



EUROPEAN COMMISSION  
DIRECTORATE-GENERAL FOR ENERGY

Director- Internal energy market

Brussels,  
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CORE NRAs  
*Per email*

## **Subject: DG ENER guidance on prioritisation of projects in Day Ahead**

Dear NRA representatives,

The fact that the legal deadlines for implementing important elements of Single Day-Ahead coupling were missed by concerned TSOs and NEMOs made it necessary for NRAs to intervene, in order to avoid further delays. Option 1 of the currently discussed options to address these delays consists in our understanding of two steps: (i) market coupling of CEE countries based on NTC (so called interim coupling project, ICP) and, consequently, (ii) implementation of the new flow based capacity calculation methodology (Core FB). Option 2 would be the direct focus on Core FB, without NTC-based (interim) coupling.

In the last CORE IG meeting of 1<sup>st</sup> September 2020, CORE NRAs agreed to ask DG ENER for guidance on the options above, namely, on whether the ICP and the CORE FB should be implemented sequentially, or parties should concentrate their efforts only on the implementation of the CORE FB. DG ENER has now analysed the arguments in favour of and against the different options and the respective timelines shared by the various parties.

Although both options have different advantages and risks attached, DG ENER considers a sequential implementation of the ICP and CORE FB projects, thus Option 1, as the best way forward, and this for the following reasons:

- The implementation of the Single Day-Ahead coupling, and notably the geographical extension to all relevant EU borders is a legal requirement and one of the main objectives of CACM. It should have been completed by July 2018, twelve months after the approval of the MCO plan (Article 7(3) CACM). It appears that the ICP is the project that will facilitate the fulfilment of this legal requirement in the shortest time possible;
- This earlier coupling of 4MMC countries will bring estimated welfare gains of several million EUR<sup>1</sup>, and additionally will allow for a meaningful coupling of Greece and Bulgaria, who should be able to do so in the following months;

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<sup>1</sup> ACER electricity market monitoring report 2018, pag. 43

- Having an interim step in the CORE FB project has a value in terms of mitigation of risk and evaluation of the project results:
  - while DG ENER is confident that the project parties will deliver the CORE FB implementation within the agreed timelines, having an interim coupling project will ensure that CEE countries will not remain isolated even if further delays to CORE FB implementation were to occur;
  - the ICP will allow comparing results from FB coupling with the more familiar NTC results during the parallel run;
- According to the information received, the ICP is in the latest steps of development (with only the testing phase missing, once the delayed parties complete its local implementation). Abandoning the ongoing activities at this stage would carry a considerable amount of sunk costs.
- The project parties have already announced a significant delay of the CORE FB project, the additional delay expected due to the implementation of the ICP does not seem disruptive, and DG ENER considers that it does not outweigh the benefits listed above.

DG ENER assumes that, according to the latest timeline provided commonly by project parties, which were considered realistic and feasible by them, ICP could be implemented by April 2021, and Core FB could follow in February 2022. DG ENER considers it justified that NRAs ask implementation at the beginning of the go-live windows.

DG ENER also asks the CORE NRAs to closely monitor the development of both the ICP and the CORE FB projects, and notably to take the appropriate actions should they detect that their timely implementation is put at risk, for instance by giving priority to other projects. DG ENER requests the CORE NRAs to closely monitor the fulfilment of the legal obligations of the involved TSOs and NEMOs, ensuring that they put sufficient efforts and human resources at the implementation of the projects in order to avoid further delays of the go-live dates.

DG ENER acknowledges the commitment expressed by the CZ, SK, HU and RO regulators to take action if, once the ICP is implemented, their national parties were to show lack of engagement towards completing CORE FB in the timeline as set out above.

In view of the significant negative impact of the delay for EU citizens, DG ENER encourages NRAs to use their existing enforcement powers and to take the appropriate enforcement actions should they detect non-compliance with obligations for TSOs and NEMOs pursuant to the CACM Regulation or the methodologies adopted by NRAs/ACER. DG ENER invites the CORE NRAs to work on an enforcement strategy for these projects, based on this guidance and the latest timelines shared by the project parties. DG ENER recommends to allocate individual responsibilities to TSOs and NEMOs for implementation steps as clearly as possible and assign clear deadlines for these tasks.

My services and I remain at your disposal for any question on this guidance, and for providing support to all involved parties on the follow-up strategy to avoid further delays in the implementation of market coupling.

Yours sincerely,

Catharina Sikow-Magny

Copy:  
CORE NEMOs and CORE TSOs