

**REQUEST FOR AMENDMENT BY ALL REGULATORY
AUTHORITIES AGREED AT THE ENERGY
REGULATORS' FORUM**

ON

**THE ALL TSO PROPOSAL FOR
COMMON GRID MODEL METHODOLOGY
(CGMM)**

13 December 2016

I. Introduction and legal context

This document elaborates an agreement of All Regulatory Authorities, agreed at the Energy Regulators' Forum on 13 December 2016, on the **All TSO proposal for the Common Grid Model Methodology (CGMM) submitted in accordance with Article 17(1) of the Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a Guideline on Capacity Allocation and Congestion Management** (Regulation 2015/1222).

This agreement of All Regulatory Authorities shall provide evidence that a decision on the CGMM does not, at this stage, need to be adopted by ACER pursuant to Article 9(11) of the Regulation 2015/1222. This agreement is intended to constitute the basis on which All Regulatory Authorities will each subsequently request an amendment to the CGMM proposal pursuant Article 9(12).

The legal provisions relevant to the submission and approval of the CGMM proposal and this All Regulatory Authority agreement on the CGMM proposal, can be found in Articles 3, 9, 17, 18 and 19 of the Regulation 2015/1222.

Article 17 of Regulation 2015/1222:

1. *By 10 months after the entering into force of this Regulation all TSOs shall jointly develop a proposal for a common grid model methodology. The proposal shall be subject to consultation in accordance with Article 12.*
2. *The common grid model methodology shall enable a common grid model to be established. It shall contain at least the following items:*
 - (a) *a definition of scenarios in accordance with Article 18;*
 - (b) *a definition of individual grid models in accordance with Article 19;*
 - (c) *a description of the process for merging individual grid models to form the common grid model.*

Article 18 of Regulation 2015/1222:

1. *All TSOs shall jointly develop common scenarios for each capacity calculation time-frame referred to in Article 14(1)(a) and (b). The common scenarios shall be used to describe a specific forecast situation for generation, load and grid topology for the transmission system in the common grid model.*
2. *One scenario per market time unit shall be developed both for the day-ahead and the intraday capacity calculation time-frames.*
3. *For each scenario, all TSOs shall jointly draw up common rules for determining the net position in each bidding zone and the flow for each direct current line. These common rules shall be based on the best forecast of the net position for each bidding zone and on the best forecast of the flows on each direct current line for each scenario and shall include the overall balance between load and generation for the transmission system in the Union. There shall be no undue discrimination between internal and cross-zonal exchanges when defining scenarios, in line with point 1.7 of Annex I to Regulation (EC) No 714/2009.*

Article 19 of Regulation 2015/1222:

1. *For each bidding zone and for each scenario:*
 - (a) *all TSOs in the bidding zone shall jointly provide a single individual grid model which complies with Article 18(3); or*
 - (b) *each TSO in the bidding zone shall provide an individual grid model for its control area, including interconnections, provided that the sum of net positions in the control areas, including interconnections, covering the bidding zone complies with Article 18(3).*
2. *Each individual grid model shall represent the best possible forecast of transmission system conditions for each scenario specified by the TSO(s) at the time when the individual grid model is created.*
3. *Individual grid models shall cover all network elements of the transmission system that are used in regional operational security analysis for the concerned time-frame.*
4. *All TSOs shall harmonise to the maximum possible extent the way in which individual grid models are built.*
5. *Each TSO shall provide all necessary data in the individual grid model to allow active and reactive power flow and voltage analyses in steady state.*
6. *Where appropriate, and upon agreement between all TSOs within a capacity calculation region, each TSO in that capacity calculation region shall exchange data between each other to enable voltage and dynamic stability analyses.*

Article 3 of Regulation 2015/1222:

This Regulation aims at:

- (a) *Promoting effective competition in the generation, trading and supply of electricity;*
- (b) *Ensuring optimal use of the transmission infrastructure;*
- (c) *Ensuring operational security;*
- (d) *Optimising the calculation and allocation of cross-zonal capacity;*
- (e) *Ensuring fair and non-discriminatory treatment of TSOs, NEMOs, the Agency, regulatory authorities and market participants;*
- (f) *Ensuring and enhancing the transparency and reliability of information;*
- (g) *Contributing to the efficient long-term operation and development of the electricity transmission system and electricity sector in the Union;*
- (h) *Respecting the need for a fair and orderly market and fair and orderly price formation;*
- (i) *Creating a level playing field for NEMOs;*
- (j) *Providing non-discriminatory access to cross-zonal capacity*

Article 9 of Regulation 2015/1222

1. *TSOs and NEMOs shall develop the terms and conditions or methodologies required by this Regulation and submit them for approval to the competent regulatory authorities within the respective deadlines set out in this Regulation. Where a proposal for terms and conditions or methodologies pursuant to this Regulation needs to be developed and agreed by more than one TSO or NEMO, the participating TSOs and NEMOs shall closely cooperate. TSOs, with the assistance of ENTSO for Electricity, and all NEMOs shall regularly inform the competent regulatory authorities and the Agency about the progress of developing these terms and conditions or methodologies.*
2. (...)
3. (...)
4. (...)
5. *Each regulatory authority shall approve the terms and conditions or methodologies used to calculate or set out the single day-ahead and intraday coupling developed by TSOs and NEMOs. They shall be responsible for approving the terms and conditions or methodologies referred to in paragraphs 6, 7 and 8.*
6. *The proposals for the following terms and conditions or methodologies shall be subject to approval by all regulatory authorities:*
 - (c) (...)
 - (d) *the common grid model methodology in accordance with Article 17(1);*
 - (e) (...)
7. (...)
8. (...)
9. *The proposal for terms and conditions or methodologies shall include a proposed timescale for their implementation and a description of their expected impact on the objectives of this Regulation. Proposals on terms and conditions or methodologies subject to the approval by several or all regulatory authorities shall be submitted to the Agency at the same time that they are submitted to regulatory authorities. Upon request by the competent regulatory authorities, the Agency shall issue an opinion within three months on the proposals for terms and conditions or methodologies.*
10. *Where the approval of the terms and conditions or methodologies requires a decision by more than one regulatory authority, the competent regulatory authorities shall consult and closely cooperate and coordinate with each other in order reach an agreement. Where applicable, the competent regulatory authorities shall take into account the opinion of the Agency. Regulatory authorities shall take decisions concerning the submitted terms and conditions or methodologies in accordance with paragraphs 6, 7 and 8, within six months following the receipt of the terms and conditions or methodologies by the regulatory authority or, where applicable, by the last regulatory authority concerned.*
11. (...)

12. *In the event that one or several regulatory authorities request an amendment to approve the terms and conditions or methodologies submitted in accordance with paragraphs 6, 7 and 8, the relevant TSOs or NEMOs shall submit a proposal for amended terms and conditions or methodologies for approval within two months following the requirement from the regulatory authorities. The competent regulatory authorities shall decide on the amended terms and conditions or methodologies within two months following their submission. Where the competent regulatory authorities have not been able to reach an agreement on terms and conditions or methodologies pursuant to paragraphs (6) and (7) within the two-month deadline, or upon their joint request, the Agency shall adopt a decision concerning the amended terms and conditions or methodologies within six months, in accordance with Article 8(1) of Regulation (EC) No 719/2009. If the relevant TSOs or NEMOs fail to submit a proposal for amended terms and conditions or methodologies, the procedure provided for in paragraph 4 of this Article shall apply.*

II. The CGMM Proposal

The CGMM was consulted by All TSOs through ENTSO-E for one month from 4 February 2016 to 4 March 2016, with a workshop held 18 February 2016, in line with Article 17(1) and Article 12 of Regulation 2015/1222.¹

The final All TSO CGMM proposal, dated 27 May 2016, was received by the last Regulatory Authority on 11 July 2016, together with a separate document providing a clear and robust justification for including or not the views resulting from the consultation. Both documents are publically available on the ENTSO-E web site.² The proposal includes a proposed timescale for its implementation and a description of its expected impact on the objectives of Regulation 2015/1222, in line with Article 9.9 of Regulation 2015/1222.

Article 9(10) of Regulation 2015/1222 requires All Regulatory Authorities to consult and closely cooperate and coordinate with each other in order to reach agreement, and make decisions within six months following receipt of submissions of the last Regulatory Authority concerned. A decision is therefore required by each Regulatory Authority by 11 January 2017.

The CGMM proposal gives a definition of scenarios in accordance with Article 18 of Regulation 2015/1222, a definition of individual grid models in accordance with Article 19 of the same Regulation, and a description of the process for merging individual grid models to form the common grid model.

III. All Regulatory Authority position

According to Regulation 2015/1222, the scope of the CGMM is threefold. The CGMM proposal shall contain:

1. a definition of scenarios in accordance with Article 18 of Regulation 2015/1222;
2. a definition of individual grid models in accordance with Article 19 of Regulation 2015/1222; and
3. a description of the process for merging individual grid models to form the common grid model.

All Regulatory Authorities cannot approve the CGMM proposal because of three different subjects detailed below. All Regulatory Authorities request All TSOs to amend the proposal pursuant Article 9(12) of Regulation 2015/1222.

¹ The public consultation held 4 February to 4 March 2016 is available on the ENTSO-e website: <https://consultations.entsoe.eu/system-operations/common-grid-model>

² The GLDPM and the separate document providing a clear and robust justification for including or not the views resulting from the consultation are publically available on the ENTSO-e website: <https://www.entsoe.eu/major-projects/network-code-implementation/cacm/Pages/default.aspx>

III.a Common Grid Model (CGM) process deadlines

In Article 23 of the CGMM proposal, actual times for the deadlines within the CGM process are mentioned.

These deadlines have an influence on the deadlines of processes which follow after the CGM process, in particular on the intraday cross-zonal gate opening time (IDCZGOT). TSOs have, from 18 April 2016 until 18 May 2016 consulted the proposal on the IDCZGOT, pursuant Article 59 of Regulation 2015/1222. In this draft proposal, TSOs propose an IDCZGOT at 22:00 hours, which is largely determined by the CGM deadlines as proposed in Article 23 of the CGMM. The approval of IDCZGOT is however not foreseen before mid 2017, as the corresponding proposal has to be submitted by 14 December 2016.

It is also important that the deadlines for preparing the CGM do not constrain a more efficient operation of the CGM, and must not constrain the process or the quality of inputs and frequency of capacity calculation for both the day-ahead and the intraday capacity calculation time-frames.

In addition, Regulatory Authorities expect that TSOs should work on improving the CGM process and obtaining earlier CGM deadlines, since these deadlines are critical for the trading possibilities of market participants. Fixing these deadlines in a methodology at this point in time does not give possibilities, nor the incentives, for TSOs to improve these deadlines.

Moreover, Articles 17(3) and 19 of Regulation 2015/1222 prescribe that the CGMM should contain the process of merging the individual grid models, but does not state that deadlines should be included.

All Regulatory Authorities come then to the conclusion that the CGMM should not contain deadlines for preparing the CGM for the day ahead and intraday capacity calculation timeframes for the time being.

All Regulatory Authorities could allow for TSOs to agree deadlines among themselves so long as they allow to complete the merging process and CGM in time to deliver the most accurate and up to date model possible for the purposes of capacity calculation in each timeframe.

III.b Agreed measures

Articles 22, 23(1)(h) and 23(2)(e) of the CGMM describe partly the process around agreed measures. Articles 22 and 23 of the CGMM states e.g. that merging agents should perform certain actions. Also Article 22 of the CGMM describes obligations for the TSOs on agreed measures.

However, the processes on agreed measures should be described in separate methodologies pursuant Articles 20(2) and 35(1) of Regulation 2015/1222. These methodologies are developed and submitted on the regional level of the Capacity Calculation Region. All Regulatory Authorities should be able to assess the methodologies on agreed measures as a whole, and will not approve parts of the process in the CGMM.

All TSOs should remove the description on agreed measures in Articles 22 and 23 of the CGMM which anticipates on the methodologies pursuant to Articles 20(2) and 35(1) of Regulation 2015/1222.

III.c Information platform

The task to implement and administer an information platform, as described in Article 21 of CGMM, is needed to successfully form a CGM process. All Regulatory Authorities do understand that it is more efficient to have one entity which actually implements and administers the information platform. This task is however the responsibility of TSOs. The methodology cannot assign this task to another entity.

If TSOs agree on having one entity (which is ENTSO-E in the proposal) performing the implementation and administration the information platform, this entity should then perform these tasks as a delegation of tasks, as mentioned in Article 81 of regulation 2015/1222.

Moreover, the CGMM should not contain the name of the entity to whom the task is delegated, for two reasons. First of all, the TSOs are responsible that the entity, to whom the tasks are delegated, can and will perform these tasks at least as effectively as the TSOs themselves. All Regulatory Authorities have no mandate to assess whether the entity proposed is able to do so. Approving the proposal with a specific entity would imply that All Regulatory Authorities would have performed this assessment. Secondly, on a more practical level, if TSOs would like to change the entity to delegate these tasks to, All TSOs should submit an amendment on this methodology, which should be approved by All Regulatory Authorities. This is neither practical nor necessary.

All TSOs should not mention in the CGMM that ENTSO-E shall implement and administer the information platform.

These remarks also apply to Article 25 where ENTSO-E is referred to twice.

Since the implementation and administration of the information platform is a delegation of tasks, as mentioned in Article 81 of regulation 2015/1222, each TSO remains responsible for the platform. This includes, amongst others, ensuring that the platform does comply with the necessary information security standards to correctly and safely treat the data provided by TSOs.

IV. Actions

Based on the above rationale, All Regulatory Authorities agree to request an amendment to the CGMM Proposal. This amendment should contain the following elements:

1. All TSOs should remove the CGM deadlines.
 - a. All TSOs should amend the description of the merging process to make clear that all TSOs must complete the merging process and the CGM in time to allow delivery of the day ahead and intraday operational deadlines required by Regulation 2015/1222 and its relevant methodologies.
 - b. In addition, the description must make clear that all TSOs must complete the merging process and CGM in time to allow delivery of the most accurate and up to date model possible for the purposes of capacity calculation in each timeframe.
2. All TSOs should remove the description on agreed measures in Articles 22 and 23 of the CGMM which anticipates the methodologies pursuant to Articles 20(2) and 35(1) of Regulation 2015/1222.
3. All TSOs should not mention that the entity ENTSO-E shall implement and administer the information platform nor that the ENTSO-E shall develop a governance framework for the information platform.