculations and aims at assessing which part of the capacity (MW) of a bidding zone adjacent to a bidding zone with a capacity mechanism can participate (i.e. what is the adjacent bidding zone's value in terms of security of supply).</p> <p>This is the proposed consistent approach at European level. It is however possible that NRAA can assess additional sensitivities.</p> <p>The network development taken into account in the ERAA is the TYNDP. The methodology for the calculation of the maximum entry capacity for cross-border participation, which uses the ERAA results, therefore also uses the TYNDP. ERAA & TYNDP consultation is the most extensive stakeholder process to ensure consistency and robustness of assumptions within the EU framework foreseen formally by ACER and ECG.</p>

3 JULY 2020

					adequacy. As mentioned in our response paper to the ERAA consultation, if the scenario considering CM looks at schemes as “approved” and not “as applied”, there is a risk of over assessing the capacities eligible for support . For example, if the CM was introduced before the entry into force of the Electricity Regulation, the ERAA will not take into account the influence that the CO2 EPS in CRM had on economic viability of assets. As a consequence, the contribution in cross-border participation will be set on much higher level than it should be. o In addition, Art. 9 of the present methodology mentions that “Transmission capacity assumptions shall be consistent with the assumptions used in the ERAA”. The Electricity Regulation provisions require to “takes into account real network development”. As mentioned in our response to the ERAA consultation, in order to achieve consistency with real network development as required by the Electricity Regulation, ENTSOE should consider projects in development phase only. We would also welcome clarifications on the last two paragraphs of Art. 9. As we do not know the final provisions of ERAA methodology, we should keep in mind the strong interlinks between this methodology as designed in Article 9 and ERAA methodology.		
Quantification of contribution	6	EFET	Defining average imports	Average should be a weighted average - text should be clarified. Time period for assessment should also be clarified.	We assume the TSOs expect to apply a weighted average. This should be clearly specified in the methodology. It is important that the methodology defines a period over which the contribution of each neighbouring country is calculated. Generation capacity across MS evolves rapidly and therefore assessing scarcity over a long historical period can lead to over – or underestimate the contribution of a country or bidding zone.	C	Following the public consultation, we have clarified, most notably in the explanatory note, how the averaging calculation is to be executed for calculating the maximum entry capacity for cross-border participation. The explanatory note now includes analytical formulas to explain the exact meaning of the calculated average. The maximum entry capacity will be calculated over calendar years following the ERAA methodology and approach. When setting the maximum entry capacity for calibration of capacity mechanism auctions, TSOs could still decide to compute the values for the winter period, based on the RCC recommendation and using the ERAA results as a basis.
Quantification of contribution		IFIEC Europe	Defining average imports	No clear definitions used for "imports" and type of "average"	In particular with respect to Art.6 it is difficult to assess any of the impact, as this article only mentions taking “the average of all contributions during all different single and simultaneous scarcity hours” with each contribution being “calculated as the average of imports during scarcity hours”, thus leading to an average of averages without clear definition on how e.g. imports are to be defined or which (type of) average is to be taken.	C	Following the public consultation, we have clarified, most notably in the explanatory note, how the averaging calculation is to be executed for calculating the maximum entry capacity for cross-border participation. The explanatory note now includes analytical formulas to explain the exact meaning of the calculated average.
Quantification of contribution	6	Total Direct Energie	Definition of scarcity	Definition only applies to ICs that are the scarce resource and not when foreign capacity is scarce	Article 6 of the Entsoe consultation mentions that “The contribution of each neighboring country or bidding zone to the adequacy of the considered country or bidding zone is determined as the average contribution of the exports from the neighboring bidding zone to the considered bidding zone, during all scarcity hours. This average contribution will be calculated as the average of all contributions during all different single and simultaneous scarcity hours, considering the curtailment sharing rule within the market coupling algorithm”. Total Direct Energie considers that this definition only applies for the interconnector contribution to adequacy (in the cases where the interconnectors are seen saturated). But it could also happen that interconnectors are not seen saturated during scarcity hours, because of capacity shortages in the neighboring country: in this situation foreign capacities should benefit directly from capacity revenues (see example Q.10)	C	Following the public consultation, it has been clarified in the methodology that both interconnectors and foreign capacity can be the scarce resource in scarcity situations. The methodology is strongly rooted in the notion of the scarce asset. These are: i) The interconnection capacity of the direct border considered between country ‘k’ and the CM country. ii) The resource of the direct neighbour bidding zone ‘k’ to the CM country and the resource of any other bidding zone $m \neq k$ in the market. Note that the resource in other bidding zones $m \neq k$ might also indirectly then be limited further by the interconnection capacity between other bidding zones other than the relevant border, e.g. border ‘k - m’ etc. Still, the important concept captured by the methodology is that the ‘scarce’ resource in case ii) is not the interconnector of the ‘k – CM’ border since increasing its NTC won’t reduce ENS in the CM country in this case ‘ii)’.
Overall methodology	4	FEPEG	Definition of scarcity	Clarifying that in measuring scarcity situations, balancing and other reserves are not taken into account	Comment on article 4: The methodology for the calculation of the maximum entry capacity for cross-border participation shall consider situations during which countries still require import ‘after using all its available national production and market-based demand reduction measures’. In this context, it seems worthwhile to clarify that the usage all available national production and market-based demand reduction should be assessed in a context of normal market functioning. This means that the activation of the balancing means and the strategic reserves should not be taken into account.	C	These statements are indeed correct and in line with the methodological approach within ERAA and the proposal for calculating the maximum entry capacity for cross-border participation. It is now clarified in the methodology that balancing and other reserves are not taken into account when measuring scarcity.

				<p>Balancing capacities The transmission operator purchases balancing reserves in order to be able to guarantee the balance of the grid and to manage congestion at all times. These balancing reserves can evidently not be used as available capacity to cover consumption peaks. The purpose of these reserves is to make up for unforeseen imbalances at any time - i.e. including during shortages - for example as a result of outages or variations in wind generation. Therefore, it is justified not to take consider the use of the balancing means to calculate the maximum entry contribution.</p> <p>Strategic Reserves To avoid market distorting, strategic reserves are designed in such a way that they are kept out of the market. The calculation of the maximum entry capacity should be based on capacity that is available in the market and should thus not consider strategic reserves.</p>		
Definition of scarcity	5	Iberdrola, S.A.	Definition of scarcity	<p>Definition of scarcity in article 5 should be amended</p> <p>It is paramount to make a clear distinction between (a) the expected cross-border contribution of imports that a bidding zone can rely upon in moments of stress (i.e. hereafter “expected XB contribution”), and (b) the maximum entry capacity for cross-border participation in CRM (i.e. hereafter the “maximum XB entry capacity”). Therefore, we request a clear definition of both terms in article 2 and accordingly a rewording of articles 4 and 6. In particular, “maximum XB entry capacity” should not be renamed as “the contribution” in article 6.</p> <p>The expected XB contribution is closely related to the adequacy assessment, as it should reflect the expected contribution of imports to adequacy:</p> <ul style="list-style-type: none"> • According to current regulations, a CRM cannot distort the market coupling – i.e. energy flows cannot be altered in any manner. Such energy flows are the result of the successive markets until balancing and (when needed) security-related adjustments in real time. Hence, in order to estimate the XB contribution, ENTSOE should use a market simulation as realistic as possible, including with regard to cross-border exchanges (imports / exports) in stress situations. • However, the results of a market simulation based on the curtailment sharing rule applied in the day-ahead market algorithm does not seem to be able to produce a very realistic estimate of the actual (real-time) cross-border exchanges. Harmonized technical bidding limits applied to day-ahead and intra-day markets across Europe (and current technical bidding limits in the balancing markets) according to Art 10 Regulation 943/2019 are not comparable to any MS’ VoLL. • As a consequence, and depending on their relative VoLLs, the bidding zone with a CRM could be actually exporting to the neighboring bidding zone in a simultaneous scarcity situation – i.e. negative XB contribution. Therefore, the expected XB contribution should be estimated accordingly, thus leading to more realistic results. Otherwise, the expected XB contribution would be overestimated, leading to understating a potential adequacy concern. • Moreover, we draw ENTSOE’s particular attention that some national regulatory decisions could seriously affect the rationale behind the maximum entry capacity calculation. In particular, Iberian NRAs are proposing a regional methodology of harmonized bidding limits in day-ahead and intraday, instead of applying the European methodology. Therefore, energy flows are distorted by regional bidding price caps when a stress period is reached and during the potential subsequent stress periods which could occur while the same limit will continue in force. <p>Having a negative expected XB contribution has also implications in terms of the capacity that should be contracted in the CRM to ensure the reliability standard – i.e. capacity strictly corresponding to the reliability standard plus capacity that is expected to be exported to the neighbouring bidding zone in stress situations.</p> <p>With regard to the maximum entry capacity for cross-border participation in CRM, it is closely linked to the XB contribution, but it is not the same, as reflected in article 7 and 8:</p> <ul style="list-style-type: none"> • If the expected XB contribution is positive (i.e. imports expected at times of stress), then maximum XB entry capacity should be equal to the expected XB contribution. • However, if the expected XB contribution is negative (i.e. exports expected at times of stress), then the maximum XB entry capacity should be equal to zero, as contracting cross-border capacity in the CRM does not make any positive contribution to the reliability of the bidding zone 	C	<p>The expected contribution does take into account the expected contribution of imports to adequacy:</p> <ul style="list-style-type: none"> - The ERAA considers cross-border exchanges (imports / exports) in stress situations. - The ERAA is a state-of-the-art perfect foresight model with its technical simplifications. The reserves are considered for balancing purposes (e.g. demand/PV/wind forecasting error). - The bidding zone with a CRM and neighbouring bidding zone in a simultaneous scarcity situation will have a global import position in the market following the curtailment sharing principles of the market coupling algorithm. This is duly taken into account in the methodology and explained in more detail in the explanatory note. - On the distortion of energy flows by regional bidding price caps, this discussion in currently part of the ERAA methodology approval by ACER. The current ERAA methodology states that ERAA shall be consistent with Art 10 of CEP regarding technical bidding limits. <p>The methodology proposal has been clarified as follows: the hourly contribution can be positive or negative, i.e. exports under scarcity situations will count negatively when calculating the average of imports under scarcity. When applying the average, however, the resulting maximum entry capacity cannot be negative and will be set to equal to zero if it would be negative in a certain scarcity situation.</p> <p>To better explain how the calculation of the maximum entry capacity is done, the explanatory note has been extended significantly presenting hours during which markets have sufficient margin available and are not relying on imports for adequacy (economic welfare optimization), hours during which the market can cope with potential ENS for countries relying on imports to ensure adequacy and then relevant cases of scarcity hours clearly linked to the existence of finite ENS and indicator of the market being scarce as a whole.</p> <p>The amendment of the definition of scarcity has been partly integrated into the methodology. Scarcity hours are now defined as “hours during which the value of the Energy Not Served (ENS) is strictly greater than 0 MWh/hour, after considering the effect of curtailment sharing within the market coupling algorithm.”</p>

					with the CRM. As a consequence, the definition for “scarcity hours” in article 2 should be amended: ‘Scarcity hours’ for a given bidding zone are defined as hours [Proposed deletion: during which the corresponding bidding zone has an importing position after market clearing coupling and] for which the value of the hourly Energy Not Served (ENS) is strictly greater than 0 MWh/hour, [Proposed deletion; after considering the effect of curtailment sharing within the market coupling algorithm].		
Overall methodology	4	GBIF	Discrimination	Discrimination concern against foreign capacity	In particular, we consider that Article 4 of the methodology “for calculating the maximum entry capacity” is discriminatory against foreign capacity as it obliges a Member State to exhaust all its local capability prior to even considering foreign capacity.	C	<p>We acknowledge Article 4 is missing details on the formulation and because of this, can be misleading. ENTSO-E has therefore elaborated the statement without, however, touching the underlying principle. This principle does not discriminate against foreign capacity participating in capacity mechanisms.</p> <p>It is a basic principle of the EU coupled markets that if a country cannot cover its Price Taking Orders (PTOs) by local production it will be labelled as a market relying on imports to ensure its adequacy. The market will maximize imports to those countries and imports will be allocated first before allocation of more expensive local production. Still the fact remains whether the market will manage to avoid ENS by maximizing imports in the most economical way and also by using all available production afterwards if more expensive than imports. Both the ERAA methodology and the maximum entry capacity methodology follow current EU market rules for cross-border capacity calculation and allocation when doing so, hence no discrimination occurs.</p>
Overall methodology		Statkraft Energi	Discrimination	Discrimination concern against foreign capacity given MEC calculated in complex and lacks transparency, and in different way to transmission capacity within countries or zones	We recognize that Entso-e is obliged to develop a methodology for calculating the maximum entry capacity for cross-border participation. However, we fear that there will be discrimination between national capacity providers and foreign capacity providers. This since cross-border capacity will be calculated in a rather complicated and we fear in a not very transparent way. In addition, this will be done in a totally different way than transmission capacity within a country or bidding zone, where one seems to assume a copper plate. Domestic generation may also be unavailable at times of scarcity because of transmission problems. Such eventuality may well be ignored in a capacity market, however in that case one should also not require a 100% availability of XB-transmission capacity.	C	<p>The complexity of the calculation is needed to ensure that participation from a neighbouring bidding zone is limited to what is actually feasible if not all countries have a capacity market. This calculation would probably not be as necessary if all bidding zones have a capacity mechanism with similar availability checks.</p> <p>It is a basic principle of the EU coupled markets that if a country cannot cover its Demand PTOs by local production it will be labelled as a market with curtailed PTOs (market in curtailment) and hence relying on imports to ensure its adequacy. The market will maximize imports to those countries and imports will be allocated first before allocation of more expensive local production. Still the fact remains whether the market will manage to by maximizing imports in the most economical way and also by use all available production afterwards if more expensive than imports to avoid ENS of the ‘curtailed market’. The ERAA and the MEC methodology follows current EU market rules for cross-border capacity calculation and allocation when doing so hence no discrimination occurs.</p> <p>Last but not least, the results availability checks for cross-border capacity providers should not be impacted by real-time transmission problems as access tickets are sold in advance based on the results of the Maximum Entry Capacity calculation, which are therefore not discriminated as regard to domestic capacity providers.</p>
Overall methodology		Energy Norway	Discrimination	X-border capacity should be treated in the same way as domestic capacity i.e. MEC should not be too low	<p>We recognize that ENTSO-E is obliged to develop a methodology for calculating the maximum entry capacity for cross-border participation. The guiding principle regarding calculation of maximum entry-capacity should be to treat XB-capacity and national capacity on equal terms. Too low entry capacity for XB-capacity is a discrimination of foreign capacity and this is unacceptable.</p> <p>Low entry capacity for XB-capacity reduces incentives to invest in interconnector capacity, HVDC in particular, if this capacity is not allowed to participate in the capacity markets. Low entry capacity further can create disincentives to invest in new generation capacity on market based terms if such capacity is not allowed to participate in the capacity markets through XB-interconnectors, also in situations with similar scarcity. Such barriers for XB- capacity can create a dysfunctional dynamics where most of or all new generation capacity is established in the countries with CRM, increasing the total generation cost unnecessarily in addition to creating barriers to further integrate the European market through increased interconnector-capacity .</p>	R	<p>Related to the perceived perverse incentive for TSOs to lower the capacity for cross-border participation or provide the wrong incentive for cross-border participation, ENTSO-E firstly wishes to emphasize that TSOs always aim correctly at applying any methodology.</p> <p>ENTSO-E, with the methodology proposed, is of the opinion that when transmission capacity is deemed the scarce resource during adequacy relevant moments, revenues should be particularly shared with the developers of the transmission capacity at both sides of the border. In order to be able to differentiate between different CM – CM situations towards revenue sharing and assess the contribution of a resource to adequacy relevant moments, ENTSO-E has proposed to use as an indicator the likelihood of simultaneous scarcity for the concerned Member States. This indicator allows well to make the required</p>

							<p>assessment in a sufficient differentiated manner accounting for the different situations at different borders.</p> <p>Moreover, this indicator also benefits from being an output of the ERAA which will be carried out by ENTSO-E under a strong governance process involving public consultations and explicit ACER involvement and approval ensuring its robustness as indicator. Stated otherwise, rather than applying a binary approach of 'scarce' or 'not scarce', the use of the proposed indicator allows for a more balanced view taking into account during how many percent of time when there is scarcity the transmission capacity is deemed the scarce resource. In this respect, the starting principle put forward by the respondent is followed, but according to ENTSO-E it is applied in a more nuanced manner. Finally, one should be assured by the strong governance process related to this determination, involving also the RCCs – a regional entity without any local interest - providing a recommendation and the fact that the determination of the maximum entry capacity is linked to the same methods used for ERAA, the latter benefitting a strong regulatory oversight.</p> <p>Furthermore, it is to be noted that the proposed methodology is applied per border and per direction, but when considered for the two directions of a border, both sides of the interconnection have been treated in the same manner, while accounting for the relevant differences.</p> <p>As a conclusion, ENTSO-E does therefore not think that TSOs will be incentivized to under/overestimate the Simultaneous Scarcity Factor and therefore the Maximum Entry Capacity. According to ENTSO-E, the use of this indicator provides therefore the right incentive in both cases to define in a right way the Maximum Entry Capacity and the sharing of the revenues arising from the allocation of the auction tickets at a border.</p>
Overall methodology	4	Mutual Energy	Discrimination	Discrimination concern against foreign capacity related to article 4	<p>For example, as stated in Article 4 of the proposal and Article 26(7) of Regulation (EU) 2019/943 the "calculation shall take into account the expected availability of interconnection and the likely concurrence of system stress in the system where the mechanism is applied and the system in which the foreign capacity is located" – this is a reasonable statement and a typical approach. However, article 4 goes on to state: "The methodology for calculating the maximum entry capacity for cross-border participation to capacity mechanism shall consider situations during which the country or bidding zone, after using all its available national production and market-based demand reduction measures, still requires imports to ensure adequacy of its system". There is a lot of detail missing around what exactly this latter statement means but the implication is that the contribution of foreign capacity participation in a capacity market will only be considered after all domestic measures have been exhausted – this appears to be discriminatory against participation of foreign capacity. Article 26 of Regulation (EU) 2019/943 requires that cross-border participation in capacity mechanisms is organised in an effective and non-discriminatory manner.</p>	C	<p>Considering the likely concurrence of system stress in the system is needed to ensure that participation from a neighbouring bidding zone is limited to what is actually feasible if not all countries have a capacity market. Capacity mechanisms aim at ensuring that sufficient capacity are available during adequacy-relevant moment so as to ensure the respect of the reliability criteria. For this reason, the calculation of the Maximum Entry Capacity relies on these adequacy relevant moment, represented by scarcity situations.</p> <p>It is a basic principle of the EU coupled markets that if a country cannot cover its Demand PTOs by local production it will be labelled as a market relying on imports to ensure its adequacy. The market will maximize imports to those countries and imports will be allocated first before allocation of more expensive local production. Still the fact remains whether the market will manage to by maximizing imports in the most economical way and also by use all available production afterwards if more expensive than imports to avoid ENS of the 'curtailed market'. The ERAA and the MEC methodology follows current EU market rules for cross-border capacity calculation and allocation when doing so hence no discrimination occurs.</p> <p>Last but not least, the results availability checks for cross-border capacity providers should not be impacted by real-time transmission problems as access tickets are sold in advance based on the results of the Maximum Entry Capacity calculation, which are therefore not discriminated as regard to domestic capacity providers.</p>
Overall methodology		RAP	IC participation	Methodology should also apply to ICs directly participating in CMs. The results from the simulations are independent of direct participation or not	<p>According to ENTSO-E's proposal: "The Methodology for calculating the maximum entry capacity for cross-border participation does not apply when interconnectors participate directly in the capacity mechanism in the sense of Article 26(2) of Regulation (EU) 2019/943." We disagree with this approach. It makes sense that the methodology be used regardless of whether a capacity mechanism allows for the direct participation of resources or the participation of interconnectors (the latter approach would be phased out in due course, as determined in the Regulation). One objective of this methodology is to determine the expected</p>	R	<p>The IEM Regulation introduces at Article 26(1) an obligation to enable direct cross-border participation of capacity providers located in Member States which are electrical neighbours. In case MS implement a direct interconnector participation model, they must switch to direct cross-border participation at the earlier date between:</p> <ul style="list-style-type: none"> 4th July 2023;

					contribution of foreign resources to the security of supply of a Member State (or to the bidding zones within it) that applies a capacity mechanism. The assessment is based in part on the likelihood of simultaneous system stress periods between the two systems. This expected contribution is independent of whether a capacity mechanism allows for the direct participation of capacity or the participation of interconnectors. The methodology, therefore, can be applied in both cases. For those reasons, we recommend that ENTSO-E changes the aforementioned provision to clarify that this methodology will also apply when interconnectors participate directly in a capacity mechanism.		<ul style="list-style-type: none"> 2 years after the date of ACER's approval of the methodologies detailed in this document. <p>The scope of ENTSO-E Methodologies under article 26 of the IEM Regulation is limited to the direct participation model of capacity providers and does not address the direct participation of interconnectors which is a temporary model that will be phased-out. Under the new model interconnectors will not participate directly in the capacity mechanism.</p> <p>As a temporary measure, in case of direct cross-border participation from interconnection, national frameworks can propose a methodology on the calculation of Maximum Entry Capacity or can decide to rely on the current Proposal.</p>
Contribution under flow based and NTC	7,8	EFET	Market imperfections	MEC could be distorted by non-harmonised price caps and/or different regulation in Third countries	<p>We also draw ENTSO-E's particular attention that some national regulatory decisions outside the scope of CRM regulations could seriously affect the calculations of entry capacity. In particular, we refer to provisions set out in Article 10 of Regulation 2019/943 regarding harmonised clearing and bidding price limits at European level, and how non-harmonised limits may remain in certain European markets. As a result, the scarcity indicator may be skewed because energy markets are altered/affected by price caps.</p> <p>Conversely, both the energy market and the CRM price signals within Europe could be distorted if adjacent third countries do not apply comparable market rules as in the EU (e.g. Moroccan border with Spain).</p>	C	<p>This is indeed a concern of which ENTSO-E is aware. This is currently being discussed with ACER within the approval of the ERAA methodology submitted by ENTSO-E on 5 May 2020.</p>
Overall methodology		Anonymous Respondee 1	MEC should be conservatively estimated	MEC should be conservatively estimated given concern that TSO are not correctly incentivised to negate foreign adequacy contribution through congestion management	<p>In order to have a real and efficient cross-border participation to CRM that can guarantee the foreign adequacy contribution, it is necessary to put the right responsibility on both the CMU and the foreign TSOs that should guarantee transmission capacity and balancing through dispatching.</p> <p>Adequacy resources provided by cross border CMU must have obligation as equivalent as possible with domestic ones, putting on them the obligation of markets participation equivalent to domestic units: according to Art. 17, contracted capacity is deemed to be available when it has commitments related to the DA/ID or the ancillary services market but is not able to actually deliver due to national or supranational requirements including but not limited to congestion management". TSOs should be adequately incentivised to an efficient adequacy resource provision to other countries, to avoid that foreign TSO dispatching actions repeal the actual foreign contribution to adequacy even though the CMU is effectively available. In this case, the contribution to adequacy would be null or even negative, with incremental cost for the Country where the CRM is located.</p> <p>In these situations, an efficient and effective regulation should set appropriate and cost-reflective incentives to CMU and TSO in order to achieve a reliable and firm cross-border participation.</p> <p>Until the connecting TSOs will not be responsible (jointly with receiving TSO) of this incremental costs, the maximum entry capacity has to be estimated as conservatively as possible.</p> <p>In order to estimate a correct and reliable maximum entry capacity on the basis of the expected import in the Capacity Scenario, the CRMs assumed in the scenario, should be compliant with the regulation setting above proposed in terms of CMU and TSOs responsibility. If this condition is not met, the outcomes risk to overestimate the potential foreign contribution.</p>	C	<p>ENTSO-E is convinced that the calculation of the maximum entry capacity based on the average contribution under scarcity situations avoids both over- and underestimating the maximum entry capacity. In addition to this recommended value, National Resource Adequacy Assessments can decide to also analyse the statistical distribution of the contribution in scarcity situations to provide additional information to the TSO for setting the maximum entry capacity. Finally, it is up to the TSO to use this information to make an informed decision on whether to use the average of imports under scarcity or to use a lower or higher percentile.</p>
Quantification of contribution		Anonymous Respondee 1	MEC should be conservatively estimated	Should allow for negatives (i.e. exports in scarcity) in calculation of MEC if exporting in scarcity	<p>The proposed approach to calculate the maximum entry capacity moreover foresees to set the contribution to zero in case of export. Anonymous Respondee 1 doesn't agree with this proposal, because this approach doesn't take into account that export may occur during simultaneously scarcity hours and so Anonymous Respondee 1 proposes that such hours (of export) should be considered as negative contribution in the average balance during the abovementioned situation.</p>	C	<p>The methodology proposal has been updated as follows: it is now clarified that the hourly contribution can be both positive or negative, i.e. exports under scarcity situations will count negatively when calculating the average of imports under scarcity. When applying the average, however, the resulting maximum entry capacity cannot be negative and will be set to equal to zero if it would be negative after averaging on the scarcity hours.</p>
Overall methodology		Anonymous Respondee 2	MEC should be conservatively estimated	Methodology that results in MEC that is too high is not fit for purpose i.e. does not meet aims of CM	<p>The methodology must consider the fundamental purpose for the capacity mechanism; to ensure the security of supply. A methodology which results in a maximum entry capacity at a level which is not technically available during simultaneous scarcity events does not meet the main purpose of the capacity mechanism.</p>	C	<p>The idea of calculating the average is to avoid over-procuring capacity at the expense of the consumer, which could occur when setting the maximum entry capacity at the minimum level of observed import. The explanatory note has been extended significantly presenting analytical formulas showing mathematically the soundness of using the</p>

							average value. Furthermore, different percentiles can still be used by TSO in national calibration of the capacity mechanism auction hence deviating from the RCC maximum entry capacity recommendation should they wish to do so, eg consider risk considerations beyond the average calculated.
Quantification of contribution		Edison SpA	MEC should be conservatively estimated	Use of average imports may lead to overestimation of MEC. Need for more prudent approach - propose use of lower percentiles	Edison believes that the approach proposed by TSOs to determine the expected contribution of imports that a bidding zone can rely upon in moments of stress can lead to an overestimation of this contribution. In particular, the use of the average of imports during scarcity hours may not reflect the actual technically possible import in a wide range of stress situations, thus leading to an overprocurement of foreign capacity compared to its actual contribution to system adequacy in the country concerned. This outcome does not seem fully in line with the principles established in Article 26 which states that "calculation shall take into account the expected availability of interconnection and the likely concurrence of system stress in the system where the mechanism is applied and the system in which the foreign capacity is located." For these reasons, Edison proposes to calculate the maximum entry capacity by considering only a lower percentile (e.g. the 10th percentile) of the total net import in the area concerned during the hours with the highest level of ENS (representing a high level of system stress). The choice of an import level lower than the average would allow to consider the uncertainties related to the forecast based on NRAA and ERAA (made several years in advance). A floor to the value calculated with this methodology could also be foreseen in order to avoid too low value of entry capacity available for participation in CMs (e.g. 20% of 95th percentile). As underlined above, without such prudent approach the contribution of foreign capacity to a given CRM risks being overestimated with a possible deterioration of the adequacy in the country concerned leading in the end to higher costs borne by final customers (e.g. caused by the procurement of a greater amount of capacity to ensure the same level of adequacy).	C	The idea of calculating the average is to avoid over-procuring capacity at the expense of the consumer, which could occur when setting the maximum entry capacity at the minimum level of observed import. The explanatory note has been extended significantly presenting analytical formulas showing mathematically the soundness of using the average value. Furthermore, different percentiles can still be used by TSO in national calibration of the capacity mechanism auction hence deviating from the RCC maximum entry capacity recommendation should they wish to do so; eg consider risk considerations beyond the average calculated.
Contribution under flow based and NTC	7,8	Edison SpA	MEC should be conservatively estimated	Should allow for negatives in calculation of MEC if exporting in scarcity	Moreover, with the aim to ensure an accurate calculation of Entry Capacity reflecting the actual contribution of foreign capacities to the adequacy of a given country, it should be considered that if a bidding zone has an exporting position during the scarcity hours included in the calculation, these hours should be taken into account in the calculation as negative contribution from the countries where electricity is exported and not automatically set to 0 as proposed in Articles 7 and 8 of the current proposal.	C	The methodology proposal has been updated as follows: it is now clarified that the hourly contribution can be both positive or negative, i.e. exports under scarcity situations will count negatively when calculating the average of imports under scarcity. When applying the average, however, the resulting maximum entry capacity cannot be negative and will be set to equal to zero if it would be negative after the averaging over scarcity hours.
Quantification of contribution		EDF	MEC should be conservatively estimated	Use of average imports may lead to overestimation of MEC. Need for more prudent approach - propose use of lower percentiles.	In EDF's view, the maximum entry capacity should be designed as high as possible. However the expected contribution of imports must be calculated in a conservative way in order to avoid an overestimation of this contribution which can lead to an issue for security of supply. The main risk is actually to overprocure foreign contribution / capacities several years before and not to be able to rely on them for system adequacy when needed. In EDF's opinion, the contracted capacity should be as firm as possible, i.e the maximum entry capacity should be set at the level that reflects the actual technically possible import in all stress situations. Otherwise, the risk is that a significant amount of capacity may be procured from foreign entities that may be not technically able to supply electricity to the capacity market area due to transmission constraints. Such a situation (to some extent) is of course inevitable but it should be as limited as possible. The outcome of the calculation must take into account all the uncertainties in a conservative way (commissioning and expected availability of interconnections as it is stated in Article 26 as well as generation units commissioning or phasing-out, renewables development and consumption in the different countries). In EDF's opinion, the proposed approach is consequently seriously flawed. Indeed, it refers to the average of expected imports during both single and simultaneous scarcity events and therefore does not take into account the actual purpose of capacity mechanisms to ensure the security of supply. Indeed, the current proposal will result in setting maximum entry capacities at a level that will overestimate the contribution of foreign capacities to adequacy during at least some of stress hours, impairing the sole purpose of capacity mechanisms to ensure the security of supply. The use of an average contribution does not deal with the situations where stress situations are more severe. EDF suggests that only the situations where imports ensure that there is no scarcity should be taken into account (stress hours without taking into account scarcity hours), and a minimum value (or a low percentile, e.g. the 10th percentile) should be considered over these situations. Indeed, the aim of CMs is not to ensure security of supply by avoiding scarcity/load shedding in	C	The idea of calculating the average is to avoid over-procuring capacity at the expense of the consumer, which could occur when setting the maximum entry capacity at the minimum level of observed import. The explanatory note has been extended significantly presenting analytical formulas showing mathematically the soundness of using the average value. Furthermore, different percentiles can still be used by TSO in national calibration of the capacity mechanism auction hence deviating from the RCC maximum entry capacity recommendation should they wish to do so, eg consider risk considerations beyond the average calculated.

					any situation, but to ensure that a given reliability standard is met. During the hours where scarcity is observed in the ERAA simulations (in the scenario with CMs, the number of these hours being smaller than or equal to the applicable reliability standard) this scarcity is necessarily deemed as accepted and the amount of imports or exports during these hours should not matter for the parametrization of CMs. Our approach avoids focusing on simultaneous scarcity situations because these situations are anyway not of interest for the purpose of setting the entry capacity.		
Quantification of contribution		EDF	MEC should be conservatively estimated	Only take into account those hours where imports have removed scarcity. By considering hours where there is scarcity, the methodology is taking into account hours of scarcity which are accepted under the reliability standard	This is a question of risk appetite - to what extent should ENTSO-E set this?	R	If only hours for which imports remove scarcity are taken into account, the result would give false results and/or would be discriminatory. A market result could be that capacities in countries are not activated if the result of market coupling is that foreign capacities are more interesting. But it does not mean that this foreign capacity would be available in times of stress.
Quantification of contribution		EDF	MEC should be conservatively estimated	Distribution of imports should be published for TSOs to make their own decision	Whatever the choice of the methodology, the distribution of imports for ERAA simulations should be published in order for TSOs to make up the best choice of the entry capacity.	C	The idea of calculating the average is to avoid over-procuring capacity at the expense of the consumer, which could occur when setting the maximum entry capacity at the minimum level of observed import. The explanatory note has been extended significantly presenting analytical formulas showing mathematically the soundness of using the average value. Furthermore, different percentiles can still be used by TSO in national calibration of the capacity mechanism auction hence deviating from the RCC maximum entry capacity recommendation should they wish to do so, eg. consider risk considerations beyond the average calculated.
Link to ERAA, RCC and national studies	9	FEPEG	MEC should be conservatively estimated	National authorities – that are ultimately responsible for security of supply on their territory – should remain closely involved and formally validate the used scenario, and should be able to consider the impact of extreme and rare events.	<p>Comment on article 9: The calculation of the contribution should be consistent with the ERAA methodology, but also with RCC’s recommendation and national studies.</p> <p>In this perspective, FEBEG want to point to the specific situation of Belgium as it is particularly interconnected with neighbouring countries. Considering that it is very difficult to predict to which extent the neighbouring countries energy policies (eg. the market reforms in these countries as well as their options to contribute to the decarbonisation targets) could hamper Belgian’s electricity import capacities and since any adequacy issue will have an important consequence for the economy, the system operator and the authorities can be expected to treat security of supply with the greatest attention and to take the utmost precaution in this respect. In such a context, FEBEG is convinced that national authorities should be allowed to opt for a specific scenario taking into account the Belgian specificities (rather than the base scenario) to assess the adequacy situation at national level. It is crucial that national authorities – that are ultimately responsible for security of supply on their territory – remain closely involved and formally validate the used scenario. The national authorities should -according to FEBEG- be able to consider the impact of extreme and rare events.</p>	C	The idea of calculating the average is to avoid over-procuring capacity at the expense of the consumer, which could occur when setting the maximum entry capacity at the minimum level of observed import. The explanatory note has been extended significantly presenting analytical formulas showing mathematically the soundness of using the average value. Furthermore, different percentiles can still be used by TSO in national calibration of the capacity mechanism auction hence deviating from the RCC maximum entry capacity recommendation should they wish to do so, eg. consider risk considerations beyond the average calculated.
Quantification of contribution		Eurelectric	MEC should be conservatively estimated	MEC should not be based on average (it doesn’t consider more severe events), but given its critical impact on economy be linked to expected contribution in stress events i.e. a policy choice should be applied to a distribution of expected contribution. It should be as firm as possible.	<p>1. First, the proposed approach for the maximum entry capacity is seriously flawed. Indeed, it refers to the average of imports during (single/simultaneous) scarcity events and therefore does not take into account the actual purpose of capacity mechanisms to ensure the security of supply.</p> <p>Indeed, the current proposal will result in setting maximum entry capacities at a level that could overestimate the contribution of foreign capacities to adequacy during some of stress hours, hence impairing the sole purpose of capacity mechanisms to ensure the security of supply. The use of an average contribution doesn’t factor the situations where stress situations are more severe.</p> <p>Eurelectric believes that the maximum entry capacity on a border should not be a theoretical average value based on a modelling exercise as it could have a substantial impact on the economy of the Member States.</p> <p>This maximum entry capacity should reflect:</p> <ul style="list-style-type: none"> o a level of net transfer capacity that is expected to be available during stress events; o a level of foreign export margin that could be expected to be relied upon during stress events. 	C	<p>The idea of calculating the average is to avoid over-procuring capacity at the expense of the consumer, which could occur when setting the maximum entry capacity at the minimum level of observed import. The explanatory note has been extended significantly presenting analytical formulas showing mathematically the soundness of using the average value. Furthermore, different percentiles can still be used by TSO in national calibration of the capacity mechanism auction hence deviating from the RCC maximum entry capacity recommendation should they wish to do so, eg. consider risk considerations beyond the average calculated.</p> <p>By modelling the expected contribution during scarcity situations, the calculation is based both on the level of net transfer capacity that is expected to be available during stress events as well as on the level of foreign export margin that could be expected to be relied upon during stress events.</p>

					<p>The assessment of the right level of maximum entry capacity should be linked to the outcomes of resource adequacy assessments and an energy policy choice: a too high level (given the expected distribution) could endanger the actual security of supply while a too low level (given the expected distribution) could unduly reduce the contribution from foreign capacities.</p> <p>The assessment of the foreign export margin is probably most stringent: the contracted capacity should be as firm as possible. This means that the maximum entry capacity should be set at the level of technically possible imports during stress events. Otherwise, there is a risk that a significant amount of capacity may be procured from foreign capacities that may not be able to supply electricity to the capacity market area.</p> <p>In order to fully take into account both Electricity Regulation provisions as well as the purpose of capacity mechanisms and the technical limitations, Eurelectric proposes to determine the maximum entry capacity on the basis of an extensive information, i.e. the distribution of import/export balance during all scarcity events.</p> <p>The estimation of maximum entry capacity must take into account the level of uncertainty on the direction of flows over interconnectors, particularly during periods of simultaneous stress.</p> <p>The policy target should be to define somehow the foreign capacity expected to secure effectively -solely by their availability -the export margin of the neighbouring countries and to deliver effectively an incremental security of supply. This is exactly similar to the treatment of local intermittent RES generation, which are actually derated based on their effective or expected contribution to the security of supply to the country. The foreign capacity should be contracted in the local capacity market only if its availability is expected to actually secure the export margin in stress situations, esp. in case of simultaneous scarcity situations at regional level. Otherwise, the foreign capacity contracted in the capacity market would actually be remunerated for a service (contribution to the local security of supply) that it cannot secure on its own.</p>		<p>The maximum entry capacity methodology considers systematically all scarcity situations (being single or simultaneous scarcity). We explained this further in the explanatory note.</p> <p>The explanatory note has been significantly extended with mathematical examples as well as real examples based on latest MAF dataset.</p>
Quantification of contribution	Energie-Nederland (same as Eurelectric)	MEC should be conservatively estimated	MEC should not be based on average (it doesn't consider more severe events), but given its critical impact on economy be linked to expected contribution in stress events i.e. a policy choice should be applied to a distribution of expected contribution. it should be as firm as possible.	<p>1. First, the proposed approach for the maximum entry capacity is seriously flawed. Indeed, it refers to the average of imports during (single/simultaneous) scarcity events and therefore does not take into account the actual purpose of capacity mechanisms to ensure the security of supply.</p> <p>Indeed, the current proposal will result in setting maximum entry capacities at a level that could overestimate the contribution of foreign capacities to adequacy during some of stress hours, hence impairing the sole purpose of capacity mechanisms to ensure the security of supply. The use of an average contribution doesn't factor the situations where stress situations are more severe.</p> <p>Eurelectric believes that the maximum entry capacity on a border should not be a theoretical average value based on a modelling exercise as it could have a substantial impact on the economy of the Member States.</p> <p>This maximum entry capacity should reflect:</p> <ul style="list-style-type: none"> o a level of net transfer capacity that is expected to be available during stress events; o a level of foreign export margin that could be expected to be relied upon during stress events. <p>The assessment of the right level of maximum entry capacity should be linked to the outcomes of resource adequacy assessments and an energy policy choice: a too high level (given the expected distribution) could endanger the actual security of supply while a too low level (given the expected distribution) could unduly reduce the contribution from foreign capacities.</p> <p>The assessment of the foreign export margin is probably most stringent: the contracted capacity should be as firm as possible. This means that the maximum entry capacity should be set at the level of technically possible imports during stress events. Otherwise, there is a risk that a significant amount of capacity may be procured from foreign capacities that may not be able to supply electricity to the capacity market area.</p> <p>In order to fully take into account both Electricity Regulation provisions as well as the purpose of capacity mechanisms and the technical limitations, Eurelectric proposes to determine the maximum entry capacity on the basis of an extensive information, i.e. the distribution of import/export balance during all scarcity events.</p> <p>The estimation of maximum entry capacity must take into account the level of uncertainty on the direction of flows over interconnectors, particularly during periods of simultaneous stress.</p> <p>The policy target should be to define somehow the foreign capacity expected to secure effectively -solely by their availability -the export margin of the neighbouring countries and to</p>	C	<p>The idea of calculating the average is to avoid over-procuring capacity at the expense of the consumer, which could occur when setting the maximum entry capacity at the minimum level of observed import. The explanatory note has been extended significantly presenting analytical formulas showing mathematically the soundness of using the average value. Furthermore, different percentiles can still be used by TSO in national calibration of the capacity mechanism auction hence deviating from the RCC maximum entry capacity recommendation should they wish to do so, eg. consider risk considerations beyond the average calculated.</p> <p>By modelling the expected contribution during scarcity situations, the calculation is based both on the level of net transfer capacity that is expected to be available during stress events as well as on the level of foreign export margin that could be expected to be relied upon during stress events.</p> <p>The maximum entry capacity methodology considers systematically all scarcity situations (being single or simultaneous scarcity). We explained this further in the explanatory note.</p> <p>The explanatory note has been significantly extended with mathematical examples as well as real examples based on latest MAF dataset.</p>	

					deliver effectively an incremental security of supply. This is exactly similar to the treatment of local intermittent RES generation, which are actually derated based on their effective or expected contribution to the security of supply to the country. The foreign capacity should be contracted in the local capacity market only if its availability is expected to actually secure the export margin in stress situations, esp. in case of simultaneous scarcity situations at regional level. Otherwise, the foreign capacity contracted in the capacity market would actually be remunerated for a service (contribution to the local security of supply) that it cannot secure on its own.		
Quantification of contribution	ENGIE	MEC should be conservatively estimated	Use of average could be too risky. Distribution of imports should be published for competent authority to make their own decision	<p>Quantification of the foreign capacity contribution</p> <p>In practice estimates of this maximum entry capacity could be obtained as a sub-product of the adequacy assessments, which are required to determine the demand curve of capacity markets. These assessments should take into account the expected availability of interconnections and should reflect the likely concurrence of system stress between adjacent countries.</p> <p>Concretely, Figure 2 illustrates how the outcome of a resource adequacy assessment (European or national) could be used to derive the maximum entry capacities. The exchange balance mentioned on this figure should in practice be split further by border, which is not an issue. In addition, this figure shows the risk of setting the maximum entry capacity as the average of imports during scarcity hours, without considering the distribution of the import:</p> <ul style="list-style-type: none"> • First, adequacy being related to extreme and rare events, the determination of the maximum entry capacity is related to the risk aversion of the local authorities with respect to extreme events (scarcity). At the end, consumers that are financing (directly or indirectly) a capacity market should get the right level of adequacy (in other words, "their money back") and the authorities might want to take more informed decisions on the foreign capacity contributions they could rely upon. Depending on the distribution of the imports during stress events, the use of the average value might be deemed too risky by the local authorities. • Second and directly related, the average value of imports could reflect a wide variety of scenarios (cfr probabilistic nature of the adequacy assessments), ranging from a situation of net importer to a situation of net exporter. The situation on each border could even be more extreme and not necessarily correlated with the global country position. A blind use of average values for each border is therefore extremely risky. • Finally, ENGIE would advocate that the methodology has to provide relevant information on the distribution of flows during stress events on each border (average, minimum, maximum, percentiles p50/p5/p95/..., etc.), the correlations of the cross-border flows between them and with the overall country position, etc. <p>ENGIE believes that only a complete set of indicators (= beyond average values) could yield a proper and consistent determination of maximum entry capacity on all borders by the Competent Authority (as designated in the local capacity market rules). [Figure 2]</p>	C	<p>By modelling the expected contribution during scarcity situations, the calculation is based both on the level of net transfer capacity that is expected to be available during stress events as well as on the level of foreign export margin that could be expected to be relied upon during stress events.</p> <p>The maximum entry capacity methodology considers systematically all scarcity situations (being single or simultaneous scarcity). We explained this further in the explanatory note.</p> <p>The idea of calculating the average is to avoid over-procuring capacity at the expense of the consumer, which could occur when setting the maximum entry capacity at the minimum level of observed import. The explanatory note has been extended significantly presenting analytical formulas showing mathematically the soundness of using the average value. Furthermore, different percentiles can still be used by TSO in national calibration of the capacity mechanism auction hence deviating from the RCC maximum entry capacity recommendation should they wish to do so, eg. consider risk considerations beyond the average calculated.</p> <p>The explanatory note has been significantly extended with mathematical examples as well as real examples based on latest MAF dataset.</p>	
Quantification of contribution	Naturgy	MEC should be conservatively estimated	Using an average could result in MEC that is not technically available in stress. Suggested alternative is to only consider imports in periods of simultaneous stress	<p>The proposed approach refers to the statistical availability during (single/simultaneous) scarcity events and therefore does not take into account the actual purpose of capacity mechanisms to ensure the security of supply. Indeed, the current proposal (e.g. averaging both single and simultaneous scarcity hours) may result in setting maximum entry capacities at the level that will be technically not available during at least some of simultaneous scarcity hours impairing the sole purpose of capacity mechanisms to ensure the security of supply. The use of an average contribution doesn't factor the situations where scarcity situations are more severe.</p> <p>The maximum entry capacity should not be a theoretical average value based on a modelling exercise as it could have a substantial impact on the economy of the Member States. Ideally, it should always be physically available along with the transmission capacities and therefore set at the minimum level of observed import during stress events. In order to fully take into account both Electricity Regulation provisions as well as the purpose of capacity mechanisms and the technical limitations, we propose to determine the maximum entry capacity as the average of the import/export balance during all simultaneous scarcity events, considering the curtailment sharing rule within the market coupling algorithm.</p> <p>The maximum entry capacity should be set at the level of technically possible imports during stress events that reflects</p> <ul style="list-style-type: none"> - a level of net transfer capacity that is expected to be available during stress events; 	C	<p>The idea of calculating the average is to avoid over-procuring capacity at the expense of the consumer, which could occur when setting the maximum entry capacity at the minimum level of observed import. The explanatory note has been extended significantly presenting analytical formulas showing mathematically the soundness of using the average value. Furthermore, different percentiles can still be used by TSO in national calibration of the capacity mechanism auction hence deviating from the RCC maximum entry capacity recommendation should they wish to do so, eg. consider risk considerations beyond the average calculated.</p> <p>By modelling the expected contribution during scarcity situations, the calculation is based both on the level of net transfer capacity that is expected to be available during stress events as well as on the level of foreign export margin that could be expected to be relied upon during stress events.</p> <p>The maximum entry capacity methodology considers systematically all scarcity situations (being single or simultaneous scarcity). We explained this further in the explanatory note.</p>	

					<p>· a level of foreign export margin that could be expected to be relied upon during stress events. Otherwise, the risk is that a significant amount of capacity may be procured from foreign entities that may be not technically able to supply electricity to the capacity market area due to transmission constraints. This would be in line with art. 26 (7) of IEM Regulation: "That calculation shall take into account the expected availability of interconnection and the likely concurrence of system stress in the system where the mechanism is applied and the system in which the foreign capacity is located."</p> <p>Furthermore, the quantification of "eligible foreign capacity" might also be relevant. In particular, we refer to the determination of the foreign capacity that is actually relevant for securing security of supply in the "home" country, taking into account 1) the evolution of the electric system, 2) the occurrence of simultaneous scarcity events as well as 3) the congestion of interconnections. The aim should be defining which (part of the) foreign capacity is expected to contribute to the export margin of the neighboring countries and to deliver effectively an incremental security of supply. The foreign capacity should be contracted in the local capacity market only if it is expected to actually contribute to the export</p>		The explanatory note has been significantly extended with mathematical examples as well as real examples based on latest MAF dataset.
Overall methodology	4	GBIF	Methodology insufficiently developed	Request for further consultation because the detail really matters	<p>By ENTSOe's own admission, the methodology for calculating maximum entry capacity for cross-border participation is not yet well advanced. This methodology is highly interactive with the separate revenue sharing methodology.</p> <p>GBIF members know from experience that the finer detail of such a methodology, its assumptions, definitions, and parameters need to be examined carefully to avoid unintended consequences. GBIF therefore strongly requests ENTSOe to hold further consultative exercises and to publish a detailed and transparent simulation, that includes trial runs, before the methodology is adopted by ACER, as this is key to provide further clarity on how exactly the methodology will work.</p>	C	We acknowledge that the proposed methodology for calculating the maximum entry capacity for cross-border participation was lacking both detail and transparency. Following stakeholder comments, ENTSO-E has clarified the principles used in the methodology and has significantly extended the explanatory note by adding explanations and significantly increasing the level of detail and transparency. This should provide ENTSO-E's public stakeholders with a better insight into how the calculation of the maximum entry capacity will be executed and enable them to assess the consequences of the methodology's details. Due to the legal obligation to submit the methodology proposal to ACER by 5 July 2020 in accordance with Article 26(11) of Regulation (EU) 2019/943, ENTSO-E will not be able to organize a second consultation of the methodology. Before adoption of this methodology proposal, however, ACER will consult public stakeholders on the methodology proposal and consequently can provide ENTSO-E with additional feedbacks and requests for amendment of the methodology proposal.
Overall methodology	4	GBIF	Methodology insufficiently developed	MEC and SSF linked but estimated differently leading to potential inconsistencies. Estimation poorly explained	<p>Both the concepts of Maximum Entry Capacity (MEC) and Simultaneous Scarcity Factor (SSF) are used to represent the degree to which a neighbouring market can contribute to security of supply in the home market. However, these two metrics will be based on different calculation methodologies which are as yet not clearly explained in the ENTSOe methodologies. This creates unnecessary complexity and potential inconsistencies which in turn will reduce market transparency and create negative outcomes for consumers.</p>	C	We acknowledge that the proposed methodology for calculating the maximum entry capacity for cross-border participation was lacking both detail and transparency. Following stakeholder comments, ENTSO-E has clarified the principles used in the methodology and has significantly extended the explanatory note by adding explanations and significantly increasing the level of detail and transparency. This should provide ENTSO-E's public stakeholders with a better insight into how the calculation of the maximum entry capacity will be executed and enable them to assess the consequences of the methodology's details.
Overall methodology	4	BritNed Development Ltd	Methodology insufficiently developed	Methodology not yet advanced	<p>By ENTSOe's own admission, the methodology for calculating maximum entry capacity for cross-border participation is not yet advanced. This methodology is highly interactive with the separate revenue sharing methodology.</p>	C	We acknowledge that the proposed methodology for calculating the maximum entry capacity for cross-border participation was lacking both detail and transparency. Following stakeholder comments, ENTSO-E has clarified the principles used in the methodology and has significantly extended the explanatory note by adding explanations and significantly increasing the level of detail and transparency. This should provide ENTSO-E's public stakeholders with a better insight into how the calculation of the maximum entry capacity will be executed and enable them to assess the consequences of the methodology's details.
Overall methodology	4	BritNed Development Ltd	Methodology insufficiently developed	Request for further consultation	<p>To avoid unintended consequences, we would strongly request that ENTSOe hold further consultative exercises, prior to the methodology being adopted by ACER. This will ensure there is clarity of how the methodology will work.</p>	C	We acknowledge that the proposed methodology for calculating the maximum entry capacity for cross-border participation was lacking both detail and transparency. Following stakeholder comments, ENTSO-E has clarified the principles used in the methodology and has significantly extended the explanatory note by adding explanations and significantly increasing the level of detail and transparency. This should provide ENTSO-E's public stakeholders with a better insight into how the calculation of the maximum entry capacity will be executed and enable them to assess the consequences of the methodology's details. Due to the legal obligation to submit the methodology proposal to ACER by 5 July 2020 in accordance with Article 26(11) of Regulation (EU) 2019/943, ENTSO-E will not be able to organize a second consultation of the methodology. Before adoption of this methodology proposal, however, ACER will consult public stakeholders on the methodology proposal and consequently can provide ENTSO-E with additional feedbacks and requests for amendment of the methodology proposal.

Overall methodology	NEMO	Methodology insufficiently developed	Request for further consultation because the detail really matters	<p>It remains unclear precisely how the MEC is calculated, and this is a critical feature of the methodology especially as it interacts with the revenue sharing methodology. We urge ENTSO-E to use a method with transparent and publicly available inputs that avoids unnecessary complexity. Nemo Link would hope further consultation will be carried out when the proposals are finalised before submission to ACER.</p>	C	<p>We acknowledge that the proposed methodology for calculating the maximum entry capacity for cross-border participation was lacking both detail and transparency. Following stakeholder comments, ENTSO-E has clarified the principles used in the methodology and has significantly extended the explanatory note by adding explanations and significantly increasing the level of detail and transparency. This should provide ENTSO-E's public stakeholders with a better insight into how the calculation of the maximum entry capacity will be executed and enable them to assess the consequences of the methodology's details.</p>
Overall methodology	National Grid Ventures	Methodology insufficiently developed	Methodology poorly defined and details do matter and request for further consultation with trial simulations, and potential discrimination concern	<p>We consider that the principles behind the methodology for calculating the maximum entry capacity presented by the ENTSO-E are sensible. However, the ENTSO-E methodology is not yet mature and requires additional work in order to be adequately defined.</p> <p>For instance, we consider that Article 4 of the methodology could result in a discriminatory treatment against foreign capacity, as it obliges a Member State to exhaust all its local capability prior to even considering foreign capacity.</p> <p>We would like to highlight the critical role that this methodology will play in establishing how cross border capacity markets will work across Europe. This methodology will hugely interact with the other methodologies under consultation. For instance, when it comes to the sharing of revenues (next question of the consultation), there is a clear link with the maximum entry capacity. Both methodologies need to be assessed as a whole and should only be approved when both of them are fully detailed.</p> <p>Our experience with the GB Capacity Market, where the details on how to calculate the equivalent of maximum entry capacity (i.e. the derating factors of interconnection capacity) have not been fully published, shows that the details are as important as the principles to provide a robust, credible and transparent methodology. We would like to stress the need for additional transparency on the detailed implementation of this methodology.</p> <p>We understand the challenging timeline established by the Electricity Regulation, but this cannot result in a methodology that lacks details. A well-functioning IEM requires that market players have confidence in the methodologies that will define cross border participation in CMs. The principles set out in the draft methodology rely on concepts that could be interpreted in a number of ways (for example the definition of scarcity refers back to the concept of "resources" and "demand", but these are not defined unambiguously). We strongly request ENTSO-E to publish a detailed and transparent simulation, that includes trial runs, before the methodology is adopted, as this is key to provide further clarity on how exactly the methodology will work.</p>	C	<p>We acknowledge that the proposed methodology for calculating the maximum entry capacity for cross-border participation was lacking both detail and transparency. Following stakeholder comments, ENTSO-E has clarified the principles used in the methodology and has significantly extended the explanatory note by adding explanations and significantly increasing the level of detail and transparency. This should provide ENTSO-E's public stakeholders with a better insight into how the calculation of the maximum entry capacity will be executed and enable them to assess the consequences of the methodology's details.</p> <p>We acknowledge Article 4 is missing detail and because of this, can be misleading. ENTSO-E has therefore elaborated the statement without, however, touching the underlying principle. This principle should not discriminate against foreign capacity participating in capacity mechanisms.</p> <p>In a capacity mechanism, both domestic and foreign capacity are treated equally. ENTSO-E has clarified this paragraph and moved it to article 6. Situations considered are situation are situations of scarcity meaning situation in which all market-based resources (local production, local market-based demand reduction and imports). The order of the use of the resources is not determined ex-ante but is rather the result of an economic optimisation (imports will be activated first if they are less expensive than local production or market-based demand).</p>
Overall methodology	Anonymous Respondee 2	Methodology insufficiently developed	Methodology poorly defined. Methodology must be robust and fit for purpose	<p>The maximum entry capacity methodology is a key part of this legislation. The methodology for calculating the maximum entry capacity as presented by the ENTSO-E is not adequately defined. We fully understand the difficult timeline for ENTSO-E to develop the pan-European methodologies under the Electricity Regulation. However, this fleeting timeline should not result in a methodology which is neither robust, nor fit-for-purpose.</p>	C	<p>We acknowledge that the proposed methodology for calculating the maximum entry capacity for cross-border participation was lacking both detail and transparency. Following stakeholder comments, ENTSO-E has clarified the principles used in the methodology and has significantly extended the explanatory note by adding explanations and significantly increasing the level of detail and transparency. This should provide ENTSO-E's public stakeholders with a better insight into how the calculation of the maximum entry capacity will be executed and enable them to assess the consequences of the methodology's details.</p>
Overall methodology	Energy Norway	Methodology insufficiently developed	Methodology is not yet adequately defined	<p>Energy Norway believes that the methodology for calculating the maximum entry capacity presented by the ENTSO-E is not adequately defined and that it discriminates between domestic and cross-border (XB)-capacity.</p> <p>We fully understand the challenging timeline for ENTSO-E to develop the pan-European methodologies under the Electricity Regulation, in particular on ERAA and on cross-border participation in CRM. However, we strongly regret that this challenging timeline seemingly results in the lack of time and resources to draft a fit-for-purpose and clear methodology regarding calculation of maximum entry-capacity.</p>	C	<p>We acknowledge that the proposed methodology for calculating the maximum entry capacity for cross-border participation was lacking both detail and transparency. Following stakeholder comments, ENTSO-E has clarified the principles used in the methodology and has significantly extended the explanatory note by adding explanations and significantly increasing the level of detail and transparency. This should provide ENTSO-E's public stakeholders with a better insight into how the calculation of the maximum entry capacity will be executed and enable them to assess the consequences of the methodology's details.</p> <p>We acknowledge Article 4 is missing detail and because of this, can be misleading. ENTSO-E has therefore elaborated the statement without, however, touching the underlying principle. This principle should not discriminate against foreign capacity</p>

							participating in capacity mechanisms. In capacity mechanisms, both domestic and foreign capacity are treated equally. ENTSO-E has clarified this paragraph and moved it to article 6. Situations considered are situation are situations of scarcity meaning situation in which all market-based resources (local production, local market-based demand reduction and imports). The order of the use of the resources is not determined ex-ante but is rather the result of an economic optimisation (imports will be activated first if they are less expensive than local production or market-based demand).
Overall methodology		Mutual Energy	Methodology insufficiently developed	Methodology insufficiently developed to properly assess and the details do matter	The methodologies for Maximum Entry Capacity are not yet well advanced and lack sufficient detail to assess properly. It is our experience from direct interconnector participation in capacity markets that the detail of this type of assessment (or “derating”) is key to ensuring a consistent interpretation of the intent and avoid unintended consequences. For example, as stated in Article 4 of the proposal and Article 26(7) of Regulation (EU) 2019/943 the “calculation shall take into account the expected availability of interconnection and the likely concurrence of system stress in the system where the mechanism is applied and the system in which the foreign capacity is located” – this is a reasonable statement and a typical approach. However, article 4 goes on to state: “The methodology for calculating the maximum entry capacity for cross-border participation to capacity mechanism shall consider situations during which the country or bidding zone, after using all its available national production and market-based demand reduction measures, still requires imports to ensure adequacy of its system”. There is a lot of detail missing around what exactly this latter statement means but the implication is that the contribution of foreign capacity participation in a capacity market will only be considered after all domestic measures have been exhausted – this appears to be discriminatory against participation of foreign capacity. Article 26 of Regulation (EU) 2019/943 requires that cross-border participation in capacity mechanisms is organised in an effective and non-discriminatory manner.	C	We acknowledge that the proposed methodology for calculating the maximum entry capacity for cross-border participation was lacking both detail and transparency. Following stakeholder comments, ENTSO-E has clarified the principles used in the methodology and has significantly extended the explanatory note by adding explanations and significantly increasing the level of detail and transparency. This should provide ENTSO-E’s public stakeholders with a better insight into how the calculation of the maximum entry capacity will be executed and enable them to assess the consequences of the methodology’s details. We acknowledge Article 4 is missing detail and because of this, can be misleading. ENTSO-E has therefore elaborated the statement without, however, touching the underlying principle. This principle should not discriminate against foreign capacity participating in capacity mechanisms. In a capacity mechanism, both domestic and foreign capacity are treated equally. ENTSO-E has clarified this paragraph and moved it to article 6. Situations considered are situation are situations of scarcity meaning situation in which all market-based resources (local production, local market-based demand reduction and imports). The order of the use of the resources is not determined ex-ante but is rather the result of an economic optimisation (imports will be activated first if they are less expensive than local production or market-based demand).
Overall methodology		EFET	Methodology insufficiently developed	Clarification of whether analysis is ex post or if it is an ex ante (probabalistic assessment)	The calculation of average imports during scarcity hours laid out in the first two paragraphs of article 6 is an ex-post analysis based on average imports during scarcity hours. We understand the statistical distribution (stochastic approach) referred to in the last paragraph of article 6 seems as a probability distribution of “the contribution”, ex-ante. We would welcome clarification in the methodology itself as how to combine these different elements to define the final level of entry capacity.	C	The analysis is not performed ex post based on actual scarcity hours, but is performed ex ante based on forward-looking European Resource Adequacy Assessment modelling results. We clarified this in the methodology and explanatory note.
Simultaneous scarcity situations	10	EFET	Methodology insufficiently developed	Further clarification of concepts (single/double/triple/bilateral scarcity ratios) required	The concepts single/double/triple/bilateral scarcity ratios are not sufficiently defined and developed in the proposal and the explanatory note does not provide additional information. Besides, bilateral scarcity scenarios are only relevant when cross-border capacity is calculated NTC at a specific border. For borders using flow-based capacity calculation, regional scarcity scenarios would be relevant.	C	The difference between single and simultaneous scarcity is now explained into much more detail in the explanatory note to avoid confusion. Additional illustrations of the calculation of the maximum entry capacity for interconnectors under NTC and under flow-based are provided in the explanatory note as well.
Overall methodology		Eurelectric	Methodology insufficiently developed	Methodology not adequately defined	Eurelectric believes that the methodology for calculating the maximum entry capacity presented by the ENTSO-E is not adequately defined. We fully understand the challenging timeline for ENTSO-E to develop the pan-European methodologies under the Electricity Regulation, in particular on ERAA and on cross-border participation in CRM. However, we strongly regret that this challenging timeline results in the lack of time and resources to draft a fit-for-purpose methodology.	C	We acknowledge that the proposed methodology for calculating the maximum entry capacity for cross-border participation was lacking both detail and transparency. Following stakeholder comments, ENTSO-E has clarified the principles used in the methodology and has significantly extended the explanatory note by adding explanations and significantly increasing the level of detail and transparency. This should provide ENTSO-E’s public stakeholders with a better insight into how the calculation of the maximum entry capacity will be executed and enable them to assess the consequences of the methodology’s details.
Overall methodology		Energie-Nederland (same as Eurelectric)	Methodology insufficiently developed	Methodology not adequately defined	Eurelectric believes that the methodology for calculating the maximum entry capacity presented by the ENTSO-E is not adequately defined. We fully understand the challenging timeline for ENTSO-E to develop the pan-European methodologies under the Electricity Regulation, in particular on ERAA and on cross-border participation in CRM. However, we strongly regret that this challenging timeline results in the lack of time and resources to draft a fit-for-purpose methodology.	C	We acknowledge that the proposed methodology for calculating the maximum entry capacity for cross-border participation was lacking both detail and transparency. Following stakeholder comments, ENTSO-E has clarified the principles used in the methodology and has significantly extended the explanatory note by adding explanations and significantly increasing the level of detail and transparency. This should provide ENTSO-E’s public stakeholders with a better insight into how the calculation of the maximum entry capacity will be executed and enable them to assess the consequences of the methodology’s details.
Overall methodology	4	RAP	Methodology insufficiently developed	Request for further consultation because the detail really matters	We recognise and agree with ENTSO-E’s statement that the level of maturity of this methodology is less advanced (see section 3 of the explanatory document). At the same time, this raises a question about the usefulness of a consultation on a methodology that is not sufficiently developed. We suggest that ENTSO-E consults on it again once it has further	C	We acknowledge that the proposed methodology for calculating the maximum entry capacity for cross-border participation was lacking both detail and transparency. Following stakeholder comments, ENTSO-E has clarified the principles used in the methodology and has significantly extended the explanatory note by adding explanations and significantly

3 JULY 2020

					refined the proposed methodology. The requirement to submit a proposal to ACER by 4 July 2020 suggests that there is enough time to consult on an advanced draft of the methodology under question. Thereby we offer comments and recommendations about how ENTSO-E can further refine this methodology.		<p>increasing the level of detail and transparency. This should provide ENTSO-E's public stakeholders with a better insight into how the calculation of the maximum entry capacity will be executed and enable them to assess the consequences of the methodology's details.</p> <p>Due to the legal obligation to submit the methodology proposal to ACER by 5 July 2020 in accordance with Article 26(11) of Regulation (EU) 2019/943, ENTSO-E will not be able to organize a second consultation of the methodology. Before adoption of this methodology proposal, however, ACER will consult public stakeholders on the methodology proposal and consequently can provide ENTSO-E with additional feedbacks and requests for amendment of the methodology proposal.</p>
Overall methodology		IFIEC Europe	Methodology insufficiently developed	Overall very concerned with lack of well-defined methodology	In general, IFIEC Europe regrets that ENTSO-e for the methodologies and common rules in this consultation does not seem to have had the volition nor ambition to provide a comprehensive and detailed document that would allow market parties to provide a reasoned and detailed appreciation of the methodologies and common rules. IFIEC Europe urges ENTSO-e, but also the NRAs as well as the Agency, to strive for absolute excellence in a domain with such vast impact on the European electricity market, both in the field of current and future market functioning and integration as well as on the cost impact for consumers. IFIEC Europe considers the proposed work below such level.	C	We acknowledge that the proposed methodology for calculating the maximum entry capacity for cross-border participation was lacking both detail and transparency. Following stakeholder comments, ENTSO-E has clarified the principles used in the methodology and has significantly extended the explanatory note by adding explanations and significantly increasing the level of detail and transparency. This should provide ENTSO-E's public stakeholders with a better insight into how the calculation of the maximum entry capacity will be executed and enable them to assess the consequences of the methodology's details.
Link to ERAA, RCC and national studies		IFIEC Europe	Methodology insufficiently developed	Unclear how both "average imports" and "assessment of statistical distribution of the contribution over all scarcity hours in national Resource Adequacy Assessments" are used at the same time	Moreover, this article further also states that beyond this average (of averages) indicators, the "National Resource Adequacy Assessments may analyse the statistical distribution of the contribution over all scarcity hours", without on the one hand providing any explanation on this process and on the other hand also not providing any insight in how such measure would then be combined with the average indicator and to what purpose, thus omitting any information that could be used to assess the proposed methodology. By lack of clarity of Art.6, it is also impossible to assess the validity and impact of what is proposed in Art.7 and Art.8.	C	The calculation of the maximum entry capacity will be performed by regional coordination centres (RCC) in line with this methodology and based on the results provided by the ERAA as well as accompanying explanations provided by ENTSO-E. The RCC will consequently recommend the use of this value of the maximum entry capacity to its member TSOs. In addition to the average values, National Resource Adequacy Assessments may assess the statistical distribution of the contribution over all scarcity hours. After receiving the recommendation from the RCC and potentially also the statistical distribution from the NRAA, the TSO can still calculate a percentile of the contribution instead of the average.
Link to ERAA, RCC and national studies		Naturgy	Methodology insufficiently developed	Clarification of last two paragraphs of article 9	We would also welcome clarifications on the last two paragraphs of Art. 9.	C	We acknowledge that the proposed methodology for calculating the maximum entry capacity for cross-border participation was lacking both detail and transparency. Following stakeholder comments, ENTSO-E has clarified the principles used in the methodology and has significantly extended the explanatory note by adding explanations and significantly increasing the level of detail and transparency. This should provide ENTSO-E's public stakeholders with a better insight into how the calculation of the maximum entry capacity will be executed and enable them to assess the consequences of the methodology's details. The explanatory note now also contains additional explanations regarding Article 9. Article 9 wording has been updated to ease its understanding, while not changing the contents.
Quantification of contribution		National Grid Ventures	Methodology too complex	Proposal for a simplified approach which would not create artificially high MEC	<p>We would like to propose an alternative simplified approach for the calculation of the maximum entry capacity that fully takes into account the Electricity Regulation provisions: the maximum entry capacity should be determined by multiplying the physical capacity with the outage rates to reflect the "expected availability of interconnection" and with (1-the probability of simultaneous scarcity) to reflect the "likely concurrence of system stress". The likely concurrence of system stress could be calculated using ERAA (European Resource Adequacy Assessment). This approach would have the advantage of being simple, transparent and not creating "artificially" high maximum entry capacity levels.</p> <p>This simplified approach should in any case be used with HVDC interconnectors between two countries. Contrary to some situations between countries with a meshed AC grid, DC interconnectors have the advantage of controllability, this means that DC link availability is not impacted by system constraints compared to AC grids, where loop flows can reduce the cross border commercially available capacity. HVDC links deliver a market position that is largely independent from the behaviour of capacity providers. The benefit of this is that even where a capacity provider does not deliver or fails during delivery, the HVDC interconnector will sustain a wider market led delivery of capacity.</p>	R	<p>The difference in availability between HVAC interconnectors and HVDC interconnectors is already taken into account in the grid model of the ERAA.</p> <p>This proposed method would strongly simplify the proposed methodology and not capture all ERAA borders behaviour. We have significantly extended our explanatory note to show the link between this very simplified method and our proposed methodology.</p>

Quantification of contribution		Statkraft Energi	Methodology too complex	Proposal for a simplified approach	In order to fully take into account both Electricity Regulation provisions as well as the purpose of capacity mechanisms and the technical limitations we propose to simplify the approach. The maximum entry capacity should be determined by multiplying the physical capacity with the outage rates to reflect the "expected availability of interconnection" and with (1-the probability of simultaneous scarcity) to reflect the "likely concurrence of system stress". The likely concurrence of system stress could be calculated using ERAA. This approach would have the advantage of being simple and transparent. If both TSOs agree that this approach does not reflect the bilateral situation correctly, they can use more complex modelling approaches. We want to underline, that such a simplified approach should in any case be used with HVDC interconnectors between two countries. Contrary to some situations between countries with a meshed AC grid, one can assume that the HVDC interconnector capacity is the scarce resource and that it will be fully used in case of scarcity, since flows on DC can be controlled and there are no loop-flows on DC which can reduce commercially available capacity on AC.	R	The difference in availability between HVAC interconnectors and HVDC interconnectors is already taken into account in the grid model of the ERAA. This proposed method would strongly simplify the proposed methodology and not capture all ERAA borders behaviour. We significantly extended our explanatory note to show the link between this very simplified method and our proposed methodology.
Quantification of contribution		Energy Norway	Methodology too complex	Proposal for a simplified approach	In addition to not taking sufficiently into account the concerns raised above, the proposed methodology suggests that XB- capacity will be calculated in a rather complicated and we fear in a not very transparent way. In addition this is proposed to be carried out in a totally different way than transmission capacity within a country or bidding zone, where one seems to assume a copper plate, this results in unacceptable discrimination- ref. comments above. In order to fully take into account both Electricity Regulation provisions as well as the purpose of capacity mechanisms and the technical limitations we propose to simplify the approach. The maximum entry capacity should be determined by multiplying the physical capacity with the outage rates to reflect the "expected availability of interconnection" and with (1-the probability of simultaneous scarcity) to reflect the "likely concurrence of system stress". The likely concurrence of system stress could be calculated using ERAA. This approach would have the advantage of being simple and transparent. We want to underline, that such a simplified approach should in any case be used with HVDC interconnectors between two countries. Contrary to some situations between countries with a meshed AC grid, flows on DC can be controlled and there are no loop-flows on DC which can reduce commercially available capacity on AC.	R	The difference in availability between HVAC interconnectors and HVDC interconnectors is already taken into account in the grid model of the ERAA. This proposed method would strongly simplify the proposed methodology and not capture all ERAA borders behaviour. We significantly extended our explanatory note to show the link between this very simplified method and our proposed methodology
Overall methodology	4	EFET	Transitional rules for IC participation	Need for transitional rules for IC participation	We understand that the methodology proposal only focuses on direct participation of foreign assets in national CRMs. However, given the likelihood of prolonged unavailability of bilateral agreements between TSOs allowing effective cross-border participation to CRMs, transitional rules should be designed for interconnector participation, which are otherwise left to national frameworks.	OS	The purpose of the Methodology is to propose a common target approach. The monitoring of the transition before full implementation will indeed need to be addressed by the relevant stakeholders, regulators and authorities.
Definition of scarcity	5	Eleclink	Transparency in modelling assumptions	Does not like references to scarcity hours based on market coupling algorithm, and suggests it should be replaced by scenario based modelling which would be carried out by RCCs	Eleclink understands that in accordance with Article 26(7) of the Clean Energy Regulation the calculation of the maximum entry capacity must take into account the expected availability of interconnection and the likely concurrence of system stress. The methodology for calculating the maximum entry capacity for cross-border participation correctly distinguishes between two different situations 1) scarce transmission capacity, and 2) scarce resource capacity. Eleclink supports this approach which correctly distinguishes the two contributions to security of supply. Article 5 of the Proposal specifies the definition of scarcity hours with reference to the market coupling algorithm. Eleclink believes that the reference to the market coupling algorithm should be replaced by a reference to a scenario-based modelling that regional coordination centres will undertake when calculating the value for the maximum entry capacity. The assessment of the maximum entry capacity must be based upon forecasted availabilities of resource and transmission capacities and cannot be based upon realised values from the day ahead market coupling algorithm. Historic day ahead values cannot forecast future system adequacy. Eleclink would welcome clarification of this principle from ENTSO-E.	C	Thank you for your acknowledgment. The calculation is based on results from the ERAA model using the scenario with capacity mechanisms. The availabilities of resources and transmission capacities will hence not be based on realised values but on forecasted availabilities, as you suggest. This approach has been clarified in the methodology and explanatory note. The ERAA follows an extensive stakeholder process to ensure consistency and robustness of assumptions within the EU framework foreseen formally by ACER and ECG.
Quantification of contribution	6	Eleclink	Transparency in modelling assumptions	Support for "average imports" but would like more clarity of scenarios to be used	Article 6 of the Proposal specifies that the cross-border participation is calculated as an average of imports during scarcity hours. Eleclink supports this principle but asks for greater clarity from ENTSO-E on the scenarios which will be modelled.	C	The calculation is based on results from the ERAA model using the scenario with capacity mechanisms. The availabilities of resources and transmission capacities will hence not be based on realised values as you suggest but on forecasted availabilities. This approach has been clarified in the methodology and explanatory note. The ERAA follows an extensive stakeholder process to ensure consistency and robustness of assumptions within the EU framework foreseen formally by ACER and ECG.

3 JULY 2020

Overall methodology	4	GBIF	TSO incentives	CM Operator has financial incentive to target high MEC and high SSF - a possibility which is not excluded by methodology	We highlight the potential for inconsistencies in the fact that the methodology for establishing the maximum entry capacity does not exclude the possibility of an interconnector receiving both a high MEC and a high SSF. In this case, a relatively high amount of capacity tickets can be sold (implicitly or explicitly), however the revenue of this would mostly be channelled to the CM TSO as a result of the high SSF. In that sense, the CM TSOs would have a financial benefit of targeting both a high SSF and a high MEC, which is inconsistent and would risk to leading to either an overestimate of the MEC (which would risk security of supply) or an overestimate of the SSF (which would unfairly reduce the income of the interconnector TSO).	<p>R</p> <p>Firstly, ENTSO-E wishes to highlight the stipulations of IEM Regulation 26(9) stating that at all times revenues are to be attributed to TSOs and that the revenues are always to be used as determined in Art. 19(2). TSO's will therefore not be able to benefit from revenues rising from the allocation of tickets at the border and use them for another purpose than the one stated in Article 19.2 of the IEM Regulation, though these revenues will benefit the community financing the capacity mechanism.</p> <p>Secondly, ENTSO-E would like to repeat that ENTSO-E has proposed to use as an indicator the likelihood of simultaneous scarcity for the concerned Member States in order to be able to differentiate between different CM – CM situations towards revenue sharing and assess the contribution of a resource to adequacy relevant moments. This indicator, which happens to be used in the Maximum Entry Capacity assessment and the sharing of the revenues for different purposes, allows well to make the required assessment in a sufficient differentiated manner accounting for the different situations at different borders.</p> <p>More importantly, this indicator benefits from being an output of the ERAA, which will be carried out by ENTSO-E under a strong governance process involving public consultations and explicit ACER involvement and approval ensuring its robustness as indicator. One should be assured by the strong governance process related to this determination, involving also the RCCs – a regional entity without any local interest - providing a recommendation and the fact that the determination of the maximum entry capacity is linked to the same methods used for ERAA, the latter benefitting a strong regulatory oversight</p> <p>As a conclusion, ENTSO-E does therefore not think that TSOs will be incentivized to overestimate the Simultaneous Scarcity Factor. Stated otherwise, rather than applying a binary approach of 'scarce' or 'not scarce', the use of the proposed indicator allows for a more balanced view taking into account during how many percent of time when there is scarcity the transmission capacity is deemed the scarce resource. According to ENTSO-E, the use of this indicator provides therefore the right incentive in both cases to define in a right way the Maximum Entry Capacity and the sharing of the revenues arising from the allocation of the auction tickets at a border. ENTSO-E firstly wishes to emphasize that TSOs always aim correctly applying any methodology.</p>
Overall methodology	4	BritNed Development Ltd	TSO incentives	CM Operator has financial incentive to target high MEC and high SSF - a possibility which is not excluded by methodology	The concepts of Maximum Entry Capacity (MEC) and Simultaneous Scarcity Factor (SSF) are used to represent the degree to which a neighbouring market can contribute to security of supply in the home market. However, these two metrics will be based on different calculation methodologies which are as yet not clearly explained in the ENTSoE methodologies. This creates unnecessary complexity and potential inconsistencies which in turn will reduce market transparency and create negative outcomes for consumers. We highlight the potential for inconsistencies in the fact that the methodology for establishing the maximum entry capacity does not exclude the possibility of an interconnector receiving both a high MEC and a high SSF. In this case, a relatively high amount of capacity tickets can be sold (implicitly or explicitly), however the revenue of this would mostly be channelled to the CM TSO as a result of the high SSF. In that sense, the CM TSOs would have a financial benefit of targeting both a high SSF and a high MEC, which is inconsistent and would risk to leading to either an overestimate of the MEC (which would risk security of supply) or an overestimate of the SSF (which would unfairly reduce the income of the interconnector TSO).	<p>R</p> <p>Firstly, ENTSO-E wishes to highlight the stipulations of IEM Regulation 26(9) stating that at all times revenues are to be attributed to TSOs and that the revenues are always to be used as determined in Art. 19(2). TSO's will therefore not be able to benefit from revenues rising from the allocation of tickets at the border and use them for another purpose than the one stated in Article 19.2 of the IEM Regulation, though these revenues will benefit the community financing the capacity mechanism.</p> <p>Secondly, ENTSO-E would like to repeat that ENTSO-E has proposed to use as an indicator the likelihood of simultaneous scarcity for the concerned Member States in order to be able to differentiate between different CM – CM situations towards revenue sharing and assess the contribution of a resource to adequacy relevant moments. This indicator, which happens to be used in the Maximum Entry Capacity assessment and the sharing of the revenues for different purposes, allows well to make the required assessment in a sufficient differentiated manner accounting for the different situations at different borders.</p> <p>More importantly, this indicator benefits from being an output of the ERAA, which will be carried out by ENTSO-E under a strong governance process involving public consultations and explicit ACER involvement and approval ensuring its robustness as indicator. One should be assured by the strong governance process related to this determination, involving also the RCCs – a regional entity without any local interest - providing a recommendation</p>

3 JULY 2020

							<p>and the fact that the determination of the maximum entry capacity is linked to the same methods used for ERAA, the latter benefitting a strong regulatory oversight</p> <p>As a conclusion, ENTSO-E does therefore not think that TSOs will be incentivized to overestimate the Simultaneous Scarcity Factor. Stated otherwise, rather than applying a binary approach of 'scarce' or 'not scarce', the use of the proposed indicator allows for a more balanced view taking into during how many percent of time when there is scarcity the transmission capacity is deemed the scarce resource. According to ENTSO-E, the use of this indicator provides therefore the right incentive in both cases to define in a right way the Maximum Entry Capacity and the sharing of the revenues arising from the allocation of the auction tickets at a border. ENTSO-E firstly wishes to emphasize that TSOs always aim correctly applying any methodology.</p>
Overall methodology	NEMO	TSO incentives	CM Operator has financial incentive to target high MEC and high SSF - a possibility which is not excluded by methodology	<p>We have strong reservations over the use of both the MEC and a SSF which appear to penalise interconnectors twice, although the detail of these calculations are not fully explained in the methodologies. We note the combination of these factors could lead to little or no capacity mechanism revenues accruing to interconnector TSOs, and instead be channelled to the onshore TSOs running the CM. This may generate perverse financial incentives for onshore TSOs to target levels of MEC or SSF that maximise revenue to the onshore TSO with consequences for system security and unfair reductions in interconnector revenue.</p>	R	<p>The methodology related to the assessment of the Maximum Entry Capacity have meanwhile been completed and further described as requested by various market stakeholders during the Public Consultation.</p> <p>Moreover, ENTSO-E would like to repeat that despite the fact that the concept of simultaneous scarcity is part of the assessment of the Maximum Entry Capacity, it is used for a different purpose for the assessment of the revenue sharing. Indeed, as exposed in the methodology, ENTSO-E is of the opinion that when transmission capacity is deemed the scarce resource during adequacy relevant moments, revenues should be particularly shared with the developers of the transmission capacity at both sides of the border. In order to be able to differentiate between different CM – CM situations towards revenue sharing and assess the contribution of a resource to adequacy relevant moments, ENTSO-E has proposed to use as an indicator the likelihood of simultaneous scarcity (or concurrence of system stress) for the concerned Member States. This indicator allows well to make the required assessment in a sufficient differentiated manner accounting for the different situations at different borders. Moreover, this indicator also benefits from being an output of the ERAA, which will be carried out by ENTSO-E under a strong governance process involving public consultations and explicit ACER involvement and approval ensuring its robustness as indicator.</p> <p>Stated otherwise, rather than applying a binary approach of 'scarce' or 'not scarce', the use of this proposed indicator allows for a more balanced view taking into account during how many percent of time when there is scarcity the transmission capacity is deemed the scarce resource. In this respect, the starting principle put forward by the respondent is followed, but according to ENTSO-E, it is applied in a more nuanced manner.</p> <p>Finally, ENTSO-E would like to remind that according to article 26(9) of the IEM Regulation, revenues are, at all times, to be attributed to TSOs and that the revenues are always to be used as determined in Art. 19(2). TSO's will therefore not be able to benefit from revenues rising from the allocation of tickets at the border and use them for another purpose than the one stated in Article 19.2 of the IEM Regulation.</p>	
Overall methodology	National Grid Ventures	TSO incentives	CM Operator has financial incentive to target high MEC and high SSF - a possibility which is not excluded by methodology	<p>Both the concepts of Maximum Entry Capacity (MEC) and Simultaneous Scarcity Factor (SSF) are used to represent the degree to which a neighbouring market can contribute to security of supply in the home market. However, these two metrics will be based on different calculation methodologies which are as yet not clearly explained in the ENTSOe methodologies. This creates unnecessary complexity and potential inconsistencies which in turn will reduce market transparency and create negative outcomes for consumers.</p> <p>We highlight the potential for inconsistencies in the fact that the methodology for establishing the maximum entry capacity does not exclude the possibility of an interconnector receiving both a high MEC and a high SSF. In this case, a relatively high amount of capacity tickets can be</p>	R	<p>Firstly, ENTSO-E wishes to highlight the stipulations of IEM Regulation 26(9) stating that at all times revenues are to be attributed to TSOs and that the revenues are always to be used as determined in Art. 19(2). TSO's will therefore not be able to benefit from revenues rising from the allocation of tickets at the border and use them for another purpose than the one stated in Article 19.2 of the IEM Regulation, though these revenues will benefit the community financing the capacity mechanism.</p> <p>Secondly, ENTSO-E would like to repeat that ENTSO-E has proposed to use as an indicator the likelihood of simultaneous scarcity for the concerned Member States in order to be able</p>	

					<p>sold (implicitly or explicitly), however the revenue of this would mostly be channelled to the CM TSO as a result of the high SSF. In that sense, the CM TSOs would have a financial benefit of targeting both a high SSF and a high MEC, which is inconsistent and would risk leading to either an overestimate of the MEC (which would risk security of supply) or an overestimate of the SSF (which would unfairly reduce the income of the interconnector TSO).</p>		<p>to differentiate between different CM – CM situations towards revenue sharing and assess the contribution of a resource to adequacy relevant moments. This indicator, which happens to be used in the Maximum Entry Capacity assessment and the sharing of the revenues for different purposes, allows well to make the required assessment in a sufficient differentiated manner accounting for the different situations at different borders.</p> <p>More importantly, this indicator benefits from being an output of the ERAA, which will be carried out by ENTSO-E under a strong governance process involving public consultations and explicit ACER involvement and approval ensuring its robustness as indicator. One should be assured by the strong governance process related to this determination, involving also the RCCs – a regional entity without any local interest - providing a recommendation and the fact that the determination of the maximum entry capacity is linked to the same methods used for ERAA, the latter benefitting a strong regulatory oversight</p> <p>As a conclusion, ENTSO-E does therefore not think that TSOs will be incentivized to overestimate the Simultaneous Scarcity Factor. Stated otherwise, rather than applying a binary approach of 'scarce' or 'not scarce', the use of the proposed indicator allows for a more balanced view taking into during how many percent of time when there is scarcity the transmission capacity is deemed the scarce resource. According to ENTSO-E, the use of this indicator provides therefore the right incentive in both cases to define in a right way the Maximum Entry Capacity and the sharing of the revenues arising from the allocation of the auction tickets at a border. ENTSO-E firstly wishes to emphasize that TSOs always aim correctly applying any methodology.</p>
Overall methodology	ENGIE	TSO incentives	TSOs are responsible for calculating MEC, and yet they are not neutral participants. The analysis should therefore be properly challenged by public authorities	<p>Level of foreign capacity contribution during system stress ("interconnector derating" / "maximum entry capacity")</p> <p>Before contracting (cross-border) capacity in a capacity market, the contribution to system adequacy during stress events that is expected effectively from this capacity (located in neighbouring countries) should be evaluated in a transparent way.</p> <p>The concept of "interconnector derating" introduced by DG Competition in the sector inquiry on capacity mechanisms (2016) represents the degradation factor that converts a commercial cross-border capacity into the maximum entry capacity, i.e. the maximum capacity assumed available for security of supply on the other side of the concerned border. In other words, this interconnector derating reflects both the technical availability of interconnections and the available capacity margin in neighboring countries in order to respond a country's needs.</p> <p>As illustrated in Figure 1 the computations of an interconnector derating takes into account:</p> <ul style="list-style-type: none"> • the scarcity situations in the country in moments where interconnections are saturated due to congestions but also moments where the electricity flows observed at a border are inferior to the commercial capacity of the interconnexion. • the future dynamics of electricity markets following the energy transition in Europe (in other words, beyond historical data on the use of interconnectors) • a similar methodology for all borders (in other words, not considering long-term allocated capacity often established via different methodologies) <p>[Figure 1]</p> <p>In the framework set by the Clean Energy Package, this concept of "interconnector derating" has been replaced by the concept of "maximum entry capacity".</p> <p>As requested by the new electricity regulation (Art.26, §11), ENTSO-E should set-up the methodology for calculating the maximum entry capacity for cross-border participation and Regional Coordination Centres shall annually calculate this capacity for each bidding zone border in order to provide recommendations to TSOs.</p> <p>As TSOs are in charge of ensuring/monitoring the security of supply, they are performing adequacy assessments on a regular basis. Local authorities are therefore expected to rely on them for setting the expected contribution (either implicit or explicit) of foreign capacity in period of peak demand. However, TSOs are not neutral market facilitators in this process: they should also be considered as direct participants to the capacity markets (cfr the perception of</p>	C	<p>Hypothesis are consulted in the ERAA methodology. + add an extra layer of validation / consultation if a TSO wants to set its value based on the NRAA</p> <p>In any case, ENTSO-E would like to point out the fact that the stipulations of IEM Regulation 26(9) stating that at all times revenues are to be attributed to TSOs and that the revenues are always to be used as determined in Art. 19(2). TSO's will therefore not be able to benefit from revenues rising from the allocation of tickets at the border and use them for another purpose than the one stated in Article 19.2 of the IEM Regulation, though these revenues will benefit the community financing the capacity mechanism. In other words, this means that TSOs will not benefit from the revenues arising from such allocation of the auction tickets and have therefore no incentive to target a certain value for the Maximum Entry Capacity nor for the indicator of likelihood of concurring system stress used in the calculation of the sharing of the revenues.</p> <p>Furthermore, ENTSO-E would like to conclude by reminding that this indicator relating to the likelihood of concurring system stress, used for the assessment of the Maximum Entry Capacity and also for the definition of the revenue sharing, also benefits from being an output of the ERAA. It will be carried out by ENTSO-E under a strong governance process involving public consultations and explicit ACER involvement and approval ensuring its robustness as indicator.</p> <p>Finally, one should be assured by the strong governance process related to this determination, involving also the RCCs – a regional entity without any local interest - providing a recommendation and the fact that the determination of the maximum entry capacity is linked to the same methods used for ERAA, the latter benefitting a strong regulatory oversight.</p>	

					<p>“congestion rent” in the case of explicit participation of foreign capacity or even explicit participation of interconnectors in some cases). Therefore the elements used for computing the “interconnector derating” / “maximum entry capacity” should be properly challenged by the public authorities and the market parties. The outcome of their analysis should be formally validated by competent authorities. Alternatively, one should note that other entities (such as specialized consulting companies) have also the capabilities to perform resource adequacy assessments and could help the authorities in confirming (or not) the values proposed by TSOs.</p>		
Overall methodology	IFIEC Europe	TSO incentives	Concern about gaming opportunities for TSO	<p>IFIEC Europe is also concerned that for example in cross-border contribution under flow-based the proposed methodologies and common rules would create an opening for unwanted gaming behaviour of one of several TSOs by providing a financial incentive (either direct or indirect through their (potentially) respective incentive regulation provisions on various components) to steer the outcome in one or other specific direction (as the flow-based methodology contains an element of steering the domain towards more likely corners, in case the process would steer towards corners that are beneficial not per se to the market by to one or several TSOs). IFIEC Europe hopes that by linking this methodology to the ERAA methodology, such perverse effects could be avoided, but is less convinced as Art.9 also refers to RCCs recommendations as well as national studies, the latter allowing for the NRAA to “calibrate the pertinent ERAA scenario chosen for the purpose of setting the maximum entry capacity available for the participation of foreign capacity within the capacity mechanism of the Member State performing the NRAA”, which is unacceptable to IFIEC Europe as this would completely undermine the ERAA methodology as well as the methodology at hand which is supposed to bring a harmonization across Member states.</p>	C	<p>In any case, ENTSO-E would like to point out the fact that the stipulations of IEM Regulation 26(9) stating that at all times revenues are to be attributed to TSOs and that the revenues are always to be used as determined in Art. 19(2). TSO’s will therefore not be able to benefit from revenues rising from the allocation of tickets at the border and use them for another purpose than the one stated in Article 19.2 of the IEM Regulation, though these revenues will benefit the community financing the capacity mechanism. In other words, this means that TSOs will not benefit from the revenues arising from such allocation of the auction tickets and have therefore no incentive to target a certain value for the Maximum Entry Capacity nor for the indicator of likelihood of concurring system stress used in the calculation of the sharing of the revenues.</p> <p>Furthermore, ENTSO-E would like to conclude by reminding that the calculation of Maximum Entry Capacity benefits from being an output of the ERAA. It will be carried out by ENTSO-E under a strong governance process involving public consultations and explicit ACER involvement and approval ensuring its robustness. Finally, one should be assured by the strong governance process related to this determination, involving also the RCCs – a regional entity without any local interest - providing a recommendation and the fact that the determination of the maximum entry capacity is linked to the same methods used for ERAA and based on the results derived from the latest published ERAA, the latter benefitting a strong regulatory oversight.</p> <p>As regard to the possible calibration at national level that could complete the RCC recommendation, these are limited to the specific situation clearly mentioned in the methodology and related to the fact that the ERAA study results, on which the calculation is based, might show that the Member State considered do not respect its reliability criteria in the scenario with capacity mechanisms. As explained in the updated explanatory note, the calculation of Maximum Entry Capacity must be performed on an equilibrated scenario (at the RS of the CM country) to avoid that the calculation is skewed towards either over /or under-procurement of local capacities with respect foreign capacities participating through cross border participation.</p>	
Quantification of contribution	RAP	Use of average imports	On balance taking average of imports during relevant hours is appropriate	<p>According to Article 6 of the methodology, the maximum entry capacity for cross-border participation (or the contribution) “shall be calculated as the average of imports during scarcity hours and shall be expressed in MW.” We agree with ENTSO-E’s proposal to use the average imports during system stress periods, notwithstanding our previous comments on the definition of these periods and the consideration of the technical and commercial availability of interconnectors. Using the minimum level of imports, instead of an average, would underestimate the contribution that foreign resources can make and unnecessarily increase the costs to consumers. Considering a maximum instead would overestimate the potential contribution of interconnectors and increase system risks. This balanced approach is similar to the one for estimating the availability of dispatchable resources, in that both of them consider the average over a given period.</p>	C	<p>Thank you for your comment.</p>	

3 JULY 2020

Methodology for sharing the revenues

Topic	Specific article (if relevant)	Respondee(s)	Marker for grouping of comments	Summary of comments	Relevant text from response	Accept (A) / Consider (C) / Reject (R) / Out of Scope (OS)	ENTSO-E reply
Revenue for sharing		Energy Norway	Revenues to reflect scarcity	Interconnectors create value as a result of scarcity they should keep this value.	We do not agree with either of the two-option outlined in article 13 regarding the sharing key. If the interconnector capacity is the scarce resource the value created due to this should be the revenue for the owner(s) of the interconnector. How the owners share it, if it is more than one owner, is in principle up to the owners to decide, but 50/50 is the common and sensible solution for two equal owners.	A	<p>The existing capacity markets in the EU are not homogeneous: various designs (e.g. strategic reserves, capacity mechanism), differentiated eligibility rules (e.g. some technologies could be excluded in one CM and allowed in the other) or ways to check availability (e.g. differentiated delivery periods). This leads to different bidding behaviours from market participants and prices that reflect both a "market access right" value and the "interconnector" value. The following methodology proposed try to differentiate both of these values to deliver relevant incentives.</p> <p>ENTSO-E acknowledges that the revenues from the allocation of cross-border tickets in the context of a capacity mechanism should remunerate the scarce resource in order to provide the right incentive to invest in transmission capacity. According to ENTSO-E, this is in line with the methodology developed requiring that transmission capacity should be remunerated when it is contributing to adequacy-relevant moments by allowing more imports in the CM country and thereby increasing resource adequacy. Stated otherwise, when transmission capacity on the considered border is deemed scarce during adequacy-relevant moments, an incentive to further develop capacity at this border is deemed appropriate. In some cases for which the Interconnector is deemed the scarce resource, a 50/50 sharing of the revenues might apply although such situations should be considered as different in a Capacity Market and in an Energy Market frameworks. Indeed for the latter, such revenue is linked to a scarcity of transmission capacity (creating a congestion) and shared 50/50 whereas in a Capacity Market, the congestion is rather captured by the simultaneous scarcity coefficient used and not necessarily by the scarcity of transmission capacity.</p> <p>On the other hand, ENTSO-E' proposed methodology on revenue sharing does not foresee to attribute revenues to the developers of transmission capacity on the concerned border in the event the transmission capacity is not deemed the scarce resource during adequacy relevant moments. The sharing of these revenues in a CM case should therefore not be considered as identical to the sharing of revenues coming from the energy market since considering a 50/50 sharing of the revenues in a situation for which transmission capacity does not contribute to adequacy, in a CM case, does not seem appropriate. Transmission capacity may, for example, not contribute to these adequacy relevant moments for a country if the 2 countries on the border of this CM are facing a high probability of concurring system stress events: in such situation, additional transmission capacity will actually not contribute to the adequacy of the country organizing the CM</p>
Revenue for sharing		FEBEG	Revenues to reflect scarcity	All revenues should be shared based on scarcity	According to FEBEG, all revenues from cross-border participation should be shared between the concerned parties and this should be based on the economical perspective that only the scarce resources are remunerated.	A	<p>ENTSO-E acknowledges that revenues rising from Capacity Mechanisms should remunerate the scarce resource in order to provide the right incentive to invest in transmission capacity. According to ENTSO-E, this is in line with the methodology developed requiring that transmission capacity should be remunerated when it is contributing to adequacy-relevant moments by allowing more imports in the CM country and thereby increasing resource adequacy. Stated otherwise, when transmission capacity on the considered border is deemed scarce during adequacy-relevant moments, an incentive to further develop capacity at this border is deemed appropriate. In some cases for which the Interconnector is deemed the scarce resource, a 50/50 sharing of the revenues might apply although such situations should be considered as different in a Capacity Market and in an Energy Market frameworks. Indeed for the latter, such revenue is linked to a scarcity of transmission capacity (creating a congestion) and shared 50/50 whereas in a Capacity Market, the congestion is rather captured by the simultaneous scarcity coefficient used and not necessarily by the scarcity of transmission capacity</p> <p>On the other hand, ENTSO-E' proposed methodology on revenue sharing does not foresee to attribute revenues to the developers of transmission capacity on the concerned border in the event to the transmission capacity is not deemed the scarce resource adequacy relevant moments. This could, be for example the case for 2 countries facing</p>

							high a high probability of concurring system stress events: in such situation, additional transmission capacity will actually not contribute to the adequacy of the country organizing the CM and should therefore not be remunerated.
Revenue for sharing		Statkraft Energi	Revenues to reflect scarcity	Interconnectors create value as a result of scarcity they should keep this value.	We do not agree with either of the two options outlined in article 13 regarding the sharing key. If the interconnector capacity is the scarce resource the value created due to this should be the revenue for the owner(s) of the interconnector. How the owners share it, if it is more than one owner, is in principle up to the owners to decide, but 50/50 is the common and sensible solution for two equal owners.	A	<p>The existing capacity markets in the EU are not homogeneous: various designs (e.g. strategic reserves, capacity mechanism), differentiated eligibility rules (e.g. some technologies could be excluded in one CM and allowed in the other) or ways to check availability (e.g. differentiated delivery periods). This leads to different bidding behaviours from market participants and prices that reflect both a "market access right" value and the "interconnector" value. The following methodology proposed try to differentiate both of these values to deliver relevant incentives.</p> <p>ENTSO-E acknowledges that the revenues from the allocation of cross-border tickets in the context of a capacity mechanism should remunerate the scarce resource in order to provide the right incentive to invest in transmission capacity. According to ENTSO-E, this is in line with the methodology developed requiring that transmission capacity should be remunerated when it is contributing to adequacy-relevant moments by allowing more imports in the CM country and thereby increasing resource adequacy. Stated otherwise, when transmission capacity on the considered border is deemed scarce during adequacy-relevant moments, an incentive to further develop capacity at this border is deemed appropriate. In some cases for which the Interconnector is deemed the scarce resource, a 50/50 sharing of the revenues might apply although such situations should be considered as different in a Capacity Market and in an Energy Market frameworks. Indeed for the latter, such revenue is linked to a scarcity of transmission capacity (creating a congestion) and shared 50/50 whereas in a Capacity Market, the congestion is rather captured by the simultaneous scarcity coefficient used and not necessarily by the scarcity of transmission capacity</p> <p>On the other hand, ENTSO-E' proposed methodology on revenue sharing does not foresee to attribute revenues to the developers of transmission capacity on the concerned border in the event to the transmission capacity is not deemed the scarce resource during adequacy relevant moments. The sharing of these revenues in a CM case should therefore not be considered as identical to the sharing of revenues coming from the energy market since considering a 50/50 sharing of the revenues in a situation for which transmission capacity does not contribute to adequacy, in a CM case, does not seem appropriate. Transmission capacity may, for example, not contribute to these adequacy relevant moments for a country if the 2 countries on the border of this CM are facing a high probability of concurring system stress events: in such situation, additional transmission capacity will actually not contribute to the adequacy of the country organizing the CM</p>
Revenue for sharing		EFET	Revenues to reflect scarcity	Revenues to reflect scarcity	We do not agree with either option. As explained in our comment to article 11.4, the transmission capacity is either the scarce resource – in which case revenue sharing should follow the agreed sharing key, which in default is 50/50 – or it is not the scarce resource, in which case no congestion revenue is available to share between the TSOs.	A	<p>The existing capacity markets in the EU are not homogeneous: various designs (e.g. strategic reserves, capacity mechanism), differentiated eligibility rules (e.g. some technologies could be excluded in one CM and allowed in the other) or ways to check availability (e.g. differentiated delivery periods). This leads to different bidding behaviours from market participants and prices that reflect both a "market access right" value and the "interconnector" value. The following methodology proposed try to differentiate both of these values to deliver relevant incentives.</p> <p>ENTSO-E acknowledges that the revenues from the allocation of cross-border tickets in the context of a capacity mechanism should remunerate the scarce resource in order to provide the right incentive to invest in transmission capacity. According to ENTSO-E, this is in line with the methodology developed requiring that transmission capacity should be remunerated when it is contributing to adequacy-relevant moments by allowing more imports in the CM country and thereby increasing resource adequacy. On the other hand, ENTSO-E' proposed methodology on revenue sharing does not foresee to attribute revenues to the developers of transmission capacity on the concerned border in the event to the transmission capacity is not deemed the scarce resource during adequacy relevant moments.</p> <p>In case the transmission capacity is not deemed the scarce resource, it has been made clearer in the explanatory note that at all times, when revenues go to a TSO, they have to be used following art. 19(2) of the IEM regulation. This implies that there is no revenue being attributed as such to a CM operator (or to a TSO in his capacity as CM operator). ENTSO-E supports therefore the reasoning of article 19(2) of the IEM regulation stating that these revenues should be used to maintain existing Interconnectors, develop further new Interconnectors, etc.</p>
Sharing key		IFIEC Europe	Revenues to reflect scarcity	Revenues to reflect scarcity	With respect to the use of simultaneous scarcity or concurring system stress as parameters for the sharing key, IFIEC Europe understands that this is done in order to provide an as strong as possible appropriate incentive for the development of transmission capacity in case that would be the scarce resource, yet is not completely convinced that this approach will lead to that objective.	A	<p>ENTSO-E welcomes IFIEC's understanding of the use of the considered parameters. ENTSO-E considers that the approach indeed leads to the objective put forward.</p> <p>ENTSO-E's proposed approach follows the principle that the revenues from the allocation of cross-border tickets in the context of a capacity mechanism should remunerate the scarce resource in order to provide the right incentive to invest in transmission capacity. According to ENTSO-E, this is in line with the methodology developed by ENTSO-</p>

							<p>E requiring that transmission capacity should be remunerated when it is contributing to adequacy-relevant moments by allowing more imports in the CM country and thereby increasing resource adequacy. On the other hand, ENTSO-E' proposed methodology on revenue sharing does not foresee to attribute revenues to the developers of transmission capacity at both sides of the concerned border in the event to the transmission capacity is not deemed the scarce resource during adequacy relevant moments.</p> <p>In case the transmission capacity is not deemed the scarce resource, it has now been made clearer in the explanatory note that at all times, when revenues go to a TSO, they have to be used following art. 19(2) of the IEM regulation. This implies that there is no revenue being attributed as such to a CM operator (or to a TSO in his capacity as CM operator). ENTSO-E follows therefore entirely the reasoning of article 19(2) of the IEM regulation stating that these revenues should be used to maintain existing Interconnectors, develop further new Interconnectors, etc.</p>
Sharing key	National Grid Ventures	Revenues to reflect scarcity & provide the right incentive	If revenues are not appropriately allocated there is a risk investment do not take place	<p>3) The sharing of congestion revenues methodologies should not disincentivise long term investments in cross border infrastructure if this infrastructure is needed</p> <p>The proposed methodology fails to provide an appropriate incentive for transmission capacity to be developed and will ultimately put at risk future investments in cross border capacity.</p> <p>In the future, there are increasingly chances that the market will be dominated by zero or very low marginal cost generation and it is very likely that Member States will continue introducing CMs. We will see that in the future CMs might represent an important part of the market revenue earned by generators, reducing the congestion income of an interconnector from the energy market. If the CM revenues in the market are not appropriately allocated to those parties that have invested, or are going to invest in interconnectors, then there is a significant risk that those assets will never be built despite there being a strong socio-economic welfare from such interconnectors.</p> <p>We would like to highlight the inconsistency among different methodologies of ENTSOE. The ENTSOE methodology for calculating socio-economic welfare of interconnectors (the so-called TYNDP CBA 3.0 guidelines, Benefit B6: Security of Supply: Adequacy) explicitly acknowledges the capacity benefit that interconnectors provide. However, If the cross-border methodology prevents interconnector owners from earning a reward comparable to this capacity benefit, there will be no incentive to build new merchant interconnectors. It must be emphasised that GB interconnector development relies on merchant revenues and therefore any disconnect between the merchant revenues and the socio-economic welfare benefit will prevent developers from investing in new projects.</p>	R	<p>ENTSO-E diverges of opinion and considers that the methodology proposed by ENTSO-E provides the right incentive for the development of transmission capacity when it is deemed the scarce resource in adequacy-relevant moments, i.e. the moments targeted by capacity mechanisms in the first place.</p> <p>The existing capacity markets in the EU are not homogeneous: various designs (e.g. strategic reserves, capacity mechanism), differentiated eligibility rules (e.g. some technologies could be excluded in one CM and allowed in the other) or ways to check availability (e.g. differentiated delivery periods). This leads to different bidding behaviours from market participants and prices that reflect both a "market access right" value and the "interconnector" value. The following methodology proposed try to differentiate both of these values to deliver relevant incentives. ENTSO-E's proposed approach follows the principle that the revenues from the allocation of cross-border tickets in the context of a capacity mechanism should remunerate the scarce resource in order to provide the right incentive to invest in transmission capacity. According to ENTSO-E, this is in line with the methodology developed by ENTSO-E requiring that transmission capacity should be remunerated when it is contributing to adequacy-relevant moments by allowing more imports in the CM country and thereby increasing resource adequacy. On the other hand, ENTSO-E' proposed methodology on revenue sharing does not foresee to attribute revenues to the developers of transmission capacity at both sides of the concerned border in the event to the transmission capacity is not deemed the scarce resource during adequacy relevant moments.</p> <p>In case the transmission capacity is not deemed the scarce resource, it has now been made clearer in the explanatory note that at all times, when revenues go to a TSO, they have to be used following art. 19(2) of the IEM regulation. This implies that there is no revenue being attributed as such to a CM operator (or to a TSO in his capacity as CM operator). ENTSO-E follows therefore entirely the reasoning of article 19(2) of the IEM regulation stating that these revenues should be used to maintain existing Interconnectors, develop further new Interconnectors, etc.</p>	
Nd considers that the methodology	IFIEC Europe	ICs should not receive CM revenues	Supportive that interconnectors are excluded from methodology, and go on to say in general interconnectors should only be remunerated through market spreads, and CM revenues are simply windfall profits	<p>IFIEC Europe also supports the proposed methodology on the exclusion of interconnectors directly participating in the related capacity mechanisms in the revenue sharing methodology (and in general is opposed to uberhaupt remunerating the interconnectors under this methodology as these do not on themselves contribute to security of supply; IFIEC Europe is strongly of the opinion that they should not be financed based on capacity mechanism revenues but on market spreads as is currently the case; any additional capacity mechanism revenue will only entail and undue and unnecessary windfall profit for such interconnectors, without delivering any additional value to the system and while also not providing any additional system adequacy).</p>	A	<p>As stipulated in the proposed methodology, ENTSO-E acknowledges that interconnectors directly participating to a CM in the sense of Article 26(2) of the IEM Regulation are considered out-of-scope of this methodology. Indeed, ENTSO-E states that any revenue meant here is already fully integrated in the capacity price obtained by the interconnector in the CM and can as such not be separated from the capacity price.</p> <p>In general, interconnectors are an essential precondition to trading electricity and as such contribute to system security by definition. The alternative of every country covering its own peak demand plus a safety margin at every point in time completely by own production resources would be inefficient and a lot more expensive for consumers.</p>	
Scope of sharing	Regulatory Assistance Project	ICs should not receive CM revenues	RAP challenges if scarcity rent from CMs should go to ICs, as in periods of scarcity they would benefit from scarcity rent in energy markets. Also they	<p>ENTSO-E's methodology is correct in maintaining that, where scarcity exists in two coupled jurisdictions simultaneously, interconnector capacity between the two is unlikely to be fully utilised and therefore transmission system operators (TSOs) should receive no income. However, it is unclear whether TSOs should receive income from selling capacity tickets in any circumstances.</p> <p>If scarcity exists in only one jurisdiction, then market coupling should ensure that any interconnection is fully utilised. In this case, participation of foreign capacity in the jurisdiction's</p>	OS	<p>Firstly, ENTSO-E refers to the scope for this methodology defined by the IEM Regulation art. 26(11) and (9), where it is clearly put that any revenues should go to (a) TSO(s) and are to be used according to Art. 19(2) of the IEM Regulation.</p> <p>Also, as stipulated in the proposed methodology, ENTSO-E acknowledges that interconnectors directly participating to a CM in the sense of Article 26(2) of the IEM Regulation are considered out-of-scope of this methodology. Indeed, ENTSO-E states that any revenue meant here is already fully integrated in the capacity price obtained by the interconnector in the CM and can as such not be separated from the capacity price.</p>	

3 JULY 2020

				<p>consider there to be a double payment i.e. foreign capacity receive CM clearing price and IC receives payments for tickets. This is more in total ICs receive when they directly participate.</p>	<p>capacity market is likely to be of no particular value, as the interconnection is likely to be fully utilised whether contracts with foreign capacity exist or not. Where the existence of capacity contracts with foreign capacity may be of value is in making sure that capacity is available and able to contribute in circumstances where it is not required in its domestic market. In other words, the capacity would be available to ensure that the interconnection is more fully or fully utilised.</p> <p>However, in either case, it is difficult to see why TSOs should be allowed to benefit from selling capacity tickets. If the interconnection is fully utilised via market coupling, the constrained interconnection will yield market coupling revenues equal to the product of the price differential and the interconnector flow. As no interconnector capacity will be reserved for capacity contribution during scarcity events, the fact that TSOs can obtain revenues from selling capacity tickets would result in them being paid twice for the same capacity.</p> <p>If the interconnection capacity would be underutilised without the existence of capacity contracts, then this is an indication that scarcity exists at both ends of the interconnector. However, two situations could arise. First, the existence of capacity contracts could cause the interconnection to be fully utilised. In this case, the TSOs would receive the market coupling revenues referred to above; any additional revenues resulting from capacity tickets would amount to double payments. Second, the existence of capacity contracts could lead to increased interconnector flows, but the interconnection could remain unconstrained. This would be confirmation that scarcity existed in both of the coupled jurisdictions, with no additional revenues being justified.</p> <p>The contention that TSOs should not receive additional revenue from selling capacity tickets is consistent with the situation that interconnectors are not paid for direct participation in capacity markets. In this case, the interconnector owner simply receives the capacity market clearing price with no extra revenues arising. If TSOs were allowed to receive income from selling capacity tickets and the foreign capacity received the capacity market clearing price, then additional revenues would be involved. Foreign capacity providers, having to pay for capacity tickets, would also be at a disadvantage to domestic capacity providers. This could arguably amount to discrimination and is therefore at odds with provision 8 of Article 26 of the IEM Regulation.</p> <p>In considering the issue of TSO revenues, it is worth noting that the IEM Regulation does not explicitly require revenues to be derived from allocating the Maximum Entry Capacity, but only that ENTSO-E develops a mechanism for the allocation of any such revenues should they arise. The issuing of capacity tickets is not necessary to select or rank prospective foreign capacity contributors, as this would be achieved through the capacity auction process.</p>		<p>For the sake of clarity, in case the transmission capacity is not deemed the scarce resource, it has now been made clearer in the explanatory note that at all times, when revenues go to a TSO (cf. Art. 26(9) of the Regulation), they have to be used following art. 19(2) of the IEM regulation, though the community financing the CM will benefit from this revenue.. This implies that there is no revenue being attributed as such to a CM operator (or to a TSO in his capacity as CM operator). ENTSO-E supports therefore the reasoning of article 19(2) of the IEM regulation stating that these revenues should be used to maintain existing Interconnectors, develop further new Interconnectors, etc.</p>
Sharing key		Energy Norway	"Double-counting argument"	"Double-counting"	<p>We do not agree with either of the two option outlined in article 13 regarding the sharing key. If the interconnector capacity is the scare resource the value created due to this should be the revenue for the owner(s) of the interconnector. How the owners share it, if it is more than one owner, is in principle up to the owners to decide, but 50/50 is the common and sensible solution for two equal owners. For us the proposed methodology in article 13.2 is rather strange and artificial. The re-appearance of a concurrent system stress factor would lead to double counting of such events (double derating); once in the maximum entry capacity calculation and once in the revenue sharing calculation. We recommend deletion of article 13.2.</p>	R	<p>ENTSO-E diverges of opinion for the perceived 'double counting' issue raised by Energy Norway.</p> <p>The existing capacity markets in the EU are not homogeneous: various designs (e.g. strategic reserves, capacity mechanism), differentiated eligibility rules (e.g. some technologies could be excluded in one CM and allowed in the other) or ways to check availability (e.g. differentiated delivery periods). This leads to different bidding behaviours from market participants and prices that reflect both a "market access right" value and the "interconnector" value. The following methodology proposed try to differentiate both of these values to deliver relevant incentives.</p> <p>Although the concept of simultaneous scarcity is part of the assessment of the Maximum Entry Capacity, it is used for a different purpose for the assessment of the revenue sharing: indeed, as exposed in the methodology, ENTSO-E is of the opinion that when transmission capacity is deemed the scarce resource during adequacy relevant moments revenues should be particularly shared with the developers of the transmission capacity at both sides of the border. In order to be able to differentiate between different CM – CM situations towards revenue sharing and assess the contribution of a resource to adequacy relevant moments, ENTSO-E has proposed to use as an indicator the likelihood of simultaneous scarcity for the concerned Member States. This indicator allows well to make the required assessment in a sufficient differentiated manner accounting for the different situations at different borders. Moreover, this indicator also benefits from being an output of the ERAA, which will be carried out by ENTSO-E</p>

							<p>under a strong governance process involving public consultations and explicit ACER involvement and approval ensuring its robustness as indicator.</p> <p>Stated otherwise, rather than applying a binary approach of 'scarce' or 'not scarce', the use of the proposed indicator allows for a more balanced view taking into during how many percent of time when there is scarcity the transmission capacity is deemed the scarce resource. In the respect, the starting principle put forward by the respondent is followed, but according to ENTSO-E it is applied in a more nuanced manner.</p> <p>Finally, it is to be noted that the proposed methodology is applied per border and per direction, but when considered for the two directions of a border, both sides of the interconnection have been treated in the same manner, while accounting for the relevant differences.</p>
Sharing key		Eleclink	"Double-counting argument"	"Double-counting"	<p>Eleclink reiterates the "double de-rating" concerns highlighted in its response to question 9. Eleclink notes the obligation in Article 26(8) of the Clean Energy Regulation for Member States to ensure that the entry capacity is allocated to eligible capacity providers in a transparent, non-discriminatory and market-based manner. Arbitrary sharing of revenues will distort a market-based allocation. Eleclink does not believe that sharing revenues (effectively 'de-rating' the revenues) is the correct de-rating solution, and that de-rating the maximum entry capacity is sufficient.</p> <p>The Clean Energy Regulation establishes the principles for cross-border capacity allocation and income distribution between transmission system operators. The management of congestion problems should provide correct economic signals to transmission system operators and market participants and should be based on market mechanisms. Eleclink believes that capacity mechanism sharing methodology should follow the same principles as those already established for EU energy markets.</p>	R	<p>ENTSO-E diverges of opinion for the perceived 'double counting' issue raised by Eleclink.</p> <p>The existing capacity markets in the EU are not homogeneous: various designs (e.g. strategic reserves, capacity mechanism), differentiated eligibility rules (e.g. some technologies could be excluded in one CM and allowed in the other) or ways to check availability (e.g. differentiated delivery periods). This leads to different bidding behaviours from market participants and prices that reflect both a "market access right" value and the "interconnector" value. The following methodology proposed try to differentiate both of these values to deliver relevant incentives.</p> <p>Although the concept of simultaneous scarcity is part of the assessment of the Maximum Entry Capacity, it is used for a different purpose for the assessment of the revenue sharing: indeed, as exposed in the methodology, ENTSO-E is of the opinion that when transmission capacity is deemed the scarce resource during adequacy relevant moments revenues should be particularly shared with the developers of the transmission capacity at both sides of the border. In order to be able to differentiate between different CM – CM situations towards revenue sharing and assess the contribution of a resource to adequacy relevant moments, ENTSO-E has proposed to use as an indicator the likelihood of simultaneous scarcity for the concerned Member States. This indicator allows well to make the required assessment in a sufficient differentiated manner accounting for the different situations at different borders. Moreover, this indicator also benefits from being an output of the ERAA, which will be carried out by ENTSO-E under a strong governance process involving public consultations and explicit ACER involvement and approval ensuring its robustness as indicator.</p> <p>Stated otherwise, rather than applying a binary approach of 'scarce' or 'not scarce', the use of the proposed indicator allows for a more balanced view taking into during how many percent of time when there is scarcity the transmission capacity is deemed the scarce resource. In the respect, the starting principle put forward by the respondent is followed, but according to ENTSO-E it is applied in a more nuanced manner.</p> <p>Finally, it is to be noted that the proposed methodology is applied per border and per direction, but when considered for the two directions of a border, both sides of the interconnection have been treated in the same manner, while accounting for the relevant differences.</p>
Sharing key		Statkraft Energi	"Double-counting argument"	"Double-counting"	<p>We do not agree with either of the two options outlined in article 13 regarding the sharing key. If the interconnector capacity is the scare resource the value created due to this should be the revenue for the owner(s) of the interconnector. How the owners share it, if it is more than one owner, is in principle up to the owners to decide, but 50/50 is the common and sensible solution for two equal owners.</p>	R	<p>ENTSO-E diverges of opinion for the perceived 'double counting' issue raised by Statkraft.</p> <p>The existing capacity markets in the EU are not homogeneous: various designs (e.g. strategic reserves, capacity mechanism), differentiated eligibility rules (e.g. some technologies could be excluded in one CM and allowed in the other) or ways to check availability (e.g. differentiated delivery periods). This leads to different bidding behaviours from market participants and prices that reflect both a "market access right" value and the "interconnector" value. The following methodology proposed try to differentiate both of these values to deliver relevant incentives.</p> <p>Although the concept of simultaneous scarcity is part of the assessment of the Maximum Entry Capacity, it is used for a different purpose for the assessment of the revenue sharing: indeed, as exposed in the methodology, ENTSO-E is of the opinion that when transmission capacity is deemed the scarce resource during adequacy relevant moments revenues should be particularly shared with the developers of the transmission capacity at both sides of the border. In order to be able to differentiate between different CM – CM situations towards revenue sharing and assess the contribution of a resource to adequacy relevant moments, ENTSO-E has proposed to use as an indicator the likelihood of simultaneous scarcity for the concerned Member States. This indicator allows well to make the required assessment in a sufficient differentiated manner accounting for the different situations at different borders. Moreover, this indicator also benefits from being an output of the ERAA, which will be carried out by ENTSO-E under a strong governance process involving public consultations and explicit ACER involvement and approval ensuring its robustness as indicator.</p> <p>Stated otherwise, rather than applying a binary approach of 'scarce' or 'not scarce', the use of the proposed indicator allows for a more balanced view taking into during how many percent of time when there is scarcity the transmission</p>

3 JULY 2020

							capacity is deemed the scarce resource. In the respect, the starting principle put forward by the respondent is followed, but according to ENTSO-E it is applied in a more nuanced manner. Finally, it is to be noted that the proposed methodology is applied per border and per direction, but when considered for the two directions of a border, both sides of the interconnection have been treated in the same manner, while accounting for the relevant differences.
Sharing key		National Grid Ventures	"Double-counting argument"	"Double-counting"	<p>1) A fair reward system for foreign capacity and physical cross border infrastructure</p> <p>As established in Regulation 943/2019, a fundamental principle of any CM is that it "should be open to cross border participation of capacity providers located in another Member State" and that foreign capacity should be given "the opportunity to participate in the same competitive process as domestic capacity". As explained above, Article 4 of the previous methodology could result in a discriminatory treatment against foreign capacity, as it obliges a Member State to exhaust all its local capability prior to even considering foreign capacity. A systematic and unjustified restriction of foreign capacity in CMs across Europe will ultimately increase the cost for consumers as it will result in an oversupply of local capacity resources to the detriment of cost-efficiency. Any methodology related to cross border participating in CMs, including the one on revenue sharing, should aim at maximising cross border participation, if this results in better security of supply and lower costs to consumers. Cross border participation in CMs goes hand in hand with physical infrastructure between the two markets that are implementing the CM. For instance, foreign generators cannot participate in a local capacity market if there are no interconnectors connecting those markets. The other way around is also true, without foreign available capacity, interconnectors cannot contribute to the local capacity market. There is therefore a need to acknowledge the contribution of both foreign capacity and interconnectors to the total "capacity saving" across Europe.</p> <p>The contribution of interconnectors to the overall capacity saving and security of supply will be established by the ENTSOE methodology on the sharing of revenues. It is critical that the methodology defines a fair system to calculate this contribution.</p> <p>We fully recognise the need to implement a system that establishes the real contribution that an interconnector is going to make to solve an adequacy concern in the foreign market. For those borders where there is a high probability of having a simultaneous stress situation, the interconnection capacity will only contribute to solve the adequacy concern in the country that organises the CM in a limited way. As explained in the previous question, to acknowledge this, it is important to establish a maximum entry capacity that reflects this situation. We do not advocate for methodologies that allocate congestion revenues to interconnectors if these are not providing a "valuable" service. But, once the „valuable" contribution of cross border interconnection capacity to the adequacy concern has been established through the maximum entry capacity, it is key to acknowledge the role that those interconnectors will play in facilitating cross border participation in the CM, and therefore to ensure a fair reward system. Interconnectors are providing a service that should be remunerated.</p> <p>Article 13.2 of the ENTSOE methodology is proposing two options for the sharing of revenue that are de facto double counting the probability of concurrent system stress (please illustration in the PDF attached). Maximum entry capacity (art.4) already accounts for concurrent scarcity, and in art 13.2 the total revenue (based on this maximum entry capacity) is again multiplied with a factor representing concurrent scarcity ("probability of likelihood of simultaneous scarcity"). This application of the simultaneous scarcity factor twice fails to adequately reward interconnectors for the service they provide as facilitators of cross border participation in CMs.</p>	R	<p>ENTSO-E diverges of opinion for the perceived 'double counting' issue raised by National Grid Ventures.</p> <p>The existing capacity markets in the EU are not homogeneous: various designs (e.g. strategic reserves, capacity mechanism), differentiated eligibility rules (e.g. some technologies could be excluded in one CM and allowed in the other) or ways to check availability (e.g. differentiated delivery periods). This leads to different bidding behaviours from market participants and prices that reflect both a "market access right" value and the "interconnector" value. The following methodology proposed try to differentiate both of these values to deliver relevant incentives.</p> <p>Although the concept of simultaneous scarcity is part of the assessment of the Maximum Entry Capacity, it is used for a different purpose for the assessment of the revenue sharing: indeed, as exposed in the methodology, ENTSO-E is of the opinion that when transmission capacity is deemed the scarce resource during adequacy relevant moments revenues should be particularly shared with the developers of the transmission capacity at both sides of the border. In order to be able to differentiate between different CM – CM situations towards revenue sharing and assess the contribution of a resource to adequacy relevant moments, ENTSO-E has proposed to use as an indicator the likelihood of simultaneous scarcity for the concerned Member States. This indicator allows well to make the required assessment in a sufficient differentiated manner accounting for the different situations at different borders. Moreover, this indicator also benefits from being an output of the ERAA, which will be carried out by ENTSO-E under a strong governance process involving public consultations and explicit ACER involvement and approval ensuring its robustness as indicator.</p> <p>Stated otherwise, rather than applying a binary approach of 'scarce' or 'not scarce', the use of the proposed indicator allows for a more balanced view taking into during how many percent of time when there is scarcity the transmission capacity is deemed the scarce resource. In the respect, the starting principle put forward by the respondent is followed, but according to ENTSO-E it is applied in a more nuanced manner.</p> <p>Finally, it is to be noted that the proposed methodology is applied per border and per direction, but when considered for the two directions of a border, both sides of the interconnection have been treated in the same manner, while accounting for the relevant differences.</p>
Sharing key	12	Mutual Energy	"Double-counting argument"	"Double-counting"	<p>Article 12 of the proposal describes how the total revenue to be shared will be determined. For both implicit and explicit allocations of Entry Capacity, the revenue considered for sharing is analogous to congestion rents generated by interconnectors across various timeframes, so this is a well-established and understood principle.</p> <p>Article 13 then diverges from well-established and understood principles for sharing of congestion income. Articles 13(2) and 13(4) describe a process where a proportion of the total revenue considered for sharing is attributed to the TSO organising the capacity mechanism based on the likelihood of simultaneous scarcity. The rationale for this process is unclear</p>	R	<p>ENTSO-E diverges of opinion for the perceived 'double counting' issue raised by Mutual Energy.</p> <p>The existing capacity markets in the EU are not homogeneous: various designs (e.g. strategic reserves, capacity mechanism), differentiated eligibility rules (e.g. some technologies could be excluded in one CM and allowed in the other) or ways to check availability (e.g. differentiated delivery periods). This leads to different bidding behaviours from market participants and prices that reflect both a "market access right" value and the "interconnector" value. The following methodology proposed try to differentiate both of these values to deliver relevant incentives.</p>

					<p>because the likelihood of simultaneous scarcity is already a key aspect of determining the Maximum Entry Capacity. If the TSO organising the capacity market also has a 50% (for example) ownership stake in the interconnector, most of the revenue will be allocated to them i.e. the part that is not shared as a result of the application of Article 13(2) plus 50% of the shared revenue. ENTSOE has explained the rationale for this is as being that the level of simultaneous scarcity is an indicator of whether there is scarcity of transmission capacity in adequacy critical moments and therefore a need for an incentive to build more transmission capacity. The logic behind this does not appear sound – it implies that congestion revenues should be retained by the TSO organising the capacity mechanism where generation is scarce in both jurisdictions. It is unlikely that these revenues will contribute to developing additional generation so what is the societal benefit of this step?</p> <p>If the TSO organising the capacity market does not have an ownership stake in the interconnector, a proportion of the revenue to be shared will still be allocated to them i.e. the part that is not shared as a result of the application of Article 13(2). In this scenario the TSO does not own the interconnection, but congestion revenue will be allocated to them and used for purposes other than those set out in Article 19(2) of Regulation (EU) 2019/943. Again, we do not see how this approach delivers societal benefit in this scenario.</p> <p>Articles 13(2) and 13(4) by design reduce the amount of revenue to be shared with the neighbouring TSO(s), including interconnector owners. This diverges from established principles in forwards, day ahead and intraday timeframes and is discriminatory in favour of the TSO organising the capacity mechanism. Simultaneous scarcity will already have been considered in the determination of the Maximum Entry Capacity and this step proposes to consider it again as a means of reducing the revenue that the organising TSO has to share with connecting TSOs. We do not see the justification for such a potentially distortive incentive and believe that article 13(2) should be removed and the total revenue considered for sharing (as determined under Article 12) should be shared in line with Article 13(3). This would provide a fair outcome where the benefits of cross border capacity are attributed to the investors in developing that capacity and revenues allocated in line with Article 19(2) of Regulation (EU) 2019/943.</p>		<p>Firstly, ENTSO-E wishes to clarify that the revenues resulting from the allocation of cross-border tickets in the context of a capacity mechanism are not to be considered fully similar to congestion income as occurring in the energy market. The cross-border tickets in a CM are considered for solving an adequacy problem, their amount is calibrated to the adequacy situation and the tickets are only relevant during adequacy-relevant moments. In this respect it also makes sense that the sharing of any revenues resulting from the allocation of these XB tickets takes into account the roots of the mechanism from which they result, i.e. a mechanism driven by the need to solve adequacy concerns.</p> <p>Next, although the concept of simultaneous scarcity is part of the assessment of the Maximum Entry Capacity, it is used for a different purpose for the assessment of the revenue sharing: indeed, as exposed in the methodology, ENTSO-E is of the opinion that when transmission capacity is deemed the scarce resource during adequacy relevant moments revenues should be particularly shared with the developers of the transmission capacity at both sides of the border. In order to be able to differentiate between different CM – CM situations towards revenue sharing and assess the contribution of a resource to adequacy relevant moments, ENTSO-E has proposed to use as an indicator the likelihood of simultaneous scarcity for the concerned Member States. This indicator allows well to make the required assessment in a sufficient differentiated manner accounting for the different situations at different borders. Moreover, this indicator also benefits from being an output of the ERAA which will be carried out by ENTSO-E under a strong governance process involving public consultations and explicit ACER involvement and approval ensuring its robustness as indicator. Stated otherwise, rather than applying a binary approach of ‘scarce’ or ‘not scarce’, the use of the proposed indicator allows for a more balanced view taking into during how many percent of time when there is scarcity the transmission capacity is deemed the scarce resource. In the respect, the starting principle put forward by the respondent is followed, but according to ENTSO-E it is applied in a more nuanced manner.</p> <p>Finally, it is to be noted that the proposed methodology is applied per border and per direction, but when considered for the two directions of a border, both sides of the interconnection have been treated in the same manner, while accounting for the relevant differences.</p> <p>Regarding the point of TSOs potentially retaining the revenues arising from the allocation of cross-border tickets in the context of a capacity mechanism and not contributing to further develop additional or existing transmission capacity, ENTSO-E would like to remind that the proposed methodology is in line with the article 19.2 of the IEM Regulation. ENTSO-E would like to clarify that, at all times, the above mentioned revenues going to a TSO have to be used following art. 19(2) of the IEM regulation to maintain existing Interconnectors, develop further new Interconnectors, etc. This implies that there is no revenue being attributed as such to a CM operator (or to a TSO in his capacity as CM operator).</p>
Sharing key	13.2	WindEurope	"Double-counting argument"	"Double-counting"	<p>The likelihood of concurrent system stress between the considered neighbouring countries is counted twice in the methodologies:</p> <p>1- First, in the methodology for calculating the maximum entry capacity for cross-border participation. According to the Electricity Regulation (article 26§7), the calculation of the maximum entry capacity available for the participation of foreign capacity “shall take into account the expected availability of interconnection and the likely concurrence of system stress in the system where the mechanism is applied and the system in which the foreign capacity is located”. Therefore, ENTSO-E takes this into account in its calculation proposal of maximum entry capacity in the methodology proposal.</p> <p>2- Second, if we look at article 13§2 of the draft methodology, in the two options proposed, the total revenue (de facto based on the maximum entry capacity according to the article 12 of the methodology) is multiplied by “one minus the likelihood of concurrent system stress between the considered neighbouring countries”. This double-counting of the probability of system stress is reducing the interconnector revenue from cross-border participation to capacity mechanism and we believe it does not properly value the service interconnectors provide to the electricity system.</p>	R	<p>ENTSO-E diverges of opinion for the perceived ‘double counting’ issue raised by Wind Europe.</p> <p>The existing capacity markets in the EU are not homogeneous: various designs (e.g. strategic reserves, capacity mechanism), differentiated eligibility rules (e.g. some technologies could be excluded in one CM and allowed in the other) or ways to check availability (e.g. differentiated delivery periods). This leads to different bidding behaviours from market participants and prices that reflect both a “market access right” value and the “interconnector” value. The following methodology proposed try to differentiate both of these values to deliver relevant incentives.</p> <p>Although the concept of simultaneous scarcity is part of the assessment of the Maximum Entry Capacity, it is used for a different purpose for the assessment of the revenue sharing: indeed, as exposed in the methodology, ENTSO-E is of the opinion that when transmission capacity is deemed the scarce resource during adequacy relevant moments revenues should be particularly shared with the developers of the transmission capacity at both sides of the border. In order to be able to differentiate between different CM – CM situations towards revenue sharing and assess the contribution of a resource to adequacy relevant moments, ENTSO-E has proposed to use as an indicator the likelihood of simultaneous scarcity for the concerned Member States. This indicator allows well to make the required assessment in a sufficient differentiated manner accounting for the different situations at different borders. Moreover, this indicator also benefits from being an output of the ERAA, which will be carried out by ENTSO-E under a strong governance process involving public consultations and explicit ACER involvement and approval ensuring its robustness as indicator.</p>

							Stated otherwise, rather than applying a binary approach of 'scarce' or 'not scarce', the use of the proposed indicator allows for a more balanced view taking into during how many percent of time when there is scarcity the transmission capacity is deemed the scarce resource. Finally, it is to be noted that the proposed methodology is applied per border and per direction, but when considered for the two directions of a border, both sides of the interconnection have been treated in the same manner, while accounting for the relevant differences..
Sharing key	13.2	Eurelectric	"Double-counting argument"	"Double-counting"	Art.13.2: the proposed options for the total revenue for sharing seem to be double counting of concurrent system stress. Maximum entry capacity (art.4) already accounts for concurrent scarcity, and in art.13.2 the total revenue (based on this max entry capacity) is again multiplied with a factor representing concurrent scarcity. We do not understand nor support such approach.	R	ENTSO-E diverges of opinion for the perceived 'double counting' issue raised by Eurelectric. The existing capacity markets in the EU are not homogeneous: various designs (e.g. strategic reserves, capacity mechanism), differentiated eligibility rules (e.g. some technologies could be excluded in one CM and allowed in the other) or ways to check availability (e.g. differentiated delivery periods).This leads to different bidding behaviours from market participants and prices that reflect both a "market access right" value and the "interconnector" value. The following methodology proposed try to differentiate both of these values to deliver relevant incentives. Although the concept of simultaneous scarcity is part of the assessment of the Maximum Entry Capacity, it is used for a different purpose for the assessment of the revenue sharing: indeed, as exposed in the methodology, ENTSO-E is of the opinion that when transmission capacity is deemed the scarce resource during adequacy relevant moments revenues should be particularly shared with the developers of the transmission capacity at both sides of the border. In order to be able to differentiate between different CM – CM situations towards revenue sharing and assess the contribution of a resource to adequacy relevant moments, ENTSO-E has proposed to use as an indicator the likelihood of simultaneous scarcity for the concerned Member States. This indicator allows well to make the required assessment in a sufficient differentiated manner accounting for the different situations at different borders. Moreover, this indicator also benefits from being an output of the ERAA, which will be carried out by ENTSO-E under a strong governance process involving public consultations and explicit ACER involvement and approval ensuring its robustness as indicator. Stated otherwise, rather than applying a binary approach of 'scarce' or 'not scarce', the use of the proposed indicator allows for a more balanced view taking into during how many percent of time when there is scarcity the transmission capacity is deemed the scarce resource. Finally, it is to be noted that the proposed methodology is applied per border and per direction, but when considered for the two directions of a border, both sides of the interconnection have been treated in the same manner, while accounting for the relevant differences.
Sharing key	11.4	EFET	Sharing of the revenues based on scarcity of the resource	Delete 11.4. There is no need for it. When resource is not scarce there will be no revenues earned from the auction.	We believe this paragraph is out of scope of this revenue sharing methodology. Article 11.4 does not tackle a question of revenue sharing between the TSOs, but rather of revenue sharing between the TSOs and asset owners. If transmission capacity is not a scarce resource limiting the participation of foreign asset into a Member State's CRM, then TSOs should make no revenues from the sale of entry capacity and total revenue calculation set out article 12 and 13 does not apply. Hence there will be no revenue to share between the TSOs. We recommend deletion of article 11.4.	OS	Firstly, ENTSO-E refers to the scope for this methodology defined by the IEM Regulation art. 26(11) and (9), where it is clearly put that any revenues should go to (a) TSO(s) and are to be used according to Art. 19(2) of the IEM Regulation. Therefore, ENTSO-E would like to remind that the rules in the proposed methodology already foresee that, at all times, revenues rising from the allocation of cross border tickets in a CM situation going to a TSO should be used following art. 19(2) of the IEM regulation. This implies that there is no revenue being attributed as such to a CM operator (or to a TSO in his capacity as CM operator). ENTSO-E' proposal is therefore in line with the position according to which these revenues should be used by TSOs to maintain existing Interconnectors, develop further new Interconnectors, etc. as defined in article 19(2) of the IEM Regulation. ENTSO-E would also like to highlight the fact that the methodology proposed is in line with the principle of remuneration of the transmission capacity when it is deemed to be the scarce resource. In case, it would not be deemed as the scarce resource, it should therefore not be remunerated for not contributing to adequacy relevant moments. In some cases for which the Interconnector is deemed the scarce resource, a 50/50 sharing of the revenues might apply although such situations should be considered as different in a Capacity Market and in an Energy Market frameworks. Indeed for the latter, such revenue is linked to a scarcity of transmission capacity (creating a congestion) and shared 50/50 whereas in a Capacity Market, congestion is rather captured by the simultaneous scarcity coefficient used and not necessarily by the scarcity of transmission capacity.
Sharing key	13.2	EFET	"Double-counting argument"	"Double-counting"	We do not agree with either option. As explained in our comment to article 11.4, the transmission capacity is either the scarce resource – in which case revenue sharing should follow the agreed sharing key, which in default is 50/50 – or it is not the scarce resource, in which case no congestion revenue is available to share between the TSOs. The re-appearance of a concurrent system stress factor would lead to double counting of such events: once in the	R	Firstly, on the point regarding TSOs potentially retaining the revenues arising from the allocation of cross-border tickets in the context of a capacity mechanism and not contributing to further develop additional or existing transmission capacity, ENTSO-E would like to remind that the proposed methodology is in line with the article 19.2 of the IEM Regulation. ENTSO-E would like to clarify that, at all times, the above mentioned revenues going to a TSO have to be used following art. 19(2) of the IEM regulation to maintain existing interconnectors, develop further

					<p>maximum entry capacity calculation and once in the revenue sharing calculation.</p> <p>We recommend deletion of article 13.2.</p>		<p>new interconnectors, etc. This implies that there is no revenue being attributed as such to a CM operator (or to a TSO in his capacity as CM operator) be it in a situation of simultaneous scarcity between the 2 relevant countries at the border or not.</p> <p>Then, ENTSO-E diverges of opinion for the perceived 'double counting' issue raised by EFET. Although the concept of simultaneous scarcity is part of the assessment of the Maximum Entry Capacity, it is used for a different purpose for the assessment of the revenue sharing: indeed, as exposed in the methodology, ENTSO-E is of the opinion that when transmission capacity is deemed the scarce resource during adequacy relevant moments revenues should be particularly shared with the developers of the transmission capacity at both sides of the border. In order to be able to differentiate between different CM – CM situations towards revenue sharing and assess the contribution of a resource to adequacy relevant moments, ENTSO-E has proposed to use as an indicator the likelihood of simultaneous scarcity for the concerned Member States. This indicator allows well to make the required assessment in a sufficient differentiated manner accounting for the different situations at different borders. Moreover, this indicator also benefits from being an output of the ERAA, which will be carried out by ENTSO-E under a strong governance process involving public consultations and explicit ACER involvement and approval ensuring its robustness as indicator. Stated otherwise, rather than applying a binary approach of 'scarce' or 'not scarce', the use of the proposed indicator allows for a more balanced view taking into during how many percent of time when there is scarcity the transmission capacity is deemed the scarce resource.</p> <p>Finally, it is to be noted that the proposed methodology is applied per border and per direction, but when considered for the two directions of a border, both sides of the interconnection have been treated in the same manner, while accounting for the relevant differences.</p> <p>Related to the reference by EFET to a 'default' 50/50 key, ENTSO-E wishes to clarify that the revenues resulting from the allocation of cross-border tickets in the context of a capacity mechanism are not to be considered fully similar to congestion income as occurring in the energy market. The cross-border tickets in a CM are considered for solving an adequacy problem, their amount is calibrated to the adequacy situation and the tickets are only relevant during adequacy-relevant moments. In this respect it also makes sense that the sharing of any revenues resulting from the allocation of these XB tickets takes into account the roots of the mechanism from which they result, i.e. a mechanism driven by the need to solve adequacy concerns. In other words, the full allocation of tickets is not per se and always a sign of the scarcity of transmission capacity on a border during adequacy critical moments of the CM country, which is rather captured by the simultaneous scarcity coefficient. This is the main difference with the energy market congestion income.</p>
Sharing key	WindEurope	Sharing of the revenues based on scarcity of the resource	No revenue should be shared with CM operator. All should be shared with ICs	<p>The article 11 of the methodology on the scope of the revenue sharing methodology states that "the sharing of the revenues should provide incentives for the development of transmission capacity"; this statement therefore includes the development of interconnectors. Nevertheless, it seems that the TSO Revenue Sharing proposed in the methodology goes against this principle and we would welcome ENTSO-E to take the following arguments into account:</p> <p>- In its article 13§4 (determination of the sharing key), the draft methodology plans to share the congestion rents between TSO(s) owning the interconnector and the TSO organising the capacity mechanism. In case the TSO organising the capacity mechanism is not the (or one of the) owner of the interconnector, why should it receive payment? We would welcome some clarification from ENTSO-E on this point.</p> <p>Moreover, renewable power plants generate electricity at very low short-run marginal cost. The future energy system will have a high share of renewable and it seems safe to assume that members states will continue implementing capacity mechanisms; hence more capacity mechanisms and more close to zero marginal cost generations. It is fair to assume that a significant revenue for interconnectors could come from cross-border participation to capacity mechanism through the congestion rent. If this congestion rent is split between the operator of the capacity mechanism and the TSO(s) owning the interconnector, it could reduce the incentives to build new interconnectors, particularly those done under merchant conditions.</p>	A	<p>Firstly, ENTSO-E wishes to clarify that the revenues resulting from the allocation of cross-border tickets in the context of a capacity mechanism are not to be considered fully similar to congestion income as occurring in the energy market. The cross-border tickets in a CM are considered for solving an adequacy problem, their amount is calibrated to the adequacy situation and the tickets are only relevant during adequacy-relevant moments. In this respect it also makes sense that the sharing of any revenues resulting from the allocation of these XB tickets takes into account the roots of the mechanism from which they result, i.e. a mechanism driven by the need to solve adequacy concerns.</p> <p>Next, it is to be noted that the proposed methodology is applied per border and per direction, but when considered for the two directions of a border, both sides of the interconnection have been treated in the same manner, while accounting for the relevant differences.</p> <p>ENTSO-E acknowledges that the revenues from the allocation of cross-border tickets in the context of a capacity mechanism should remunerate the scarce resource in order to provide the right incentive to invest in transmission capacity. According to ENTSO-E, this is in line with the methodology developed requiring that transmission capacity should be remunerated when it is contributing to adequacy-relevant moments by allowing more imports in the CM country and thereby increasing resource adequacy. Stated otherwise, when transmission capacity on the considered border is deemed scarce during adequacy-relevant moments, an incentive to further develop capacity at this border is deemed appropriate. On the other hand, ENTSO-E' proposed methodology on revenue sharing does not foresee to attribute revenues to the developers of transmission capacity on the concerned border in the event to the transmission capacity is not deemed the scarce resource during adequacy relevant moments.</p>	

							On the point regarding TSOs potentially retaining the revenues arising from the allocation of cross-border tickets in the context of a capacity mechanism and not contributing to further develop additional or existing transmission capacity, ENTSO-E would like to remind that the proposed methodology is in line with the article 19.2 of the IEM Regulation. ENTSO-E would like to clarify that, at all times, the above mentioned revenues going to a TSO have to be used following art. 19(2) of the IEM regulation to maintain existing Interconnectors, develop further new Interconnectors, etc. This implies that there is no revenue being attributed as such to a CM operator (or to a TSO in his capacity as CM operator) be it in a situation of simultaneous scarcity between the 2 relevant countries at the border or not.
Sharing key		Eurelectric	Sharing of the revenues based on scarcity of the resource	Neither option is fit for purpose - all revenues should be taken into account for sharing	Article 12 / Article 13.2 : Determination of the total revenue considered for sharing : The different options 1 and 2 proposed in Article 13 both look confusing and not fit-for-purpose. Eurelectric is of the opinion that all revenues should be taken into account when defining the total revenues to be shared between TSOs.	R	<p>ENTSO-E acknowledges that the revenues from the allocation of cross-border tickets in the context of a capacity mechanism should remunerate the scarce resource in order to provide the right incentive to invest in transmission capacity. According to ENTSO-E, this is in line with the methodology developed requiring that transmission capacity should be remunerated when it is contributing to adequacy-relevant moments by allowing more imports during those moments in the CM country and thereby increasing resource adequacy. Stated otherwise, when transmission capacity on the considered border is deemed scarce during adequacy-relevant moments, an incentive to further develop capacity at this border is deemed appropriate. On the other hand, ENTSO-E' proposed methodology on revenue sharing does not foresee to attribute revenues to the developers of transmission capacity on the concerned border in the event to the transmission capacity is not deemed the scarce resource during adequacy relevant moments. The sharing of these revenues in a CM case should therefore not be considered as identical to the sharing of revenues coming from the energy market since considering a 50/50 sharing of the revenues in a situation for which transmission capacity does not contribute to adequacy, in a CM case, does not seem appropriate. Transmission capacity may, for example, not contribute to these adequacy relevant moments for a country if the 2 countries on the border of this CM are facing a high probability of concurring system stress events: in such situation, additional transmission capacity will actually not contribute to the adequacy of the country organizing the CM. In such case, ENTSO-E would not consider appropriate to share the entirety of the revenues. In other words, the full allocation of tickets is not per se and always a sign of the scarcity of transmission capacity on a border during adequacy critical moments of the CM country, which is rather captured by the simultaneous scarcity coefficient. This is the main difference with the energy market congestion income.</p> <p>Also, it is to be noted that the proposed methodology is applied per border and per direction, but when considered for the two directions of a border, both sides of the interconnection have been treated in the same manner, while accounting for the relevant differences.</p>
Scope of sharing		Edison	Auction revenues may not reflect scarcity	Edison agrees with setting the amount of revenues to be shared between TSOs based on probability of simultaneous system stress because it takes into account extent interconnection capacity is limiting factor	Edison generally agrees with the principle set by ENTSO-E for the revenue sharing methodology which sets the amount of revenues to be shared between TSOs on the basis of the probability of simultaneous system stress, thus considering the role of the interconnection capacity as the limiting factor for the contribution of a given bidding zone to the adequacy of the country where the capacity mechanism applies.	A	ENTSO-E welcomes the fact that Edison generally agrees with the approach proposed in the ENTSO-E methodology according to which the indicator used to assess the contribution to adequacy relevant moments for a CM is the likelihood of concurring systems stress events for both Member States at the border of the country organizing the CM. ENTSO-E would like to remind that with this methodology, the goal is to remunerate the scarce resource when it is indeed contributing to adequacy relevant moments given that this methodology must be considered in a CM framework, not in a regular energy market situation.
Scope of sharing	11.4	Total Direct Energie	Auction revenues may not reflect scarcity	The comment suggests that the methodology determines the split of revenue between interconnection and foreign generators i.e. if interconnection is <u>not</u> the limiting factor then foreign	<p>The capacity value of the neighbouring country depends on the situation:</p> <ul style="list-style-type: none"> - When interconnection between two Member States is deemed as the scarce resource limiting the participation of foreign capacities in the capacity mechanism: in this case, increasing the interconnection would improve security of supply of the Member States - When interconnection is not deemed as the scarce resource limiting the participation of foreign capacities in the capacity mechanism: in this case, new available foreign capacities would improve security of supply of the Member States <p>The methodology for sharing the revenue must appropriately determine the allocation of revenues between interconnections and foreign capacities considering the scarcity situation of</p>	OS	<p>ENTSO-E wishes to highlight the stipulations of IEM Regulation 26(9) stating that at all times revenues are to be attributed to TSOs (not to any other party such as foreign capacities) and that the revenues are always to be used as determined in Art. 19(2). The IEM Regulation in Art. 26(9) also specifies the role of the NRAs in this sharing process.</p> <p>In this respect it is also key to remind the underlying principle ENTSO-E put forward, i.e. ensuring that transmission capacity developers are attributed revenues as incentive when the transmission capacity is deemed the scarce resource during adequacy-relevant moments. ENTSO-E believes that the correct signals are sent in such way within the boundaries of the IEM regulation as sketched out above.</p>

			generators should receive all revenue, and if interconnection is limiting factor then appropriate incentive should go to interconnection.	transmission capacities according to the different Member States, in order to give to the market actors and TSOs the right economic signals. Total Direct Energie wants to comment the Article 11 § 4 of the consultation about economic incentives: - When interconnection is not deemed as the scarce resource limiting the participation of foreign capacities in the capacity mechanism, foreign capacities shall receive the entire revenue. They do not have to pay some kind of interconnection access price. If the interconnection is not saturated, the contribution of a foreign capacity is the same as the contribution of a national capacity. That is why both of them must receive the same capacity remuneration. - In the other case, give an incentive to further develop interconnections is relevant but shall be appropriately designed. National regulators have to monitor that the TSOs revenues received for the capacity remuneration are effectively allocated for the development of transmission capacity. This position can be illustrated with an example. If the interconnector capacity is 2500 MW (technical capacity minus average availability rate), with a probable saturation of 70% during scarcity situations (as calculated under adequacy assessments), then the whole capacity (2500 MW) will receive a remuneration, splitted in: o Capacity remuneration allocated to interconnections must represent 70% of 2500 MW (1750 MW) o Capacity remuneration allocated to foreign capacities must represent 30% of 2500MW (750 MW) (split between foreign capacities to be assessed).		Finally, it is to be noted that the proposed methodology is applied per border and per direction, but when considered for the two directions of a border, both sides of the interconnection have been treated in the same manner, while accounting for the relevant differences.
Scope of sharing	ENGIE	Auction revenues may not reflect scarcity	If MEC is below commercially available capacity then ENGIE believes that the IC is not the scarce capacity, and hence it should not receive any revenues. Any revenues are artificial and should not be shared	Remuneration of scarce resource Once determined, the level of maximum entry capacity for cross-border participation reflects the assumption made regarding the expected level of foreign capacity available to contribute to security of supply in the "home country" via the concerned border. From an economic perspective, only the scarce resources should be remunerated. However, as mentioned in Article 4 of the proposal, the transmission capacity (interconnection) is not the scarce resource if its maximum entry capacity is lower than its commercially available capacity – in other words, if some transmission capacity is still available on the interconnection, but there is no capacity available abroad to deliver the energy through the interconnection. Article 11.6 of the proposal is therefore incorrect: the transmission capacity is deemed the scarce resource only if the maximum entry capacity is equal to the maximum commercially available capacity and if all of this commercially available capacity is allocated during the capacity auction process. The assessment of the scarcity of the resources should therefore only be performed again if the determination of the maximum entry capacity resulted in a volume equal to the commercially available capacity. The determination of the commercially available capacity could be based upon the Art.16 of Regulation (EU)2019/943 that provides the general principles for capacity allocation. Total revenue considered for sharing Based on the previous considerations, ENGIE insists that the existence of "congestion revenues" arising from the cross-border participation to capacity markets with a level of maximum entry capacity below the commercially available capacity, should be properly questioned: • Is it a correct reflection of the scarcity of interconnection capacity during stress events ? • Is it created by an artificial scarcity induced by system operators when defining the parameters of the cross-border participation? • Is it related to a weak market design (rules) of the capacity mechanism? • Is it related to inconsistencies generated along the process for allowing cross-border participation? Furthermore, the proposed estimation of the total revenue considered for sharing is based on the positive difference between the marginal price obtained by capacities in the "home country" and the marginal price obtained by capacities in the foreign country. The implicit underlying assumption is that the capacity auction is based on a uniform pricing, which is not necessarily	A	ENTSO-E agrees with the principle raised that when transmission capacity is deemed the scarce resource, this should be remunerated. As such this is also reflected in the methodology proposed by ENTSO-E. Indeed, in its proposal, ENTSO-E states that revenues rising from a CM should remunerate the transmission capacity when it is deemed to be the scarce resource. In the event that it would not be considered as the scarce resource or that, in other words, it is not contributing to the system in a moment of stress, it should not be remunerated. Therefore in a case for which the MEC would not be saturated then it can be considered that the transmission capacity is not deemed to be the scarce resource and should earn revenues. ENTSO-E does not follow the reasoning that only when MEC is lower than the commercially available transmission capacity, transmission capacity is deemed the scarce resource. Indeed, the existing capacity markets in the EU are not homogeneous: various designs (e.g. strategic reserves, capacity mechanism), differentiated eligibility rules (e.g. some technologies could be excluded in one CM and allowed in the other) or ways to check availability (e.g. differentiated delivery periods). This leads to different bidding behaviours from market participants and prices that reflect both a "market access right" value and the "interconnector" value. The following methodology proposed try to differentiate both of these values to deliver relevant incentives. As set out in the methodology for determining the MEC, it is clear that MEC is driven by several aspects, including but not only simultaneous scarcity. For instance, also outage rates, market effects, etc. do play an important role. From a theoretical perspective one could approach the issue as saying that transmission capacity is the scarce resource if adding more transmission capacity would positively impact the MEC, even if the MEC does not equal the available commercial capacity in the energy market. Whereas such marginal approach is very cumbersome to be applied in practice, the use of the indicator of likelihood of simultaneous scarcity allows to adopt the same viewpoint in a more practical manner. Related to price formation for tickets, it is not to be overlooked that the existing capacity markets in the EU are not homogeneous: various designs (e.g. strategic reserves, capacity mechanism), differentiated eligibility rules (e.g. some technologies could be excluded in one CM and allowed in the other) or ways to check availability (e.g. differentiated delivery periods). This leads to different bidding behaviours from market participants and prices that reflect both a "market access right" value and the "interconnector" value. The following methodology proposed try to differentiate both of these values to deliver relevant incentives. However, it is possible to conclude from a high market access value, that more capacity providers are willing to contribute i.e. that there may be demand for available interconnector capacity and that it could have a value. So the way to calculate the maximum entry capacity is still the main way to determine the share of the available interconnector capacity that is allowed to participate.

3 JULY 2020

					the case for decentralized capacity markets nor present in all capacity mechanisms (approved or under discussion, e.g. strategic reserves). Although ENGIE pleads for a uniform pricing of capacity in centralized capacity markets (i.e. a pay-as-clear approach), it is necessary that the proposed methodology also accommodates CRM designs where uniform pricing is absent. An example would be the application of pay-as-bid clearing principle, where it would be impossible to assess 'congestion revenue' as the different cross-border capacity prices can be both above and below the different capacity prices in the 'home' country.		Finally, according to ENTSO-E the proposed principles can apply also in pricing of tickets which follows other rules than uniform pricing, such as pay-as-bid auctions.
Scope of sharing	11.5, 11.6, 11.7	EFET	Auction revenues may not reflect scarcity	If MEC is below capacity available to energy market, then scarce resource is foreign generation and no revenue should go to TSOs, and SSF has no relevance to this part of methodology.	It should be made clear in article 11.7 that in case the maximum entry capacity falls below the capacity available to the energy market, the scarce resource is foreign eligible capacity and not the transmission capacity, in line with article 11.6. The logical conclusion of this should be that in such a case, no congestion revenue in the capacity market is to be considered for distribution between the TSOs, and therefore total revenue calculation set out article 12 does not apply. Moreover, article 11.5 should be part of the methodology on the calculation of entry capacity (section 1), and has nothing to do in this part of the proposal. Therefore, we recommend deletion of article 11.5. The identification of the scarce resource as explained above shall be clarified in article 4.	A	ENTSO-E agrees with the principle raised that when transmission capacity is deemed the scarce resource, this should be remunerated. As such this is also reflected in the methodology proposed by ENTSO-E. Indeed, in its proposal, ENTSO-E states that revenues rising from a CM should remunerate the transmission capacity when it is deemed to be the scarce resource. In the event that it would not be considered as the scarce resource or that, in other words, it is not contributing to the system in a moment of stress, it should not be remunerated. Therefore in a case for which the MEC would not be saturated then it can be considered that the transmission capacity is not deemed to be the scarce resource and should earn revenues. ENTSO-E does not follow the reasoning that only when MEC does not equal the commercially available transmission capacity, transmission capacity is deemed the scarce resource. As set out in the methodology for determining the MEC, it is clear that MEC is driven by several aspects, including but not only simultaneous scarcity. For instance, also outage rates, market effects, etc. do play an important role. From a theoretical perspective one could approach the issue as saying that transmission capacity is the scarce resource if adding more transmission capacity would positively impact the MEC, even if the MEC does not equal the available commercial capacity in the energy market. Whereas such marginal approach is very cumbersome to be applied in practice, the use of the indicator of likelihood of simultaneous scarcity allows to adopt the same viewpoint in a more practical manner.
Scope of sharing	11.5, 11.6, 11.7	Eurelectric	Auction revenues may not reflect scarcity	If MEC is below capacity available to energy market, then generation is scarce resource (and no revenue should go to TSOs)	Article 11. 5-6-7 : Determination of the scarce resource : - Art. 11. 5-6-7 are very dubious on the determination of the scarce resource. If the maximum entry capacity is lower than the technically available entry capacity (cf. art. 4 with the two options, this is already explicitly recognized), we believe that the generation should be considered as the scarce resource, not the interconnection capacity. This assessment of scarce resource should not be done again with the allocated capacity.	A	Firstly, ENTSO-E wishes to highlight the stipulations of IEM Regulation 26(9) stating that at all times revenues are to be attributed to TSOs (not to any other party such as foreign capacities) and that the revenues are always to be used as determined in Art. 19(2). ENTSO-E agrees with the principle raised that when transmission capacity is deemed the scarce resource, this should be remunerated. As such this is also reflected in the methodology proposed by ENTSO-E. Indeed, in its proposal, ENTSO-E states that revenues rising from a CM should remunerate the transmission capacity when it is deemed to be the scarce resource. In the event that it would not be considered as the scarce resource or that, in other words, it is not contributing to the system in a moment of stress, it should not be remunerated. Therefore in a case for which the MEC would not be saturated then it can be considered that the transmission capacity is not deemed to be the scarce resource and should earn revenues. ENTSO-E does not follow the reasoning that only when MEC does not equal the commercially available transmission capacity, transmission capacity is deemed the scarce resource. As set out in the methodology for determining the MEC, it is clear that MEC is driven by several aspects, including but not only simultaneous scarcity. For instance, also outage rates, market effects, etc. do play an important role. From a theoretical perspective one could approach the issue as saying that transmission capacity is the scarce resource if adding more transmission capacity would positively impact the MEC, even if the MEC does not equal the available commercial capacity in the energy market. Whereas such marginal approach is very cumbersome to be applied in practice, the use of the indicator of likelihood of simultaneous scarcity allows to adopt the same viewpoint in a more practical manner.
Sharing key		National Grid Ventures	Inconsistency with Regulation	Allocating revenue to CM Operator inconsistent with Regulation	4) Any congestion revenues from the CMs should respect the principle of the Use of Congestion Income defined in the Electricity Regulation Article 19.2 of the Electricity Regulation (article 26.9) states that the congestion income can only be used for maintaining the availability of existing interconnectors or for building new ones. Article 26.9 of the same Regulation specifies that the congestion revenues generated by cross border capacity mechanisms that accrue to the TSOs must be used in accordance with this principle. Giving a proportion of that income to the CM operator does not appear to be consistent with this requirement. The methodology appears to place a perverse incentive on the TSO operating the local CM to lower cross border participation. The lower the maximum entry capacity, the greater the proportion of the revenue from cross border trade goes to the CM operator, who is the one establishing the maximum entry capacity in the first place. It also permits a TSO to rely more heavily on local capacity resources rather than the more efficient cross-border markets.	R	Firstly, ENTSO-E wishes to highlight the stipulations of IEM Regulation 26(9) stating that at all times revenues are to be attributed to TSOs (not to any other party such as foreign capacities) and that the revenues are always to be used as determined in Art. 19(2). Secondly, ENTSO-E wishes to clarify that the revenues resulting from the allocation of cross-border tickets in the context of a capacity mechanism are not to be considered fully similar to congestion income as occurring in the energy market. The cross-border tickets in a CM are considered for solving an adequacy problem, their amount is calibrated to the adequacy situation and the tickets are only relevant during adequacy-relevant moments. In this respect it also makes sense that the sharing of any revenues resulting from the allocation of these XB tickets takes into account the roots of the mechanism from which they result, i.e. a mechanism driven by the need to solve adequacy concerns. Related to the perceived perverse incentive for TSOs to lower the capacity for cross-border participation, ENTSO-E firstly wishes to emphasize that TSOs always aim correctly applying any methodology. Secondly, it is to be noted that the use of any revenues by TSOs (and not CM operators as wrongly stated by the respondent) are regulated following Art. 19(2) of the Regulation. Finally, one should be assured by the strong governance process related to

					For instance, in the GB market, where there is an independent Electricity System Operator (ISO) that acts as the CM operator but does not have the responsibility of building new interconnectors or operating them, it is difficult to see how the ISO will be able to fulfil the obligation of the Electricity Regulation in relation to the use of congestion income.		this determination, involving also the RCCs – a regional entity without any local interest - providing a recommendation and the fact that the determination of the maximum entry capacity is linked to the same methods used for ERAA, the latter benefitting a strong regulatory oversight.
Sharing key		WindEurope	Inconsistency with Regulation	Allocating revenue to CM Operator inconsistent with Regulation	According to article 26§9 of the Electricity Regulation 943/19, the revenues coming from cross-border participation in capacity mechanism should be treated as congestion income. Indeed, these revenues arising from cross-border capacity mechanism participation can only be used for (based on article 19§2 – congestion income): “(a) guaranteeing the actual availability of the allocated capacity including firmness compensation; or (b) maintaining or increasing cross-zonal capacities through optimisation of the usage of existing interconnectors by means of coordinated remedial actions, where applicable, or covering costs resulting from network investments that are relevant to reduce interconnector congestion.” In the article 13 of ENTSO-E draft proposal, TSO organising the capacity mechanism receive part of the revenue coming from the participation to cross-border capacity mechanism. This seems to be incompatible with the Clean Energy Package provisions mentioned above: revenues generated by cross-border capacity mechanism participation can only be used for maintaining/increasing the availability of existing interconnectors or building new interconnectors.	R	<p>Firstly, ENTSO-E wishes to clarify that the revenues resulting from the allocation of cross-border tickets in the context of a capacity mechanism are not to be considered fully similar to congestion income as occurring in the energy market. The cross-border tickets in a CM are considered for solving an adequacy problem, their amount is calibrated to the adequacy situation and the tickets are only relevant during adequacy-relevant moments. In this respect it also makes sense that the sharing of any revenues resulting from the allocation of these XB tickets takes into account the roots of the mechanism from which they result, i.e. a mechanism driven by the need to solve adequacy concerns.</p> <p>Secondly, ENTSO-E wishes to highlight the stipulations of IEM Regulation 26(9) stating that the revenues are always to be used as determined in Art. 19(2), but that it does not state that the sharing is to be done as for congestion income.</p> <p>The ENTSO-E proposal guarantees that all revenues are always assigned to one or more TSOs, thereby guaranteeing that the use via Art. 19.2 can also take place.</p>
Sharing key		Eleclink	Inconsistency with Regulation	Any revenue remaining with the CM operator is incompatible with the CEP	The Proposal is incompatible with the use of income principles established in Article 26(9) of Clean Energy Regulation. The revenues generated by cross-border capacity mechanism participation must be in accordance with Article 19(2) of the same regulation. This means they can only then be used for maintaining the availability of existing interconnectors or building new interconnectors. It is not appropriate to share the income with the TSO operating the capacity mechanism as this will not meet this requirement. This is especially relevant in GB where the TSO operating the capacity mechanism, National Grid Electricity System Operator (“NGESO”), does not have a role in building or maintaining interconnector capacity.	R	<p>Firstly, ENTSO-E wishes to clarify that the revenues resulting from the allocation of cross-border tickets in the context of a capacity mechanism are not to be considered fully similar to congestion income as occurring in the energy market. The cross-border tickets in a CM are considered for solving an adequacy problem, their amount is calibrated to the adequacy situation and the tickets are only relevant during adequacy-relevant moments. In this respect it also makes sense that the sharing of any revenues resulting from the allocation of these XB tickets takes into account the roots of the mechanism from which they result, i.e. a mechanism driven by the need to solve adequacy concerns.</p> <p>Secondly, ENTSO-E wishes to highlight the stipulations of IEM Regulation 26(9) stating that the revenues are always to be used as determined in Art. 19(2), but that it does not state that the sharing is to be done as for congestion income.</p> <p>The ENTSO-E proposal guarantees that all revenues are always assigned to one or more TSOs, thereby guaranteeing that the use via Art. 19.2 can also take place.</p>
Sharing key		ENGIE	Sharing in line with energy market congestion rents	Revenue should be shared on basis as congestion rent in the energy market.	The proposed methodology is overly complex and does not reflect the fundamentals currently applied in the energy markets. Contrary to the proposal of ENTSO-E, this sharing methodology should not be related to the expected level or the probability of concurring system stresses (Art. 11.5) nor to the past investments on the considered border (Art. 11.7). In practice, there is no reason why all the revenues should not be shared according to the same rules as the congestion rent obtained on the short-term energy markets.	R	<p>Firstly, ENTSO-E wishes to clarify that the revenues resulting from the allocation of cross-border tickets in the context of a capacity mechanism are not to be considered fully similar to congestion income as occurring in the energy market. The cross-border tickets in a CM are considered for solving an adequacy problem, their amount is calibrated to the adequacy situation and the tickets are only relevant during adequacy-relevant moments. In this respect it also makes sense that the sharing of any revenues resulting from the allocation of these XB tickets takes into account the roots of the mechanism from which they result, i.e. a mechanism driven by the need to solve adequacy concerns.</p> <p>Secondly, ENTSO-E wishes to highlight the stipulations of IEM Regulation 26(9) stating that the revenues are always to be used as determined in Art. 19(2), but that it does not state that the sharing is to be done as for congestion income.</p> <p>Indeed, a CM is set up in a country to ensure a security of supply which is not guaranteed without it (after consideration of other recommendations from the EC to solve the adequacy issue in the country). It makes therefore fully sense, when sharing the revenues arising from this CM, to look at adequacy relevant moments and to assess the contribution of the 2 countries from the border to these moments to define how the revenues should be split between the 2 countries. In case a country is not contributing to these adequacy relevant moments because, for example, of a problem of simultaneous scarcity, it should not be remunerated. The sharing of these revenues in a CM case should therefore not be considered as identical to the usual revenues coming from the energy market since again receiving 50% of the share of the revenues without contributing to the adequacy of the other country is not deemed appropriate here. If such reasoning would not be followed it may result in an undue bias towards IC</p>

							infrastructure developers by providing incentives from an adequacy-related mechanism while an extra contribution to transmission capacity on the particular border is not deemed to help further the country facing adequacy issues. Also, the proposed methodology does explicitly recognise that sometimes it are not the 'traditional' TSOs having developed the interconnection capacity. For the sake of this methodology it is proposed to take a broader view and to consider other investing parties, such IC companies, as well as TSO in these cases.
Sharing key		Great Britain Interconnector Forum	Sharing in line with energy market congestion rents	Revenue should be shared on basis as congestion rent in the energy market. No revenue should be shared with CM operator. All should be shared with ICs	<p>In European energy markets, interconnector TSOs earn congestion rent through the price differentials between bidding zones. The ENTSOe draft methodology for sharing cross-border revenues in capacity markets proposes that congestion rents in capacity markets should be shared between interconnector TSOs and the TSO that runs the Capacity Market.</p> <p>GBIF believes this to be fundamentally incorrect and contrary to requirements of the Electricity Regulation (EU) 943/19 (articles 26 and article 19). In particular, when the TSO running the capacity market is not the owner of the interconnectors providing the cross-border capacity, the chosen sharing mechanism has the potential to distort investment signals and promote inefficiency in the connected markets thus hampering:</p> <ul style="list-style-type: none"> • Further integration of European energy markets; • Realising the EU's Green Deal, while decreasing competition; • Increasing costs; and • Reducing security of supply for consumers. <p>A solution is required that does not suffer from these drawbacks and complies with existing EU rules. One such solution would be to extend the established principles from cross border energy markets to cross-border participation in capacity markets.</p> <p>In the future, markets may be dominated by zero or very low marginal cost generation, and alongside this it is very likely that Member States will continue introducing capacity markets. However, capacity markets are likely to reduce energy price volatility and thereby reduce energy market congestion income for interconnectors. Therefore, it is crucial that interconnectors can fully capture capacity congestion income of the cross-border capacity made available. If this is not the case, then this would inappropriately re-allocate the income away from the party providing capacity (i.e. interconnector) towards other parties (operator of the CM) who do not provide such benefits. This introduces an undue bias against interconnector infrastructure by negatively affecting the financial viability of both existing and new interconnector projects and result in suboptimal infrastructure investment decisions. The GBIF recommends that capacity market revenues are fully allocated to the owners of the interconnection infrastructure.</p>	R	<p>Firstly, ENTSO-E wishes to clarify that the revenues resulting from the allocation of cross-border tickets in the context of a capacity mechanism are not to be considered fully similar to congestion income as occurring in the energy market. The cross-border tickets in a CM are considered for solving an adequacy problem, their amount is calibrated to the adequacy situation and the tickets are only relevant during adequacy-relevant moments. In this respect it also makes sense that the sharing of any revenues resulting from the allocation of these XB tickets takes into account the roots of the mechanism from which they result, i.e. a mechanism driven by the need to solve adequacy concerns.</p> <p>Indeed, a CM is set up in a country to ensure a security of supply which is not guaranteed without it (after consideration of other recommendations from the EC to solve the adequacy issue in the country). It makes therefore fully sense, when sharing the revenues arising from this CM, to look at adequacy relevant moments and to assess the contribution of the 2 countries from the border to these moments to define how the revenues should be split between the 2 countries. In case a country is not contributing to these adequacy relevant moments because, for example, of a problem of simultaneous scarcity, it should not be remunerated. The sharing of these revenues in a CM case should therefore not be considered as identical to the usual revenues coming from the energy market since again receiving 50% of the share of the revenues without contributing to the adequacy of the other country is not deemed appropriate here. If such reasoning would not be followed it may result in an undue bias towards IC infrastructure developers by providing incentives from an adequacy-related mechanism while an extra contribution to transmission capacity on the particular border is not deemed to help further the country facing adequacy issues. Also, the proposed methodology does explicitly recognise that sometimes it are not the 'traditional' TSOs having developed the interconnection capacity. For the sake of this methodology it is proposed to take a broader view and to consider other investing parties, such IC companies, as well as TSO in these cases. The sharing key does not intend to differentiate between the kind of investor, TSOs or other kinds of investors such as merchant investors, but it is acknowledged that the wording should be improved in some places (e.g. "the TSOs on both sides of the border"). In ENTSO-E's view such overall neutral approach is key for a general, fair sharing key. According to ENTSO-E's proposed methodology interconnectors which are not owned by TSOs could be understood as TSOs as has been the case for the treatment of congestion income in the past. This is deemed appropriate, as the use of the revenues resulting from cross-border capacity mechanisms and the use of classical congestion income are to be treated both following Art. 19.2.</p>
Sharing key		BritNed Development Ltd (consistent with GBIF)	Sharing in line with energy market congestion rents	Revenue should be shared on basis as congestion rent in the energy market. No revenue should be shared with CM operator. All should be shared with ICs	<p>In European energy markets, interconnector TSOs earn congestion rent through the price differentials between bidding zones. The ENTSOe draft methodology for sharing cross-border revenues in capacity markets proposes that congestion rents in capacity markets should be shared between interconnector TSOs and the TSO that runs the Capacity Market.</p> <p>GBIF believes this to be fundamentally incorrect and contrary to requirements of the Electricity Regulation (EU) 943/19 (articles 26 and article 19). In particular, when the TSO running the capacity market is not the owner of the interconnectors providing the cross-border capacity, the chosen sharing mechanism has the potential to distort investment signals and promote inefficiency in the connected markets thus hampering:</p> <ul style="list-style-type: none"> • Further integration of European energy markets; • Realising the EU's Green Deal, while decreasing competition; • Increasing costs; and • Reducing security of supply for consumers. <p>A solution is required that does not suffer from these drawbacks and complies with existing EU rules. One such solution would be to extend the established principles from cross border energy markets to cross-border participation in capacity markets.</p> <p>In the future, markets may be dominated by zero or very low marginal cost generation, and alongside this it is very likely that Member States will continue introducing capacity markets. However, capacity markets are likely to reduce energy price volatility and thereby reduce energy</p>	R	<p>Firstly, ENTSO-E wishes to clarify that the revenues resulting from the allocation of cross-border tickets in the context of a capacity mechanism are not to be considered fully similar to congestion income as occurring in the energy market. The cross-border tickets in a CM are considered for solving an adequacy problem, their amount is calibrated to the adequacy situation and the tickets are only relevant during adequacy-relevant moments. In this respect it also makes sense that the sharing of any revenues resulting from the allocation of these XB tickets takes into account the roots of the mechanism from which they result, i.e. a mechanism driven by the need to solve adequacy concerns.</p> <p>Indeed, a CM is set up in a country to ensure a security of supply which is not guaranteed without it (after consideration of other recommendations from the EC to solve the adequacy issue in the country). It makes therefore fully sense, when sharing the revenues arising from this CM, to look at adequacy relevant moments and to assess the contribution of the 2 countries from the border to these moments to define how the revenues should be split between the 2 countries. In case a country is not contributing to these adequacy relevant moments because, for example, of a problem of simultaneous scarcity, it should not be remunerated. The sharing of these revenues in a CM case should therefore not be considered as identical to the usual revenues coming from the energy market since again receiving 50% of the share of the revenues without contributing to the adequacy of the other country is not deemed appropriate here. If such reasoning would not be followed it may result in an undue bias towards IC infrastructure developers by providing incentives from an adequacy-related mechanism while an extra contribution to transmission capacity on the particular border is not deemed to help further the country facing adequacy issues. Also, the proposed methodology does explicitly recognise that sometimes it are not the 'traditional' TSOs having developed the interconnection capacity. For the sake of this methodology it is proposed to take a broader view and to consider other investing parties, such IC companies, as well as TSO in these cases. The sharing key does not</p>

					market congestion income for interconnectors. Therefore, it is crucial that interconnectors can fully capture capacity congestion income of the cross-border capacity made available. If this is not the case, then this would inappropriately re-allocate the income away from the party providing capacity (i.e. interconnector) towards other parties (operator of the CM) who do not provide such benefits. This introduces an undue bias against interconnector infrastructure by negatively affecting the financial viability of both existing and new interconnector projects and result in suboptimal infrastructure investment decisions. The GBIF recommends that capacity market revenues are fully allocated to the owners of the interconnection infrastructure.		intend to differentiate between the kind of investor, TSOs or other kinds of investors such as merchant investors, but it is acknowledged that the wording should be improved in some places (e.g. "the TSOs on both sides of the border"). In ENTSO-E's view such overall neutral approach is key for a general, fair sharing key. According to ENTSO-E's proposed methodology interconnectors which are not owned by TSOs could be understood as TSOs as has been the case for the treatment of congestion income in the past. This is deemed appropriate, as the use of the revenues resulting from cross-border capacity mechanisms and the use of classical congestion income are to be treated both following Art. 19.2.
Sharing key		NEMO	Sharing in line with energy market congestion rents	Revenue should be shared on basis as congestion rent in the energy market. No revenue should be shared with CM operator. All should be shared with ICs	We believe all congestion revenues should accrue to interconnectors and not be shared with onshore TSOs running the CM. To do otherwise fails to adequately remunerate owners of existing interconnectors for their initial investment costs and operating and maintenance costs and fails to incentivise further investment to alleviate congestion and therefore does not promote the objectives of Regulation 943/2019.	R	<p>Firstly, ENTSO-E wishes to clarify that the revenues resulting from the allocation of cross-border tickets in the context of a capacity mechanism are not to be considered fully similar to congestion income as occurring in the energy market. The cross-border tickets in a CM are considered for solving an adequacy problem, their amount is calibrated to the adequacy situation and the tickets are only relevant during adequacy-relevant moments. In this respect it also makes sense that the sharing of any revenues resulting from the allocation of these XB tickets takes into account the roots of the mechanism from which they result, i.e. a mechanism driven by the need to solve adequacy concerns.</p> <p>Indeed, a CM is set up in a country to ensure a security of supply which is not guaranteed without it (after consideration of other recommendations from the EC to solve the adequacy issue in the country). It makes therefore fully sense, when sharing the revenues arising from this CM, to look at adequacy relevant moments and to assess the contribution of the 2 countries from the border to these moments to define how the revenues should be split between the 2 countries. In case a country is not contributing to these adequacy relevant moments because, for example, of a problem of simultaneous scarcity, it should not be remunerated. The sharing of these revenues in a CM case should therefore not be considered as identical to the usual revenues coming from the energy market since again receiving 50% of the share of the revenues without contributing to the adequacy of the other country is not deemed appropriate here. If such reasoning would not be followed it may result in an undue bias towards IC infrastructure developers by providing incentives from an adequacy-related mechanism while an extra contribution to transmission capacity on the particular border is not deemed to help further the country facing adequacy issues. Also, the proposed methodology does explicitly recognise that sometimes it are not the 'traditional' TSOs having developed the interconnection capacity. For the sake of this methodology it is proposed to take a broader view and to consider other investing parties, such IC companies, as well as TSO in these cases. The sharing key does not intend to differentiate between the kind of investor, TSOs or other kinds of investors such as merchant investors, but it is acknowledged that the wording should be improved in some places (e.g. "the TSOs on both sides of the border"). In ENTSO-E's view such overall neutral approach is key for a general, fair sharing key. According to ENTSO-E's proposed methodology interconnectors which are not owned by TSOs could be understood as TSOs as has been the case for the treatment of congestion income in the past. This is deemed appropriate, as the use of the revenues resulting from cross-border capacity mechanisms and the use of classical congestion income are to be treated both following Art. 19.2.</p>
Sharing key		National Grid Ventures	Sharing in line with energy market congestion rents	All revenue shared with ICs in line with sharing of congestion rents in energy market	<p>2) The CM reward system should not deviate from the existing IEM established models</p> <p>We consider that there is already a fair and established system to reward interconnectors in the energy only market. We recommend that the principles established for the energy market are also applied to CMs. Any congestion revenues arising from the selling of tickets for the cross-border participation in CMs should be shared among the owners of the cross-border interconnector infrastructure, as this infrastructure allows for the cross-border participation to take place.</p> <p>We recommend that Capacity Markets should be treated in a way that is consistent with the energy market. Interconnectors offer several benefits to the European system. They provide a capacity benefit by importing energy during system stress periods, offsetting the need for other back up capacity and therefore contributing to security of supply in a cost-efficient way. Furthermore, interconnectors contribute to the integration of renewables and to reduce energy prices across Europe. This is the basis for their business. It is already established that in energy markets, any congestion rent that arises should go to the interconnectors. We recommend that this simple principle is applied to capacity markets. As electricity markets evolve from a model that purely remunerate energy to a model that will be more and more based on remuneration of capacity and services it is essential that a standard approach to interconnector remuneration is carried over to capacity from the energy market.</p>	R	<p>Firstly, ENTSO-E wishes to clarify that the revenues resulting from the allocation of cross-border tickets in the context of a capacity mechanism are not to be considered fully similar to congestion income as occurring in the energy market. The cross-border tickets in a CM are considered for solving an adequacy problem, their amount is calibrated to the adequacy situation and the tickets are only relevant during adequacy-relevant moments. In this respect it also makes sense that the sharing of any revenues resulting from the allocation of these XB tickets takes into account the roots of the mechanism from which they result, i.e. a mechanism driven by the need to solve adequacy concerns.</p> <p>Indeed, a CM is set up in a country to ensure a security of supply which is not guaranteed without it (after consideration of other recommendations from the EC to solve the adequacy issue in the country). It makes therefore fully sense, when sharing the revenues arising from this CM, to look at adequacy relevant moments and to assess the contribution of the 2 countries from the border to these moments to define how the revenues should be split between the 2 countries. In case a country is not contributing to these adequacy relevant moments because, for example, of a problem of simultaneous scarcity, it should not be remunerated. The sharing of these revenues in a CM case should therefore not be considered as identical to the usual revenues coming from the energy market since again receiving 50% of the share of the revenues without contributing to the adequacy of the other country is not deemed appropriate here. If such reasoning would not be followed it may result in an undue bias towards IC infrastructure developers by providing incentives from an adequacy-related mechanism while an extra contribution to transmission capacity on the particular border is not deemed to help further the country facing adequacy issues.</p>

							Also, the proposed methodology does explicitly recognise that sometimes it are not the 'traditional' TSOs having developed the interconnection capacity. For the sake of this methodology it is proposed to take a broader view and to consider other investing parties, such IC companies, as well as TSO in these cases. The sharing key does not intend to differentiate between the kind of investor, TSOs or other kinds of investors such as merchant investors, but it is acknowledged that the wording should be improved in some places (e.g. "the TSOs on both sides of the border"). In ENTSO-E's view such overall neutral approach is key for a general, fair sharing key. According to ENTSO-E's proposed methodology interconnectors which are not owned by TSOs could be understood as TSOs as has been the case for the treatment of congestion income in the past. This is deemed appropriate, as the use of the revenues resulting from cross-border capacity mechanisms and the use of classical congestion income are to be treated both following Art. 19.2.
Sharing key	Statkraft Energi	Sharing in line with energy market congestion rents	Whatever the market arrangements, IC should earn difference in prices between markets - this is due to whoever owns IC	Our view regarding revenue sharing methodology on a constrained interconnector is straight forward and independent whether the interconnector capacity is used in an energy market, with implicit auctions, or if capacity is sold for use in energy or capacity markets included for capacity mechanisms. The value the interconnector represent is the price difference between connecting market on each side of the interconnector multiplied with relevant transported energy or committed capacity. This value which is due to the interconnector should be the earning for the interconnector owners, either it is a TSOs or a merchant interconnector, or whether it is owned by one, two or three companies or more.	R	<p>Firstly, ENTSO-E wishes to clarify that the revenues resulting from the allocation of cross-border tickets in the context of a capacity mechanism are not to be considered fully similar to congestion income as occurring in the energy market. The cross-border tickets in a CM are considered for solving an adequacy problem, their amount is calibrated to the adequacy situation and the tickets are only relevant during adequacy-relevant moments. In this respect it also makes sense that the sharing of any revenues resulting from the allocation of these XB tickets takes into account the roots of the mechanism from which they result, i.e. a mechanism driven by the need to solve adequacy concerns.</p> <p>Indeed, a CM is set up in a country to ensure a security of supply which is not guaranteed without it (after consideration of other recommendations from the EC to solve the adequacy issue in the country). It makes therefore fully sense, when sharing the revenues arising from this CM, to look at adequacy relevant moments and to assess the contribution of the 2 countries from the border to these moments to define how the revenues should be split between the 2 countries. In case a country is not contributing to these adequacy relevant moments because, for example, of a problem of simultaneous scarcity, it should not be remunerated. The sharing of these revenues in a CM case should therefore not be considered as identical to the usual revenues coming from the energy market since again receiving 50% of the share of the revenues without contributing to the adequacy of the other country is not deemed appropriate here. If such reasoning would not be followed it may result in an undue bias towards IC infrastructure developers by providing incentives from an adequacy-related mechanism while an extra contribution to transmission capacity on the particular border is not deemed to help further the country facing adequacy issues. Also, the proposed methodology does explicitly recognise that sometimes it are not the 'traditional' TSOs having developed the interconnection capacity. For the sake of this methodology it is proposed to take a broader view and to consider other investing parties, such IC companies, as well as TSO in these cases.</p>	
Revenue for sharing	Eurelectric	Entry capacity vs Mec	If entry capacity in a scarcity hour is below MEC, capacity payments should be paid on this basis	We would welcome a confirmation of the following: if the "Entry Capacity" is smaller than the "Maximum Entry Capacity", our understanding is that the first one will be a volume which is multiplied by the price difference between the national capacity and the foreign capacity price.	C	The revenue being considered for sharing is defined in the proposed methodology, it is any revenue resulting from the allocation of entry capacity to foreign capacities. The allocation can take place through various systems, being explicit or implicit auctions. The actual revenue determination obviously depends on the allocation mechanism used.	
Revenue for sharing	Eleclink	TSO incentives	CM operator has incentive to estimate lower cross-border contribution to limit sharing of revenues	The sharing methodology places a strong incentive on TSO operating capacity market to lower the cross-border contribution. The TSO operating the capacity mechanism will have to estimate the likely concurrence of system stress. The higher this estimated value, the lower the maximum entry capacity and the greater the proportion of the revenues from cross-border trade goes back to that same TSO. This introduces an inappropriate incentive given cross-border sharing of resources (energy and capacity) is at the heart of the EU Single Market. ElecLink believes that the sharing methodology should follow the principles set out within the approved CACM and FCA congestion income distribution methodologies (i.e. under Article 73 of CACM and Article 57 of FCA respectively). Both the CACM and FCA methodologies assume a 50%-50% sharing (with different sharing keys in the case of different ownership shares or investment costs3).	R	<p>Firstly, ENTSO-E wishes to highlight the stipulations of IEM Regulation 26(9) stating that at all times revenues are to be attributed to TSOs and that the revenues are always to be used as determined in Art. 19(2) though the community financing the CM will benefit from them.</p> <p>Secondly, ENTSO-E wishes to clarify that the revenues resulting from the allocation of cross-border tickets in the context of a capacity mechanism are not to be considered fully similar to congestion income as occurring in the energy market. The cross-border tickets in a CM are considered for solving an adequacy problem, their amount is calibrated to the adequacy situation and the tickets are only relevant during adequacy-relevant moments. In this respect it also makes sense that the sharing of any revenues resulting from the allocation of these XB tickets takes into account the roots of the mechanism from which they result, i.e. a mechanism driven by the need to solve adequacy concerns.</p> <p>Related to the perceived perverse incentive for TSOs to lower the capacity for cross-border participation, ENTSO-E firstly wishes to emphasize that TSOs always aim correctly applying any methodology. Secondly, it is to be noted that the use of any revenues by TSOs (and not CM operators as wrongly stated by the respondent) are regulated following Art. 19(2) of the Regulation. Finally, one should be assured by the strong governance process related to this determination, involving also the RCCs – a regional entity without any local interest - providing a</p>	

							recommendation and the fact that the determination of the maximum entry capacity is linked to the same methods used for ERAA, the latter benefitting a strong regulatory oversight.
Revenue for sharing		Eurelectric	TSO incentives	Revenue from CRM should be deducted from income for setting of tariffs to remove conflict of interest for TSOs who set the MEC	We also would like to point out that revenues obtained by the TSOs from capacity allocation resulting from cross-border capacity market participation will effectively be congestion income. Therefore, such revenue should be deducted from the income used by the TSOs in tariff in order to contribute to objectives stated in art. 19 of IEM Regulation. Otherwise there may be a situation in which the TSO has a conflict of interest because it determines the Maximum Entry Capacity and is also the one who benefits from the „capacity market congestion rent” resulting from this Entry Capacity. Such revenues obtained by the TSOs from capacity allocation resulting from cross-border capacity market participation shall be used in priority to finance the associated CRM costs.	OS	<p>Firstly, ENTSO-E wishes to highlight the stipulations of IEM Regulation 26(9) stating that at all times revenues are to be attributed to TSOs and that the revenues are always to be used as determined in Art. 19(2). This guarantees that the revenues cannot be used for financing any CRM costs.</p> <p>Secondly, ENTSO-E wishes to clarify that the revenues resulting from the allocation of cross-border tickets in the context of a capacity mechanism are not to be considered fully similar to congestion income as occurring in the energy market. The cross-border tickets in a CM are considered for solving an adequacy problem, their amount is calibrated to the adequacy situation and the tickets are only relevant during adequacy-relevant moments. In this respect it also makes sense that the sharing of any revenues resulting from the allocation of these XB tickets takes into account the roots of the mechanism from which they result, i.e. a mechanism driven by the need to solve adequacy concerns.</p> <p>Related to the perceived conflict of interest for TSOs to determine the capacity for cross-border participation, ENTSO-E firstly wishes to emphasize that TSOs always aim correctly applying any methodology. Secondly, it is to be noted that the use of any revenues by TSOs (and not CM operators as wrongly stated by the respondent) are regulated following Art. 19(2) of the Regulation. Finally, one should be assured by the strong governance process related to this determination, involving also the RCCs – a regional entity without any local interest - providing a recommendation and the fact that the determination of the maximum entry capacity is linked to the same methods used for ERAA, the latter benefitting a strong regulatory oversight</p>
Revenue for sharing		Naturgy	TSO incentives	Revenue from CRM should be deducted from income for setting of tariffs to remove conflict of interest for TSOs who set the MEC	There are a number of elements that may raise concerns and that needs to be considered by TSOs and NRAs when defining the methodology for sharing the revenues: - Revenues obtained by the TSOs from capacity allocation resulting from cross-border capacity market participation will effectively be congestion income. Therefore, such revenue should be deducted from the income planned by the TSOs in tariff for objectives similar to the ones provided in art. 19 of IEM Regulation. Otherwise there may be a situation in which the TSO has obtained significant income from both the tariff, the wholesale energy market congestion rent and “the capacity market congestion rent” for the same purpose, impairing any potential economic benefits for final electricity consumers.	OS	<p>ENTSO-E wishes to highlight the stipulations of IEM Regulation 26(9) stating that at all times revenues are to be attributed to TSOs that the revenues are always to be used as determined in Art. 19(2). This specific treatment also implies how TSOs are supposed to use this revenues in terms of tariffs and which regulatory oversight is foreseen on this.</p>
Scope of sharing	11.2	Statkraft Energi	RSM if no CRM in neighbouring market	There is no reason to refrain from a proper sharing methodology where neighbouring CM does not have a CM i.e. neighbouring TSO is co-owner of IC and should receive share of value of IC. Also, without this why would TSO facilitate the processes.	<p>Article 11.2 states that the sharing methodology does not need to apply if the neighbouring Member State does not apply a capacity mechanism. However, there are no convincing reasons to refrain from a proper sharing methodology in such case. On the contrary, the neighbouring TSO is co-owner of the interconnector and is making the capacity of that interconnector available. This TSO (or to be more precise, its grid users that carry the costs of that interconnector through grid tariffs) should thus also receive the proceeds of making that capacity available. Moreover the introduction of a CRM will affect power (energy) prices and in particular will result in less scarcity prices and thus lower price differences. This reduces the “normal” congestion revenues. Not sharing the revenues from the capacity allocation for the CRM would thus penalise the grid users of the neighbouring country.</p> <p>Secondly, with no perspective to benefit from revenues of the sale of entry capacity, and heavy processes and potential costs to allow the direct participation of assets in the CRM of another Member State, foreign TSOs, nor merchant owners, will have incentive to enter into negotiations with the TSO of the Member State where the CRM is located. It will lead to the de facto exclusion of foreign capacities from appropriate remuneration to the added security of supply they bring to the Member State where the CRM is located and affect competition in the CRM. We believe this is in contradiction with the principle of article 26.1 Regulation 2019/943. Unfortunately, Art 26.9. seems to be in contradiction to this principle in Art 26.1. and ENTSO-Es proposal is in line with Art. 26.9. We think however, that 26.9. is fundamentally flawed in that it treats member states with no capacity mechanism (i.e. a good level of system adequacy and a functioning market) the same as member states with a capacity mechanism that is not open to XB participation i.e. not implementing art 26.1. This is in our view against competition law, and the economic consequence could be that the MS with no capacity market could be incentivised to introduce one. This is against the principle that capacity markets should be a last resort measure. Therefore, we would argue that principle of art 26.1. should be applied as a rule and that art 26.9. should only be applied in the case where a XB capacity mechanism is not open to</p>	R	<p>ENTSO-E refers to Article 26(9) which identifies in general terms the revenues considered by the Revenue Sharing Methodology as well as the decision process to be followed by the involved entities and where in this process this Revenue Sharing Methodology plays a role. On the latter aspect, Article 26(9) states explicitly that the Revenue Sharing Methodology can be applied for the sharing of the revenues where capacity mechanisms allow for direct cross-border participation by foreign capacity in two neighboring Member States over the same Delivery Period in accordance with Article 26 (9) of the IEM Regulation. It also indicates that this Revenue Sharing Methodology does not apply for the sharing of revenues if the neighboring Member State does not apply a capacity mechanism or applies a capacity mechanism, which is not open to direct cross-border participation by foreign capacity over the same Delivery Period. Art 26 (9) suggests thus to focus the application of this methodology to a specific case: XB CRM to XB CRM. Even in that case NRAs can jointly agree to apply a different revenue sharing methodology or sharing key. ENTSO-E wishes to note that Art. 26(9) puts in particular the NRA in the driving seat in case of a neighboring member state without cross-border open capacity mechanism.</p> <p>Related to the role of the neighbouring TSO in facilitating the foreign participation, ENTSO-E refers to the legal obligation as set out in the IEM Regulation for such TSOs to undertake this action and the role of NRAs to ensure it. Note also that – in particular, to ensure that foreign TSOs could easily set up the necessary arrangements – ENTSO-E has foreseen a cost coverage clause in the proposed set of methodologies. ENTSO-E does not consider that the proposed methodology should imply any disincentive for not carrying out a legal task for TSOs, neither considers it any contradiction to the IEM Regulation or Competition Law. Finally, ENTSO-E wishes to remind that any introduction of a capacity mechanism follows strict rules according to the IEM Regulation and EEAG guidelines and does not agree with the consequences sketched out by the respondent. To the contrary, ENTSO-E believes that the proposed methodologies are in line with the IEM Regulation and its spirit and are there to actually facilitate cross-border participation.</p>

					<p>XB participation. We would therefor recommend that article 11.2 are withdrawn and article 11.1 are modified so the wording applies to all.</p> <p>It will lead to the de facto exclusion of foreign capacities from appropriate remuneration to the added security of supply they bring to the Member State where the CRM is located and affect competition in the CRM. We believe this is in contradiction with the principle of article 26.1 Regulation 2019/943. We would therefor recommend that article 11.2 are withdrawn and article 11.1 are modified so the wording applies to all.</p>		
Scope of sharing		ENGIE	RSM if no CRM in neighbouring market	No reason revenue should not be shared with neighbouring market without CRM	<p>The same approach should hold in case of the two adjacent markets having a capacity mechanism in place or only one of them. In other words, if there exists a revenue for an interconnection, this revenue should be allocated to the owners/operators irrespective of the presence of a capacity market abroad. The only motivation for not proceeding as mentioned above is linked to the perception that some local funding (obtained through the financing scheme of the "home country" capacity mechanism) could benefit foreign capacities, but such a "selfish" approach contradicts the purpose of the European single market. Indeed, all revenues from a congestion rent on the energy or capacity markets should be used for the same purpose of reinforcing the cross-border interconnection capacities and of investing in projects related to this purpose, to the benefits of all consumers.</p>	A	<p>ENTSO-E refers to Article 26(9) which identifies in general terms the revenues considered by the Revenue Sharing Methodology as well as the decision process to be followed by the involved entities and where in this process this Revenue Sharing Methodology plays a role. On the latter aspect, Article 26(9) states explicitly that the Revenue Sharing Methodology can be applied for the sharing of the revenues where capacity mechanisms allow for direct cross-border participation by foreign capacity in two neighboring Member States over the same Delivery Period in accordance with Article 26 (9) of the IEM Regulation. It also indicates that this Revenue Sharing Methodology does not apply for the sharing of revenues if the neighboring Member State does not apply a capacity mechanism or applies a capacity mechanism, which is not open to direct cross-border participation by foreign capacity over the same Delivery Period. Art 26 (9) suggests thus to focus the application of this methodology to a specific case: XB CRM to XB CRM. Even in that case NRAs can jointly agree to apply a different revenue sharing methodology or sharing key. ENTSO-E wishes to note that Art. 26(9) puts in particular the NRA in the driving seat in case of a neighboring member state without cross-border open capacity mechanism.</p>
Scope of sharing	11.1, 11.2	EFET	RSM if no CRM in neighbouring market	<p>Exclusion of revenue sharing with TSOs in regions without a CRM or a CRM open to x-b participation presents the foreign TSO with a disincentive and will result in defacto exclusion of foreign capacities from appropriate remuneration. (but recognise that such exclusion is potentially foreseen in the regulations)</p>	<p>We acknowledge that Regulation 2019/943 foresees the possibility to exclude revenue sharing in case the Member State in which the capacity asset is located does not have a CRM, or has a CRM which is not open to cross-border participation. However, we still believe that this concept is fundamentally wrong.</p> <p>Indeed, the application of a reciprocity clause for the sharing of rents from entry capacity allocation creates an important hurdle to the explicit cross-border participation of foreign capacities in national CRMs. With no perspective to benefit from revenues of the sale of entry capacity, and heavy processes and potential costs to allow the direct participation of assets in the CRM of another Member State, foreign TSOs will have no incentive to enter into negotiations with the TSO of the Member State where the CRM is located. It will lead to the de facto exclusion of foreign capacities from appropriate remuneration to the added security of supply they bring to the Member State where the CRM is located and affect competition in the CRM. We believe this is in contradiction with the principle of article 26.1 Regulation 2019/943.</p> <p>As a consequence, and because article 29.9 does not mandate the exclusion from revenue sharing of TSOs from a Member State that does not have a CRM or has a CRM which is not open to cross-border participation, we invite the TSOs to withdraw article 11.2 and modify the wording of article 11.1 so that it applies to all.</p>	R	<p>ENTSO-E refers to Article 26(9) which identifies in general terms the revenues considered by the Revenue Sharing Methodology as well as the decision process to be followed by the involved entities and where in this process this Revenue Sharing Methodology plays a role. On the latter aspect, Article 26(9) states explicitly that the Revenue Sharing Methodology can be applied for the sharing of the revenues where capacity mechanisms allow for direct cross-border participation by foreign capacity in two neighboring Member States over the same Delivery Period in accordance with Article 26 (9) of the IEM Regulation. It also indicates that this Revenue Sharing Methodology does not apply for the sharing of revenues if the neighboring Member State does not apply a capacity mechanism or applies a capacity mechanism, which is not open to direct cross-border participation by foreign capacity over the same Delivery Period. Art 26 (9) suggests thus to focus the application of this methodology to a specific case: XB CRM to XB CRM. Even in that case NRAs can jointly agree to apply a different revenue sharing methodology or sharing key. ENTSO-E wishes to note that Art. 26(9) puts in particular the NRA in the driving seat in case of a neighboring member state without cross-border open capacity mechanism.</p>
Scope of sharing	11.2	Energy Norway	RSM if no CRM in neighbouring market	<p>Concern about exclusion of revenue sharing with markets without a CRM or market without with CRM but no direct foreign participation. Suggests deleting Art. 11.2</p>	<p>Article 11.2 states that the sharing methodology does not need to apply if the neighbouring Member State does not apply a capacity mechanism. With no perspective to benefit from revenues of the sale of entry capacity, and heavy processes and potential costs to allow the direct participation of assets in the CRM of another Member State, foreign TSOs, nor merchant owners, will have incentive to enter into negotiations with the TSO of the Member State where the CRM is located.</p> <p>It will lead to the de facto exclusion of foreign capacities from appropriate remuneration to the added security of supply they bring to the Member State where the CRM is located and affect competition in the CRM. We believe this is in contradiction with the principle of article 26.1 in Regulation 2019/943. Unfortunately Art 26.9. seems to be in contradiction to this principle in Art 26.1. and ENTSO-Es proposal is in line with Art. 26.9. We think however, that 26.9. is fundamentally flawed in that it treats Member States with no capacity mechanism (i.e. a good level of system adequacy and a functioning market) the same as Member States with a capacity mechanism that is not open to XB participation i.e. not implementing art 26.1.. This is in our view against competition law, and the economic consequence could be that the MS with no capacity market could be incentivised to introduce one. This is against the principle that capacity</p>	R	<p>ENTSO-E refers to Article 26(9) which identifies in general terms the revenues considered by the Revenue Sharing Methodology as well as the decision process to be followed by the involved entities and where in this process this Revenue Sharing Methodology plays a role. On the latter aspect, Article 26(9) states explicitly that the Revenue Sharing Methodology can be applied for the sharing of the revenues where capacity mechanisms allow for direct cross-border participation by foreign capacity in two neighboring Member States over the same Delivery Period in accordance with Article 26 (9) of the IEM Regulation. It also indicates that this Revenue Sharing Methodology does not apply for the sharing of revenues if the neighboring Member State does not apply a capacity mechanism or applies a capacity mechanism, which is not open to direct cross-border participation by foreign capacity over the same Delivery Period. Art 26 (9) suggests thus to focus the application of this methodology to a specific case: XB CRM to XB CRM. Even in that case NRAs can jointly agree to apply a different revenue sharing methodology or sharing key. ENTSO-E wishes to note that Art. 26(9) puts in particular the NRA in the driving seat in case of a neighboring member state without cross-border open capacity mechanism.</p> <p>Related to the role of the neighbouring TSO in facilitating the foreign participation, ENTSO-E refers to the legal obligation as set out in the IEM Regulation for such TSOs to undertake this action and the role of NRAs to ensure it. Note also that – in particular to ensure that foreign TSOs could easily set up the necessary arrangements – ENTSO-E has foreseen a cost coverage clause in the proposed set of methodologies. ENTSO-E does not consider</p>

3 JULY 2020

					markets should be a last resort measure. Therefore, we would argue that principle of art 26.1. should be applied as a rule and that art 26.9. should only be applied in the case where a XB capacity mechanism is not open to XB participation. We would therefore recommend that article 11.2 are withdrawn and article 11.1 are modified so the wording applies to all.		that the proposed methodology should imply any disincentive for not carrying out a legal task for TSOs, neither considers it any contradiction to the IEM Regulation or Competition Law. Finally, ENTSO-E wishes to remind that any introduction of a capacity mechanism follows strict rules according to the IEM Regulation and EEAG guidelines and does not agree with the consequences sketched out by the respondent. To the contrary, ENTSO-E believes that the proposed methodologies are in line with the IEM Regulation and its spirit and are there to actually facilitate cross-border participation.
Scope of sharing	11.2	EDF	RSM if no CRM in neighbouring market	EDF agrees with Art11.2, and thinks that in this case no revenue should be paid to neighbouring market	EDF agrees with the non-application of the revenue sharing methodology if the neighbouring Member State does not apply a capacity mechanism or applies a capacity mechanism which is not open to direct cross-border participation by foreign capacity over the same Delivery Period, in accordance with Article 26(9) of Regulation (EU) 2019/943. In these specific cases, EDF thinks that no revenue from cross-border participation shall be paid to the neighbouring Member State.	A	ENTSO-E welcomes the fact that EDF seems to be in line with the methodology proposed by ENTSO-E. ENTSO-E refers indeed to the scope of the methodology as set by the IEM Regulation as well as the overall roles and responsibilities for deciding on the sharing of the revenues, cf. art. 26(9) of the IEM Regulation. This article clearly states that the sharing of the revenues arising from capacity mechanisms can occur, in case one of the countries does not apply a CM or applies a CM, which is not open to cross-border participation. However, in such case no referral is made to the ENTSO-E methodology, but the NRA of Member State in which the CM is implemented should decide on the sharing after having sought an opinion from the NRA of the neighbouring Member State. Therefore, it remains up to the concerned NRA to determine whether the revenue should be shared with the neighbouring TSO.
Scope of sharing		IFIEC Europe	RSM if no CRM in neighbouring market	Supportive of no revenue shared with countries without CRM - only revenues going to that country should be to the direct participants in that country	With respect to the methodology for sharing the revenues, IFIEC Europe supports the proposed approach to the extent that revenues from cross-border participation to capacity mechanisms should only be shared between countries who both have capacity mechanisms in place and not with countries where no such mechanisms exist, as there costs are covered (see before) and no other money transfers should be conducted towards the TSOs of those countries (as opposed to the parties delivering capacity into capacity mechanisms).	A	ENTSO-E welcomes the fact that IFIEC Europe seems to be in line with the methodology proposed by ENTSO-E. ENTSO-E refers indeed to the scope of the methodology as set by the IEM Regulation as well as the overall roles and responsibilities for deciding on the sharing of the revenues, cf. art. 26(9) of the IEM Regulation. This article clearly states that the sharing of the revenues arising from capacity mechanisms can occur, in case one of the countries does not apply a CM or applies a CM which is not open to cross-border participation. However, in such case no referral is made to the ENTSO-E methodology, but the NRA of Member State in which the CM is implemented should decide on the sharing after having sought an opinion from the NRA of the neighbouring Member State. Therefore, it remains up to the concerned NRA to determine whether the revenue should be shared with the neighbouring TSO. However, we want to point out, that the revenue is not shared between the countries but between TSOs owning and managing interconnectors i.e. making cross border participation possible in the first place.
Scope of sharing		ENGIE	Application to non-uniform prices	RSM must take account of non-uniform pricing capacity markets e.g. decentralised and pay as bid markets (e.g. strategic reserves)	Furthermore, the proposed estimation of the total revenue considered for sharing is based on the positive difference between the marginal price obtained by capacities in the "home country" and the marginal price obtained by capacities in the foreign country. The implicit underlying assumption is that the capacity auction is based on a uniform pricing, which is not necessarily the case for decentralized capacity markets nor present in all capacity mechanisms (approved or under discussion, e.g. strategic reserves). Although ENGIE pleads for a uniform pricing of capacity in centralized capacity markets (i.e. a pay-as-clear approach), it is necessary that the proposed methodology also accommodates CRM designs where uniform pricing is absent. An example would be the application of pay-as-bid clearing principle, where it would be impossible to assess 'congestion revenue' as the different cross-border capacity prices can be both above and below the different capacity prices in the 'home' country.	A	For a delivery period, two neighbouring Members States sell so-called "CM access tickets" or "tickets" to eligible foreign capacity that represent an access right to participate directly in a neighbouring capacity mechanism. The amount of tickets proposed during the auction equals the Maximum Entry Capacity as determined following Article 26 (7) and the methodology foreseen by Article 26 paragraph 11 (a). Such tickets are allocated to eligible foreign capacity by means of a non-discriminatory, market-based allocation mechanism. Typically, two kind of mechanisms can be distinguished (similarly to the allocation mechanisms of cross-border capacity in the energy market): implicit and explicit allocation. Whereas in the former both the capacity product and the ticket are sold together, in the latter a separate mechanism is used to only sell the ticket. The choice for implicit and explicit allocation depends on the choices made in the context of a specific capacity mechanism. Note that in practice an implicit allocation can happen in a two-step manner, i.e. by means of a pre-auction preceding a main auction, but still the ticket and the capacity product are priced together by the eligible foreign capacity. In case of an implicit allocation of tickets, the total revenue considered – to the extent all tickets have been allocated, i.e. there was enough market demand – is calculated as the Maximum Entry Capacity multiplied by the price difference between the price offered in the capacity mechanism by the last contracted (based on the offered price) capacity and the last contracted (based on the offered price) foreign capacity. For instance, if the Maximum Entry Capacity is 200MW and that the highest offer selected in the CM auction is 30k€/MW and the highest offer from foreign capacity from the concerned Member State is 21k€/MW the total revenue considered $200 \times (30k€ - 21k€) = 1800k€$. Although in a pay-as-cleared setting the revenue is more obviously determined, it is to be noted that such approach can also be used in a pay-as-bid auction setting, albeit that the revenue is then more artificially determined. In case of an explicit allocation of tickets, the total revenue considered for sharing equals the total revenue directly resulting from the auctioning of the tickets.
Scope of sharing	12	Eurelectric	Application to non-uniform prices	RSM must take account of non-uniform pricing capacity markets e.g.	Article 12 : Uniform pricing assumption : - Art. 12 seems to assume uniform pricing of the capacity market, which is not necessarily the case (decentralized markets, strategic reserves, pay-as-bid, etc...). The methodology should cover all types of pricing of the capacity market otherwise the determination of the revenue from	A	For a delivery period, two neighbouring Members States sell so-called "CM access tickets" or "tickets" to eligible foreign capacity that represent an access right to participate directly in a neighbouring capacity mechanism. The amount of tickets proposed during the auction equals the Maximum Entry Capacity as determined following Article 26 (7) and the methodology foreseen by Article 26 paragraph 11 (a).

				decentralised and pay as bid markets (e.g. strategic reserves)	XB participation becomes very dubious. When determining the total revenue considered for sharing in case of implicit allocation, article 12 establishes that it should be calculated as the difference between the price offered in the capacity mechanism by last contracted capacity and the last contracted foreign capacity.		<p>Such tickets are allocated to eligible foreign capacity by means of a non-discriminatory, market-based allocation mechanism. Typically, two kind of mechanisms can be distinguished (similarly to the allocation mechanisms of cross-border capacity in the energy market): implicit and explicit allocation. Whereas in the former both the capacity product and the ticket are sold together, in the latter a separate mechanism is used to only sell the ticket. The choice for implicit and explicit allocation depends on the choices made in the context of a specific capacity mechanism. Note that in practice an implicit allocation can happen in a two-step manner, i.e. by means of a pre-auction preceding a main auction, but still the ticket and the capacity product are priced together by the eligible foreign capacity.</p> <p>In case of an implicit allocation of tickets, the total revenue considered – to the extent all tickets have been allocated, i.e. there was enough market demand – is calculated as the Maximum Entry Capacity multiplied by the price difference between the price offered in the capacity mechanism by the last contracted (based on the offered price) capacity and the last contracted (based on the offered price) foreign capacity. For instance, if the Maximum Entry Capacity is 200MW and that the highest offer selected in the CM auction is 30k€/MW and the highest offer from foreign capacity from the concerned Member State is 21k€/MW the total revenue considered $200 \times (30k€ - 21k€) = 1800k€$.</p> <p>Although in a pay-as-cleared setting the revenue is more obviously determined, it is to be noted that such approach can also be used in a pay-as-bid auction setting, albeit that the revenue is then more artificially determined.</p> <p>In case of an explicit allocation of tickets, the total revenue considered for sharing equals the total revenue directly resulting from the auctioning of the tickets.</p>
Revenue for sharing		Eleclink	Penalty sharing	If all the revenue is not shared then all of the penalties should also not be shared.	Eleclink is subject to significant non-availability penalties in the GB and French capacity mechanisms. The Proposal only considers revenue sharing but does not consider the sharing of penalties. This asymmetry is inappropriate as the TSO operating the capacity mechanism takes a reward without any of the risk (which remains with the interconnector owner).	OS	<p>Firstly, the Revenue Sharing Methodology explicitly excludes the application of this Revenue Sharing Methodology in case of interconnectors directly participating in the capacity mechanism in the sense of Article 26(2) of the IEM Regulation. In such case the revenue meant by Article 26(9) for sharing by this Revenue Sharing Methodology is fully integrated in the capacity price obtained by the interconnector in the capacity mechanism and can as such not be separated from the capacity price, neither does it appear necessary to foresee a further sharing rule in such case as any revenues to interconnectors are already covered by appropriate regulatory frameworks and as this direct participation rule is a temporary measures that is allowed only until at the earlier date between:</p> <ul style="list-style-type: none"> • 4th July 2023; • 2 years after the date of ACER's approval of the methodologies. <p>Secondly, ENTSO-E refers to the scope as set by Art. 26(9) of the IEM Regulation, which indicates the revenue to be considered. Capacity mechanisms open for direct cross-border participation by foreign capacity require the allocation of the maximum entry capacity to eligible foreign capacity providers. To the extent this allocation process can result in a revenue, this Revenue Sharing Methodology aims at describing how this revenue could be shared among the concerned TSOs. It is to be noted that penalties are not considered as part of this defined scope.</p>
Sharing key	13.3	Eleclink	Exempted interconnectors	Methodology should recognise that all revenue to share goes to the exempted IC owner, whereas for regulated IC the revenue is shared pro-rata (e.g. 50:50). This distinction is recognised in the French mechanism.	Eleclink is an exempted interconnector and is not underwritten by EU energy consumers. Eleclink bears sole responsibility for the financial risk of the cross-border investment. The French capacity mechanism rules and additional provisions of the mechanism ⁴ (which set out the rules for both direct and indirect interconnector participation) recognise this distinction and rule 9.6.1.2.2 allocates the entire cross-border revenue to the exempted interconnector owner. This contrasts with rule 9.6.2 which sees pro-rata revenue sharing for regulated interconnection. Eleclink asks ENTSO-E to include similar provisions for exempted interconnectors within this sharing methodology.	C	<p>The proposed methodology mentions that for the sake of this Revenue Sharing Methodology following this ENTSO-E proposal also interconnectors which are not owned by TSOs could be understood as TSOs as has been the case for the treatment of congestion income in the past. This is deemed appropriate, as the use of the revenues resulting from cross-border capacity mechanisms and the use of classical congestion income are to be treated both following Art. 19.2.</p>
Scope of sharing		Edison	NRA choice	Edison considers among others that the revenues allocation & the check related to the equivalence between domestic & foreign Capacities	In any case, it should be considered that NRAs could be better placed to define revenue sharing methodologies that better reflect the actual contribution of foreign capacities and the obligations imposed to foreign capacity providers and TSOs compared to the domestic ones. The current wording of Article 26.9 adequately considers this aspect and leaves the option to NRAs to adopt a revenue sharing methodology alternative to the one proposed by ENTSO-E.	A	<p>ENTSO-E acknowledges that the relevant NRA's in the framework of a CM – CM situation are natural actors to determine the sharing of the revenue jointly as in any case, the IEM Regulation has provided the competence of approval by these NRA's. They can furthermore take the last decision on the revenue sharing methodology to apply in a specific case and can adapt it to suit local characteristics.</p> <p>Moreover, ENTSO-E would like to highlight that this comment is in line with the proposed setup for this methodology: NRA's are involved in the definition process of these methodologies via ACER's approval.</p>

Scope of sharing	13.3	Eurelectric	NRA choice	Happy with article 13.3	Article 13.3 : Allocation of revenues : - Regarding the determination of the sharing key of the total revenues, Eurelectric is in favour of the "50/50" sharing key defined in Article 13.3. This would ensure consistency with the sharing of congestion rent on cross-border energy trading. - However, as foreseen in Article 13.3, NRAs should have also the possibility to apply different sharing key to make a fair congestion rent allocation, coherent with the potential different reliability level between domestic and foreign capacity.	A	<p>Firstly, ENTSO-E wishes to clarify that the revenues resulting from the allocation of cross-border tickets in the context of a capacity mechanism are not to be considered fully similar to congestion income as occurring in the energy market. The cross-border tickets in a CM are considered for solving an adequacy problem, their amount is calibrated to the adequacy situation and the tickets are only relevant during adequacy-relevant moments. In this respect it also makes sense that the sharing of any revenues resulting from the allocation of these XB tickets takes into account the roots of the mechanism from which they result, i.e. a mechanism driven by the need to solve adequacy concerns.</p> <p>Secondly, ENTSO-E reminds IEM Regulation art. 26(9), which gives the relevant NRAs the competence to decide on the sharing key applied and to use a different methodology than the revenue sharing methodology following Art. 26(11)(b).</p>
Scope of sharing		Anonymous Respondee 1	NRA choice	Anonymous Respondee 1 seems to equate the 50:50 sharing key with the equivalence of foreign and domestic capacity, suggesting it is for NRAs to judge on this equivalence and hence when complete sharing of revenues should take place.	In general, Anonymous Respondee 1 doesn't agree with the proposed 50-50% sharing key. Anonymous Respondee 1 considers that the revenues allocation and the conditions of equivalence between foreign and national resources are tasks to leave to the NRA. Only the Authorities should assess whether, and to what extent, there is a real equivalence between the two types of resources in terms of adequacy contribution and consequently when it is correct to proceed to the complete distribution of the congestion revenues. When the CRMs will become more integrated and harmonized, in terms of rights and obligations between foreign and domestic capacity, this prudence could be gradually overcome.	A	<p>Firstly, ENTSO-E wishes to highlight that its proposed methodology does not result by definition in a 50-50 sharing key. Whereas in some cases it could, in others it won't. It is proposed to be driven by the need to provide an appropriate incentive towards investments in transmission capacity to contribute during adequacy-relevant moments.</p> <p>Secondly, ENTSO-E acknowledges that following Art. 26(9) the relevant NRA's in the framework of a CM – CM situation are natural actors to determine the sharing of the revenue jointly as in any case, the IEM Regulation has provided the competence of approval by these NRA's. They can furthermore take the last decision on the revenue sharing methodology to apply in a specific case and can adapt it to suit local characteristics.</p> <p>Moreover, ENTSO-E would like to highlight that this comment is in line with the proposed methodology: NRA's are involved in the definition process of these methodologies via ACER's approval.</p>
Scope of sharing	11.3	EFET	Transitional rules for IC participation	Transitional rules should be created for IC participation, and they should account for risk of overcompensation (e.g. due to GB cap and Floor)	We understand that the methodology proposal only focuses on direct participation of foreign assets in national CRMs. However, given the likelihood of prolonged unavailability of bilateral agreements between TSOs allowing effective cross-border participation to CRMs, transitional rules should be designed for interconnector participation, which are otherwise left to national frameworks. If implemented, these transitional rules should include provisions in case interconnectors already benefit from other support mechanisms (e.g. cap and floor regime in the GB market) to avoid any form of overcompensation.	OS	<p>ENTSO-E considers this comment has out of scope. Indeed, the Revenue Sharing Methodology explicitly excludes the application of this Revenue Sharing Methodology in case of interconnectors directly participating in the capacity mechanism in the sense of Article 26(2) of the IEM Regulation. In such case the revenue meant by Article 26(9) for sharing by this Revenue Sharing Methodology is fully integrated in the capacity price obtained by the interconnector in the capacity mechanism and can as such not be separated from the capacity price, neither does it appear necessary to foresee a further sharing rule in such case as any revenues to interconnectors are already covered by appropriate regulatory frameworks and as this direct participation rule is a temporary measures that is allowed only until at the earlier date between:</p> <ul style="list-style-type: none"> • 4th July 2023; • 2 years after the date of ACER's approval of the methodologies detailed in this document.
Sharing key	13.2	IFIEC Europe	Option preference	Preference for option 1, as likely to lead to more cost reflective outcome. However, concerned by ENTSO-E's justification for option 2	On the determination of the sharing key and the proposed options, IFIEC Europe, under the assumptions provided by ENTSO-e and within the presented framework, is rather in favour of the first option without a cap and floor, as this option is the most pure reflection of the revenue that needs to be assigned for the development of interconnector capacity and avoids that under a cap and floor model potentially wrong incentives are given while also undermining the cost reflectiveness of the proposed methodology from the point of view of the consumers who pay for the capacity mechanisms, as they would see an unduly high or low share go towards the development of scarce interconnectors if those would be the limiting element. IFIEC Europe is any case surprised to read in the accompanying explanatory note for option 2 that ENTSO-e states that such cap and floor can useful "to reflect that towards the extremes of the spectrum, the more extreme results of the underlying modelling results that are driven [sic] the output, are likely to be more prone to uncertainties and inaccuracies", indicating that ENTSO-e does not feel comfortable enough about its own methodologies to base a revenue sharing key on it, but finds them nevertheless sufficiently robust to use them to develop all the relevant studies for the determination of the need for capacity mechanisms, where the financial stakes to all market participants, in particular the consumers who will have to bare the overall financial burden, are multiple times higher! This uncertainty of ENTSO-e towards its own methodologies very strongly raises concerns for IFIEC Europe and further reduces the trust into any methodologies proposed by ENTSO-e in this context.	A	<p>ENTSO-E takes note of the preference stated by IFIEC and its argumentation. Towards the final proposal, ENTSO-E will further look into the different options. Nevertheless, ENTSO-E's argumentation should not be read as a lack of confidence of ENTSO-E in its own methods.</p>

3 JULY 2020

Revenue for sharing	12	Naturgy	Congestion rent in implicit auction	Congestion rent should be set based on the price of the first 'non-contracted' foreign capacity rather than the last contracted capacity. This seems to reflect some sort of concern about illiquidity in foreign bids	When determining the total revenue considered for sharing in case of implicit allocation, article 12 establishes that it is calculated as the difference between the price offered in the capacity mechanism by last contracted capacity and the last contracted foreign capacity. As the number of offers might be limited, and important price differences may exist between them, the price of the first non-contracted bid of foreign capacity (if any) should be used (instead of the last contracted foreign capacity).	R	ENTSO-E has doubts about this proposed approach and does not see why the first non-contracted bid price rather than the last contracted bid price should be retained for the calculation of the revenues to be shared. Indeed, the allocation of the tickets is based on the amount of tickets defined by the Maximum Entry Capacity and aims at solving the identified adequacy issue, there is therefore no reason to consider the price of a 1 MW which would have not been contracted since not anymore considered as part of the tickets allocated via the Maximum Entry capacity
Revenue for sharing	12	Edison	No need for two stage process under implicitly auction.	Article 12 - for an implicit allocation approach, the two step auction process described in article 12 a is not required. it can be done as a single integrated step..	Moreover, concerning Article 12 on the determination of the total revenue considered for sharing, Edison wishes to highlight that the implementation of the implicit allocation of the entry capacity does not seem to need a two-step approach. In centralized capacity mechanisms characterized by a main auction for the procurement of capacity for a given delivery period, the foreign bidding zone can simply be considered within the algorithm for the resolution of the capacity market, the interconnection capacity being limited according to the entry capacity calculated by the TSOs. The foreign capacity selected in the auction would therefore be limited by the entry capacity available, as in the day-ahead market coupling, and the revenue to be shared would be determined as the difference of marginal prices resulting in the domestic and the foreign bidding zone multiplied by the entry capacity.	OS	ENTSO-E considers this comment as out of scope. Indeed, it relates to the way an auction for the allocation of tickets for cross-border participation should take place, which is rather a matter of the nation capacity mechanism choices, whereas these methodology is focusing on the way the revenues coming from the allocation of the tickets and the auction should take place.
Scope of sharing		ENGIE	Net or gross revenue	Revenue to be shared should take account of organisational costs of CM (i.e. net revenues should be shared)	ENGIE would like to question the reason why the methodology does not focus on sharing the margin (net revenue) for cross-border participation (with the margin being congestion revenues resulting from cross-border participation minus the organizational costs incurred by the foreign TSO for enabling the cross-border participation). If this margin (net revenue) is positive and the maximum entry capacity is equal to the commercially available capacity, then the revenue sharing should proceed along the lines explained in the previous paragraphs. If this amount is negative, then this cost should be added to the overall cost of the capacity mechanism. Obviously, the determination of the margin – both the costs and revenues – should be properly scrutinized by the relevant NRAs.	OS	ENTSO-E refers to the scope as set by Art. 26(9) of the IEM Regulation, which indicates the revenue to be considered. Capacity mechanisms open for direct cross-border participation by foreign capacity require the allocation of the maximum entry capacity to eligible foreign capacity providers. To the extent this allocation process can result in a revenue, this Revenue Sharing Methodology aims at describing how this revenue could be shared among the concerned TSOs. The Regulation does not foresee to address a 'net' revenue.

3 JULY 2020

Common rules for the carrying out of availability checks

Topic	Specific article (if relevant)	Marker for grouping of comments	Respondee	Summary of comments	Relevant text from response	Accept (A) / Question Addressed (QA) / Reject (R) / Out of Scope (OS)	ENTSO-E reply
General		Lack of clarity	IFIEC Europe	Stakeholder commented that there was insufficient detail in the proposals to allow for a meaningful assessment.	IFIEC Europe reiterates its comment that based on the very scarce details provided, it is almost impossible to provide any meaningful assessment. For example, Art.14.2 states that “different methods can be used to check availability”, without actually going beyond this statement. Art.14.4 mentions “predefined criteria, such as transparent market signals and forecast for system margins and demand levels”, without yet again providing any detail. It also remains very unclear based upon the proposed common rules how availability checks will be performed cross-border in case not the exact same underlying processes exist in the other Members States, as it is critical to avoid discrimination, as stated in the proposed common rules. In any case, IFIEC Europe takes note that the accompanying explanatory note clearly states that the availability concerns “the availability in the energy and/or balancing market and/or ancillary services markets”, which for IFIEC Europe clearly indicates that also all revenues from all these markets should be taken into account in any related study, including the ERAA, in order to determine (economic) viability of assets, as these markets are clearly identified as relevant for the availability check.	C	The statement that was provided is part of the Article 14(2): “different methods can be used to check availability regarding the diversity and the distinctive features of each participating technology”. This means that in each CM the availability can be checked slightly differently for different technologies (e.g. DSR or non-programmable RES). These differences, if present, are detailed in national CM regulations. The Application of availability checks to cross-border capacity is ruled by the principle of non-discrimination (art. 15). Art. 14 was amended to make it more clear.
Principle of non-discrimination		Equivalence of foreign and domestic checks	EFET	Article 14.2, first sentence should include "irrespective of location"	Article 14. 2: According to Article 26(11) (d) established common rules for the carrying out of Availability checks shall address all contracted capacity, irrespective of the nature or technology used. Nonetheless, different methods can be used to check availability regarding the diversity and the distinctive features of each participating technology. The first sentence should include “irrespective of location”.	A	ENTSO-E agrees that common rules for the carrying out of Availability checks shall address all contracted capacity, irrespective of the type or technology used and also irrespective of location. This element was added in art. 14.2.
			EFET	"Availability checks need to be non-discriminatory, and as a consequence those applicable to foreign capacity providers must be equivalent to the ones that are applicable to domestic providers. Article 15.2 second sentence should delete ""if possible"""	"Article 15.2: Availability checks for Foreign capacity contracted in the capacity mechanism should be carried out as equivalently as possible as for Domestic capacity, according to the rules of the capacity mechanism to which it participates. In order to satisfy this condition, if possible, Availability checks for Domestic and Foreign capacity should be carried out using the same: [...] Delete “if possible” in the second sentence. Availability checks need to be non-discriminatory, and as a consequence those applicable to foreign capacity providers must be equivalent to the ones that are applicable to domestic providers."	R	The principle of non-discrimination is a key principle of the ENTSO-E methodologies. The principle ensures that availability checks are carried out as equivalently as possible for market players participating to a given capacity mechanism, regardless of their location. Nevertheless, due to the diverse market designs within Europe, there might be circumstances that prevent that using exactly the same availability check methodologies is possible. To address this, « if possible » is required in the second sentence. Therefore, if the same underlying processes exist or can be implemented, the availability checks will be carried out equivalently. If not, processes to check availability will be adapted to the energy law and regulation of the neighbouring country without prejudice to equivalent technical performance. However, ENTSO-E proposal would not be able to encompass all possible discrepancies between national energy market so as to propose a “one size fits all” solution. In such cases, these adaptations would be detailed in the bilateral agreements signed between the CM Operator and the neighbouring TSO.
		Equivalence of foreign and domestic checks	EDF	Foreign checks should be as close as possible to domestic ones.	EDF would like to emphasize the need to apply availability checks to foreign capacity providers that would be as close as possible to the ones that are applicable to the domestic ones.	A	Indeed, the core principle inspiring the common rules for carrying out availability checks is the principle of non-discrimination meaning that participation of foreign capacity should be subject to the as-equivalent-as-possible conditions applied to domestic capacities in order to avoid positive or negative discriminations. This principle derives from Article 22(1) letter (d) of the IEM Regulation “select capacity providers by means of a transparent, non-discriminatory and competitive process”.

		Equivalence of foreign and domestic checks	Edison	Foreign checks should be as close as possible to domestic ones.	Edison shares the need to apply the principle of non-discrimination for availability checks for foreign capacity providers that must be as close as possible to the ones that are applicable to the domestic capacities.	A	Indeed, the core principle inspiring the common rules for carrying out availability checks is the principle of non-discrimination meaning that participation of foreign capacity should be subject to the as-equivalent-as-possible conditions applied to domestic capacities in order to avoid positive or negative discriminations. This principle derives from Article 22(1) letter (d) of the IEM Regulation “select capacity providers by means of a transparent, non-discriminatory and competitive process”.
		Equivalence of foreign and domestic checks	ENGIE	Foreign checks should be as close as possible to domestic ones but should to the extent possible use communications already in place in foreign markets (e.g. communication on asset's availability in the framework of daily schedules)	Concerning the common rules to carry out availability checks. ENTSO-E proposal should enable the TSO to ensure above all contracted capacities located in different Member States and participating in the same capacity mechanism are subject to an equivalent capacity check, with the same triggering rules and at the same frequency. This is necessary to ensure a level playing field among all capacity providers contracted in the “home” capacity market, even if they are physically located in different zones (i.e. with different TSOs performing the availability checks). However, one should seek for pragmatism in the setting up of control procedures with the relevant counterparties abroad (e.g. neighbouring TSOs and capacity providers) and use – to the extent possible – communication procedures already in place (e.g. communication on assets’ availability in the framework of daily schedules).	A	Indeed, the core principle inspiring the common rules for carrying out availability checks is the principle of non-discrimination meaning that participation of foreign capacity should be subject to the as-equivalent-as-possible conditions applied to domestic capacities in order to avoid positive or negative discriminations. This principle derives from Article 22(1) letter (d) of the IEM Regulation “select capacity providers by means of a transparent, non-discriminatory and competitive process”. ENTSO'E shares Engie’s concerns to guaranteeing the implementation of cross-border participation, even if it needs small adaptations to the neighbouring energy market. In this regard, it is foreseen that this availability checks should be “as equivalent as possible” to allow some flexibility in order to being able to implement direct cross-border participation in situations where the energy laws and regulation do not allow to implement perfectly equivalent availability checks.
		Equivalence of foreign and domestic checks	IFIEC Europe	Common rules for foreign and domestic capacity are critical to avoid discrimination.	It also remains very unclear based upon the proposed common rules how availability checks will be performed cross-border in case not the exact same underlying processes exist in the other Members States, as it is critical to avoid discrimination, as stated in the proposed common rules.	A	The core principle inspiring the common rules for carrying out availability checks is the principle of non-discrimination meaning that participation of foreign capacity should be subject to the <i>as-equivalent-as-possible</i> conditions applied to domestic capacities in order to avoid positive or negative discriminations. This principle derives from Article 22(1) letter (d) of the IEM Regulation “select capacity providers by means of a transparent, non-discriminatory and competitive process”. Therefore, if the same underlying processes exist or can be implemented, the availability checks will be carried out equivalently. If not, processes to check availability will be adapted to the energy law and regulation of the neighbouring country without prejudice to equivalent technical performance. However, ENTSO-E proposal would not be able to encompass all possible discrepancies between national energy market so as to propose a “one size fits all” solution. In such cases, these adaptations would be detailed in the bilateral agreements signed between the CM Operator and the neighbouring TSO.
Role of involved TSOs	16	Necessary TSO agreements	EFET	It is vital that TSOs have an obligation to conclude the necessary bilateral agreements and a fixed deadline to do so otherwise some are likely to delay doing so. Suggest applying a limit of 12 months before the maximum deadline set out in article 26.2 of Regulation 2019/943.	Article 16.3: The TSO where the Foreign contracted capacity is located should perform Availability checks and communicate results to the CM Operator within the time deadline agreed (e.g. in the bilateral technical agreement) in order to allow the settlement process and the calculation of Non-availability payments. • Article 16.4: In case of multiple commitments, bilateral agreements should provide CM Operators and all TSOs involved the amount of capacity contracted in each capacity mechanism for each CMU. Article 16 mentions the possibility to establish bilateral agreements to settle the various aspects of the TSO-TSO relationship for the cross-border participation to CRMs. Though mentioned mainly in article 16, such bilateral agreements between TSOs will govern many aspects of the frameworks for cross-border participation in individual CRMs. Ensuring that TSOs effectively conclude of such cooperation agreements is key to the effective functioning of direct cross-border participation of foreign capacities in national CRM, and	OS	The IEM Regulation introduces at Article 26(1) an obligation to enable direct cross-border participation of capacity providers located in Member States which are electrical neighbours . Article 26(2) of the IEM Regulation indicates that, where foreign capacity is capable of providing equivalent technical performance to domestic capacities, direct cross-border participation must be implemented at the latest (for MS applying direct interconnector participation before EIF of the Regulation) by the earlier date between: <ul style="list-style-type: none"> • 4th July 2023; • 2 years after the date of ACER’s approval of the methodologies detailed in this document.

					<p>appropriately remunerating foreign capacity assets. As mentioned in our comments to article 11.1 and 11.2, there is a significant risk that foreign TSOs with no prospect of benefiting from revenues from entry capacity allocation would be reluctant to enter into these bilateral agreements.</p> <p>The example of foreign participation to the French CRM is quite telling in this sense: despite a legal obligation on the French TSO to seek bilateral agreements with neighbouring TSOs, no such agreement has been approved since the relating Ministerial Decree and the regulator's decision of December 2018. According to information provided by the French TSO, the most advanced negotiations seem to be with the German TSOs, where a draft agreement was "initiated". In the meantime, foreign capacity asset participation in the French CRM is still inexistent, despite commitments to the European Commission's DG Competition to ensure such effective participation by 2019.</p> <p>Given the central role that bilateral agreements play in the architecture of these methodologies, it seems vital that TSOs have an obligation to set up such agreements, and a fixed deadline to conclude such agreements. We propose to apply the limit of 12 months before the maximum deadline set out in article 26.2 Regulation 2019/943: "for a maximum of four years from 4 July 2019 or two years after the date of approval of the methodologies referred to in paragraph 11, whichever is earlier".</p>		<p>If the implementation of direct cross-border participation entails the implementation of bilateral agreements, the involved parties therefore have the obligation to sign such agreements before the deadline foreseen by the IEM Regulation. It is not within the scope of this Methodology to regulate the implementation of bilateral agreements.</p>
		Publication of methodologies by TSOs	ENGIE	Information on availability checks should all be made publicly available.	<p>Foreign capacity providers should be fully aware of the implementation of the requirements of the "home" capacity market and of all the practical checks carried out by the TSO of the zone where it is connected. More specifically, all the necessary documents related to the capacity market rules (legal framework, contractual framework, applicable functioning rules, etc.) and including the implementation of features (a.o. availability checks) by neighbouring countries/TSOs should be publicly available (e.g. on the website of the contracting party/organizer of the capacity mechanisms).</p>	A	<p>ENTSO-E agrees, that the rules relevant to participation in any market should be publicly available. This also includes the implementation of availability checks.</p>
Application of availability checks	17	Treatment of external events that impact availability.	Energie NL Eurelectric Naturgy	Capacity providers shouldn't be penalised because of external factors (national or supranational requirements e.g. congestion management)	<p>According to Article 17, "contracted capacity is deemed to be available when it has commitments related to the DA/ID or the ancillary services market but is not able to actually deliver due to national or supranational requirements including but not limited to congestion management". Indeed capacity providers shouldn't be penalized due to such external constraints</p>	A	<p>Indeed, article 17 paragraph 5 states that;</p> <p><i>"Contracted capacity is deemed to be available when:</i></p> <ul style="list-style-type: none"> <i>a. it is actually delivering energy;</i> <i>b. it is available to deliver in the energy market or ancillary services markets according to the normal functioning of these markets. The capacity is also deemed to be available if it has commitments related to the DA/ID or the ancillary services market but is not able to actually deliver due to national or supranational requirements including but not limited to congestion management."</i>
	17	Treatment of external events that impact availability.	Energie NL Eurelectric Naturgy	Consider defining congestion remedy actions or post availability check analysis of the unavailability of foreign capacity scarcity events or equivalent measures to avoid TSO's acting on incorrect incentives	<p>However, we should avoid that the system incentivizes the surge of national grid constraints (e.g. in the occurrence of simultaneous scarcity situations). Congestion remedy actions to maximize the availability of interconnection capacity and foreign capacity, post-check analysis of the unavailability of foreign capacity scarcity events or other equivalent measures could be defined. They might lead to liabilities and compensation costs for the non-delivery of contracted capacity in neighbouring countries.</p>	OS	<p>Main network constraints are taken into account by the adequacy studies which lead to calculating the Maximum Entry Capacity and other parameters foreseen in national market rules (e.g. derating factors, level of national demand). These model are built and adapted based on empirical data.</p> <p>However, the underlying principles of such simulations (e.g. ERAA, national adequacy studies) are out of the scope of this proposal. CM operators can define derating factors in National CM rules in order to take into account of such issues not fully covered in the ERAA.</p>

	Reference period	Eurelectric	Availability checks should be conducted during monitoring periods, linked to possible stress events.	All capacity providers should be incentivized to be available and to be controlled during the delivery obligation period of capacity contracts, in particular during peak times (or usually defined peak times). This could be done by performing availability checks during monitoring periods, linked somehow to possible stress events.	C	Availability checks are conducted during the reference period, which can coincide with the delivery period or be a subset of the delivery period (e.g. scarcity hours identified by the TSO). This period may differ among CMs, as it is defined in capacity market rules and/or in bilateral agreements, and it is communicated in advance by the CM operator.
		Eurelectric	Simultaneous availability checks should be done so as to reflect the likelihood of simultaneous scarcity situations, being equally applicable to domestic and foreign capacities.	Simultaneous availability checks should be done so as to reflect the likelihood of simultaneous scarcity situations, being equally applicable to domestic and foreign capacities.	C	The capacity commitment is equalized to zero outside the delivery period, which means that when delivery periods of neighbouring CMs do not overlap there are no multiple commitments, while when delivery periods overlap the capacity provider must make available the sum of commitments. In case this solution does not fully reflect the possible simultaneous scarcity among MS, alternative solutions to define multiple commitments can be agreed to the benefit of the capacity provider (e.g. consider multiple commitments only during overlap of Reference periods)
	Data sources	ENGIE	Stakeholder suggested that market participants could be obliged to participate in their local market as this would allow for easier availability checks.	Of course, foreign capacity contracted in the CRM will be subject to respecting their availability obligations, which will require concrete rules for the control. However, ENGIE is convinced that availability control can be done in the framework of existing availability publications made by market parties and already collected by neighbouring TSOs. Similarly, in case of a delivery model, data on injection level to the grid are most probably accessible by TSOs. ENGIE strives for a correct but pragmatic approach for those controls with the cooperation of the concerned TSOs. For instance, market participants could be obliged to offer their capacity on the local market, which allows an easier availability check of the concerned capacities.	A	Indeed, article 17 paragraph 5 states that; <i>“Contracted capacity is deemed to be available when:</i> <ul style="list-style-type: none"> a. <i>it is actually delivering energy;</i> b. <i>it is available to deliver in the energy market or ancillary services markets according to the normal functioning of these markets. The capacity is also deemed to be available if it has commitments related to the DA/ID or the ancillary services market but is not able to actually deliver due to national or supranational requirements including but not limited to congestion management.”</i> Obligations for contracted capacity are defined at national level in CM regulations and of course can include offer obligation on local energy markets.
	Data for checks	Eurelectric	Use REMIT data as main source for larger providers and alternative sources for smaller providers	Eurelectric is supportive of the need to carry out availability checks. In order to keep the costs linked to capacity mechanism implementation low, we recommend such availability checks should rely as much as possible on existing reporting, such as REMIT, in order to minimize CRM related costs for all consumers. Moreover, the use of REMIT would allow in addition to have more visibility on the availability of assets, particularly for the bigger ones. However, the scope of REMIT does not include smaller capacity providers or DSR/aggregation operators. Alternative means to check the availability of those types of smaller assets should therefore be found.	C	Since activation tests are expensive, whenever monitoring of availability in the market already provides sufficient information, it should be prioritized for carrying out Availability checks (art. 17.7 of the Methodology). ENSTO-E agrees that the monitoring of availability should rely as much as possible on existing data. REMIT data might be one source among others that is used for availability checks. However, REMIT data will not in any case provide all the information with the level of granularity required for this process.
		ENGIE	For CMU subject to REMIT obligations, checking the non-availability of the unit could primarily be based on the REMIT dataset.	For CMU subject to REMIT obligations, checking the non-availability of the unit could primarily be based on the REMIT dataset.	C	Since activation tests are expensive, whenever monitoring of availability in the market already provides sufficient information, it should be prioritized for carrying out Availability checks (art. 17.7 of the Methodology). ENSTO-E agrees that the monitoring of availability should rely as much as possible on existing data. REMIT data might be one source among others that is used for availability checks. However, REMIT data will not in any case provide all the information with the level of granularity required for this process.

3 JULY 2020

			Eurelectric	Data will be needed to show compliance with EPS provisions of Regulation 943/2019	In addition, information will need to be available as to how cross-border thermal plants are in compliance with the EPS provisions of Regulation 943/2019.	OS	Compliance with EPS provisions of Regulation 943/2019 is not part of the availability check. Nevertheless showing compliance with the emission limits will be part of the eligibility check according to article 30 of the ENTSO-E methodologies.
Other		Treatment of interconnectors	Mutual Energy	There needs to be a methodology for availability checks on direct interconnector participation	This section is silent on any availability checks that would be applied to cross-border capacity itself i.e. interconnectors. This appears to be an oversight when compared to capacity mechanisms where interconnectors participate directly and are subject to similar availability/delivery requirements as other participants.	OS	<p>The IEM Regulation introduces at Article 26(1) an obligation to enable direct cross-border participation of capacity providers located in Member States which are electrical neighbours. In case MS implement a direct interconnector participation model, they must switch to direct cross-border participation at the earlier date between:</p> <ul style="list-style-type: none"> • 4th July 2023; • 2 years after the date of ACER's approval of the methodologies detailed in this document. <p>The scope of ENTSO-E Methodologies under article 26 of the IEM Regulation is limited to the direct participation model of capacity providers and does not address the direct participation of interconnectors which is a temporary model that will be phased-out. Under the new model interconnectors will not participate directly in the capacity mechanism and thus will not be subject to availability obligations stemming from a capacity contract.</p>
			Eleclink	There needs to be a methodology for availability checks on direct interconnector participation	The Proposal does not address availability checks for transmission infrastructure. Eleclink believes that participating interconnectors should be subject to the same availability checks as resource providers. This is already the case in the GB and French capacity mechanisms.	OS	

3 JULY 2020

Common rules for determining when a non-availability payment is due

Topic	Specific article (if relevant)	Marker for grouping of comments	Respondee	Summary of comments	Relevant text from response	Accept (A) / Question Addressed (QA) / Reject (R) / Out of Scope (OS)	ENTSO-E reply
Principle of non-discrimination		Treatment of DSR	IFIEC Europe	Current rules risk unduly penalising DSR and storage due to different availability schemes for DSR in different member states. ENTSO-E should revisit its rules.	IFIEC Europe supports the principle of avoiding double-counting of capacities in case of simultaneous scarcity situations (yet also wants to avoid a situation of zero-counting, as this would lead to additional and undue costly capacity requirements) as well as the principle of non-discrimination, yet is not convinced by the proposed approach by ENTSO-e, especially with respect to demand side response (and to a lesser extent storage), as the different availability schemes for demand side response (and storage) in different Members States might lead to an undue penalization of this capacity under the proposed common rules (as opposed potentially to generation capacity, where such checks might be more straightforward). In case certain SLAs need to be met by demand side response (and storage) over a period, not all capacity needs to be delivered at every single market time unit and thus under the proposed common rules could lead to undue and severe penalization.	OS	The principle of non-discrimination indicates that foreign contracted capacity should be subject to the same non-availability payments applied to domestic capacities, in order to avoid distortion of the functioning of the approved capacity mechanism. This equivalence means that foreign capacity providers should be treated equally to the domestic ones regarding the amount of penalty imposed through the non-availability payment, the settlement timeframe and the non-availability payment methodology. Entso-e does not intend to establish a common methodology applicable to all its members, as this is not possible due to different market structures across Europe. The equal treatment of Demand Response participation in the Capacity Mechanisms (e.g. comparing to generators) is arranged by each CM's rules.
		Non-discrimination	Energie-Nederland	A number of stakeholders commented that it was important that foreign capacity providers should be subject to the same regime of reward and penalties as national capacity providers.	Energie-Nederland: It should be noticed that national CMs may consider that non-available capacity providers should be penalized or, at least, not being rewarded under the CM due to non-delivery reasons. If this is the case, foreign capacity providers should be subject to the same regime of reward and penalties than national capacity providers. This could impact on the availability checks required to determine the effectiveness of the service provided as well as to the potential application of penalties other than those limited to non-availability during system stress situations.	A	ENTSO-E agrees on the need of an equal treatment of domestic and foreign capacity. Non-discrimination is a core principle of the Methodology stated at article 20, and it means that foreign contracted capacity should be subject to the same non-availability payments applied to domestic capacities, ones regarding the amount of penalty imposed through the non-availability payment, the settlement timeframe and the non-availability payment methodology, in order to avoid distorting the functioning of the approved capacity mechanism and to respect market design principles stated in the IEM Regulation. ENTSO-E provides additional examples in the Explanatory document which describe in details a possible application of availability checks calculation and determination of non-availability volumes in presence of cross-border participation and multiple commitments related to Italy and France.
			Naturgy		Naturgy: It should be noticed that national CMs may consider that non-available capacity providers should be penalized or, at least, not being rewarded under the CRM due to non-delivery reasons. If this is the case, foreign capacity providers should be subject to the same regime of reward and penalties than national capacity providers. This could impact on the availability checks required to determine the effectiveness of the service provided as well as to the potential application of penalties other than those limited to non-availability during system stress situations.		
			Edison		Edison: Edison supports the application of the principle of non-discrimination when setting the common rules for determining when a non-availability payment is due. The same non-availability payment calculation should apply for cross-border and domestic capacities.		
			EFET		EFET: EFET supports the application of the principle of non-discrimination when setting common rules for determining when a non-availability payment is due. The same non-availability payment calculation should apply for cross-border and domestic capacities.		
		Eurelectric	Eurelectric: Foreign capacity providers should be subject to the same regime of reward and penalties as national capacity providers.				
Reporting to the involved NRAs	24	Report to the involved NRAs	ENGIE	Reports to NRAs described in article 24 should be mandatory and a copy should be provided to the CMU.	Regarding the reporting to the involved NRAs (Art. 24), ENGIE believes that the communication should be mandatory (and not only upon request) and that the involved CMU should receive a copy of this communication.	A	Entso-e accepted the proposal to introduce a mandatory report to the NRAs on a regular basis. Of course, each contracted CMU that is subject to due non-availability payments will receive the corresponding notice by the CM operator. Art. 24 was amended accordingly.
Scope of the common rules for	19	Clarity	Wind Europe	ENTSO-E to provide more detail on force majeure and exemptions in	According to article 19§2 of the Electricity Regulation 2019/943, the revenues for the TSOs should be allocated with priority to "guaranteeing the actual availability of the	OS	A detailed approach on the application of non-availability payments regarding the exemptions is difficult to be established, as each TSO is responsible for maintaining operational security in its control area and thus establishes its own system defence and restoration plan. To this

Topic	Specific article (if relevant)	Marker for grouping of comments	Respondee	Summary of comments	Relevant text from response	Accept (A) / Question Addressed (QA) / Reject (R) / Out of Scope (OS)	ENTSO-E reply
determining when a non-availability payment is due				relation to non-availability payments	<i>firmness compensation</i> ". Therefore, non-availabilities may occur due to a lack of interconnection capacity. In these situations, we believe that capacities contracted in the neighbouring bidding zone should not bear any non-availability penalty and that TSOs should compensate for those penalties. Hence, a compensation should be financed with the TSOs' revenues. We would also welcome some details with regards to 'force majeure situations and exemptions' when non-availability payments would be excluded by TSOs (mentioned in the article 19 of the draft methodology).	OS	context, in case of force-majeure situations or exemptions related to the before-mentioned plans, non-availability payments may not be charged. These common rules assure that both foreign and domestic capacity will be treated equally as far as force-majeure situations are concerned. Specific directions on the scenario of exemptions (e.g. unplanned outages, restrictions imposed by authorities) are foreseen in each CM's rules, as these features may vary significantly among CMs.
			Energie-Nederland	Further clarity should be provided about a scenario where a foreign capacity provider is available but the CRM zone is exporting to the foreign providers zone at time of system stress.	We would appreciate further explanation what happens if, during the simultaneous scarcity situation, the foreign capacity provider is available but the capacity market area is exporting to the foreign area of that capacity provider?		Regulation 943/2019 at article 26(4) foresees that "Cross-border participation in capacity mechanisms shall not change, alter or otherwise affect cross-zonal schedules or physical flows between Member States. Those schedules and flows shall be determined solely by the outcome of capacity allocation pursuant to Article 16". The cross border participation to CMs is limited to the maximum entry capacity which takes into account the expected availability of interconnections and the likely occurrence of system stress between two zones. Such a calculation is required per each bidding zone border annually, is provided by the regional coordination centres and is considered by the TSOs when setting the maximum entry capacity available for the participation of foreign capacity.
Scope of the common rules for determining when a non-availability payment is due	19	Treatment of multiple commitments in energy and capacity markets	ENGIE	The term windfall profits is not defined and should not be used in the methodology	ENGIE would like to stress that the participation of a given capacity (generation, demand response, storage) to multiple capacity mechanisms should not be linked to a generic statement on "windfall profits" (which are not defined in this specific setting). A capacity holder should be entitled to participate to various capacity mechanisms. However, while the availability product could in principle be made "available" several times (in the different capacity mechanisms), the main issue in case of concurrent system stresses is that this available capacity is only able to deliver once the corresponding energy and therefore actually contribute effectively once to security of supply.	A	Multiple commitments will provide multiple remuneration to capacity providers and unless penalties are imposed for simultaneous scarcity it would weaken the availability incentive. The term "windfall profits" is used to describe the bidding strategy which would lead to double counting of capacity with possible risks of adequacy and extra remuneration for the capacity provider. It emphasizes the fact that there shall be an extra incentive for capacity providers to be really available for each system at moments of simultaneous (near-) scarcity. Thus, situations with double remuneration but single availability, which could be characterized as windfall profits, will not be an option. The term "windfall profit" was changed into "extra-remuneration for capacity providers" to clarify..
Potential commitments in multiple CRMs		ex-ante derating factor	ENGIE	Multiple commitments of available capacity should be addressed ex-ante rather than ex-post through the use of a derating factor on foreign capacities.	This case of multiple commitments of available capacity should be handled "ex-ante" in the capacity market design rules, via the introduction of an appropriate derating for foreign capacities. It should not be handled "ex-post" as this would endanger security of supply and the fundamental motivation of capacity mechanisms.	OS	Regulation EU 943/2019 article 26(5) clearly states that "Capacity providers shall be able to participate in more than one capacity mechanism». Impeding « ex-ante » multiple participation based on already undertaken commitments might be against the principle of art. 26(6) in addition to the fact that commitments might be renegotiated through secondary markets and adjustment auctions. A more flexible approach was chosen to safeguard adequacy based on a financial incentive to make available the sum of commitments in case of overlapping delivery periods through multiple non-availability payments in accordance to art. 26(6) of Regulation EU 943/2019. ENTSO-E chose to define, as the default option, multiple commitments when delivery periods overlap in order to provide less uncertainty to capacity providers. Delivery periods are actually well-known ex-ante, already at the time of CM auctions. Moreover, security of supply is preserved also through the MEC computation which takes into account simultaneous scarcity and availability of interconnections.

Topic	Specific article (if relevant)	Marker for grouping of comments	Respondee	Summary of comments	Relevant text from response	Accept (A) / Question Addressed (QA) / Reject (R) / Out of Scope (OS)	ENTSO-E reply
							However, application of specific deratings is not prohibited by the ENTSO-E Methodology, for instance to take into account grid constraint applying to some CMU. In general, the definition of deratings is a topic out of scope of the present Methodology.
	19.3	ex-ante derating factor	ENGIE	An additional derating factor should be introduced for foreign capacity in order to account for their expected ability to deliver effectively across the border at times of system stress.	A capacity holder should be entitled to participate to various capacity mechanisms. However, while the availability product could in principle be made “available” several times (in the different capacity mechanisms), the main issue in case of concurrent system stresses is that this available capacity is only able to deliver once the corresponding energy and therefore actually contribute effectively once to security of supply. These issues further motivate the proposal of ENGIE to introduce explicitly a foreign capacity derating and to use it further for verifying the capacity commitments.	OS	See answer before.
		Incentivise delivery of sum of commitments	Eurelectric	The penalties need to be sufficient to avoid capacity providers over committing themselves vs their potential supply contribution at times of simultaneous system stress.	First of all, Eurelectric would like to underline the importance of the principle of exclusivity, ensuring that no double commitment of capacity (or double earnings) occurs in capacity mechanisms targeting overlapping time frames for scarcity or overlapping periods of obligation. when capacity derating is not determined ex-ante, enabling multiple commitments could require developing a complex set of arrangements between national authorities to establish the likelihood of contributing to security of supply in each. double commitment also directly conflicts with the main objective of security of supply of capacity mechanisms. this is a principle we have strongly advocated during the elaboration and adoption of the Electricity Regulation.	A	This aim is at the core of ENTSO-E proposal. In case the capacity provider fails to fulfill multiple commitments he has during overlapping delivery periods multiple non-availability payments are applied according to art. 26(6) of the Regulation EU 943/2019.
		Incentivise delivery of sum of commitments	Eurelectric	Importance of exclusivity and no double commitment of capacity in CRMs with overlapping periods of obligation.	Non availability penalties are expected to be applicable only when capacity providers are not available in times of system stress. In the case of cross-border capacity exchanges between a Member State and its neighbours (all having a capacity mechanism in place), the penalties would need to be sufficient to avoid capacity providers “overcommitting” themselves and receiving overcompensation relative to their (lack of) actual contribution to security of supply in case of simultaneous scarcity in committed markets.	A	This aim is at the core of ENTSO-E proposal. In case the capacity provider fails to fulfill multiple commitments he has during overlapping delivery periods multiple non-availability payments are applied according to art. 26(6) of the Regulation EU 943/2019.
Potential commitments in multiple CRMs	19.3, 22	Rules disincentivise XB participation	National Grid Ventures	As currently drafted article 19 will constrain generators to only bid their 'full capacity' so if they bid their full capacity into one market they will be disincentivised to also bid into a cross border market even though in expectation they can contribute positively to both. This will undermine X-b participation in CMs. This fails to meet the requirements of the Clean Energy Package and will result in an overcapacity built across the	Article 19 of the ENTSOE methodology states that “In order to avoid situations of double-counting of capacities in case of simultaneous scarcity situations (i.e., in case of overlapping of stress periods in neighbouring countries hosting capacity mechanisms), non-availability payments should provide a sufficient incentive to capacity providers to undertake only obligations they can actually fulfil also in case of simultaneous scarcity situations. For this reason, when availability commitments of different capacity mechanisms are overlapping, the capacity provider has to provide a capacity equal to the sum of availability commitments he has”. We believe that the statement “For this reason, when availability commitments of different capacity mechanisms are overlapping, the capacity provider has to provide a capacity equal to the sum of availability commitments he has” is mathematically incorrect. We would like to use a numerical example to explain this: • If we consider the case where two countries (country A and country B) have a simultaneous	OS	The statement “The current proposal suggests that generators will be constrained to bid only their ‘full capacity’ » is incorrect because : - There is no ex-ante constraint on the amount of capacity that can be bidded in multiple CRMs - Multiple commitments are considered if and only if there is an overlapping of delivery periods. Therefore, if there is no overlap of delivery periods, the same capacity can be committed in multiple CRMs without penalties. In case of overlap of delivery periods, it is up to the capacity provider to define his bidding strategy considering the risk of non-availability penalties. In case overlapping delivery periods are not well representative of the possibility of simultaneous scarcity events, the methodology allows a flexible adaptation at national level of

3 JULY 2020

Topic	Specific article (if relevant)	Marker for grouping of comments	Respondee	Summary of comments	Relevant text from response	Accept (A) / Question Addressed (QA) / Reject (R) / Out of Scope (OS)	ENTSO-E reply
				continent and additional costs for European consumers.	<p>scarcity probability of 10%.</p> <ul style="list-style-type: none"> o This means that in one out of every ten stress events in country A there will also be stress in country B (and vice versa). o This means that in 90% of Country B's stress events a capacity provider in country A would be able to deliver to country B as country A would NOT be experiencing stress. • Therefore the technical reliability of the capacity provider (e.g. 100 MW) in country A (lets say that is 95%) must also be accounted for so its cross-border derating factor is $90\% \times 95\% = 85.5\%$ (85 MW) • The same capacity provider in country A would also be able to deliver into its own capacity market up to its technical availability (in or example this would be 95% or 95 MW). • So in other words, the capacity provider in country A should have a derating factor of 95% for country A's capacity market (95 MW); and 85.5% for country B's capacity market (85.5 MW). Combined it has an obligation significantly above its nameplate capacity, but it can deliver this statistically. This is the primary benefit of sharing capacity across borders. <p>The current proposal suggests that generators will be constrained to bid only their 'full capacity'. So if they bid their full capacity into one market, they will not be allowed to bid into a different market. We have concerns that this approach will ultimately undermine cross border participation in CMs and reduce any associated benefit. Under the current proposal foreign generators would only participate in other CMs if they fail to secure a contract in their domestic markets for the same delivery year.</p> <p>If foreign generators can only offer capacity to one market, there is no real sharing of cross border capacity across Europe. This fails to meet the requirements of the Clean Energy Package and ultimately will result in an overcapacity built across the continent and additional costs for European consumers.</p>		the definition of multiple commitments to the benefit of the capacity provider (e.g. timeframe of multiple commitments is reduced to overlapping reference periods only).
Potential commitments in multiple CRMs	19.3, 22	Rules disincentivise XB participation	GBIF	The proposals seem to prevent a capacity provider from selling more than its nameplate capacity across all CRMs	<p>Capacity providers cannot participate in multiple CMs</p> <p>The methodology on "common rules for determining when a non-availability payment is due" (article 19.3) also restricts a capacity provider from selling more than its nameplate capacity across all capacity markets it participates in. Put simply, if a stress event happens in Country A on a Tuesday and in Country B on a Thursday, a power station in country A can send its full capacity to its own market on Tuesday and its full capacity to Country B on Thursday. The draft proposals would seem to prevent this, forcing the capacity provider to choose to support only country A or country B, or to limit its support to both.</p>	OS	<p>The statement "The current proposal suggests that generators will be constrained to bid only their 'full capacity' » is incorrect because :</p> <ul style="list-style-type: none"> - There is no ex-ante constraint on the amount of capacity that can be bidded in multiple CRMs - Multiple commitments are considered if and only if there is an overlapping of delivery periods. <p>Therefore, if there is no overlap of delivery periods, the same capacity can be committed in multiple CRMs without penalties. In case of overlap of delivery periods, it is up to the capacity provider to define his bidding strategy considering the risk of non-availability penalties.</p> <p>In case overlapping delivery periods are not well representative of the possibility of simultaneous scarcity events, the methodology allows a flexible adaptation at national level of the definition of multiple commitments to the benefit of the capacity provider (e.g. timeframe of multiple commitments is reduced to overlapping reference periods only).</p>

Topic	Specific article (if relevant)	Marker for grouping of comments	Respondee	Summary of comments	Relevant text from response	Accept (A) / Question Addressed (QA) / Reject (R) / Out of Scope (OS)	ENTSO-E reply
	19.3, 22	Incentivise delivery of sum of commitments	EFET	Non-availability payments should incentivise capacity providers to deliver the sum of their commitments during overlapping reference periods.	Capacity providers should be incentivised to make available the amount of capacity corresponding to the sum of all their commitments taking into account the relevant reference periods of each CRM.	C	This aim is at the core of ENTSO-E proposal. In case the capacity provider fails to fulfill multiple commitments he has during overlapping delivery periods multiple non-availability payments are applied according to art. 26(6) of the Regulation EU 943/2019.
	19.3, 22	Incentivise delivery of sum of commitments	Wind Europe	Non-availability payments should incentivise capacity providers to deliver the sum of their commitments during overlapping reference periods.	We welcome the fact that ENTSO-E aims at ensuring that: - capacity mechanisms are used only for adequacy reasons i.e. capacity providers not to use capacity remuneration mechanisms as a way to make 'windfall' profits (article 19 of the draft methodology); and - non-availability payments incentivise capacity providers to commit only to obligations they can fulfil, even in case of simultaneous scarcity situations.	A	This aim is at the core of ENTSO-E proposal. In case the capacity provider fails to fulfill multiple commitments he has during overlapping delivery periods multiple non-availability payments are applied according to art. 26(6) of the Regulation EU 943/2019.
	19.3, 22	Incentivise delivery of sum of commitments	Edison	Non-availability payments should incentivise capacity providers to deliver the sum of their commitments during overlapping reference periods.	capacity providers should be incentivized to make available the amount of capacity corresponding to the sum of all their commitments also in case of overlapping reference periods.	C	This aim is at the core of ENTSO-E proposal. In case the capacity provider fails to fulfill multiple commitments he has during overlapping delivery periods multiple non-availability payments are applied according to art. 26(6) of the Regulation EU 943/2019.
	19.3, 22	Incentivise delivery of sum of commitments	IFIEC Europe	Supports the principle that capacities should be able to participate in multiple mechanisms but need to deliver their combined commitment.	IFIEC Europe supports the principle of avoiding double-counting of capacities in case of simultaneous scarcity situations (yet also wants to avoid a situation of zero-counting, as this would lead to additional and undue costly capacity requirements) as well as the principle of non-discrimination,	A	This aim is at the core of ENTSO-E proposal. In case the capacity provider fails to fulfill multiple commitments he has during overlapping delivery periods multiple non-availability payments are applied according to art. 26(6) of the Regulation EU 943/2019.
Application of non-availability payments	23	Contract termination fees	ENGIE	- contract termination fees are not in the scope of this methodology;		C	Article 23 only intends to provide a best-practice list for enabling effective cross-border participation. Principles stated are not binding for state-aid approved CRM regulations. Clarification on this aspect was provided in the Methodology.
	23	Apportionment of penalties	ENGIE	Further thinking is required on how to apportion penalties if there are different penalty rates for different CRMs	- one needs to think about how penalties are apportioned across borders when penalty rates are different;		
	23	Stop-loss limits	ENGIE	Caps on non-availability payments are required	- stop-loss limits have to be applied to non-availability payments on a monthly/yearly basis so as to keep the incentive for capacity provider to fulfil their availability commitments over the full obligation period;		
	23	Escalation of penalties	ENGIE	The proposed non-availability escalation of penalties could hamper participation in CRMs	- the proposed escalation of penalties in case of non-availability could lead to arbitrary situations that could hamper participation in the capacity mechanisms;		

Topic	Specific article (if relevant)	Marker for grouping of comments	Respondee	Summary of comments	Relevant text from response	Accept (A) / Question Addressed (QA) / Reject (R) / Out of Scope (OS)	ENTSO-E reply
	23	Clarity	IFIEC Europe	ENTSO-E has not provided sufficient details or clarity on the operation planned unavailability's, stop loss limits, escalation of penalties, contract termination fees.	With respect to Art.23, the proposed common rules provide no clarity whatsoever on how the mentioned planned unavailabilities, stop loss limits, escalation of penalties, contract termination fees. Art.23.1 states that "the present Article includes principles and guidelines that should represent a best practice for enabling effective cross-border participation", yet in the following merely seven (!) lines no real principles nor guidelines are presented nor is provided how these should then be taken into account on a more practical level.		
Definition of Non-availability volume in case of multiple commitments	22	Need for common rules for availability checks	ENGIE	Common rules to carry out availability checks should be set up and promoted across capacity mechanisms. Without consistent rules ENTSO-E's proposed methodology in Article 22 will be invalid as the assessed availability in different mechanisms will not be able to be meaningfully summed for the calculation.	<p>Definition of non-availability volume in case of multiple commitments</p> <p>As pointed out by ENTSO-E (Art.22 §2) , "availability checks to the same CMU can be applied differently and result in a different amount of capacity considered available for each capacity mechanism in which the CMU is contracted".</p> <p>Given that the observation above, ENGIE would like to stress that the availability commitments of a CMU across capacity markets might also be based on different approaches and thus not directly comparable across capacity mechanisms. Therefore the "sum of all availability commitments of the CMU in that hour" might therefore be ill-defined (as "a sum of apples and pears") and consequently the ratio between the "availability commitment for the capacity mechanism considered" and this sum might be questionable as well.</p> <p>This is exactly the reasons why common rules to carry out availability checks should be set up and promoted across capacity mechanisms. Otherwise the same installed capacity could lead to (even substantially) different levels of capacity considered available while – in practice – this installed capacity is obviously yielding only a single level of capacity available for delivering energy on the markets. In turn, an inconsistent approach would void the validity of the approach currently proposed by ENTSO-E in Art. 22.</p> <p>In addition, the formula proposed by ENTSO-E implies that if the "sum of all availability commitments of the CMU in that hour" is above the "capacity considered available based on the results of Availability checks" the non-availability volume is necessarily greater than zero.</p>	OS	<p>Promote the full harmonization of rules to carry out availability checks across European CRMs would be impossible since it would imply to harmonize CRMs designs across Europe and this is definitely out of scope of the present Methodology which is related to cross-border participation alone. ENTSO-E approach in defining common rules for cross-border participation was based on the principle of non-discrimination (equivalence with checks applied to domestic capacity).</p> <p>Since availability checks applied in different CRMs may differ, different results are not avoidable in principle. For the sake of consistency, flexibility in adaptation of national methodologies to foreign capacity is allowed under 15(2). However, differences in results in case of different obligations cannot be totally avoided.</p>
	22	Need for common rules for availability checks	ENGIE	The proposed approach is inconsistent and a capacity provider could be penalised despite being available because the proposed methodology assumes implicitly that all capacity mechanisms are based on a delivery model during stress events.	ENGIE would like to point out some inconsistencies in the proposed approach. On the one hand, the capacity holder could be penalized while being available because the definition of non-availability volume is assuming implicitly that all capacity mechanisms are somehow based on a delivery model during stress events.	OS	<p>The statement "the capacity holder could be penalized while being available because the definition of non-availability volume is assuming implicitly that all capacity mechanisms are somehow based on a delivery model» is incorrect because the Methodology does not impose a single type of methodology to assess availability based on a delivery model.</p> <p>Article 17 states clearly that « Availability checks application is defined in the rules of each capacity mechanism and can be different based on the different obligations foreseen by the capacity contract and the different structure of national energy and ancillary services markets ».</p>
			Distortions for energy only zones	ENGIE	The current proposed approach creates a clear distortion between capacity holders depending on whether or not they are located in an energy-only market zone.	On the other hand, the situation where a capacity holder is located in an energy-only zone and is committing availability to foreign capacity markets is not handled properly: in this case, the energy delivered by this available capacity might nevertheless be fully absorbed by the "energy-only zone" (i.e. no actual contribution to the foreign capacity markets) while the proposed formula could nevertheless yield to an absence of non-availability volume for the foreign capacity markets (i.e. no penalty). This creates a clear distortion between capacity	R

3 JULY 2020

Topic	Specific article (if relevant)	Marker for grouping of comments	Respondee	Summary of comments	Relevant text from response	Accept (A) / Question Addressed (QA) / Reject (R) / Out of Scope (OS)	ENTSO-E reply
					holders (depending on whether they are located in an energy-only market zone). In other words, the proposal by ENTSO-E is not adapted to the European situation with a patchwork of market designs (energy-only markets in some zones, complemented by capacity mechanisms in other zones)		The other issue on possibility for artificially creating some scarcity to the benefit of the cross-border interconnection capacity, could be limited by CRM operators using specific deratings for XB capacity located in energy-only BZs.
			Eurelectric	Non-availability payments rules need to consider wider energy market rules otherwise there will be discrimination between providers in energy only markets and those with CRMs	More generally, the rules for determining when a non-availability payment is due should be holistic and developed in a framework wider than the implementation of capacity mechanisms. Indeed, this is crucial to avoid discrimination between capacity providers in an energy-only market and capacity providers in a market with capacity mechanisms. Indeed, the case of a capacity provider in an energy-only market overcommitting itself is not tackled in the proposed rules.	R	However as a general remark it should be pointed out that the Clean Energy package asks to open cross border participation also to energy-only BZs promoting maximum possible competition.

3 JULY 2020

Terms of the operation of the registry

Topic	Specific article (if relevant)	Respondee(s)	Marker for grouping of comments	Summary of comments	Relevant text from response	Accept (A) / Consider (C) / Reject (R) / Out of Scope (OS)	ENTSO-E reply
Scope of the terms	30.5	Eurelectric	Clarity on process	Implications of the verification process	The concrete implications of the annual verification process defined in Article 30-5.	C	The annual verification is performed only when there was no data update in a given calendar year. The goal of this verification is to be sure that Registry stores most up to date data of the CMU, especially the CO2 index that may determine the final eligibility status in the CM.
Scope of the terms	30.5	Energie-Nederland	Clarity on process	Implications of the verification process	The concrete implications of the annual verification process defined in Article 30-5.	C	Idem
Scope of the terms		ENGIE	Clarity on users	Clarity on registry users	The definition of "Registry User" ("a person having access to the Registry") is clearly insufficient. All TSOs, market parties or NRAs involved in a capacity mechanism should have a free and continuous access to the Registry.	A	The ENTSOE will make appropriate corrections to the text of the methodology and explanatory document. ENTSOE will make full effort to ensure that the text is clear and explicit.
Scope of the terms		ElecLink	Secondary market to trade obligations	Explain the roles when CMO and interconnector are not the same TSO	Where the TSO operating the capacity mechanism is not the same entity as the TSO operating the interconnector, there should be clarity on whether the TSO operating the interconnector will be part of the registry and able to trade obligations in a secondary market. Please can ENTSOE confirm whether interconnectors will be part of the registry and able to trade their obligations in a secondary market.	OS	The comment touched upon a point which is not in the scope of these methodologies. The methodologies apply only to direct cross border participation of foreign CMUs.
Scope of data		Anonymous Respondee 2	Criteria for registration results	Criteria for registration results	What is the criteria for positive or negative results of the registration process?	C	A positive registration result can be obtained after submitting all the required data, which will not contain errors. The TSO where capacity is located role is to verify submitted data. Examples of wrong data, resulting in negative verification: - wrong measurement points - it may result in wrong availability verification - wrong technology or/and fuel type - it may result in wrong derating factor application (if applicable) The ENTSOE will make appropriate corrections to the text of the methodology and explanatory document. ENTSOE will make full effort to ensure that the text is clear and explicit.
Scope of data		ENGIE	Criteria for registration results	Criteria for registration results	ENGIE wonders which are the criteria for the "positive registration result" – in other words, which are the criteria for the "eligibility to be registered in the registry" Is this purely a data-check process?	C	A positive registration result can be obtained after submitting all the required data, which will not contain errors. The TSO where capacity is located role is to verify submitted data. Examples of wrong data, resulting in negative verification: - wrong measurement points - it may result in wrong availability verification - wrong technology or/and fuel type - it may result in wrong derating factor application (if applicable) The ENTSOE will make appropriate corrections to the text of the methodology and explanatory document. ENTSOE will make full effort to ensure that the text is clear and explicit.
Scope of data		Eurelectric	Criteria for registration results	Criteria for registration results	Clarity should also be given on the criteria for 'positive or negative result of the registration process. Is this purely a data-check process?	C	A positive registration result can be obtained after submitting all the required data, which will not contain errors. The TSO where capacity is located role is to verify submitted data. Examples of wrong data, resulting in negative verification: - wrong measurement points - it may result in wrong availability verification - wrong technology or/and fuel type - it may result in wrong derating factor application (if applicable) The ENTSOE will make appropriate corrections to the text of the methodology and explanatory document. ENTSOE will make full effort to ensure that the text is clear and explicit.
Scope of data		Naturgy	Criteria for registration results	Criteria for registration results	Clarity should also be given on the criteria for 'positive or negative result of the registration process. Is this purely a data-check process?	C	A positive registration result can be obtained after submitting all the required data, which will not contain errors. The TSO where capacity is located role is to verify submitted data. Examples of wrong data, resulting in negative verification: - wrong measurement points - it may result in wrong availability verification - wrong technology or/and fuel type - it may result in wrong derating factor application (if applicable) The ENTSOE will make appropriate corrections to the text of the methodology and explanatory document. ENTSOE will make full effort to ensure that the text is clear and explicit.

3 JULY 2020

Scope of data		Energie-Nederland	Criteria for registration results	Criteria for registration results	Clarity should also be given on the criteria for 'positive or negative result of the registration process. Is this purely a data-check process?	C	A positive registration result can be obtained after submitting all the required data, which will not contain errors. The TSO where capacity is located role is to verify submitted data. Examples of wrong data, resulting in negative verification: - wrong measurement points - it may result in wrong availability verification - wrong technology or/and fuel type - it may result in wrong derating factor application (if applicable) The ENTSOE will make appropriate corrections to the text of the methodology and explanatory document. ENTSOE will make full effort to ensure that the text is clear and explicit.
Scope of data		ENGIE	Interactions with other databases	Interactions with other databases	Interactions between registry and other databases (REMIT, national capacity registries, ...) should be clarified. The need for multiple submissions of the same data to different databases should be strictly avoided as this would lead to increased workload, a risk of inconsistent data and – ultimately - additional costs to be borne by the consumers.	C	The data of capacity provider and its CMUs is submitted to the Registry by the TSO where the capacity is located. This TSO is responsible for the establishing of the data collection from capacity providers process. The design of the interfaces enabling connection with existing national databases/registries is ongoing in parallel with main process of Registry development. This feature was added after receiving public consultation replies and now is a separate task not to impact the main timeline as the Registry should be operational by July 2021.
Scope of data		Edison	Interactions with other databases	Interactions with other databases	Edison believes that principles related to the interactions between the registry and other databases (e.g. national capacity registries, etc.) should be clarified to avoid multiple submissions of the same data to different databases (double reporting obligations). This would lead to increased workload and risk of inconsistent data.	C	The data of capacity provider and its CMUs is submitted to the Registry by the TSO where the capacity is located. This TSO is responsible for the establishing of the data collection from capacity providers process. The design of the interfaces enabling connection with existing national databases/registries is ongoing in parallel with main process of Registry development. This feature was added after receiving public consultation replies and now is a separate task not to impact the main timeline as the Registry should be operational by July 2021.
Scope of data		EDF	Interactions with other databases	Interactions with other databases	EDF believes that principles related to the interactions between the registry and other databases (e.g. national capacity registries, etc.) should be clarified to avoid multiple submissions of the same data to different databases (double reporting obligations). This would lead to increased workload and risk of inconsistent data.	C	The data of capacity provider and its CMUs is submitted to the Registry by the TSO where the capacity is located. This TSO is responsible for the establishing of the data collection from capacity providers process. The design of the interfaces enabling connection with existing national databases/registries is ongoing in parallel with main process of Registry development. This feature was added after receiving public consultation replies and now is a separate task not to impact the main timeline as the Registry should be operational by July 2021.
Scope of data		EFET	Interactions with other databases	Interactions with other databases	The interactions between the Registry and existing databases such as REMIT and the national capacity registries should be clarified. In no case should the Registry lead to the obligation for market participants to submit the same data to different registries, as it will lead to additional yet redundant administrative burdens with the associated costs, and may lead to risks related to inconsistencies between data in the different databases.	C	The data of capacity provider and its CMUs is submitted to the Registry by the TSO where the capacity is located. This TSO is responsible for the establishing of the data collection from capacity providers process. The design of the interfaces enabling connection with existing national databases/registries is ongoing in parallel with main process of Registry development. This feature was added after receiving public consultation replies and now is a separate task not to impact the main timeline as the Registry should be operational by July 2021.
Scope of data		Eurelectric	Interactions with other databases	Interactions with other databases	The interaction between the registry and other databases (REMIT, national capacity registries ...) should be clarified to avoid multiple submissions of the same data to different databases (e.g. double reporting obligations). This would lead to increased workload and risk of inconsistent data.	C	The data of capacity provider and its CMUs is submitted to the Registry by the TSO where the capacity is located. This TSO is responsible for the establishing of the data collection from capacity providers process. The design of the interfaces enabling connection with existing national databases/registries is ongoing in parallel with main process of Registry development. This feature was added after receiving public consultation replies and now is a separate task not to impact the main timeline as the Registry should be operational by July 2021.
Scope of data		Naturgy	Interactions with other databases	Interactions with other databases	The interaction between the registry and other databases (REMIT, national capacity registries ...) should be clarified to avoid multiple submissions of the same data to different databases (e.g. double reporting obligations). This would lead to increased workload and risk of inconsistent data.	C	The data of capacity provider and its CMUs is submitted to the Registry by the TSO where the capacity is located. This TSO is responsible for the establishing of the data collection from capacity providers process. The design of the interfaces enabling connection with existing national databases/registries is ongoing in parallel with main process of Registry development. This feature was added after receiving public consultation replies and now is a separate task not to impact the main timeline as the Registry should be operational by July 2021.
Scope of data		Energie-Nederland	Interactions with other databases	Interactions with other databases	The interaction between the registry and other databases (REMIT, national capacity registries ...) should be clarified to avoid multiple submissions of the same data to different databases (e.g. double reporting obligations). This would lead to increased workload and risk of inconsistent data.	C	The data of capacity provider and its CMUs is submitted to the Registry by the TSO where the capacity is located. This TSO is responsible for the establishing of the data collection from capacity providers process. The design of the interfaces enabling connection with existing national databases/registries is ongoing in parallel with main process of Registry development. This feature was added after receiving public consultation replies and now is a separate task not to impact the main timeline as the Registry should be operational by July 2021.
Scope of data		EDF	Submission of the data	Flexibility on the level of detail of the data to be submitted to the registry	The registry must ease the check of simultaneous participations in several CMs and the associated non-availability payment calculation by sharing all the data needed for this purpose.	OS	The Registry definition in the methodology is based on the requirements as referred to in point (a) of Article 26(10) and Article 26(14) of Regulation (EU) 2019/943. Due to short implementation time (the Registry should be in operation from mid of 2021) main focus is on the definition from the methodology. Nevertheless, in the future the Registry could be developed to collect more market data that would help the CM Operators e.g. to facilitate the multiple commitments.
Scope of data		Anonymous Respondee 2	Submission of the data	Flexibility on the level of detail of the data to be submitted to the registry	What is the main purpose of the registry? The current provisions suggest it is merely a data repository. However it should be created in a sufficiently flexible manner to allow the organisation of cross-border participating in capacity markets.	OS	The Registry definition in the methodology is based on the requirements as referred to in point (a) of Article 26(10) and Article 26(14) of Regulation (EU) 2019/943. Due to short implementation time (the Registry should be in operation from mid of 2021) main focus is on the definition from the methodology. Nevertheless, in the future the Registry could be developed to collect more market data that would help the CM Operators e.g. to facilitate the multiple commitments.
Scope of data	26.2	Edison	Submission of the data	Flexibility on the level of detail of the data to be submitted to the registry	In particular, Edison asks to ENTSO-E to set up the registry in a sufficiently flexible manner with the possibility for local TSOs to collect and transfer through the registry all the pieces of information necessary for the effective participation in a given capacity mechanism and not only the general information presented in Article 26.2 of the proposal. This would avoid having	OS	The Registry definition in the methodology is based on the requirements as referred to in point (a) of Article 26(10) and Article 26(14) of Regulation (EU) 2019/943. Due to short implementation time (the Registry should be in operation from mid of 2021) main focus is on the definition from the methodology. Nevertheless, in the future the

					to deal with multiple technical solutions and multiple submissions of the same data, limiting the interface for data exchange of the capacity provider to the IT systems of the local TSO.		Registry could be developed to collect more market data that would help the CM Operators e.g. to facilitate the multiple commitments.
Scope of data		Eurelectric	Submission of the data	Flexibility on the level of detail of the data to be submitted to the registry	More generally: the registry seems to be an 'address book' rather than an adequate / fit for purpose tool for organizing XB CRM participation. Rather than limiting it to the lowest common denominator in terms of data, it should be set up in a sufficiently flexible manner to allow the actual organization of XB participation to a CRM. This requires that TSO would be obliged to input/request the necessary data for participation through the registry, and have a registry that can technically handle this. This would avoid having to work with multiple technical solutions and multiple submission of the same data to such different technical solutions.	OS	The Registry definition in the methodology is based on the requirements as referred to in point (a) of Article 26(10) and Article 26(14) of Regulation (EU) 2019/943. Due to short implementation time (the Registry should be in operation from mid of 2021) main focus is on the definition from the methodology. Nevertheless, in the future the Registry could be developed to collect more market data that would help the CM Operators e.g. to facilitate the multiple commitments.
Scope of data		Energie-Nederland	Submission of the data	Flexibility on the level of detail of the data to be submitted to the registry	More generally: the registry seems to be an 'address book' rather than an adequate / fit for purpose tool for organizing XB CRM participation. Rather than limiting it to the lowest common denominator in terms of data, it should be set up in a sufficiently flexible manner to allow the actual organization of XB participation to a CRM. This requires that TSO would be obliged to input/request the necessary data for participation through the registry, and have a registry that can technically handle this. This would avoid having to work with multiple technical solutions and multiple submission of the same data to such different technical solutions.	OS	The Registry definition in the methodology is based on the requirements as referred to in point (a) of Article 26(10) and Article 26(14) of Regulation (EU) 2019/943. Due to short implementation time (the Registry should be in operation from mid of 2021) main focus is on the definition from the methodology. Nevertheless, in the future the Registry could be developed to collect more market data that would help the CM Operators e.g. to facilitate the multiple commitments.
Data access and reporting	Anonymous Respondee 2	Submission of the data and penalties of incorrect / delated submission	Who submits the data	Who is responsible for timely and accurate submission of data to the registry? If this is not the responsibility of capacity providers, what penalties will be incurred if incorrect or delayed data-submission leads to ineligibility of participation in a capacity mechanism?	To consider the need for consistency in language and whether the same standard should apply to capacity providers and TSOs. Provide clarity on who is responsible for the submission of the data to the registry (is it capacity providers).	A	The Registry definition in the methodology is based on the requirements as referred to in point (a) of Article 26(10) and Article 26(14) of Regulation (EU) 2019/943. Due to short implementation time (the Registry should be in operation from mid of 2021) main focus is on the definition from the methodology. Nevertheless, in the future the Registry could be developed to collect more market data that would help the CM Operators e.g. to facilitate the multiple commitments. The data of capacity provider and its CMUs is submitted to the Registry by the TSO where the capacity is located. This TSO is responsible for the establishing of the data collection from capacity providers process. The design of the interfaces enabling connection with existing national databases/registries is ongoing in parallel with main process of Registry development. This feature was added after receiving public consultation replies and now is a separate task not to impact the main timeline as the Registry should be operational by July 2021.
Data access and reporting	ENGIE	Submission of the data and penalties of incorrect / delated submission	Who submits the data	One should also clarify which entity is responsible for the timely and correct submission of data to the registry, and thus also liable if wrong or delayed data-submission leads to ineligibility for cross-border participation in capacity mechanisms, etc. In this regard, ENGIE would like to point out that the proposed methodology seems to apply different standards for capacity provider and for TSOs – for instance (Art.27.2), a capacity provider has to submit "without delay" but a TSO has to update in the	To consider the need for consistency in language and whether the same standard should apply to capacity providers and TSOs. Provide clarity on who is responsible for the submission of the data to the registry (is it capacity providers).	A	The Registry definition in the methodology is based on the requirements as referred to in point (a) of Article 26(10) and Article 26(14) of Regulation (EU) 2019/943. Due to short implementation time (the Registry should be in operation from mid of 2021) main focus is on the definition from the methodology. Nevertheless, in the future the Registry could be developed to collect more market data that would help the CM Operators e.g. to facilitate the multiple commitments. The data of capacity provider and its CMUs is submitted to the Registry by the TSO where the capacity is located. This TSO is responsible for the establishing of the data collection from capacity providers process. The design of the interfaces enabling connection with existing national databases/registries is ongoing in parallel with main process of Registry development. This feature was added after receiving public consultation replies and now is a separate task not to impact the main timeline as the Registry should be operational by July 2021.

3 JULY 2020

				registry "in a timely manner". We believe that the same standard should apply to capacity providers and TSOs – the update of data have to be performed by the TSO "without delay" in any case.			
Data access and reporting	Eurelectric	Submission of the data and penalties of incorrect / delated submission	Who submits the data	More details should be given on who is responsible for the timely and correct submission of data to the registry. In particular, it should be clarified what would happen if wrong/delayed data submission leads to ineligibility of participation to XB CRM. There seems to be different standards for capacity provider and TSO (art.27.2): capacity provider has to submit 'without delay' and the TSO has to update in the registry 'in a timely manner'.	To consider the need for consistency in language and whether the same standard should apply to capacity providers and TSOs. Provide clarity on who is responsible for the submission of the data to the registry (is it capacity providers).	A	The Registry definition in the methodology is based on the requirements as referred to in point (a) of Article 26(10) and Article 26(14) of Regulation (EU) 2019/943. Due to short implementation time (the Registry should be in operation from mid of 2021) main focus is on the definition from the methodology. Nevertheless, in the future the Registry could be developed to collect more market data that would help the CM Operators e.g. to facilitate the multiple commitments. The data of capacity provider and its CMUs is submitted to the Registry by the TSO where the capacity is located. This TSO is responsible for the establishing of the data collection from capacity providers process. The design of the interfaces enabling connection with existing national databases/registries is ongoing in parallel with main process of Registry development. This feature was added after receiving public consultation replies and now is a separate task not to impact the main timeline as the Registry should be operational by July 2021.
Data access and reporting	Energie-Nederland	Submission of the data and penalties of incorrect / delated submission	Who submits the data	More details should be given on who is responsible the timely and correct submission of data to the registry. In particular, it should be clarified what would happen if wrong/delayed data-submission leads to ineligibility of participation to XB CRM. There seems to be different standards for capacity provider and TSO (Article27.2): capacity provider has to submit 'without delay' and the TSO has to update in the	To consider the need for consistency in language and whether the same standard should apply to capacity providers and TSOs. Provide clarity on who is responsible for the submission of the data to the registry (is it capacity providers).	A	The Registry definition in the methodology is based on the requirements as referred to in point (a) of Article 26(10) and Article 26(14) of Regulation (EU) 2019/943. Due to short implementation time (the Registry should be in operation from mid of 2021) main focus is on the definition from the methodology. Nevertheless, in the future the Registry could be developed to collect more market data that would help the CM Operators e.g. to facilitate the multiple commitments. The data of capacity provider and its CMUs is submitted to the Registry by the TSO where the capacity is located. This TSO is responsible for the establishing of the data collection from capacity providers process. The design of the interfaces enabling connection with existing national databases/registries is ongoing in parallel with main process of Registry development. This feature was added after receiving public consultation replies and now is a separate task not to impact the main timeline as the Registry should be operational by July 2021.

3 JULY 2020

				registry 'in a timely manner'.			
Data access and reporting	25.3/27.1	ENGIE	Clarity on capacity holders access abilities	Clarity on capacity holders data access	In particular, Capacity Holders should also have access to the registry to check the data included, and be able to detect/highlight outdated/wrong data (see Art.25.3/27.1). An additional useful distinction would be between "parties with access to the data" and "parties with the ability to input, amend or delete data from the registry".	A	The registered capacity provider will be Registry Users with view only role. The ENTSOE will make appropriate corrections to the text of the methodology and explanatory document.
Data access and reporting	25.3/27.1	Eurelectric	Clarity on capacity holders access abilities	Clarity on capacity holders data access	Art.25.3/27.1: Capacity Holders should also have access to the registry to check the data included, and be able to detect/highlight outdated/wrong data.	A	The registered capacity provider will be Registry Users with view only role. The ENTSOE will make appropriate corrections to the text of the methodology and explanatory document.
Data access and reporting	25.3/27.1	Naturgy	Clarity on capacity holders access abilities	Clarity on capacity holders data access	Art.25.3/27.1: Capacity Holders should also have access to the registry to check the data included, and be able to detect/highlight outdated/wrong data.	A	The registered capacity provider will be Registry Users with view only role. The ENTSOE will make appropriate corrections to the text of the methodology and explanatory document.
Data access and reporting	25.3/27.1	Energie-Nederland	Clarity on capacity holders access abilities	Clarity on capacity holders data access	Article25.3/27.1: Capacity Holders should also have access to the registry to check the data included, and be able to detect/highlight outdated/wrong data.	A	The registered capacity provider will be Registry Users with view only role. The ENTSOE will make appropriate corrections to the text of the methodology and explanatory document.
Scope of the terms		IFIEC	Clarity of the rules	Clarity of the practical implications of the rules	With respect to the terms of operation of the registry, IFIEC Europe has at this point no specific comments, other than, as stated before, that the overall content remains very high level and does not provide for much clarity on the practical implications for the concerned parties.	C	The IEM Regulation requires TSO where the foreign capacity is located to establish whether interested capacity providers can provide the technical performance as required by a capacity mechanism in another Member States. Eligible capacity providers should be registered in a common European registry. Given the actual differences between applied and planned capacity mechanisms in various Member States as regards processes and systems, the registry should not replace procedures nor tools that are specific to such mechanisms and dependent on specific design choices (approved by the European Commission), but should rather reinforce and facilitate the interaction and processes. This among other things includes the key milestones of the functioning of a capacity market, such as auctions for capacity obligations and related secondary markets mechanisms. The registry should serve cooperation between TSOs and CM Operators in order to facilitate cross border participation of foreign capacity providers. While, in a first stage it is the goal of ENTSO-E that the registry is set up properly with all the basic functions required by the IEM Regulation, at a later stage and based on experience, additional facilitating functions can be considered.

3 JULY 2020

Common rules for identifying capacity eligible to participate in the capacity mechanism

Topic	Specific article (if relevant)	Respondee(s)	Marker for grouping of comments	Summary of comments	Relevant text from response	Accept (A) / Consider (C) / Reject (R) / Out of Scope (OS)	ENTSO-E reply
Scope of the common rules for identifying capacity eligible to participate in the capacity mechanism	IEM 26	Energie NL	Equal treatment of foreign and domestic	Eligibility checks should be as similar as possible for domestic and foreign capacity providers including the application of technology specific derating factors	We would like to emphasize the need to apply eligibility criteria for foreign capacity providers that would be as close as possible to the ones that are applicable to the domestic ones, also in terms of de-rating of different types of assets by including their individual per technology reliability standard (if applied for domestic resources)	C	<p>ENTSO-E considers the requirements set out in article 26(8) and 26(10)(a) relate to article 26(2), which stipulates that "Member States shall ensure that foreign capacity that is capable of providing equivalent technical performance to domestic capacities, has the opportunity to participate in the same competitive process as domestic capacity". The task of the TSO where the foreign capacity is located is limited to establishing if technical parameters are met. The common rules for identifying eligible capacity proposed by ENTSO-E on the basis of article 26(10)(f) contained in article 30 of the methodology aim at establishing the common technical parameters for this purpose (i.e. technical eligibility).</p> <p>Capacity mechanisms typically require further eligibility checks that mostly refer to administrative parameters, e.g. whether state aid has been received. According to articles 26(2) and 26(8), the Member State is required to ensure non-discrimination between domestic and foreign capacity provider in both allocation of entry capacity as well as the competitive process for capacity commitments. Article 28(4) of the methodology therefore recognises that the CM Operator, the entrusted market operator for the capacity mechanism by the Member State, may impose further requirements linked to the requirements needed to allow the signature of the contract for participation in the capacity mechanism.</p> <p>ENTSO-E fully agrees that domestic and foreign capacity should be treated in a non-discriminatory manner, but this is out of the scope of the tasks attributed to TSOs by Regulation 2019/943. As described in details in the "explanatory document", the fact that all capacity mechanisms are tailored for each individual situation of the Member State's system, results in numerous processes organized within those mechanisms, which are rarely alike between different Member States.</p>
Scope of the common rules for identifying capacity eligible to participate in the capacity mechanism	IEM 26	Eurelec	Equal treatment of foreign and domestic	Eligibility checks should be as similar as possible for domestic and foreign capacity providers including the application of technology specific derating factors	We would like to emphasize the need to apply eligibility criteria for foreign capacity providers that would be as close as possible to the ones that are applicable to the domestic ones, also in terms of de-rating of different types of assets by including their individual per technology reliability standard (if applied for domestic resources). Only such approach may ensure the non-discrimination principle, provided in art. 26 IEM Regulation.	C	<p>ENTSO-E considers the requirements set out in article 26(8) and 26(10)(a) relate to article 26(2), which stipulates that "Member States shall ensure that foreign capacity that is capable of providing equivalent technical performance to domestic capacities, has the opportunity to participate in the same competitive process as domestic capacity". The task of the TSO where the foreign capacity is located is limited to establishing if technical parameters are met. The common rules for identifying eligible capacity proposed by ENTSO-E on the basis of article 26(10)(f) contained in article 30 of the methodology aim at establishing the common technical parameters for this purpose (i.e. technical eligibility).</p> <p>Capacity mechanisms typically require further eligibility checks that mostly refer to administrative parameters, e.g. whether state aid has been received. According to articles 26(2) and 26(8), the Member State is required to ensure non-discrimination between domestic and foreign capacity provider in both allocation of entry capacity as well as the competitive process for capacity commitments. Article 28(4) of the methodology therefore recognises that the CM Operator, the entrusted market operator for the capacity mechanism by the Member State, may impose further requirements linked to the requirements needed to allow the signature of the contract for participation in the capacity mechanism.</p> <p>ENTSO-E fully agrees that domestic and foreign capacity should be treated in a non-discriminatory manner, but this is out of the scope of the tasks attributed to TSOs by Regulation 2019/943. As described in details in the "explanatory document", the fact that all capacity mechanisms are tailored for each individual situation of the Member State's system, results in numerous processes organized within those mechanisms, which are rarely alike between different Member States.</p>
Scope of the common rules for identifying capacity	IEM 26	EDF	Equal treatment of foreign and domestic	Eligibility checks should be as similar as possible for domestic and foreign capacity providers	EDF would like to emphasize the need to apply eligibility criteria for foreign capacity providers that would be as close as possible to the ones that are applicable to the domestic ones, also in terms of de-rating of different types of assets by including their individual per technology reliability standard (if applied for domestic resources). Only such approach may ensure the non-discrimination principle, provided in art. 26 IEM Regulation.	C	<p>ENTSO-E considers the requirements set out in article 26(8) and 26(10)(a) relate to article 26(2), which stipulates that "Member States shall ensure that foreign capacity that is capable of providing equivalent technical performance to domestic capacities, has the opportunity to participate in the same competitive process as domestic capacity". The task of the TSO where the foreign capacity is located is limited to establishing if technical parameters are met. The common rules for identifying eligible capacity proposed by ENTSO-E on the basis of</p>

3 JULY 2020

eligible to participate in the capacity mechanism				including the application of technology specific derating factors			<p>article 26(10)(f) contained in article 30 of the methodology aim at establishing the common technical parameters for this purpose (i.e. technical eligibility).</p> <p>Capacity mechanisms typically require further eligibility checks that mostly refer to administrative parameters, e.g. whether state aid has been received. According to articles 26(2) and 26(8), the Member State is required to ensure non-discrimination between domestic and foreign capacity provider in both allocation of entry capacity as well as the competitive process for capacity commitments. Article 28(4) of the methodology therefore recognises that the CM Operator, the entrusted market operator for the capacity mechanism by the Member State, may impose further requirements linked to the requirements needed to allow the signature of the contract for participation in the capacity mechanism.</p> <p>ENTSO-E fully agrees that domestic and foreign capacity should be treated in a non-discriminatory manner, but this is out of the scope of the tasks attributed to TSOs by Regulation 2019/943. As described in details in the "explanatory document", the fact that all capacity mechanisms are tailored for each individual situation of the Member State's system, results in numerous processes organized within those mechanisms, which are rarely alike between different Member States.</p>
Scope of the common rules for identifying capacity eligible to participate in the capacity mechanism	Edison	Equal treatment of foreign and domestic	Eligibility checks should be as similar as possible for domestic and foreign capacity providers	Edison understands the need to identify a list of data common to different capacity mechanisms for an initial eligibility check of foreign capacity. Nevertheless, it is fundamental to apply eligibility criteria for foreign capacity providers that would be as close as possible to the ones that are applicable to the domestic ones,	C	<p>ENTSO-E considers the requirements set out in article 26(8) and 26(10)(a) relate to article 26(2), which stipulates that "Member States shall ensure that foreign capacity that is capable of providing equivalent technical performance to domestic capacities, has the opportunity to participate in the same competitive process as domestic capacity". The task of the TSO where the foreign capacity is located is limited to establishing if technical parameters are met. The common rules for identifying eligible capacity proposed by ENTSO-E on the basis of article 26(10)(f) contained in article 30 of the methodology aim at establishing the common technical parameters for this purpose (i.e. technical eligibility).</p> <p>Capacity mechanisms typically require further eligibility checks that mostly refer to administrative parameters, e.g. whether state aid has been received. According to articles 26(2) and 26(8), the Member State is required to ensure non-discrimination between domestic and foreign capacity provider in both allocation of entry capacity as well as the competitive process for capacity commitments. Article 28(4) of the methodology therefore recognises that the CM Operator, the entrusted market operator for the capacity mechanism by the Member State, may impose further requirements linked to the requirements needed to allow the signature of the contract for participation in the capacity mechanism.</p> <p>ENTSO-E fully agrees that domestic and foreign capacity should be treated in a non-discriminatory manner, but this is out of the scope of the tasks attributed to TSOs by Regulation 2019/943. As described in details in the "explanatory document", the fact that all capacity mechanisms are tailored for each individual situation of the Member State's system, results in numerous processes organized within those mechanisms, which are rarely alike between different Member States.</p>	
Scope of the common rules for identifying capacity eligible to participate in the capacity mechanism	Anonymous Respondee 2	Equal treatment of foreign and domestic	Eligibility checks should be as similar as possible for domestic and foreign capacity providers including the application of technology specific derating factors	The need to apply the same eligibility criteria for foreign capacity providers as that which is applicable to the domestic providers cannot be over-emphasised. This should also be applicable in terms of de-rating of different types of assets. This is the only approach which will ensure the non-discrimination principle.	C	<p>ENTSO-E considers the requirements set out in article 26(8) and 26(10)(a) relate to article 26(2), which stipulates that "Member States shall ensure that foreign capacity that is capable of providing equivalent technical performance to domestic capacities, has the opportunity to participate in the same competitive process as domestic capacity". The task of the TSO where the foreign capacity is located is limited to establishing if technical parameters are met. The common rules for identifying eligible capacity proposed by ENTSO-E on the basis of article 26(10)(f) contained in article 30 of the methodology aim at establishing the common technical parameters for this purpose (i.e. technical eligibility).</p> <p>Capacity mechanisms typically require further eligibility checks that mostly refer to administrative parameters, e.g. whether state aid has been received. According to articles 26(2) and 26(8), the Member State is required to ensure non-discrimination between domestic and foreign capacity provider in both allocation of entry capacity as well as the competitive process for capacity commitments. Article 28(4) of the methodology therefore recognises that the CM Operator, the entrusted market operator for the capacity mechanism by the Member State, may impose further requirements linked to the requirements needed to allow the signature of the contract for participation in the capacity mechanism.</p> <p>ENTSO-E fully agrees that domestic and foreign capacity should be treated in a non-discriminatory manner, but this is out of the scope of the tasks attributed to TSOs by Regulation 2019/943. As described in details in the "explanatory document", the fact that all capacity mechanisms are tailored for each individual situation of the</p>	

							Member State's system, results in numerous processes organized within those mechanisms, which are rarely alike between different Member States.
Scope of the common rules for identifying capacity eligible to participate in the capacity mechanism	IEM 26	Naturgy	Equal treatment of foreign and domestic	Eligibility checks should be as similar as possible for domestic and foreign capacity providers including the application of technology specific derating factors	We would like to emphasize the need to apply eligibility criteria for foreign capacity providers that would be as close as possible to the ones that are applicable to the domestic ones, also in terms of de-rating of different types of assets by including their individual per technology reliability standard (if applied for domestic resources). Only such approach may ensure the non-discrimination principle, provided in art. 26 IEM Regulation.	C	<p>ENTSO-E considers the requirements set out in article 26(8) and 26(10)(a) relate to article 26(2), which stipulates that "Member States shall ensure that foreign capacity that is capable of providing equivalent technical performance to domestic capacities, has the opportunity to participate in the same competitive process as domestic capacity". The task of the TSO where the foreign capacity is located is limited to establishing if technical parameters are met. The common rules for identifying eligible capacity proposed by ENTSO-E on the basis of article 26(10)(f) contained in article 30 of the methodology aim at establishing the common technical parameters for this purpose (i.e. technical eligibility).</p> <p>Capacity mechanisms typically require further eligibility checks that mostly refer to administrative parameters, e.g. whether state aid has been received. According to articles 26(2) and 26(8), the Member State is required to ensure non-discrimination between domestic and foreign capacity provider in both allocation of entry capacity as well as the competitive process for capacity commitments. Article 28(4) of the methodology therefore recognises that the CM Operator, the entrusted market operator for the capacity mechanism by the Member State, may impose further requirements linked to the requirements needed to allow the signature of the contract for participation in the capacity mechanism.</p> <p>ENTSO-E fully agrees that domestic and foreign capacity should be treated in a non-discriminatory manner, but this is out of the scope of the tasks attributed to TSOs by Regulation 2019/943. As described in details in the "explanatory document", the fact that all capacity mechanisms are tailored for each individual situation of the Member State's system, results in numerous processes organized within those mechanisms, which are rarely alike between different Member States.</p>
Scope of the common rules for identifying capacity eligible to participate in the capacity mechanism		IFIEC Europe	Treatment of DSR	Undertaking eligibility checks on DSR under a longer period than for other capacity would contradict with non-discrimination provisions	IFIEC Europe is appalled to read in the accompanying explanatory note that "eligibility checks on DSR may be undertaken under a longer period than for other capacity", which is in clear contrast and contradiction with non-discrimination provisions in the Regulation and as such is unacceptable to IFIEC Europe. IFIEC Europe yet again can only observe that while ENTSO-e supposedly applies non-discrimination, as mentioned several times throughout the consultation document at hand, it nevertheless continues to apply different standards, especially with respect to demand side response, as could also be observed in other proposed methodologies, not in the least the ERAA methodology itself. IFIEC Europe yet again strongly wants to urge ENTSO-e to comply with the European legislation and remove any such different standards.	C	There was no intention to create discriminatory measures. The ENTSOE will make appropriate corrections to the text of the methodology and explanatory document. The ENTSOE will make full effort to ensure that the text is clear and explicit
Scope of the common rules for identifying capacity eligible to participate in the capacity mechanism		ElecLink	Treatment of interconnectors	Eligibility rules for interconnectors should be included within the Proposal.	The Proposal does not address the eligibility rules for transmission infrastructure. The eligibility rules for interconnectors should be included within the Proposal. This is already the case in the GB and French capacity mechanisms.	OS	The comment touched upon a point which is not in the scope of these methodologies. The methodologies apply only to direct cross border participation of foreign CMUs.
Scope of the common rules for identifying capacity eligible to participate in the capacity mechanism		ENGIE	Required analysis	In-depth adequacy analysis is required to define the eligible foreign capacity	ENGIE believes that a proper in-depth analysis of the adequacy assessments (or even a dedicated sensitivity analysis) is needed to define the eligible foreign capacity, i.e. the foreign capacity that can provide the same technical performance than the local capacity	R	This is a matter for the CM operator which should apply appropriate measures (e.g. derating factors) for capacity located in the member state where it is located, as well as capacity from abroad. Grid constraint in the control area of the TSO where the capacity is located can then be taken into consideration, and should be applied as equivalently as possible to ensure non-discrimination. This is a however a local responsibility and therefore considerations on this topic are not further considered in the ENTSO-e methodology.
Registration Process		FEBEG	Roles and responsibilities	The Foreign TSO should be responsible for the completeness and quality of data in the register. The CM	FEBEG also recommends a clear definition of the roles – and related responsibilities - between the Foreign TSO and the CM Operator with regard to register and the eligibility. The Foreign TSO should be made responsible for the completeness and the quality of the data in the register while the CM Operator should remain solely competent and responsible for assessing the eligibility criteria.	C	The data of capacity provider and its CMUs is submitted to the Registry by the TSO where the capacity is located. This TSO is responsible for the establishing of the data collection from capacity providers process. If the capacity provider questions action taken by TSO (e.g. wrong data submission, missing data, delayed operations) he should submit his complain to the relevant NRA. The ENTSOE will make appropriate corrections to the text of the methodology and explanatory document.

				Operator should be responsible for assessing eligibility criteria.			
Registration Process			Additional data to be included in the registry	More data than ENTSO-E proposes to include in the registry is required to assess eligibility. ENTSO-E should consider adding this data to the registry.	the provision of further information will be necessary to effectively participate in most of the capacity mechanisms applied today or under discussion/revision. As underlined above, the use of the European registry to provide such additional information should be evaluated by ENTSO-E.	R	The proposed by the ENTSO-E solution shall not be treated as developed to be valid for only one CM design where foreign capacity providers participate first in the separate auction for the entry capacity. One of other designs is that foreign capacity providers participate simultaneously in the same auctions with domestic ones. The proposed in the methodology eligibility check before the registration in the Registry is compliant with the requirement in the Article 26(10)(a), which says about the technical performance. The ENTSO-E identified this data as universal information that shall be required by all CM Operators regardless of the CM's design. On the other hand eligibility checks (for domestic and foreign) in the CM's also includes other requirements e.g. state aid information, financial standings and are defined by the CM operator. Those additional requirements shall be collected by the CM Operator outside the Registry and the CM operator grants the 'full' eligibility. The Registry functionality is based on the requirements described above. In the Registry the CM Operator will be able to include the information of CM processes like additional eligibility check requirements and timeline.
Potential commitments in multiple CRMs		FEBEG	Risk of over commitment	A risk of over commitment arises if capacity providers are allowed to participate in foreign CRMs whilst having no domestic CRM	FEBEG pleads to limit the risk of over-commitment from a capacity provider to several CRMs. This risk would be obviously limited in the case a CRM is in place in both interconnected countries, given the availability requirements and linked penalties in both countries. A possible issue mainly arises for foreign capacity where a CRM is not implemented in the country where it is located.	C	<p>ENTSO-E welcomes FEBEG support on the principle of limiting over-commitments of capacity providers.</p> <p>In case of capacity located in energy-only BZs, ENTSO-E considers that the risk to the security of supply resulting from "over-commitment" (as the contracted available capacity delivered could be fully absorbed by the "energy-only zone" during the stress events) is partially addressed by the calculation of max entry capacity which limits the XB contribution to the one expected in times of scarcity. ENTSO-E acknowledges that the residual issue might still be relevant for capacity located in energy-only BZs.</p> <p>Therefore, this issue might be further addressed at national level by CM operators through specific approaches, e.g. applying additional deratings, which are out of scope of the present Methodology.</p>
General		IFIEC Europe	Lack of Clarity	content remains very high level, without providing for much clarity on the practical implications for the concerned parties.	With respect to the common rules for identifying capacity eligible to participate in the capacity mechanisms, IFIEC Europe can only yet again reiterate that the content remains very high level, without providing for much clarity on the practical implications for the concerned parties.	R	The proposed by the ENTSO-E solution shall not be treated as developed to be valid for only one CM design where foreign capacity providers participate first in the separate auction for the entry capacity. One of other designs is that foreign capacity providers participate simultaneously in the same auctions with domestic ones. The proposed in the methodology eligibility check before the registration in the Registry is compliant with the requirement in the Article 26(10)(a), which says about the technical performance. The ENTSO-E identified this data as universal information that shall be required by all CM Operators regardless of the CM's design. On the other hand eligibility checks (for domestic and foreign) in the CM's also includes other requirements e.g. state aid information, financial standings and are defined by the CM operator. Those additional requirements shall be collected by the CM Operator outside the Registry and the CM operator grants the 'full' eligibility. The Registry functionality is based on the requirements described above. In the Registry the CM Operator will be able to include the information of CM processes like additional eligibility check requirements and timeline.
Potential commitments in multiple CRMs		Anonymous Respondee 1	Derating factors	The TSO running the CRM should take account of its internal grid constraints when determining the appropriate derating factor for capacity. Therefore, the derating factor should reflect resource availability plus grid constraints (including within the CRM domestic system)	As pointed out with answer 9, the foreign contribution is a result of CMU and TSO actions. The role of the TSO connecting foreign resources is relevant in order to correctly estimate the actual contribution of each CMU to a certain CRM. For this purpose the TSO should use perform eligibility checks taking account the relevant grid constraint inside its own control area. These internal grid constraints should be added to the basic derating factor based on resource availability.	OS	This is a matter for the CM operator which should apply appropriate derating factors for capacity located in the member state where it is located, as well as capacity from abroad. Grid constraint in the control area of the TSO where the capacity is located can then be taken into consideration, and should be applied as equivalently as possible to ensure non-discrimination. This is a however a local responsibility and therefore considerations on this topic are not further considered in the ENTSO-e methodology.

3 JULY 2020

Potential commitments in multiple CRMs		FEPEG	X-border Derating factor	Apply a derating factor based on the export margin of the foreign country to the domestic country	One way to address this risk is to incentivize the contracting of foreign capacity that are expected to contribute to the export margin of that country. This could be done by introducing an appropriate derating reflecting the ability to deliver the same level of service on the other side of the border – this is somehow similar to the derating of local intermittent generation (RES) or local energy-constrained capacities (demand response, storage).	OS	This is a matter for the CM operator which should apply appropriate derating factors for capacity located in the member state where it is located, as well as capacity from abroad. Grid constraint in the control area of the TSO where the capacity is located can then be taken into consideration, and should be applied as equivalently as possible to ensure non-discrimination. This is a however a local responsibility and therefore considerations on this topic are not further considered in the ENTSO-e methodology.
Potential commitments in multiple CRMs		BritNed Development Ltd	Participation in multiple CRMs	The draft proposals seem to prevent capacity providers participating in multiple CMs	Our feedback is aligned with the response from GB Interconnector Forum (GBIF). The methodology on “common rules for determining when a non-availability payment is due” (article 19.3) also restricts a capacity provider from selling more than its nameplate capacity across all capacity markets it participates in. Put simply if a stress event happens in Country A on a Tuesday and in Country B on a Thursday, a power station in country A can send its full capacity to its own market on Tuesday and its full capacity to Country B on Thursday. The draft proposals would seem to prevent this, forcing the capacity provider to choose to support only country A or country B, or to limit its support to both.	C	<p>The statement “[The current proposal] restricts a capacity provider from selling more than its nameplate capacity across all capacity markets it participates in” is incorrect because :</p> <ul style="list-style-type: none"> - There is no ex-ante constraint on the amount of capacity that can be bidded in multiple CRMs - Multiple commitments are considered if and only if there is an overlapping of delivery periods. <p>Therefore, if there is no overlap of delivery periods, i.e. moments when availability obligation apply and activation of the contracted capacity might be needed, the same capacity can be committed in multiple CRMs without penalties. In case of overlap of delivery periods, it is up to the capacity provider to define his bidding strategy considering the risk of non-availability penalties.</p> <p>In case overlapping delivery periods are not well representative of the possibility of simultaneous scarcity events, the methodology allows a flexible adaptation at national level of the definition of multiple commitments to the benefit of the capacity provider (e.g. timeframe of multiple commitments is reduced to overlapping reference periods only).</p>

3 JULY 2020

Potential commitments in multiple CRMs	26.1	ENGIE	X-border Derating factor	Apply a derating factor based on the export margin of the foreign country to the domestic country	<p>As requested by the new electricity regulation (Art 26, §11), ENTSO-E will have to set-up the common rules to identify this eligible foreign capacity.</p> <p>ENGIE believes that this definition of eligible foreign capacity is crucial, but that it is often overlooked in the discussions on cross-border participation in other countries. It relates to the determination of the foreign capacity that is actually relevant for securing security of supply in the “home” country, taking into account the evolution of the electric system, the occurrence of simultaneous scarcity events as well as the congestion of interconnections.</p> <p>In other words, the aim is to define which (part of the) foreign capacity is expected to contribute to the export margin of the neighbouring countries and to deliver effectively an incremental security of supply. This eligibility criteria does not create any undue discrimination between foreign capacities. This is exactly similar to the treatment of local intermittent RES generation, which are actually derated based on their effective or expected contribution to the security of supply to the country. The foreign capacity should be contracted in the local capacity market only if it is expected to actually contribute to the export margin in critical situations, esp. in case of simultaneous scarcity situations at regional level. Otherwise, the foreign capacity contracted in the capacity market would actually be remunerated for a service (contribution to the local security of supply) that it cannot offer.</p> <p>This eligibility criteria is required to avoid creating an artificial mismatch between the maximum entry capacity on a border and the foreign capacity that would like to participate to the home capacity market. Indeed, the maximum entry capacity (or similarly the interconnector derating) reflects both the technical availability of interconnections but also the available capacity margin in neighbouring countries in order to respond to a country’s needs. This maximum entry capacity will generally be lower than the commercial capacity of the interconnections because the scarce resource during stress events is usually the foreign capacity (and not the interconnector itself).</p> <p>If all (or even most of) foreign capacity was eligible, it would imply a.o. that : (i) the maximum entry capacity should (always) be equal to the commercial capacity and (ii) the scarce resource is (always) the interconnector. This would therefore contradict the outcome of the adequacy assessments during system stress.</p> <p>Let us focus on the (simplified) situation with two countries illustrated on Figure 3. Obviously, we assume that enough capacity is available across region and that during stress events a capacity margin is available for export from a country (B) to another country (A) in order to ensure security of supply of this country (A), up to a certain level. The key question is to identify somehow the capacity that is likely to contribute effectively to the security of supply in the neighbouring country (“effect de foisonnement”/pooling effect).</p> <p>Obviously, if both countries had a capacity market in place, a large part of the capacity in each country would be contracted in the local capacity market and the non-contracted capacity in one country (B) could then participate to the capacity market in the other country (A). Of course, some capacity could decide to participate to both capacity markets, but this case could raise additional issues in case of common scarcity situations and is not considered here. Indeed, the detailed rules of the capacity markets should avoid that the availability of the same capacity is double-counted in the supply-demand balance of the region during stress events.</p>	OS	<p>This is a matter for the CM operator which should apply appropriate measures (e.g. derating factors) for capacity located in the member state where it is located, as well as capacity from abroad. Grid constraint in the control area of the TSO where the capacity is located can then be taken into consideration, and should be applied as equivalently as possible to ensure non-discrimination. This is a however a local responsibility and therefore considerations on this topic are not further considered in the ENTSO-e methodology.</p>
--	------	-------	--------------------------	---	--	----	--

3 JULY 2020

Potential commitments in multiple CRMs		ENGIE	X-border Derating factor	Compute a derating factor per technology class for foreign capacity that considers the expected contribution to the export margin.	In the case where only one country (A) has a capacity market, one should also avoid to remunerate a foreign capacity that cannot contribute effectively to the security of supply in the contracting country. In practice, the dispatch of power plants is decided by the short-term energy markets and it reflects somehow a merit order based on production costs. Therefore, baseload units available in country B are likely to contribute most likely to the local demand in B. On the contrary, during stress events, peak units available in country B are likely to be part of the export margin to country A. In order to establish more precisely which capacity (technology) in country B could be available and could actually contribute to the export margin in scarce situations, one should re-use the computations of the interconnector deratings for consistency purposes. For instance, one could increase slightly the demand in country A and check how the generation of various technologies in both countries A and B is modified. This discrimination between foreign capacity is needed to ensure effectively the security of supply in the country A – only the capacity in country B that is expected to participate effectively to the export margin identified in the (regional) adequacy assessments should be eligible. [Figure 3] Concretely, one could compute a derating factor per technology class for foreign capacity (similar approach than for local capacity) that considers the expected contribution to the export margin. From a modelling perspective, it amounts to determine which assets' class (and to which level) actually increase their contribution to the security of supply in case of increase of the peak demand in the contracting country. Even if this approach would probably imply that peak technologies have a higher chance to be selected than baseload ones, it remains technology-neutral.	OS	This is a matter for the CM operator which should apply appropriate measures (e.g. derating factors) for capacity located in the member state where it is located, as well as capacity from abroad. Grid constraint in the control area of the TSO where the capacity is located can then be taken into consideration, and should be applied as equivalently as possible to ensure non-discrimination. This is a however a local responsibility and therefore considerations on this topic are not further considered in the ENTSO-e methodology.
Other	13.3 b)	Anonymous Respondee 1	Treatment of interconnectors	National Authorities have to update the existing physical and economic exemption conditions for interconnectors to facilitate the sharing their sharing of congestion incomes.	As reported in article 13.3 b) of the Proposal, the interconnectors should participate to the sharing of the congestion incomes. To do that, the National Authorities have to update the existing physic and economic exemption conditions.	OS	The comment touched upon a point which is not in the scope of these methodologies. The methodologies apply only to direct cross border participation of foreign CMUs.

Topic	Specific article (if relevant)	Respondee(s)	Marker grouping comments	for of Summary comments	of Relevant text from response	Accept (A) / Consider (C) / Reject (R) / Out of Scope (OS)	ENTSO-E reply
Definitions and interpretation	2a, b, m	ElecLink	Availability	Meaning of availability	The "Availability" definition in Article 2 of the Proposal should be expanded to include the availability of transmission infrastructure. Ideally, existing data submissions regarding planned and unplanned transmission unavailability from Commission Regulation (EU) No 543/2013 should be used.	OS	The IEM Regulation introduces at Article 26(1) an obligation to enable direct cross-border participation of capacity providers located in Member States which are electrical neighbours . In case MS implement a direct interconnector participation model, they must switch to direct cross-border participation at the earlier date between: <ul style="list-style-type: none"> • 4th July 2023; • 2 years after the date of ACER's approval of the methodologies detailed in this document. The scope of ENTSO-E Methodologies under article 26 of the IEM Regulation is limited to the direct participation model of capacity providers and does not address the direct participation of interconnectors which is a temporary model that will be phased-out. Under the new model interconnectors will not participate directly in the capacity mechanism and thus will not be subject to availability obligations stemming from a capacity contract .
Definitions and interpretation	2a, b, m	Eurelectric	Availability	Meaning of availability, checks, contracts and activation	Our first concern on this part is related to the definitions and their link to the actual capacity mechanisms. In our opinion the definitions of "availability", "availability checks", "capacity market contract" and "activation" given in the Article 2 may be not applicable to some types of capacity mechanisms. The ENTSO-E methodology is not providing clarity on how cross-border participation in capacity mechanisms will be impacted between capacity providers in a self-dispatch system and capacity providers in a central dispatch system. In particular, it is crucial for centrally dispatched systems where the units are marked as centrally and non-centrally dispatched units. In case of centrally dispatched units, the execution of the capacity contracts may cover being "available" to generate upon the request from the relevant TSO. However, there are also non-centrally dispatched units, which could fulfil their capacity market contract obligations by providing the electricity to the grid during scarcity events. Even if a unit is available to produce, it might not be able to actually produce the corresponding energy if the lead time for start-up is not sufficient (i.e. the stress situations are not properly anticipated).	C	To propose these methodologies, ENTSO-E launched an internal survey to making sure that the provisions proposed are compatible with all existing CM designs, which are approved by the DG Competition. ENTSO-E believes that the methodology proposed allow sufficient flexibility to implement availability checks in case of self-dispatch or central dispatch systems. Indeed, as an example, the energy delivered (under request or not) can be used as part of the result of availability checks, which is also relevant for self-dispatch or central dispatch systems. The timing necessary to deliver energy under request needs to be precised in the national market rules.
Definitions and interpretation	2a, b, m	Energie-Nederland	Availability	Meaning of availability, checks, contracts and activation	Article 2 : Definitions and interpretation Our first concern on this part is related to the definitions and their link to the actual capacity market schemes. In our opinion the definitions of "availability", "availability checks", "capacity market contract" and "activation" given in the Article 2 may be not applicable to some types of capacity market schemes. Indeed, the execution of capacity mechanism contracts may differ depending on the types of assets, covering both "availability" and "activation". In particular, it is crucial for centrally dispatched systems where the units are marked as centrally and non-centrally dispatched units. In case of centrally dispatched units, the execution of the capacity contracts may cover being "available" to generate upon the request from the relevant TSO. However, there are also non-centrally dispatched units, which fulfil their capacity market contract obligations only by providing the electricity to the grid during the times of scarcity. Therefore for such units "availability" actually means "activation".	C"	To propose these methodologies, ENTSO-E launched an internal survey to making sure that the provisions proposed are compatible with all existing CM designs, which are approved by the DG Competition. ENTSO-E believes that the methodology proposed allow sufficient flexibility to implement availability checks in case of self-dispatch or central dispatch systems. Indeed, as an example, the energy delivered (under request of the CM Operator or under specific conditions) can be used as part of the result of availability checks, which is also relevant for self-dispatch or central dispatch systems. The timing necessary to deliver energy under request needs to be precised in the national market rules.
Definitions and interpretation		Anonymous Respondee 2	Distinct definitions	Make definitions distinct	We would suggest that, where possible, the definitions used are suitably separate to those used within the Capacity Rules of Member States. For example, "Delivery Period" is similar to the UK version of "Delivery Year". This may lead to unnecessary confusion. We would suggest use of phrases which ensure clarity over the provision.	C	The 'Delivery Period' is defined as the period set in the CM Contract during which the capacity obligation applies. As examples, for the UK CM, it corresponds to a delivery year, as it corresponds to the months of January, February, March, November and December for the French CM.

3 JULY 2020

Definitions and interpretation		EDF	Distinct definitions	Make definitions distinct	The definitions must be consistent with the ones used in the existing CMs. This will avoid creating difficulties to apply the common XB methodology.	C	ENTSO-E proposed definitions that are as consistent as possible as possible to definitions in existing CMs.
Definitions and interpretation		Eurelectric	Distinct definitions	Make definitions distinct / consistent	Last but not least, consistency in the definitions of key concepts should be ensured between the ERAA methodology and this one.	A	The definitions between ERAA and max entry capacity are now fully aligned.
Definitions and interpretation		Energie-Nederland	Distinct definitions	Make definitions distinct / consistent	Last but not least, consistency in the definitions of key concepts should be ensured between the ERAA methodology and this one.	A	The definitions between ERAA and max entry capacity are now fully aligned.
Definitions and interpretation		Regulatory Assistance Project	CRM participation	Clarification of capacities	Article 2: Some definitions are unclear (e.g., definition a.b. does not explain what capacities this could refer to or in what situations a capacity contracted in a capacity remuneration mechanism may not participate in the market? Does this refer to strategic reserves for example?),	A	Capacity mechanisms are defined in the IEM Regulation and do include strategic reserves. The current proposal drafted by ENTSO-E will apply to strategic reserves which are open to direct cross-border participation. ENTSO-E amended this definition to precise the definition apply to capacity having a capacity obligation in a capacity mechanism, to better precise the notion of "contract".
Definitions and interpretation		Eurelectric	Distinct definitions	Clarification of foreign capacity in light of Brexit	Moreover, the definition of "Foreign capacity" as a "capacity located in a Member State different from the Member State applying the capacity mechanism" does answer to the challenge of Brexit and its impact on the energy market. The Single Electricity Market (SEM) is indeed in place on the island of Ireland and therefore covers both Ireland – which is a MS - and Northern Ireland, which is not. Therefore, in the SEM the capacity mechanism is not "applied" by a single MS and the capacity contracted in neither jurisdiction can be deemed 'foreign'. Clarity should be ensured by ENTSO-E on this point.	OS	The Proposal drafted by ENTSO-E results from the article 26 of the IEM Regulation, which only refers to direct cross border participation between Members States. Therefore, the scope of application of this Proposal is limited to cross-border participation between Member States.
Definitions and interpretation	2cc	Regulatory Assistance Project	Curtailment sharing	Clarification of curtailment sharing	a significant number of terms used in the document that are not defined, and others would benefit from a more complete description (e.g., curtailment sharing rules within the market coupling algorithm).	OS	'Curtailment sharing rules within the market coupling algorithm' are publicly available through the EUPHEMIA public description and hence they do not need to be defined in the methodology
Definitions and interpretation	2cc	ElecLink	Curtailment sharing	Clarification of curtailment sharing	It is not clear what is meant by the curtailment sharing rule in Article 2 of Proposal. ElecLink requests greater clarity from ENTSO-E on this concept.	OS	'Curtailment sharing rules within the market coupling algorithm' are publicly available through the EUPHEMIA public description and hence they do not need to be defined in the methodology
Definitions and interpretation	2j	European Federation of Energy Traders - EFET	Entry capacity	Clarification of entry capacity	Article 2.j: 'Entry Capacity' means the capacity, expressed in MW, that can be allocated to eligible foreign capacity for participation in a capacity mechanism. Its total amount can never exceed the Maximum Entry Capacity. It should be clear that entry capacity as defined in article 2.j does not correspond to an actual reservation of capacity on an interconnection. Entry capacity does not correspond to a long-term transmission right.	A	Indeed, 'Entry Capacity' refers indeed to capacity which is lower or equal to the 'Maximum Entry Capacity'.
Definitions and interpretation	2s, t, u	Edison	Energy not served (ENS)	Clarification of ENS / scarcity	In Edison view it would be useful to clarify whether the definition of ENS used in this methodology refers to the demand that is not served from marked-based resources (as defined in the draft Methodology for the calculation of VoLL, CONE and the Reliability Standards) or to actual load shedding. In this second case the occurrence of scarcity hours (as defined in Article 2) resulting from ERAA simulations could be very scarce. In any case it would be necessary to ensure full consistency between the definition of key concepts in the ERAA methodologies and in the methodologies related to cross-border participation in capacity mechanisms.	C	The definitions are now consistent with ERAA and defined in the Proposal. The explanatory note has been updated to provide clarity on the exact meaning of those.
Definitions and interpretation	2s, t, u	EDF	Energy not served (ENS)	Clarification of ENS / scarcity	consistency in the definitions of key concepts should be ensured between the ERAA methodology and the methodology for cross border participation (XB) in Capacity mechanisms (CMs). The definitions of "scarcity" and "Energy Not Served" (ENS) are too vague. EDF would welcome clarifications on what is meant by ENS in ENTSO-E's draft methodology – does it refer to the market ENS (i.e. situations when resources offered in the energy market – excluding operational reserves – are not enough to cover the demand) or to the effective load shedding (i.e. after triggering strategic reserves if applicable and manual operation reserves)? If the latter one, such situation is extremely unlikely to happen. From this perspective, there would be few "scarcity" hours to base upon, and they would be difficult to identify in the ERAA ;	C	The definitions are now consistent with ERAA and defined in the Proposal. The explanatory note has been updated to provide clarity on the exact meaning of those.
Definitions and interpretation	2s, t, u	Iberdrola	Energy not served (ENS)	Clarification of ENS / scarcity	As a consequence, the definition for "scarcity hours" in article 2 should be amended: 'Scarcity hours' for a given bidding zone are defined as hours [Proposed deletion: during which the corresponding bidding zone has an importing position after market clearing coupling and] for which the value of the hourly Energy Not Served (ENS) is strictly greater than 0 MWh/hour, [Proposed deletion; after considering the effect of curtailment sharing within the market coupling algorithm].	C	The definitions are now consistent with ERAA and defined in the Proposal. The explanatory note has been updated to provide clarity on the exact meaning of those.

					<p>Closely related to this definition is that corresponding to “Energy Not Served” (ENS). In this regard, it is important to note that, when a strategic reserve is in place, whenever it is activated there is ENS equal to such activation although there is no demand curtailment. Similarly, when operating reserves are below security levels in order to deal with a stress situation, there is ENS equal to such “deficit” of operating reserves although there is no demand curtailment. Thus, the definition of ENS should be amended accordingly:</p> <p>‘Energy Not Served (ENS)’ means the amount of energy demand – measured in MWh – which is not supplied in a given zone and in a given time period due to insufficient resources to meet demand. The activation of strategic reserves or the depletion of operating reserves below security limits should also be considered ENS although there is no demand not supplied.</p>		
Definitions and interpretation	2s, t, u	WindEurope	Energy not served (ENS)	Clarification of ENS / scarcity	<p>WindEurope would welcome more detailed definitions, especially on ‘scarcity’.</p> <p>In its explanatory document on its proposed methodologies and common rules and terms of reference related to cross-border participation in capacity mechanisms, ENTSO-E defines scarcity hours as “hours during which the market will direct available power to the bidding zone considered and the available resource (including generation, storage, demand flexibility and imports), is not enough to cover the demand of the studied bidding zone”.</p> <p>This is a general definition and the draft consultation (article 2) does not seem to provide further information on this point as ENTSO-E is defining scarcity as “a situation during which ENS (Energy Not Served) strictly greater than zero (...) because national production, demand reduction measures and total possible imports are insufficient to meet demand”.</p> <p>We fear the current definition is too general and could be interpreted in many different ways. As ‘scarcity’ is a principle at the core of resource adequacy, it is crucial for ENTSO-E to provide more details on this point.</p>	C	The definitions are now consistent with ERAA and defined in the Proposal. The explanatory note has been updated to provide clarity on the exact meaning of those.
Definitions and interpretation	2s, t, u	Naturgy	Energy not served (ENS)	Clarification of ENS / scarcity	<p>The definitions of “scarcity” and “Energy Not Served” might be imprecise. We would welcome clarifications on whether ENS refers to the market ENS (i.e. situations when market resources – excluding operational resources – are not enough to cover the demand) or to the effective load shedding (i.e. after triggering strategic reserves if applicable, and manual operational reserves). If the latter one, such situation is extremely unlikely to happen. For consistency reasons with the ERAA, we believe that these ENS should be related to the market ENS. Otherwise, the latter one could correspond to an unstable system, which is not identified within the ERAA. We propose to refer rather to “stress situations” rather than to “scarcity hours” as it is a much broader concept.</p>	C	The definitions are now consistent with ERAA and defined in the Proposal. The explanatory note has been updated to provide clarity on the exact meaning of those.
Definitions and interpretation	2s, t, u	National Grid Ventures	Energy not served (ENS)	Clarification of ENS / scarcity	<p>Article 2 of the ENTSOE methodology defines “Scarcity” as “a situation during which ENS is strictly greater than zero in a given system and in a given time period because national production, demand reduction measures and total possible imports are insufficient to meet demand”.</p> <p>This definition does not provide a threshold to indicate the minimum number of periods of observed ENS (Energy Not Served) for it to be classified as scarcity. Since Member States have ENS targets that underpin their security of supply standards, we recommend that the definition of scarcity is aligned to Member State definition of security of supply standards, and as such, specifies a minimum threshold of observed ENS situations before the observation can be classed as a “scarcity event”.</p>	C	The definitions are now consistent with ERAA and defined in the Proposal. The explanatory note has been updated to provide clarity on the exact meaning of those.
Definitions and interpretation	2s, t, u	Eurelectric	Energy not served (ENS)	Clarification of ENS / scarcity	<p>In addition, the definitions of “scarcity” and “Energy Not Served” are too vague. We would welcome clarifications on what is meant by “ENS” in ENTSO-E draft methodology: it is indeed unclear whether it refers to the market ENS (i.e. situations when resources offered in the energy market – excluding operational reserves – are not enough to cover the demand) or to the effective load shedding (i.e. after triggering strategic reserves if applicable, and manual operational reserves).</p> <p>For consistency reasons with the ERAA, we believe that these ENS should be related to the market ENS. Otherwise, the latter one could correspond to an unstable system, which is not identified within the ERAA.</p>	C	The definitions are now consistent with ERAA and defined in the Proposal. The explanatory note has been updated to provide clarity on the exact meaning of those.

3 JULY 2020

					Therefore, we propose to refer rather to “stress situations” rather than to “scarcity hours” as it is a much broader concept.		
Definitions and interpretation	2s, t, u	Energie-Nederland	Energy not served (ENS)	Clarification of ENS / scarcity	In addition, the definitions of “scarcity” and “Energy Not Served” are too vague. We would welcome clarifications on what is meant by: <ul style="list-style-type: none"> • ENTSOE’s proposal to take into account hours with load shedding to calculate the entry capacity; • ENS in ENTSO-E draft methodology – does it refer to the market ENS (i.e. situations when market resources – excluding operational resources – are not enough to cover the demand) or to the actual load shedding? If the latter one, such situation is extremely unlikely to happen. From this perspective, there would be no “scarcity” hours to base upon. Therefore, we propose to refer rather to “stress situations” rather than to “scarcity hours”. By “stress situations”, we mean situations in which: <ul style="list-style-type: none"> o the TSOs’ reserves are smaller than a given margin needed for secure system operation than to scarcity situations; o or b) when the TSOs perform load shedding, as those are the hours during which capacity providers must fulfil their capacity obligations either by being available or by providing electricity. 	C	The definitions are now consistent with ERAA and defined in the Proposal. The explanatory note has been updated to provide clarity on the exact meaning of those.
Definitions and interpretation		National Grid Ventures	System stress	Clarification of system stress	There is also a need to establish a clear definition of system stress throughout the ENTSOE proposal. We understand the principle established by the EU Electricity Regulation of what is meant by “System Stress”. As there are financial implications of participating in capacity markets during times of system stress, there has to be a clear definition of what system stress actually means in the methodology and we would request ENTSOE to provide this definition.	C	The definitions are now consistent with ERAA and defined in the Proposal. The explanatory note has been updated to provide clarity on the exact meaning of those, and specially on the notion of system stress and scarcity for the purposes of the calculation of the max entry capacity
Definitions and interpretation		Great Britain Interconnector Forum	System stress	Clarification of system stress	With respect to Article 2 on Definitions and Interpretations we have the following comment: Need for a clear definition of system stress We understand the principle established by the EU Electricity Regulation of what is meant by “System Stress”. As there are financial implications of participating in capacity markets during times of system stress, there has to be a clear definition of what system stress actually means in the methodology. We request ENTSOE to provide this definition.	C	The definitions are now consistent with ERAA and defined in the Proposal. The explanatory note has been updated to provide clarity on the exact meaning of those, and specially on the notion of system stress and scarcity for the purposes of the calculation of the max entry capacity
Definitions and interpretation		Anonymous Respondee 1	Strategic reserve	Inclusion of strategic reserve	In the proposed methodology, strategic reserve is never explicitly mentioned. According to art.26.1 of the EU Regulation 943/2019 “where technically feasible, strategic reserves shall be open to direct cross-border participation of capacity providers located in another Member State”. Following the latter statement, Anonymous Respondee 1 considers that the methodology should be applied also to strategic reserve mechanisms, since the issues related to assuring a full equivalence between foreign and domestic resources are similar in the different CRM mechanisms.	C	The definition of capacity mechanisms refers to the IEM Regulation, which encompass the strategic reserve market design: <i>“Capacity Mechanism’ is defined in accordance with Article 2(22) of Regulation (EU) 2019/943”</i> Moreover, these methodologies apply to all Capacity Mechanisms which allows direct cross-border participation, and therefore to strategic reserves that allow direct cross-border participation. However, they do not bind Members States to implement direct cross-border participation, notably in the case of strategic reserves, as such obligations or exemptions are fixed in the IEM Regulation.
Definitions and interpretation		Edison	Strategic reserve	Establish framework for strategic reserve	Moreover, strategic reserves are not mentioned in the proposed methodologies while Article 26(1) of Regulation 943/2019 states that “where technically feasible, strategic reserves shall be open to direct cross-border participation of capacity providers located in another Member State”. In our view, the proposed methodology should also establish a general framework for cross-border participation of foreign capacities in strategic reserves in order to ensure an equal treatment of domestic and foreign capacities also in these mechanisms. Therefore, the technical feasibility of cross-border participation in strategic reserves should be assessed by TSOs and NRAs of the country involved, in cooperation with at least the neighbouring Member States, and should not be excluded by default in the definition of the current methodologies.	C	The definition of capacity mechanisms refers to the IEM Regulation, which encompass the strategic reserves market design: <i>“Capacity Mechanism’ is defined in accordance with Article 2(22) of Regulation (EU) 2019/943”</i> Moreover, these methodologies apply to all Capacity Mechanisms which allows direct cross-border participation, and therefore to strategic reserves that allow direct cross-border participation. However, they do not bind Members States to implement direct cross-border participation, notably in the case of strategic reserves, as such obligations or exemptions are fixed in the IEM Regulation.
Subject matter and scope		EDF	Strategic reserve	Establish framework for strategic reserve	Moreover, strategic reserves are never mentioned explicitly in the proposed methodology. We believe that the methodology should actually - detail the approach to determine the volume of import a country with strategic reserves should consider when assessing the needs for domestic capacity (in the same way as for market-wide capacity mechanisms) ; - address the possibility of a cross-border participation in this type of CM. EDF recalls that Article 26(1) of Regulation 943/2019 states that “where technically feasible, strategic reserves shall be open to direct cross-border participation of capacity providers located in another Member State”. Therefore, the proposed methodology should by default cover strategic reserves and guarantee that a level playing field is also ensured for foreign capacities in that	C	The definition of capacity mechanisms refers to the IEM Regulation, which encompass the strategic reserves market design: <i>“Capacity Mechanism’ is defined in accordance with Article 2(22) of Regulation (EU) 2019/943”</i> Moreover, these methodologies apply to all Capacity Mechanisms which allows direct cross-border participation. However, they do not bind Members States to implement direct cross-border participation, notably in the case of strategic reserves, as such obligation or exemptions are fixed in the IEM Regulation. In particular, the calculation of Maximum Entry Capacity would apply to strategic reserves open to direct cross-border participation. However, the technical feasibility study to decide whether a given strategic reserve should be open to cross-border participation do not fall under the scope of this proposal.

					<p>case. ENTSO-E should not pre-empt the decision on the technical feasibility of cross-border participation in strategic reserves; it could even propose implementation schemes for this cross-border participation in the explanatory document provided with the methodology. A possible approach could be to replicate the approach considered for market-wide capacity mechanism:</p> <ul style="list-style-type: none"> a. assess the maximum entry capacity a country can reasonably expect during periods of stress ; b. allocate the corresponding volume of interconnection tickets to foreign capacity, implicitly or explicitly (e.g. through a dedicated call for tender) ; c. request the selected foreign capacities to comply with similar rules as domestic capacities: <ul style="list-style-type: none"> 1. be either actually generating or available for activation during stress situations in the country applying strategic reserves, e.g. through ad-hoc schemes such as inter-TSO emergency support procedures ; 2. be regulated like domestic strategic reserves (e.g. excluded from the energy market if technically feasible); d. apply the same testing and penalty scheme for non-complying foreign capacities as for domestic capacities. 		
Definitions and interpretation		Eurelectric	Strategic reserve	Establish framework for strategic reserve	<p>Eurelectric observes that strategic reserves are never mentioned explicitly in the proposed methodology. However, Eurelectric recalls that the electricity market regulation mentions the possibility of a cross-border participation for this type of CRM. Indeed Article 26(1) of Regulation 943/2019 states that “where technically feasible, strategic reserves shall be open to direct cross-border participation of capacity providers located in another Member State”. Therefore, the proposed methodology should also cover strategic reserves and guarantee that a level playing field is also ensured for foreign capacities in that case. ENTSO-E should not pre-empt the decision on the technical feasibility of cross-border participation in strategic reserves; it should discuss in the explanatory document provided with the methodology how the proposed methodology would apply to the cross-border participation of strategic reserve.</p>	C	<p>The definition of capacity mechanisms refers to the IEM Regulation, which encompass the strategic reserves market design: <i>“Capacity Mechanism’ is defined in accordance with Article 2(22) of Regulation (EU) 2019/943”</i> Moreover, these methodologies apply to all Capacity Mechanisms which allows direct cross-border participation. However, they do not bind Members States to implement direct cross-border participation, notably in the case of strategic reserves, as such obligation or exemptions are fixed in the IEM Regulation. In particular, the calculation of Maximum Entry Capacity would apply to strategic reserves open to direct cross-border participation. However, the technical feasibility study to decide whether a given strategic reserve should be open to cross-border participation do not fall under the scope of this proposal.</p>
Definitions and interpretation		Energie-Nederland	Strategic reserve	Establish framework for strategic reserve	<p>Finally, strategic reserves are never mentioned explicitly in the proposed methodology, which seems not to really address the possibility of a cross-border participation in this type of CRM. Energie-Nederland recalls that Article 26(1) of Regulation 2019/943 states that “where technically feasible, strategic reserves shall be open to direct cross-border participation of capacity providers located in another Member State”. Therefore, the proposed methodology should by default cover strategic reserves and guarantee that a level playing field is also ensured for foreign capacities in that case. ENTSO-E should not pre-empt the decision on the technical feasibility of cross-border participation in strategic reserves; it could even propose implementation schemes for this cross-border participation in the explanatory document provided with the methodology.</p>	C	<p>The definition of capacity mechanisms refers to the IEM Regulation, which encompass the strategic reserves market design: <i>“Capacity Mechanism’ is defined in accordance with Article 2(22) of Regulation (EU) 2019/943”</i> Moreover, these methodologies apply to all Capacity Mechanisms which allows direct cross-border participation. However, they do not bind Members States to implement direct cross-border participation, notably in the case of strategic reserves, as such obligation or exemptions are fixed in the IEM Regulation. In particular, the calculation of Maximum Entry Capacity would apply to strategic reserves open to direct cross-border participation. However, the technical feasibility study to decide whether a given strategic reserve should be open to cross-border participation do not fall under the scope of this proposal.</p>
Definitions and interpretation		European Federation of Energy Traders - EFET	Strategic reserve	Establish framework for strategic reserve	<p>Recital 19: The requirement to Member States for allowing participation of Foreign capacity providers is set out in Article 26(1) of Regulation (EU) 2019/943: “Capacity mechanisms other than strategic reserves and where technically feasible, strategic reserves shall be open to direct cross-border participation of capacity providers located in another Member State, subject to the conditions laid down in this Article”, provided that “foreign capacity is capable of providing equivalent technical performance to domestic capacities” in accordance with Article 26(2) of Regulation (EU) 2019/943.</p> <p>In the proposed methodology, strategic reserves are never explicitly mentioned. According to article 26.1 of the EU Regulation 943/2019 “where technically feasible, strategic reserves shall be open to direct cross-border participation of capacity providers located in another Member State”. As a consequence, the methodology should also address cross-border participation to strategic reserve mechanisms, as the principles of ensuring participation of foreign capacities and full equivalence between foreign and domestic resources should be upheld for all kinds of CRMs.</p>	C	<p>The definition of capacity mechanisms refers to the IEM Regulation, which encompass the strategic reserves market design: <i>“Capacity Mechanism’ is defined in accordance with Article 2(22) of Regulation (EU) 2019/943”</i> Moreover, these methodologies apply to all Capacity Mechanisms which allows direct cross-border participation. However, they do not bind Members States to implement direct cross-border participation, notably in the case of strategic reserves, as such obligation or exemptions are fixed in the IEM Regulation. In particular, the calculation of Maximum Entry Capacity would apply to strategic reserves open to direct cross-border participation. However, the technical feasibility study to decide whether a given strategic reserve should be open to cross-border participation do not fall under the scope of this proposal.</p>
Subject matter and scope	1h	Regulatory Assistance Project	TSO and DSO involvement	Transition period and stakeholder facilitation	<p>Article 1, paragraph h: The scope of this provision is unclear and appears to be prospective. If the latter is not the case, it would be useful for ENTSO-E to expand on it. If distribution system operators (DSOs) are also involved in the implementation of capacity mechanisms, the present methodology should also be clear about their involvement.</p>	C	<p>Involvement of DSO depends on the national frameworks, as all TSO do not have access to the same data as regard to the load curve of capacities connected to the DSO network, which can be needed to carry out availability checks. Therefore, for countries where the involvement of DSO is needed, the Proposal foresees the possibility to engage in a collaboration with DSOs to ensure the good execution of the Proposal.</p>

3 JULY 2020

							However, as such coordination could represent a challenging issue in Member States where there are a lot of DSO, a transition period can be foreseen before the full coordination with all DSO.
Costs incurred by the implementation of cross-border participation	3.3	IFIEC	Cost recovery	Guidelines of costs that can be recovered	IFIEC Europe regrets that the document does not contain any guidelines on which costs can be recovered; the document only states "appropriate costs", without providing any further details other than that these need to be agreed upon by the NRAs of the TSOs and CM Operator. IFIEC Europe would like to have a clear list of which (types of) costs would be eligible for such recovery. Moreover, IFIEC Europe does not agree with Art.3.5 which states that "the TSO where the capacity is located shall be entitled to recover any remaining costs incurred by the implementation of cross-border participation", as it is unclear which (types of) costs would fall under this category, while these would impact the general grid fees of the country where the capacity is located without providing any added value to the grid users in that country and thus would not reflect their relevant grid costs.	C	The costs which can be recovered include all costs incurred related to tasks listed in Article 26.10 of Regulation (EU) 2019/943. It can notably include IT and operational costs. If deemed appropriate by both NRA, these costs will be recovered "in the cost coverage system of the capacity mechanism in a similar way as to costs arising from tasks analogous to tasks listed in Article 26.10 of Regulation (EU) 2019/943 carried out for domestic Capacity Provider", and will therefore not be covered by the grid users of the MS where the capacity provider is located.
Costs incurred by the implementation of cross-border participation	3.3	EDF	Cost recovery	Guidelines of costs that can be recovered	Concerning Article 3.5, EDF believes that all the costs incurred by TSOs for the implementation of cross-border participation in foreign capacity mechanisms agreed as appropriate by competent NRAs should be covered through the cost coverage system of the capacity mechanisms concerned.	A	ENTSO-E' Proposal is in line with this demand.
Costs incurred by the implementation of cross-border participation	1i	Regulatory Assistance Project	Allocation of costs	Allocation of administrative costs	Article 1, paragraph i: The current provision is incomplete and, in particular, it is unclear why the payback obligation cannot apply to foreign capacity. ENTSO-E makes the assertion that a "Reliability Option type of capacity mechanism may result in a cost gap between foreign and domestic capacity contracts to cover part of payback obligations not covered by foreign contracted capacity." The provision doesn't, however, provide evidence to substantiate this. A capacity mechanism contract is a contract between the capacity market (CM) operator and a resource provider, whether the latter is located in the same Member State or not. Presumably, the payback obligation can be applied in the case of foreign capacity too, with the only exception being that the reference price be defined as the equivalent market price in the bidding zone where the foreign capacity is located. For example, if the reference price is determined by the day-ahead price in the country where the CM is established, following the same logic, the reference price for the resource that is located in another bidding zone should also be defined by the day-ahead price of that bidding zone. The objective of the payback obligation is to ensure that resources are not making windfall profits and consumers are not unnecessarily burdened with excessive costs. In return, resources with a reliability option contract receive the certainty and stability provided by the reliability option payment.	C	ENTSO-E's proposal does not prevent the application of pay-back obligation to cross-border capacity providers. When applying pay-back obligations to cross-border capacity, if this pay back obligation needs to be adapted to cross-border capacity providers, and if this adaptation of the national market rules for cross-border capacity providers leads to an acknowledged cost-gap (e.g. due to the price difference between CM and cross-border BZ), the Proposal indicates that such issues can be treated through a bilateral agreement between NRA, so as to cover part of this cost gap with cross-border revenue. However, bilateral agreement between NRA on revenue sharing, so as to adapt the revenue sharing rules, is possible despite this provision.

3 JULY 2020

Costs incurred by the implementation of cross-border participation	3	Naturgy	Allocation of costs	Allocation of administrative costs	<p>Cross border participation aims at increasing competition and reducing the overall cost of CRM. However, the participation of foreign capacity in the national CRMs might also induce more or less important administrative costs. The higher the number of specific TSO tasks are required for enabling cross border participation, the higher the administrative costs should be expected. Thus, only two options are considered regarding the allocation of costs incurred by the implementation of cross-border participation.</p> <p>a) All related costs in neighbouring countries are not passed to the country implementing where the CRM is implemented.</p> <p>TSOs must meet their tasks and obligations related to the participation of capacity connected to their system into a neighbouring CRM without transferring the costs to other TSOs. Inherent obligations emanating from Directive 2019/944 and Regulation (EU) 2019/943 would justify this option, which should be seen the default option supported by Naturgy. Any remuneration of the interconnections in the capacity mechanisms already helps to reduce the actual compliance costs passed on the TSOs for enabling cross-border participation.</p> <p>a) Bid selection process considers additional foreign administrative costs as part of foreign bids if there are going to be covered by the country where the CRM is implemented. Alternatively, it could be deemed that administrative costs above a certain baseline level should be covered by the country implementing the CRM (for instance if administrative costs are considered particularly high due to frequent availability checks, stringent requirements, etc). Eventually, cross border capacity participation could lead to (much) higher total costs of CRMs in case the foreign administrative costs are higher than the local administrative costs. Foreign administrative costs would then be additional to the inherent administrative costs of the national CRM. In order to run the CRM at the lowest cost possible, and for minimizing the overall cost of CRMs imposed onto consumers, foreign administrative costs should be taken into consideration. These costs should be internalized as part of the foreign bids during the selection/clearing process. It should be made clear that foreign capacity bidders are not liable to these costs.</p>	OS	<p>The use of cross-border revenues is regulated by article 19(2) of the IEM regulation, and can therefore not be used to cover administrative costs.</p> <p>So as to ensure the proportionality of these costs, ENTSO-E proposes to foresee an approbation from both NRA involved on costs, which are deemed appropriate.</p> <p>So as to create a level playing field between all capacity providers, ENTSO-E proposes to cover these costs in the cost coverage system of the capacity mechanism in a similar way as to costs arising from tasks analogous to tasks listed in Article 26.10 of Regulation (EU) 2019/943 carried out for domestic Capacity Provider.</p>
Costs incurred by the implementation of cross-border participation	3	Eurelectric	Allocation of costs	Allocation of administrative costs	<p>1.2. Article 3 : Costs incurred by the implementation of cross-border participation</p> <p>Explicit cross-border participation contributes to competition between domestic and foreign capacities in the capacity markets, which could help reduce the overall cost of CRMs and therefore benefit the end-user electricity consumers. However, the participation of foreign capacity in the national CRMs might also induce more or less important administrative costs. The higher the number of specific TSO tasks are required for enabling cross-border participation, the higher the administrative costs should be expected. It is important that the allocation of those costs do not create any discrimination between the domestic and the foreign capacity providers.</p> <p>Thus, two options should be foreseen regarding the allocation of costs incurred by the implementation of cross-border participation.</p> <p>a) All related costs are not passed to neighbouring countries.</p> <p>TSOs must meet their tasks and obligations related to the participation of capacity connected to their system into a neighbouring CRM without transferring the costs to other TSOs. Inherent obligations emanating from Directive 2019/944 and Regulation (EU) 2019/943 would justify this option.</p> <p>b) Full administrative costs are covered by the country where the CRM is implemented. Alternatively, it could be deemed that administrative costs above a certain baseline level should be covered by the country implementing the CRM (for instance if administrative costs are considered particularly high due to frequent availability checks, stringent requirements, etc). Foreign administrative costs would then be considered additional to the inherent administrative costs of the national CRM.</p> <p>The rationale behind such proposal is that cross-border capacity participation could lead to (much) higher total costs of CRMs in case the foreign administrative costs are higher than the local administrative costs. In order to ensure non-discrimination between domestic and foreign capacity bidders, this aspect should be avoided and therefore properly handled by regulatory authorities when discussing the practicalities of the cross-border participation and when overseeing its implementation. The observations above plead for having the most straightforward and automated process for availability checks so as to minimize the cost</p>	R	<p>The use of cross-border revenues is regulated by article 19(2) of the IEM regulation, and can therefore not be used to cover administrative costs.</p> <p>So as to ensure the proportionality of these costs, ENTSO-E proposes to foresee an approbation from both NRA involved on costs, which are deemed appropriate.</p> <p>So as to create a level playing field between all capacity providers, ENTSO-E proposes to cover these costs in the cost coverage system of the capacity mechanism in a similar way as to costs arising from tasks analogous to tasks listed in Article 26.10 of Regulation (EU) 2019/943 carried out for domestic Capacity Provider.</p>

					overhead. For both options, it should be ensured that the allocation of administrative costs (local and foreign) do not create any discrimination between foreign and domestic providers.		
Costs incurred by the implementation of cross-border participation	3	Energie-Nederland	Allocation of costs	Allocation of administrative costs	Article 3 : Costs incurred by the implementation of cross-border participation On Article 3, two options should be foreseen regarding the allocation of costs incurred by the implementation of cross-border participation: 1) either they are not passed or 2) they should be attributed to the foreign capacity. Indeed, the participation of foreign capacity in the national CRMs is the cost driver more or less important administrative costs. Thus, either TSOs meet their tasks without transferring their costs to other TSOs, or these costs are allocated to the foreign capacity participating in a cross-border CRM.	R	So as to create a level playing field between all capacity providers, ENTSO-E proposes to cover these costs in the cost coverage system of the capacity mechanism in a similar way as to costs arising from tasks analogous to tasks listed in Article 26.10 of Regulation (EU) 2019/943 carried out for domestic Capacity Provider.
Costs incurred by the implementation of cross-border participation	3	Regulatory Assistance Project	Allocation of costs	Allocation of administrative costs	Article 3: The proposal suggests that, within its context, “costs incurred related to tasks listed in Article 26.10 of Regulation (EU) 2019/943 should not be borne by the TSO where the Capacity Market Unit is located.” While this provision correctly suggests that the costs are not borne by the transmission system operator (TSO) where the foreign capacity mechanism unit is located, it is not clear who should bear the costs for it. It is important that costs related to tasks listed in Article 26.10 are not borne by the consumers of the country or bidding zone where the foreign capacity is located either. The initial costs are most equitably borne by the entity acting as the capacity market operator and thereafter recovered through the associated cost recovery mechanism. Because a capacity mechanism is aimed at delivering reliability for the consumers of a Member State, the same consumers who accrue the benefits of the CM should also bear the costs for it. The TSO where the foreign capacity is located should effectively act as a subcontractor to the CM operator that implements the CM. It is most logical that the methodology, therefore, determine what reasonable costs a TSO can incur for undertaking the tasks listed in Article 26.10 of the Regulation.	C	The costs which can be recovered include all costs incurred related to tasks listed in Article 26.10 of Regulation (EU) 2019/943. It can notably include IT and operational costs. If deemed appropriate by both NRA, these costs will be recovered “in the cost coverage system of the capacity mechanism in a similar way as to costs arising from tasks analogous to tasks listed in Article 26.10 of Regulation (EU) 2019/943 carried out for domestic Capacity Provider”, and will therefore not be covered by the grid users of the MS where the capacity provider is located. So as to create a level playing field between all capacity providers, ENTSO-E proposes to cover these costs in the cost coverage system of the capacity mechanism in a similar way as to costs arising from tasks analogous to tasks listed in Article 26.10 of Regulation (EU) 2019/943 carried out for domestic Capacity Provider. Finally, it is worth mentioning that these costs refer only to costs related to the tasks enabling cross-border capacity providers to participate, and that the costs related to the contractualisation of capacity providers are borne by the consumers where the capacity mechanism applies.
	Iberdrola	Dispute settlement	Collaborations between TSOs on costs	Finally, it is also important to note that a lack of collaboration or agreement (e.g. with regard to the costs incurred in cross-border participation; see article 3) between neighbouring TSOs should not be a barrier for the swift implementation of direct cross-border participation. In this respect, it would be necessary to consider in the methodology a dispute settlement mechanism ruled and administered by ACER. Such mechanism would be automatically initiated when collaboration / agreement between	ENTSO-E should clarify further how this is addressed by the methodologies	OS	The IEM Regulation introduces at Article 26(1) an obligation to enable direct cross-border participation of capacity providers located in Member States which are electrical neighbours . Article 26(2) of the IEM Regulation indicates that, where foreign capacity is capable of providing equivalent technical performance to domestic capacities, direct cross-border participation must be implemented at the latest (for MS applying direct interconnector participation before EIF of the Regulation) by the earlier date between: <ul style="list-style-type: none"> • 4th July 2023; • 2 years after the date of ACER’s approval of the methodologies detailed in this document. If the implementation of direct cross-border participation entails the implementation of bilateral agreements, the involved parties therefore have the obligation to sign such agreements before the deadline foreseen by the IEM Regulation. It is not within the scope of this Methodology to regulate the implementation of bilateral agreements. Adding further constraint to the signature of bilateral agreements does not fall under the scope of this Proposal

				TSOs is not achieved within a certain ambitious timeframe or when called by any of the TSOs or NRAs involved.			
Costs incurred by the implementation of cross-border participation	ENGIE	Cost recovery	Treatment of implementation costs	The costs that are incurred for the implementation of cross-border participation to a CRM by transmission system operators should be integrated in the revenue sharing provisions. Costs incurred from cross-border participation should be deducted from the revenues earned by transmission system operators from such participation before a sharing methodology of this net revenue is considered. Therefore, the Article 3 on treatment of the costs that are incurred by the implementation of cross-border participation to a CRM – currently covered under the general provisions – should be integrated in Section 2 of Title 2.	Need to ensure level-playing field with domestic generation so approach should be consistent with local CM rules. Typically, CM payments to domestic providers are not net of CM operator costs. They are recovered separately from customers	OS	<p>The use of cross-border revenues is regulated by article 19(2) of the IEM regulation, and can therefore not be used to cover administrative costs.</p> <p>So as to ensure the proportionality of these costs, ENTSO-E proposes to foresee an approbation from both NRA involved on costs, which are deemed appropriate.</p> <p>So as to create a level playing field between all capacity providers, ENTSO-E proposes to cover these costs in the cost coverage system of the capacity mechanism in a similar way as to costs arising from tasks analogous to tasks listed in Article 26.10 of Regulation (EU) 2019/943 carried out for domestic Capacity Provider.</p>

3 JULY 2020

Subject matter and scope		FEBEG	Rules of participation	Ensuring security of supply	<p>General comments</p> <p>First of all, FEBEG would like to remind that, given the fact that Belgium is very interconnected, it has always supported an explicit participation of foreign capacities in capacity markets. These foreign capacity holders should be enabled to participate (1) on equal terms with local capacity holders and (2) for their expected actual contribution to the security of supply to the country during periods of scarcity.</p> <p>FEBEG considers it of utmost importance that the participation of foreign capacity is organized such that (1) it doesn't require the reservation of capacity on the interconnections as this would imply an interference with the EOM and that (2) the same capacity does not overcommit in various CRM's (and thus is remunerated several times for the same specific service while they would not be able to deliver in case of simultaneous scarcity in the respective countries).</p> <p>When it comes to security of supply, the ability to deliver energy that actually contributes – according to the rules of the EOM - to the system adequacy of the countries to whom the available capacity was committed during stress events is important.</p> <p>Setting up a cross-border mechanism respecting these two principles requires close cooperation with other countries. In this respect, FEBEG is pleading for a realistic and pragmatic approach, especially regarding the agreements that neighbouring counterparties (TSOs, national regulators, etc.) will have to conclude to respect the new electricity market regulation.</p>	OS	<p>Regarding the first point, ENTSO-E confirms that the access-tickets sold as regard to cross-border participation do not interfere with the reservation of capacity on the interconnections.</p> <p>As regard to multiple participation, the IEM Regulation binds CM not to prevent multiple participation. However, ENTSO-E's Proposal on non-availability payment put forward a regulatory framework which aims at regulating such multiple participations so as to avoid double-counting and subsequent windfall profits.</p>
Subject matter and scope		Regulatory Assistance Project	Implementation of proposal	Implementation of proposal	<p>Article 1, paragraph j: The statement by ENTSO-E that “a transition period is needed to implement this proposal in a timely manner after it is approved” is unnecessarily vague and inconsistent with the recently agreed Clean Energy for All Europeans package. This provision leaves the door open for ENTSO-E to delay implementation of the proposal, potentially without consideration of the benefits that a harmonised methodology will bring to the European market. Recognising that there might be elements in the proposal that require more time to implement than others, it would be important to establish a more definitive timeline. For example, the methodology for calculating the maximum entry capacity for cross-border participation could be applied already in 2020 following the approval or amendment process by the Agency for the Cooperation of Energy Regulators (ACER). The European Resource Adequacy Assessment (ERAA) modelling is already available (we note that this requires significant refinement and improvement though, as per our response on the related consultation. See RAP. (2020). ENTSO-E public consultation on ERAA: Response to questions. Retrieved from https://www.raponline.org/knowledge-center/entso-e-public-consultation-eraa-response-questions/). On the other hand, creating the Registry in accordance with Article 26.11(e) of the Regulation (methodology 5 of this proposal), would require more time. This is already reflected in the Regulation itself, whereby “by 5 July 2021 the ENTSO for Electricity shall set up and operate the registry referred to in point (a) of paragraph 10” (Article 26, paragraph 15 of the Regulation). The implementation of the present proposal should abide by any relevant provisions in the Regulation. In its current form, and without any justification, this provision is inappropriate.</p>	C	<p>At article 4 of its updated Proposal, ENTSO-E detailed the implementation period foreseen to provide more visibility to market players.</p> <p>As regard to the calculation of Maximum Entry Capacity, the ERAA model will most probably not be ready to allow the calculation of Maximum Entry Capacity in 2020.</p>
Subject matter and scope		European Federation of Energy Traders - EFET	Implementation of proposal	Implementation of proposal	<p>Article 1.j: A transition period is needed to implement this Proposal in a timely manner after it is approved.</p> <p>The transitory period should be limited in time and methodologies should be fully operational at least 12 months before the maximum deadline set out in article 26.2 Regulation 2019/943: “for a maximum of four years from 4 July 2019 or two years after the date of approval of the methodologies referred to in paragraph 11, whichever is earlier”.</p> <p>This implementation timeline is consistent with the legal obligation to put in place a registry by 5th July 2021 as foreseen in section 5 of the proposal. Moreover, availability checks and eligibility examination criteria implementation shall include the registry for foreign capacities as foreseen in sections 4 and 6 of the proposal.</p>	A	<p>At article 4 of its updated Proposal, ENTSO-E detailed the implementation period foreseen to provide more visibility to market players.</p> <p>This implementation period is consistent with the demands expressed by EFET.</p>

3 JULY 2020

Subject matter and scope		Eurelectric	Rules of participation	Target model	<p>The methodologies apply to the “target model”, where interconnector operators (TSOs and merchant operators) do not participate directly in the CRMs. But the experience so far (with previously approved CRMs starting an “interim” solution where the TSO is planning, and legally obliged, to gradually open up for direct participation of foreign participation) has resulted in little direct participation of foreign capacity. The main challenge was the complexity of setting up bilateral arrangements, combined with the low likelihood of foreign TSOs to recuperate some of the congestion rent from interconnection rights has deterred TSOs from concluding bilateral agreements for direct XB participation. This gives us one question regarding the methodologies:</p> <ul style="list-style-type: none"> o A clear framework to ensure direct participation of capacity providers (generation, DSR, storage) becomes a reality by putting in place the right incentives rather than legal obligations which in practice will not be fulfilled. <p>Eurelectric believes that the provisions contained in the new Electricity Market Regulation (Article 26, §10) are crystal clear and that TSOs have now an obligation to make all necessary arrangements (a.o. interest of foreign capacity providers, availability checks, notifications) to enable cross-border participation.</p>	C	<p>ENTSO-E acknowledges that the purpose of its Proposal is to facilitate the implementation of direct cross-border participation (“target model”).</p> <p>Moreover, the IEM Regulation introduces at Article 26(1) an obligation to enable direct cross-border participation of capacity providers located in Member States which are electrical neighbours. Article 26(2) of the IEM Regulation indicates that, where foreign capacity is capable of providing equivalent technical performance to domestic capacities, direct cross-border participation must be implemented at the latest (for MS applying direct interconnector participation before EIF of the Regulation) by the earlier date between:</p> <ul style="list-style-type: none"> • 4th July 2023; • 2 years after the date of ACER’s approval of the methodologies detailed in this document. <p>Finally, the provision on the costs incurred by the implementation of direct cross-border participation, at article 3, should indeed ease the implementation of direct cross-border participation.</p>
Subject matter and scope		European Federation of Energy Traders - EFET	Rules of participation	Target model	<p>As far as cross-border participation to CRMs is concerned, we insist throughout this document on two fundamental principles, namely:</p> <ul style="list-style-type: none"> - Effective direct participation of foreign asset owners/operators – generation, demand-response, storage – to CRMs, with appropriate incentives and/or obligations on TSOs, where this effective participation depends on them; - Equal treatment of foreign and domestic capacities contributing to a CRM, with an attention to the specific rights and obligations of capacity providers in the CRM and, where relevant, related to energy market functioning. <p>You will find below our detailed comments on the methodology proposal.</p> <ul style="list-style-type: none"> • Recital 2: The goal of Regulation (EU) 2019/943 is to establish rules to ensure the functioning of the internal market for electricity and ensuring security of electricity supply within the Union. As such, Recital (49) of Regulation (EU) 2019/943 specifies that “detailed rules for facilitating effective cross-border participation in capacity mechanism should be laid down.” This Proposal for cross-border participation in capacity mechanism fits within this objective. • Recital 3: A common approach —through this Proposal— for Transmission System Operators (TSOs) of every Member State in facilitating the participation of interested foreign capacity providers is key to achieve this goal. <p>The methodologies contained in the TSOs proposal have the primary objective of ensuring the effective participation of asset owners/operators in CRMs across borders, as per the requirement of article 26.1 Regulation 2019/943, while respecting the principle of non-discrimination – the same rights and obligations should apply to all capacity providers, irrespective of location.</p> <p>According to the Electricity Regulation and the present document’s own recitals, these methodologies should set the framework – the “common approach”, the “detailed rules” – to reach this objective. However, much in these methodologies is still left to the discretion of TSOs, in particular by way of bilateral agreements.</p> <p>While we acknowledge the difficulty of detailing every requirement, considering the wide variety of existing designs for CRMs, we fear that there are insufficient obligations around such bilateral agreements, so that they create insufficient incentive for TSOs to ensure effective participation of foreign capacities in CRMs. The current framework for cross-border participation indeed places a foreign TSO in front of a series of disincentives if they want to allow asset owners located in their control area to participate in the CRM of another Member State:</p>	OS	<p>The IEM Regulation introduces at Article 26(1) an obligation to enable direct cross-border participation of capacity providers located in Member States which are electrical neighbours. Article 26(2) of the IEM Regulation indicates that, where foreign capacity is capable of providing equivalent technical performance to domestic capacities, direct cross-border participation must be implemented at the latest (for MS applying direct interconnector participation before EIF of the Regulation) by the earlier date between:</p> <ul style="list-style-type: none"> • 4th July 2023; • 2 years after the date of ACER’s approval of the methodologies detailed in this document. <p>If the implementation of direct cross-border participation entails the implementation of bilateral agreements, the involved parties therefore have the obligation to sign such agreements before the deadline foreseen by the IEM Regulation. It is not within the scope of this Methodology to regulate the implementation of bilateral agreements.</p> <p>Adding further constraint to the signature of bilateral agreements does not fall under the scope of this Proposal.</p> <p>Finally, the non-discrimination principle is at the heart of the Proposal, which should allow creating a level-playing field for every capacity providers participating to a given CM.</p>

3 JULY 2020

					<ul style="list-style-type: none"> - complex frameworks to put in place (certification, availability checks, penalties) - burden of the costs of the framework and management of their recovery (see art. 3) - no certainty to share revenues from entry capacity allocation with the TSO where the CRM is located (see art. 11.1 and 11.2) <p>As a consequence, we believe that detailed rules should be in the present methodologies – which we present in our comments to various articles below. But most importantly, as effective cross-border participation will depend on the conclusion of bilateral agreements between TSOs, it is vital that TSOs have an obligation to set up such agreements, with a fixed deadline to conclude them. See our comments on article 16 for more details.</p>		
Subject matter and scope		Iberdrola	Rules of participation	Expected contribution compared to MEC	<p>It is paramount to make a clear distinction between (a) the expected cross-border contribution of imports that a bidding zone can rely upon in moments of stress (i.e. hereafter “expected XB contribution”), and (b) the maximum entry capacity for cross-border participation in CRM (i.e. hereafter the “maximum XB entry capacity”). Therefore, we request a clear definition of both terms in article 2 and accordingly a rewording of articles 4 and 6. In particular, “maximum XB entry capacity” should not be renamed as “the contribution” in article 6.</p> <p>The expected XB contribution is closely related to the adequacy assessment, as it should reflect the expected contribution of imports to adequacy:</p> <ul style="list-style-type: none"> • According to current regulations, a CRM cannot distort the market coupling – i.e. energy flows cannot be altered in any manner. Such energy flows are the result of the successive markets until balancing and (when needed) security-related adjustments in real time. Hence, in order to estimate the XB contribution, ENTSOE should use a market simulation as realistic as possible, including with regard to cross-border exchanges (imports / exports) in stress situations. • However, the results of a market simulation based on the curtailment sharing rule applied in the day-ahead market algorithm does not seem to be able to produce a very realistic estimate of the actual (real-time) cross-border exchanges. Harmonized technical bidding limits applied to day-ahead and intra-day markets across Europe (and current technical bidding limits in the balancing markets) according to Art 10 Regulation 943/2019 are not comparable to any MS’ VoLL. • As a consequence, and depending on their relative VoLLs, the bidding zone with a CRM could be actually exporting to the neighbouring bidding zone in a simultaneous scarcity situation – i.e. negative XB contribution. Therefore, the expected XB contribution should be estimated accordingly, thus leading to more realistic results. Otherwise, the expected XB contribution would be overestimated, leading to understating a potential adequacy concern. • Moreover, we draw ENTSOE’s particular attention that some national regulatory decisions could seriously affect the rationale behind the maximum entry capacity calculation. In particular, Iberian NRAs are proposing a regional methodology of harmonized bidding limits in day-ahead and intraday, instead of applying the European methodology. Therefore, energy flows are distorted by regional bidding price caps when a stress period is reached and during the potential subsequent stress periods which could occur while the same limit will continue in force. <p>Having a negative expected XB contribution has also implications in terms of the capacity that should be contracted in the CRM to ensure the reliability standard – i.e. capacity strictly corresponding to the reliability standard plus capacity that is expected to be exported to the neighbouring bidding zone in stress situations.</p> <p>With regard to the maximum entry capacity for cross-border participation in CRM, it is closely linked to the XB contribution, but it is not the same, as reflected in article 7 and 8:</p> <ul style="list-style-type: none"> • If the expected XB contribution is positive (i.e. imports expected at times of stress), then maximum XB entry capacity should be equal to the expected XB contribution. • However, if the expected XB contribution is negative (i.e. exports expected at times of stress), then the maximum XB entry capacity should be equal to zero, as contracting cross- 	A.	The methodology has been improved to avoid any ambiguity on the use of ‘maximum XB entry capacity’ as = “the contribution” and the general usage of the term contribution.

3 JULY 2020

					border capacity in the CRM does not make any positive contribution to the reliability of the bidding zone with the CRM.		
Subject matter and scope		ENGIE	Rules of participation	How foreign capacity is considered for participation	Only foreign capacity that could actually contribute to the export margin of the country from which cross-border participation is assessed (i.e. that is expected to contribute effectively to relieve the local adequacy issue), should be considered for participation. Such expected contributions should be consistent with the calculation of the maximum entry capacity and result in an additional derating of foreign capacity in line with their contribution to the export margin. This approach would result in a correct and consistent assessment of the expected contribution of foreign capacity to the security of supply of the country implementing a CRM. This additional derating for foreign capacity providers is especially pertinent in case the country from which cross-border participation is considered does not have a CRM that would apply necessary penalties to avoid over-commitments to multiple CRMs with simultaneous availability requirements (same obligation periods). ENGIE proposes such additional derating under the Article 4 on the computation of the maximum export capacity, but this mechanism could also be considered under the Section 6 covering the common rules to identify eligible capacity.	OS	ENTSO-E's proposal do not address possible de-rating applied to cross-border capacity providers, in a situation of single commitment (i.e. the capacity provider has capacity obligation in one CM at a time). The methodology on eligibility provide an answer on the general technical eligibility, as the number of MW up to which a capacity provider can participate in a CM will be determined in its contract with the CM operator. Such deratings can be introduced in national market rules or in bilateral agreements if considered useful, notably in the case of non-neighbouring bidding zones.
Definitions and interpretation	2s, t, u	NEMO	Energy not served (ENS)	Clarification of ENS / scarcity	The definitions of both "scarcity" and "system stress" should also be clearly outlined in the methodologies, ideally with reference to the security of supply standards of Member States.	C	The definitions are now consistent with ERAA and defined in the Proposal. The explanatory note has been updated to provide clarity on the exact meaning of those and specially on the notion of system stress and scarcity for the purposes of the calculation of the max entry capacity