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Fact sheet
Capacity calculation regions

Date January 2022

1 Initial situation

The European Commission has set the goal of creating a pan-European internal electricity market. The prerequisite for efficiently exchanging energy among EU member states is instating binding rules across Europe.

Under the EU's third internal market package, European rules were put into place in the form of codes referred to as network codes. These network codes were issued by the European Commission as EU regulations and are therefore legally binding rules. The aim of the network codes is to establish technical conditions for an efficient and open EU internal market in the electricity sector.

2 Regulation to set out a guideline on capacity allocation and congestion management (CACM Guideline)

Guideline 2015/1222 on Capacity Allocation and Congestion Management (CACM) is designed to coordinate and harmonise capacity calculation and capacity allocation for the cross-border day-ahead[1] and intraday[2] markets. The regulation also specifies the requirements for transmission system operators (TSOs) with regard to cooperation at regional level, at pan-European level and across bidding area borders. Capacity calculation should be coordinated at least at regional level to ensure that capacity calculation is reliable and that optimal capacity is made available to the market.

3 Implementation

The first step towards the implementation of the CACM Guideline was to identify regions where this type of coordination of capacity calculation is necessary. According to Article 2 of the CACM Guideline, these regions are defined as capacity calculation regions (CCR), i.e. «the geographic area in which coordinated capacity calculation is applied». The CCR were determined by the Agency for the Cooperation of Energy Regulators (ACER) on 17 November 2016 and a list published (→ Link). Detailed information on activities in individual CCRs can be found on the corresponding pages of the European Network of Transmission System Operators (ENTSO-E) under «Capacity Calculation Regions» (→ Link). Due to the lack of an electricity agreement, Swissgrid and hence Switzerland are not part of the relevant CCR «Core» and CCR «Italy North» (cf. chart). Swissgrid failed in its attempt to be formally included in the CCRs through appropriate lobbying. However, Swissgrid is fully integrated into the work of the CCR «Italy North» as a «Technical Counterparty» for reasons of historic cooperation. A corresponding framework agreement under private law was signed by all transmission system operators of the CCR «Italy North» at the end of 2021 and positively acknowledged by the national regulators.

[1] In the context of electricity trading, day-ahead trading is understood to mean the trading of electricity for the following day using the available transfer capacity. Electricity can be traded for individual hours or all 24 hours of the following day at a specific time on each day.

[2] This concerns the trading of electricity that is delivered on the same day. In principle, this type of trading can take place both continuously and at different trading times, using the available transfer capacity in each case. Electricity can continue to be traded until shortly before the delivery period.

In the case of the CCR «Core», cooperation has so far been limited to implementing the coordination of remedial action and conceptual work on the integration of Switzerland into the day-ahead capacity calculation.

The CCRs are constantly being expanded, for example when new cable connections are put into operation. In parallel to the ongoing revision of the CACM Guideline, the process for defining CCRs is also being modified. It is therefore possible that the current geographical demarcation will change in the future. A possible merger of the two CCRs «Core» and «Italy North» would result in renegotiations of the existing agreements.