

3.4. Derogation request of RTE from Article 16 (8) of Regulation (EU) 2019/943 of the European Parliament and of the Council on the internal market for electricity pursuant to Article 16(9) of the Regulation

3.4.1 Whereas

- (1) RTE is required, by Article 16(8) of the Regulation (EU) 2019/943 of 5 June 2019 on the internal market for electricity (hereinafter, the “Regulation 2019/943”), to offer minimum levels of available capacity for cross-zonal trade as of the 1st of January 2020
- (2) Article 16(4) of the Regulation 2019/943 provides that, in order to maximise available capacities to reach the minimum capacity requirements provided for by paragraph 8, Transmission System Operators (hereinafter, “TSOs”) shall use counter-trading and redispatch, including cross-border redispatch, via “*a coordinated and non-discriminatory process*”. However, complying with the minimum requirements set in Article 16(8) by relying on costly remedial actions would entail uncertainties on the non-coordinated areas and undermine the operational security of the French grid. Operational security is listed as one of the main objectives of day-ahead and intraday markets by Article 7(2) of Regulation 2019/943 and, according to Article 16(9), foreseeable grounds related to maintaining operational security justify a request for a derogation from the obligation, imposed by Article 16(8), to offer minimum levels of available capacity for cross-zonal trade .
- (3) This document constitutes a request for derogation in accordance with Article 16(9) of the Regulation 2019/943 and addresses the foreseeable grounds, related to the operational security of the French grid, justifying the request for a derogation.
- (4) RTE will provide a long-term solution to the issue that this derogation seeks to address, in coordination with the TSOs of the affected capacity calculation regions (hereinafter “CCR”).

RTE SUBMITS THE FOLLOWING REQUEST FOR DEROGATION

3.4.2 Article 1. Subject matter and scope

- (1) This document constitutes a request for derogation from the implementation of the minimum margin available for cross-zonal trade in accordance with Article 16(9) of Regulation 2019/943.

3.4.3 Article 2. Definitions

- (1) All the terms used in this request for derogation shall have the meaning provided by Article 2 of Regulation 2019/943 and Article 2 of Regulation 2015/1222.

3.4.4 Article 3. Operational Security grounds justifying the request for a derogation

- (1) As of 1st of January 2020, RTE will not be able to guarantee operational security -as mentioned in Article 16(9)- while applying the minimum requirements set in Article 16(8), due to the uncertainties on the non-coordinated areas (namely due to external flows stemming from neighbouring CCR and third countries). Indeed, the limitation of the reliability margin (30%) is not sufficient to cover the risk in regard to calculated capacities. Indeed, error in the forecasted flows can be of the same order of magnitude as the calculated capacity.
- (2) The development of new processes aiming at offering higher capacities to the market, and the introduction of new tools enabling the fulfilment of Article 16(8) minimum capacity requirements introduce new risks to Operational security :

- (3) With regards the risk related to new processes to offer higher capacities:
- a. the implementation of the minimum capacity requirement requirement should lead to more capacity given to the market which may require a more extensive application of remedial actions, in accordance with Article 16(4) of the Regulation 2019/943. The operational experience for processes with an extensive application of remedial actions is currently low.
 - b. the implementation of the minimum capacity requirement set forth in Article 16(8) of the Regulation 2019/943 should lead to more capacity given to the market which may require a more extensive application of costly remedial actions, in accordance with Article 16(4) of the same Regulation. The operational experience for processes with an extensive application of costly remedial actions is currently very low;
 - c. the likelihood of a more extensive application of remedial actions is higher in Member States where no action plan is applied, as it is the case for France;
 - d. in general, the overall effect on capacities offered to the market and on the extent of application of remedial actions can be assessed only when the situation in all countries having an influence on each other's grid is known. As of 1st January 2020, action plans pursuant to Article 15 of Regulation 2019/943 and derogations pursuant to Article 16(9) of Regulation 2019/943 may be applied by different Member States. The application of these measures and/or their extent is currently unknown to RTE. Therefore RTE is not in a position to ensure that its grid operators will have the relevant and required experience to ensure operational security as of 1st January 2020.
- (4) with regards to the risks related to new tools:
- a. in line with Article 16(3) of Regulation 2019/943, it should be possible for RCCs to identify the cases where remedial actions are sufficient to guarantee the security of supply.

As of 1st of January 2020, Regional Coordination Centres (hereinafter, "RCCs") will not have the tools necessary to assess and validate the availability of such remedial actions. Furthermore, RCCs will not have common tools to do it efficiently and thus provide affordable energy to the final customers, which is one of the main objective of Regulation 2019/943;
 - b. As of 1st of January 2020, RTE will not have the tools necessary to assess and validate the availability of such remedial actions. Furthermore, RTE does not have internal tools to do it efficiently and thus provide affordable energy to the final customers, which is one of the main objective of Regulation 2019/943. While the implementation of these new tools is ongoing at the time of the submission of this request for derogation, the limited amount of time between the publication of Regulation 2019/943 (June 2019) and the entry into force of its provisions (January 2020), together with the discussions related to the interpretation of this Regulation at national, regional and European level, did not allow RTE with sufficient time to develop and implement these tools.. Consequently, the tools will only benefit from a very limited testing period during which the operators are to be trained as well. An additional testing period of 6 months is required to acquire experience and stabilise the tools and as such guarantee the quality and stability of the results. This additional testing period is necessary to guarantee operational security.
- (5) To mitigate the identified operational security risks, RTE requests a transition period of 6 months to gather relevant experience from the processes and to complete the testing of the tools. During this period, a so-called parallel run approach shall be applied.

3.4.5 Article 4: Description of learning period justifying derogation request

- (1) A 6 months parallel run will be set up for the day ahead capacity calculation process in CWE, which means that:
 - a. RTE will execute the new processes and local tools for the calculation of the minimum margin on its CNECs in accordance with the minimum capacity requirement of Regulation 2019/943 and this request for derogation;
 - b. the capacity calculation process is run on the basis of a dataset from RTE, combined with the dataset provided by the other TSOs in CWE:
 - i. for those TSOs that would also apply a parallel run, the dataset specific to the parallel run will be used. This would allow, via the parallel run, to test the effect of the implementation of the minimum capacity requirements;
 - ii. for those TSOs that do not apply a parallel run, the dataset provided to the operational day ahead flow-based process in CWE will be used.
- (2) During the parallel run, RTE will continue to apply the current approved capacity calculation methodology and practices in the CWE region to the operational day-ahead flow-based process in CWE. For the avoidance of doubt, the current methodology in the CWE region includes providing a minimum margin on the French CNECs for cross-zonal trades within the CWE region equal to 20% of the thermal limit of the considered network element.
- (3) During the parallel run, RTE will develop processes and tools that will allow RTE to:
 - a. monitor the margin for cross-zonal trades for all the French CNECs as defined by ACER guidance n°01/2019;
 - b. validate the availability of remedial actions in order to ensure the minimum capacity requirement set forth in Regulation 2019/943.
- (4) RTE will train the operators in order for them to gain enough experience with new processes and tools to ensure the operational security.
- (5) RTE will assess the possibility to implement, in operations, higher values of minimum margins for cross-zonal trades providing that the tools and processes are sufficiently developed to ensure operational security with these levels of minimum margins.
- (6) The assessment of new values of minimum margins and the implementation of new values of minimum margins will be conducted by RTE with the Commission de Régulation de l'Énergie (hereinafter, "CRE") every two months.

3.4.6 Article 5: Reporting

- (1) The results of this learning period will be communicated regularly to CRE.
- (2) RTE will publish at least the following indicators for the French CNECs :
 - a. Average % of margin for cross zonal-trades;
 - b. Number of hours where the minimum capacity requirement set forth in Regulation 2019/943 is reached.

3.4.7 Article 6: Renewal of the derogation

- (1) If at the expiry of the derogation period, the reasons described in Article (3) of the current derogation are not tackled, RTE may ask for a renewal in accordance with Article 16(9) of the Regulation =2019/943. RTE will provide justification for such a renewal and the proposal for the minimum value.

RTE request for derogation on the implementation of the minimum margin available for cross-zonal trade

in accordance with Article 16(9) of Regulation (EU)
2019/943 of the European Parliament and of the Council of
5 June 2019 on the internal market for electricity (recast)

08 November 2019

Whereas

- (1) RTE is required, by Article 16(8) of the Regulation (EU) 2019/943 of 5 June 2019 on the internal market for electricity (hereinafter, the “Regulation 2019/943”), to offer minimum levels of available capacity for cross-zonal trade as of the 1st of January 2020.
- (2) Article 16(4) of the Regulation 2019/943 provides that, in order to maximise available capacities to reach the minimum capacity requirements provided for by paragraph 8, Transmission System Operators (hereinafter, “TSOs”) shall use counter-trading and redispatch, including cross-border redispatch, via “*a coordinated and non-discriminatory process*”. However, complying with the minimum requirements set in Article 16(8) by relying on costly remedial actions would entail uncertainties on the non-coordinated areas and undermine the operational security of the French grid. Operational security is listed as one of the main objectives of day-ahead and intraday markets by Article 7(2) of Regulation 2019/943 and, according to Article 16(9), foreseeable grounds related to maintaining operational security justify a request for a derogation from the obligation, imposed by Article 16(8), to offer minimum levels of available capacity for cross-zonal trade.
- (3) This document constitutes a request for derogation in accordance with Article 16(9) of the Regulation 2019/943 and addresses the foreseeable grounds, related to the operational security of the French grid, justifying the request for a derogation.
- (4) RTE will provide a long-term solution to the issue that this derogation seeks to address, in coordination with the TSOs of the affected capacity calculation regions (hereinafter “CCR”).

RTE SUBMITS THE FOLLOWING REQUEST FOR DEROGATION

Article 1. Subject matter and scope

This document constitutes a request for derogation from the implementation of the minimum margin available for cross-zonal trade in accordance with Article 16(9) of Regulation 2019/943.

Article 2. Definitions

All the terms used in this request for derogation shall have the meaning provided by Article 2 of Regulation 2019/943 and Article 2 of Regulation 2015/1222.

Article 3. Operational security grounds justifying the request for a derogation

- (1) As of 1st of January 2020, RTE will not be able to guarantee operational security -as mentioned in Article 16(9)- while applying the minimum requirements set in Article 16(8), due to the uncertainties on the external flows stemming from exchanges outside the coordination area (such as exchanges in the Core region or on Swiss borders not included in the coordination area). Indeed, the limitation of the reliability margin (30%) is not sufficient to cover the risk in regard to calculated capacities. Error in the forecasted flows can be of the same order of magnitude as the calculated capacity.

- (2) The development of new processes aiming at offering higher capacities to the market, and the introduction of new tools enabling the fulfilment of Article 16(8) minimum capacity requirements introduce new risks to operational security :
 - a. with regards to the risks related to new processes to offer higher capacities:
 - i. the implementation of the minimum capacity requirement set forth in Article 16(8) of the Regulation 2019/943 should lead to more capacity given to the market, which may require a more extensive application of costly remedial actions, in accordance with Article 16(4) of the same Regulation. The operational experience for processes with an extensive application of costly remedial actions is currently very low;
 - ii. the likelihood of a more extensive application of remedial actions is higher in Member States where no action plan is applied, as it is the case for France;
 - iii. in general, the overall effect on capacities offered to the market and on the extent of application of remedial actions can be assessed only when the situation in all countries having an influence on each other's grid is known. As of 1st January 2020, action plans pursuant to Article 15 of Regulation 2019/943 and derogations pursuant to Article 16(9) of Regulation 2019/943 may be applied by different Member States. The application of these measures and/or their extent is currently unknown to RTE. Therefore RTE is not in a position to

ensure that its grid operators will have the relevant and required experience to ensure operational security as of 1st January 2020.

- b. with regards to the risks related to new tools:
- i. in line with Article 16(8) of Regulation 2019/943, it should be possible for Regional Coordination Centres (hereinafter, “RCCs”) to use all the available remedial actions to reach the minimum capacity requirement.
As of 1st of January 2020, the RCCs will not have the tools necessary to assess whether this minimum capacity is reached and thus to what extent the capacity should be increased to reach this threshold;
 - ii. in line with Article 16(3) of Regulation 2019/943, it should be possible for the RCCs to identify the cases where remedial actions are sufficient to guarantee the security of supply.
As of 1st of January 2020, the RCCs will not have the tools necessary to precisely assess the availability of such remedial actions and validate whether they are sufficient to reach the minimum capacity or not. Furthermore, RCCs will not have common tools to identify the efficient remedial actions and thus provide affordable energy to the final customers, which is one of the main objective of Regulation 2019/943;
 - iii. As of 1st of January 2020, RTE will not have the tools necessary to precisely assess the availability of such remedial actions and validate whether they are sufficient to reach the minimum capacity or not. Furthermore, RTE does not have internal tools to identify the efficient remedial actions and thus provide affordable energy to the final customers, which is one of the main objective of Regulation 2019/943 (see whereas (2)). While the definition of these new tools is ongoing at the time of the submission of this request for derogation, the limited amount of time between the publication of Regulation 2019/943 (June 2019) and the entry into force of its provisions (January 2020), together with the discussions related to the interpretation of this Regulation at national, regional and European level, did not allow RTE with sufficient time to develop and implement these tools. Consequently, the tools will only benefit from a very limited testing period during which the operators are to be trained as well. An additional testing period is in turn necessary to guarantee operational security.
- (3) To mitigate the identified operational security risks, RTE requests a transition period of 1 year to gather relevant experience from the processes and to complete the testing of the tools. During this period, a so-called parallel run approach shall be applied.

Article 4: Description of learning period justifying derogation request

- (1) A 1-year parallel run will be set up for the day-ahead capacity calculation process in the Italy North region, which means that:
- a. The capacity calculation process is run as defined in the capacity calculation methodology. RTE will offer to this process at least the minimum levels of capacity in accordance with article 16(8)(a) of Regulation 2019/943 during 70% of the hours on which the 1-year derogation applies. The minimum levels will be provided in accordance with article 16(8)(a) of Regulation 2019/943 and with paragraphs 4.2 and

5.1 of ACER Recommendation 01/2019 on the limiting CNECs. This proportion of yearly hours has been determined based on the estimation of capacities offered to the market between 2016 and 2018 and represents a strong commitment to offering capacities at least as high as historically from 1st January 2020.

- b. The parallel capacity calculation process consists of computing the additional capacity needed to reach the minimum capacity requirement set forth in Regulation 2019/943 for the French CNECs, and performing security analyses to validate this additional capacity on the most significant cases.
- (2) During the parallel run, RTE will apply the current approved capacity calculation methodology and practices in the Italy North region to the operational day-ahead coordinated capacity calculation process in the Italy North region.
- (3) During the parallel run, RTE will develop processes and tools that will allow RTE to:
- a. monitor the margin for cross-zonal trades for all the French CNECs as defined by ACER Recommendation 01/2019 or by an updated Italy North capacity calculation methodology;
 - b. validate the availability of remedial actions in order to ensure the minimum capacity requirement set forth in Regulation 2019/943.
- (4) RTE will train the operators in order for them to gain enough experience with new processes and tools to ensure the operational security.
- (5) RTE will assess the possibility to implement, in operations, higher values of minimum margins for cross-zonal trades providing that the tools and processes are sufficiently developed to ensure operational security with these levels of minimum margins.
- (6) The assessment of new values of minimum margins and the implementation of new values of minimum margins will be conducted by RTE with the Commission de Régulation de l’Energie (hereinafter, “CRE”) every three months.

Article 5: Reporting

- (1) The results of this learning period will be communicated regularly to CRE.
- (7) RTE will publish at least the following indicators for the French elements :
- a. Average % of margin for cross zonal-trades on monitored CNECs;
 - a. Number of hours where the minimum capacity requirement set forth in Regulation 2019/943 is reached on monitored CNECs.

Article 6: Renewal of the derogation

- (1) If at the expiry of the derogation period, the reasons described in Article (3) of the current derogation are not tackled, RTE may ask for a renewal in accordance with Article 16(9) of the Regulation 2019/943. RTE will provide justification for such a renewal and the proposal for the minimum value.

RTE request for derogation on the implementation of the minimum margin available for cross-zonal trade

in accordance with Article 16(9) of Regulation (EU)
2019/943 of the European Parliament and of the Council of
5 June 2019 on the internal market for electricity (recast)

26 November 2019

Whereas

- (1) RTE is required, by Article 16(8) of the Regulation (EU) 2019/943 of 5 June 2019 on the internal market for electricity (hereinafter, the “Regulation 2019/943”), to offer minimum levels of available capacity for cross-zonal trade as of the 1st of January 2020
- (2) Article 16(4) of the Regulation 2019/943 provides that, in order to maximise available capacities to reach the minimum capacity requirements provided for by paragraph 8, Transmission System Operators (hereinafter, “TSOs”) shall use counter-trading and redispatch, including cross-border redispatch, via “*a coordinated and non-discriminatory process*”. However, complying with the minimum requirements set in Article 16(8) by relying on costly remedial actions would entail uncertainties on the non-coordinated areas and undermine the operational security of the French grid. Operational security is listed as one of the main objectives of day-ahead and intraday markets by Article 7(2) of Regulation 2019/943 and, according to Article 16(9), foreseeable grounds related to maintaining operational security justify a request for a derogation from the obligation, imposed by Article 16(8), to offer minimum levels of available capacity for cross-zonal trade .
- (3) This document constitutes a request for derogation in accordance with Article 16(9) of the Regulation 2019/943 and addresses the foreseeable grounds, related to the operational security of the French grid, justifying the request for a derogation.
- (4) RTE will provide a long-term solution to the issue that this derogation seeks to address, in coordination with the TSOs of the affected capacity calculation regions (hereinafter “CCR”).

RTE SUBMITS THE FOLLOWING REQUEST FOR DEROGATION

Article 1. Subject matter and scope

This document constitutes a request for derogation from the implementation of the minimum margin available for cross-zonal trade in accordance with Article 16(9) of Regulation 2019/943.

Article 2. Definitions

All the terms used in this request for derogation shall have the meaning provided by Article 2 of Regulation 2019/943 and Article 2 of Regulation 2015/1222.

Article 3. Operational security grounds justifying the request for a derogation

- (1) The development of new processes aiming at offering higher capacities to the market, and the introduction of new tools enabling the fulfilment of Article 16(8) minimum capacity requirements introduce new risks to operational security :
 - a. with regards to the risks related to new processes to offer higher capacities:
 - i. the implementation of the minimum capacity requirement set forth in Article 16(8) of the Regulation 2019/943 should lead to more capacity given to the market which may require a more extensive application of costly remedial actions, in accordance with Article 16(4) of the same Regulation. The operational experience for processes with an extensive application of costly remedial actions is currently very low;
 - ii. the likelihood of a more extensive application of remedial actions is higher in Member States where no action plan is applied, as it is the case for France;
 - iii. in general, the overall effect on capacities offered to the market and on the extent of application of remedial actions can be assessed only when the situation in all countries having an influence on each other's grid is known. As of 1st January 2020, action plans pursuant to Article 15 of Regulation 2019/943 and derogations pursuant to Article 16(9) of Regulation 2019/943 may be applied by different Member States. The application of these measures and/or their extent is currently unknown to RTE. Therefore RTE is not in a position to ensure that its grid operators will have the relevant and required experience to ensure operational security as of 1st January 2020.
 - b. with regards to the risks related to new tools:
 - i. in line with Article 16(8) of Regulation 2019/943, it should be possible for Regional Coordination Centres (hereinafter, "RCCs") to use all the available remedial actions to reach the minimum capacity requirement.

As of 1st of January 2020, RCCs will not have the tools necessary to assess whether this minimum capacity is reached and thus to what extent the capacity should be increased to reach this threshold;

- ii. in line with Article 16(3) of Regulation 2019/943, it should be possible for RCCs to identify the cases where remedial actions are sufficient to guarantee the security of supply.

As of 1st of January 2020, the RCCs will not have the tools necessary to precisely assess the availability of such remedial actions and validate whether they are sufficient to reach the minimum capacity or not. Furthermore, RCCs will not have common tools to identify the efficient remedial actions and thus provide affordable energy to the final customers, which is one of the main objective of Regulation 2019/943

- iii. As of 1st of January 2020, RTE will not have the tools necessary to precisely assess the availability of such remedial actions and validate whether they are sufficient to reach the minimum capacity or not. Furthermore, RTE does not have internal tools to identify the efficient remedial actions and thus provide affordable energy to the final customers, which is one of the main objective of Regulation 2019/943 (see whereas (2)). While the definition of these new tools is ongoing at the time of the submission of this request for derogation, the limited amount of time between the publication of Regulation 2019/943 (June 2019) and the entry into force of its provisions (January 2020), together with the discussions related to the interpretation of this Regulation at national, regional and European level, did not allow RTE with sufficient time to develop and implement these tools. Consequently, the tools will only benefit from a very limited testing period during which the operators are to be trained as well. An additional testing period is in turn necessary to guarantee operational security.

- (2) To mitigate the identified operational security risks, RTE requests a transition period of 1 year to gather relevant experience from the processes and to complete the testing of the tools. During this period, a so-called parallel run approach shall be applied.

Article 4: Description of learning period justifying derogation request

- (1) A 1 year parallel run will be set up for the day ahead capacity calculation process in SWE, which means that:
 - a. The capacity calculation process is run as defined in the capacity calculation methodology. RTE will offer to this process at least the minimum levels of capacity in accordance with article 16(8)(a) of Regulation 2019/943 during 70% of the hours on which the 1-year derogation applies. The minimum levels will be provided in accordance with article 16(8)(a) of Regulation 2019/943 and with paragraphs 4.2 and 5.1 of ACER Recommendation 01/2019 on the limiting CNECs. This proportion of yearly hours has been determined based on the estimation of capacities offered to the market between 2016 and 2018 and represents a strong commitment to offering capacities at least as high as historically from 1st January 2020.
 - b. The parallel capacity calculation process consists of computing the additional capacity needed to reach the minimum capacity requirement set forth in Regulation 2019/943 for the French CNECs, and performing security analyses to validate this additional capacity on the most significant cases.

- (2) During the parallel run, RTE will apply the current approved capacity calculation methodology and practices in the SWE region to the operational day-ahead coordinated capacity calculation process in SWE. For the avoidance of doubt, the current methodology in the SWE region will Go-Live in January 2020.
- (3) During the parallel run, RTE will develop processes and tools that will allow RTE to:
 - a. monitor the margin for cross-zonal trades for all the French CNECs as defined by ACER Recommendation n°01/2019 or by an updated SWE CCM;
 - b. validate the availability of remedial actions in order to ensure the minimum capacity requirement set forth in Regulation 2019/943.
- (4) RTE will train the operators in order for them to gain enough experience with new processes and tools to ensure the operational security.
- (5) RTE will assess the possibility to implement, in operations, higher values of minimum margins for cross-zonal trades providing that the tools and processes are sufficiently developed to ensure operational security with these levels of minimum margins.
- (6) The assessment of new values of minimum margins and the implementation of new values of minimum margins will be conducted by RTE with the Commission de Régulation de l’Energie (hereinafter, “CRE”) every three months.

Article 5: Reporting

- (1) The results of this learning period will be communicated regularly to CRE.
- (2) RTE will publish at least the following indicators for the French elements :
 - a. until a proper computation is available in the first quarter of 2020,
 - i. Average % of used capacity and FRM on cross-border elements at 0 cross-zonal exchange
 - ii. Number of hours where the minimum capacity requirement set forth in Regulation 2019/943 is reached based on the above indicator.
 - b. as soon as a proper computation is available,
 - i. Average % of margin for cross zonal-trades on monitored CNECs;
 - ii. Number of hours where the minimum capacity requirement set forth in Regulation 2019/943 is reached on monitored CNECs.

Article 6: Renewal of the derogation

- (1) If at the expiry of the derogation period, the reasons described in Article (3) of the current derogation are not tackled, RTE may ask for a renewal in accordance with Article 16(9) of the Regulation 2019/943. RTE will provide justification for such a renewal and the proposal for the minimum value.