

Challenges to CACM implementation EURELECTRIC's views

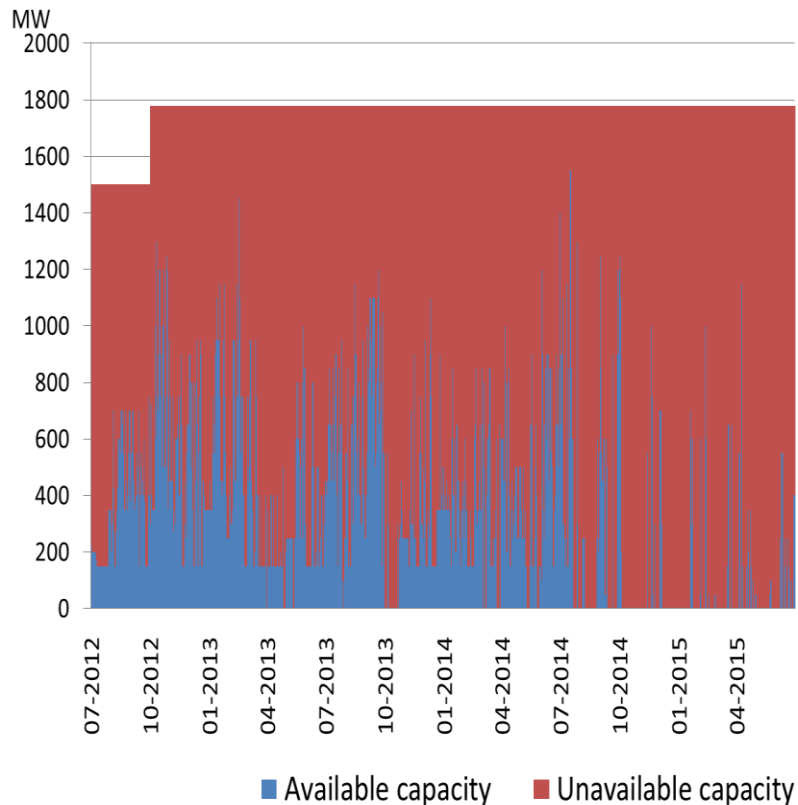
Florence Forum
9 October 2015

Challenges to overcome in CACM

- Achieving the **Energy Union** needs to **share market integration benefits collectively**.
- A positive overall social welfare for a region (or Europe) should prevail in the decision making process above local loss of social welfare.
- Not only a challenge for CACM, but also for other guidelines to come (balancing !).
- (Flow Based) Market coupling is a positive example.
- But we have also other examples as illustrated.

NTC values on the DK1-DE border are decreasing over time !

Available capacity from DK1 to DE



- The main **cause of the curtailment** of transmission capacity on the border is **internal congestion from northern Germany to southern Germany**.
- The Danish and German TSOs conducted a **study (*) on the socio economic welfare of higher transmission capacity**, to be achieved with redispatch

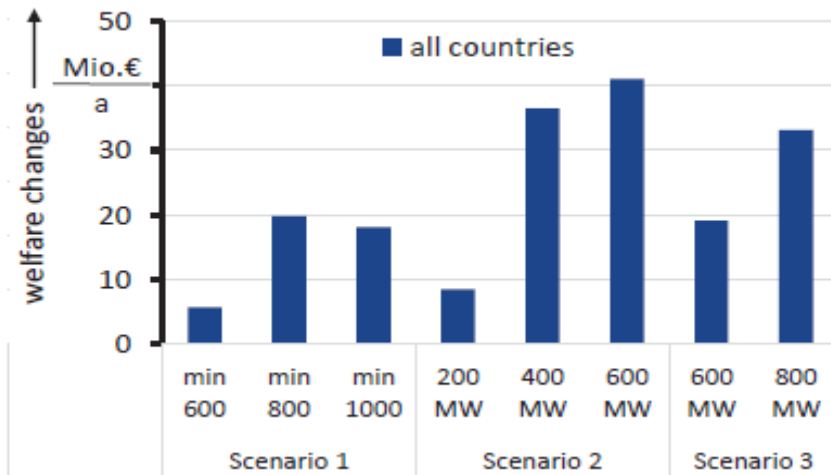
(*) full study: see

http://www.energinet.dk/SiteCollectionDocuments/Engelske%20dokumenter/EI/Report_TenneT_Socio_Economic_DK1_DE_interconnector%20PDF.pdf

Source:

Example of lack of TSO cooperation leading to a suboptimal capacity allocation: DE/DK1 interconnector

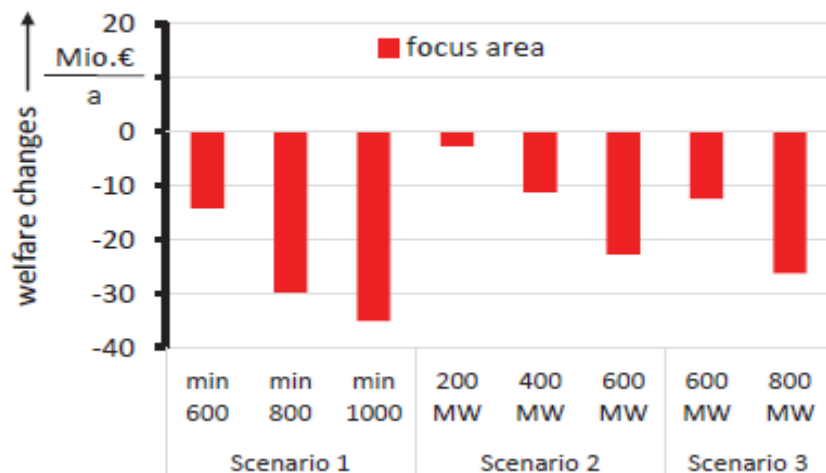
delta welfare to Base case



- The study shows that **removing capacity reductions on the Danish-German interconnector has a significant European welfare gain**

- So far, since Denmark and Germany have a negative economic welfare the proposal for redispatching has not been accepted.

delta welfare to Base case



- The result is welfare losses in a number of surrounding countries

(focus area = GE and DK, global welfare area (all countries) = NO, SE, FI, NL, BE, FR, CH, IT, PL, SV, AT, CZ, SL and HU)