

## **Regarding the TSO Report Concerning Flow-Based implementation and ID ATCE**

Dear Nordic TSO representatives,

On the 30<sup>th</sup> of September we received the Nordic TSO's response to NordREG's letter dated July 1<sup>st</sup> concerning flow-based implementation and ID ATCE. NordREG takes note of the scheduled go live on the 29<sup>th</sup> of October and with this letter we want to comment on the content of the report as well as express our remaining concerns.

Having reviewed the report, we the Nordic regulators do not believe the report fully answers the questions and concerns posed in our letter. The report confirms that there are situations where the ATCE capacities are too low to provide sufficient trading possibilities between bidding zones in case of a trip on a large generation unit but does not assess the possible measures to ensure operational security in these situations and their effects to the day-ahead and intraday market. Our concern is that the reduced trading possibilities on intraday may also lead to increased procurement of balancing reserves and further increased capacity reservations for balancing, but we have not received any indication on how big the impact will be. We had expected the TSOs to present a thorough analysis on lock-in situations in the report.

In the report TSOs mention that increased capacity reservations for balancing might be a tool for handling the reduction of capacity between bidding zones in the intraday market. That in turn would reduce the capacity available for day ahead and intraday and impair the efficiency of the market. The prospect of increased capacity reservations for balancing is an issue that concerns the Nordic regulatory authorities.

Lastly, we note that there is no existing time plan for introducing flow-based capacity calculation and allocation in intraday continuous trade or auctions. Given that the ID ATCE does not allow for optimal utilization of the intraday capacity, NordREG require the TSOs to work for implementation of flow-based capacity calculation in the intraday timeframe as soon as possible, where having flow-based in the auctions seems to be the first step. The Nordic regulatory authorities will follow this development closely.

We once again emphasize that TSOs bear the responsibility for the implementation and operational aspects of the capacity calculation methodology and hence it is the TSOs responsibility to duly consider the remaining concerns ahead of the go-live of the methodology.

Best regards, and on behalf of NordREG Board,

Simo Nurmi  
Chair of the NordREG Board