

Press release

V4 Transmission system operators (ČEPS, MAVIR, PSE, SEPS) and TRANSELECTRICA are deeply concerned by nontransparent developments around the implementation of congestion management at the Austrian-German border

On 15 May, national regulatory authorities of Germany¹ and Austria² informed about their bilateral agreement on common framework for congestion management. According to the joint statement published by both authorities, congestion management scheme for the exchange of electricity at the border between Austria and Germany shall be introduced as from 1 October 2018. The currently unlimited trade capacities on the German-Austrian electricity market should amount to at least 4.9 GW and be offered to market participants as long-term capacity. Additionally, the day-ahead capacity allocation at the Austrian-German border is to be integrated in the existing Central Western European flow-based capacity calculation and allocation process.

Transmission system operators of the Czech Republic, Hungary, Poland, Slovak Republic and Romania are surprised by these behind the curtain developments around the implementation of common framework for congestion management at the Austrian-German border. ACER Opinion 09-2015³, prescribing the need to introduce coordinated capacity calculation and allocation scheme on the German-Austrian border, followed by the legally binding ACER Decision 06-2016⁴ from 17 November 2016 establishing the Core Capacity Calculation Region (Core CCR), provides sufficient evidence that lack of coordinated allocation at Germany-Austria border can be interpreted as constituting a sound case of EU law infringement. The statement⁵ of German Federal Network Agency (Bundesnetzagentur) released on 28 October 2016, requesting German TSOs to introduce capacity allocation scheme on German-Austrian border, was viewed as a positive and long-awaited development. However, in the consultative meetings of NRAs and TSOs it appeared clear, that the envisaged solution does not foresee coordination of capacity allocation with the CEE region, as requested by ACER. Moreover, disregarding the univocal request from CEE TSOs and NRAs to be involved in the process, German and Austrian NRAs went so far as to unilaterally announce the future cross-border capacity values. *“The current agreement between Bundesnetzagentur and Austrian E-Control has failed to provide a level playing field for trading in Central Europe and to bring an end to long lasting preference of Austrian-German energy trade at the expense of neighbouring European Member States, including their transmission system operators”*, comment the representatives of ČEPS, MAVIR, PSE, SEPS and TRANSELECTRICA.

¹ https://www.bundesnetzagentur.de/SharedDocs/Pressemitteilungen/EN/2017/15052017_DE_AU.html?nn=404422

² http://press.e-control.at/News_Detail.aspx?id=49445&menuid=1884

³ http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2009-2015.pdf

⁴ http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Individual%20decisions/ACER%20Decision%2006-2016%20on%20CCR.pdf

⁵ https://www.bundesnetzagentur.de/SharedDocs/Pressemitteilungen/EN/2016/161028_DE_AU.html?nn=712796

ČEPS, MAVIR, PSE, SEPS and TRANSELECTRICA **regret that the agreement was taken bilaterally between Austria and Germany and that it has not been discussed with affected neighbouring TSOs even within the newly established Core CCR** despite clear provisions included in ACER Decision stating that “...*capacity allocation on the DE/LU-AT border shall be introduced in line with an implementation calendar to be agreed upon by the relevant regulatory authorities and TSOs and at the latest when implementation of flow-based capacity calculation takes place in the CCR Core in accordance with the CACM Regulation*”. Concerns raised by several CEE TSOs and NRAs in their reactions to the call of Bundesnetzagentur upon German TSOs have not been taken into account. Moreover, **after over half year, there is still no clarity on the expected coordination with CEE**, treatment of CEE critical branches and the transition to fully coordinated Core flow-based capacity calculation. Instead, **we are confronted with at least 4.9 GW of guaranteed long-term capacity between Germany and Austria, without any technical justification** and explanation of its impact on the capacities on other Core CCR bidding zone borders and secure system operation including the need for remedial actions and congestion income distribution.

Czech, Hungarian, Polish, Slovak and Romanian TSOs would like to reiterate that the long-awaited introduction of congestion management at the Austrian-German border is in general a step forward, which should help relieve the strain coming from uncoordinated German-Austrian trade for neighbouring countries. In this context, we could generally welcome this effort as an interim step before full integration of Germany-Austria border into the future Core flow-based capacity calculation mechanism. However, **setting unilaterally and without any coordination with the affected CEE/Core TSOs the minimal long-term cross-border capacity at 4.9 GW questions the whole coordination process and, contrary to statements of both regulatory authorities, will keep the current status quo with limited relieve for neighbouring grids**, especially Czech and Polish transmission systems. **The inherent notion of coordinated flow-based capacity calculation is that the maximal exchange capacities are defined by technical power system constraints and not by political statements.**

Having said the above, ČEPS, MAVIR, PSE, SEPS and TRANSELECTRICA **declare their full readiness for further discussions with relevant authorities** of Austria, Germany and other states of the Core CCR including the active involvement in the ongoing project. We reiterate our call for more information on the process and the details of this interim solution, underlining the need for coordination with CEE countries. **We hope that the announced consultation with neighbouring states will be a well-organized process where amendments to the bilateral agreement can still be made and will be duly considered** in order to reach the joint objective of creating barrier-free European Internal Energy Market as provided by the CACM Regulation **in a common and coordinated way.**