


ACER

 Agency for the Cooperation
of Energy Regulators

EU Electricity Market

cross border trade and transit/loop flows

Christophe Gence-Creux

Head of the Electricity Department, ACER

22nd Florence Forum

22-23 May 2012

Impressive amount of exchanges

- **October 2011: Study commissioned by BundesNetzAgentur**
- **February 2012: Announcement to install phase-shifting transformers by some MS***
- **March 2012: High level conference on loop flows at EC**
- **March 2012: Joint response to BNetzA study by 4 CEE TSOs**
- **April 2012: Open letter from APG to 4 CEE TSOs**
- **April 2012: Letter from PSE-O to APG**
- **May 2012: ENTSO-E letter**
- **May 2012: EFET letter**
- **May 2012: BNetzA letter**
- **To be continued...**

* The Czech Republic and Poland considered installing phase shifting transformers on their grids after surges in German wind generated electricity threatened to destabilise their grids. (EPD 14 Feb 2012)

Loop flows impact the level of cross-border capacity

Monthly ATC PL-DE+CZ+SK

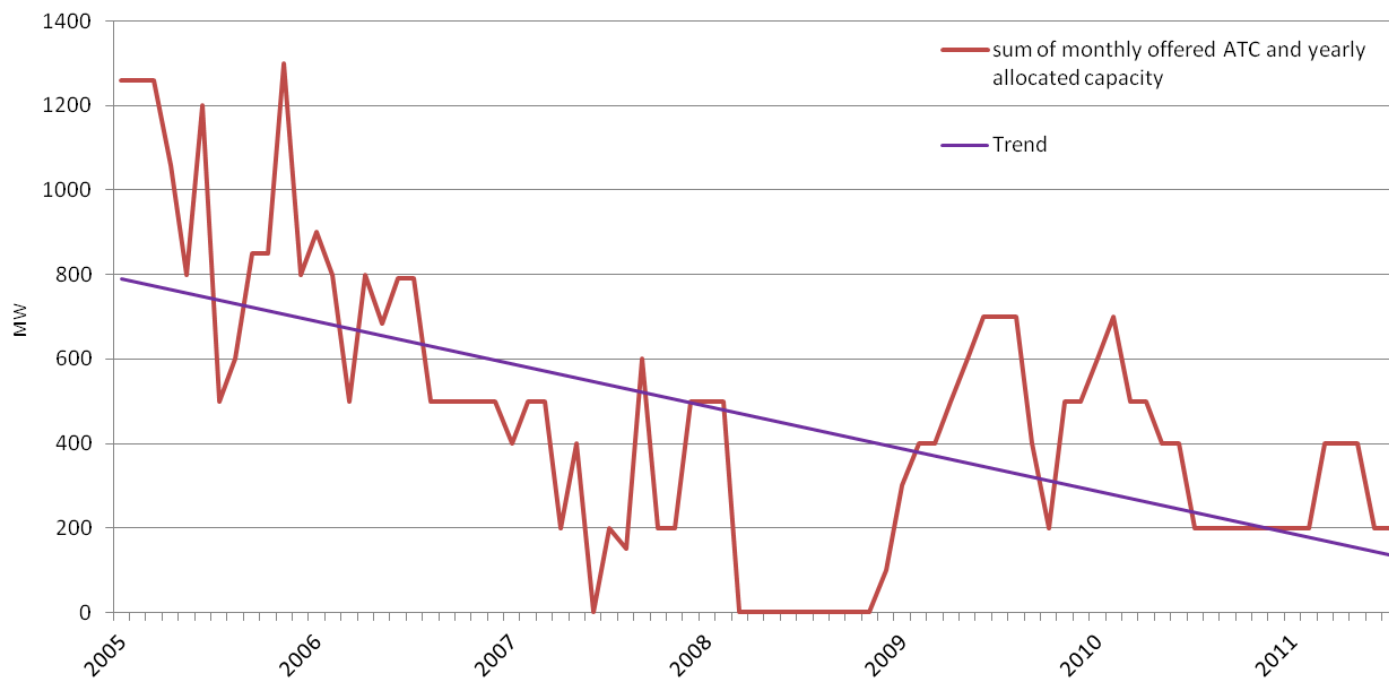


Figure 1. Export capacities offered to the market in Poland

Loop flows challenge network security

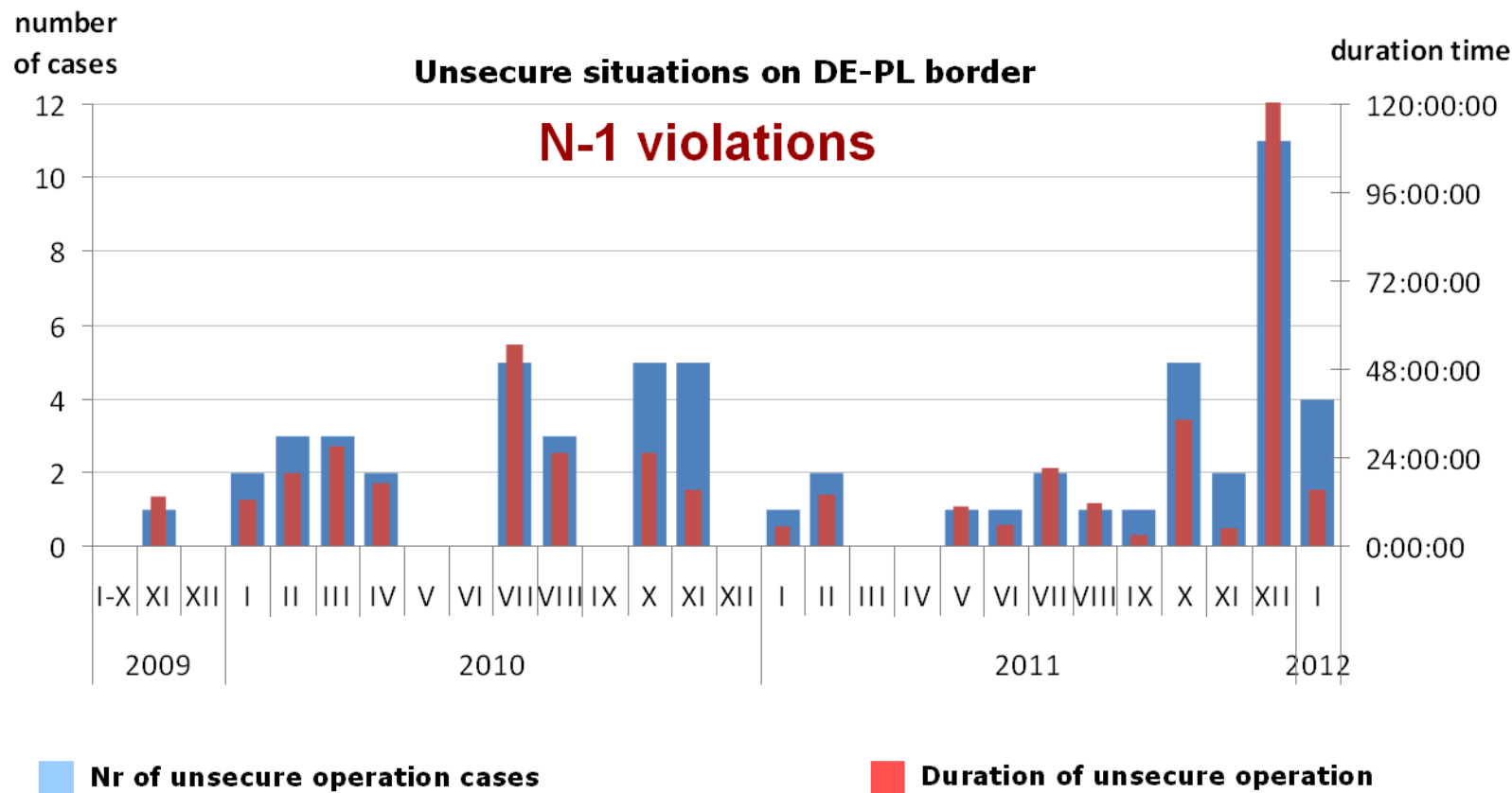


Figure 2. Unsecure situation in the Polish grid caused by unplanned power flows

Instruments to deal with loop flows

● Cat. I: “Soft” tools

- » Coordinated and efficient capacity calculation and allocation methods
- » Coordinated network planning and operation
- » Coordinated and efficient use of remedial actions (including appropriate regulatory framework to share the including costs)

● Cat. II: “Hard” tools

- » EU coordinated SOS policy
- » Harmonised and market-based RES policy
- » Locational signals/tariffs
- » Reconfiguration of bidding zones
- » Nodal system
- » Coordinated network development and fair cost-allocation

Next steps (I)

- **“The” solution is likely to belong to the second category of tools, but this still requires a significant amount of work and debate**
- **The Independent study commissioned by EC should help to identify the most adequate measure(s) to deal effectively and efficiently with loop flows**
- **Internal ACER workshop to coordinate NRA views and expectations on:**
 - **Process and methodology of the EC study**
 - **Provide input to Consultant**
 - **Develop an NRAs common position regarding the way forward**

Next steps (II)

- **Meanwhile, absolute priority should be put on the first category of tools**
 - **Bottom-up initiatives (Coreso, TSC, earlier implementation of the CACM target models through the ERI process)**
 - **Top-down initiatives (FG/NC on System Operation, CACM (including cross-border redispatching) and Balancing)**

Thank you for your attention!



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