

## Italy North TSOs consultation on amended Day-Ahead and Intraday Capacity Calculation Methodologies

Brussels, 20 December 2024

### Key messages

1. We appreciate the Italy North Stakeholder Forum to discuss implementation conditions and provide feedback to questions by stakeholders
2. Several problems we identified in the previous Italy North CCM proposal still need resolution, especially on allocation constraints and transparency.
3. We appreciate the introduction of the "Export corner" this year that better calculates and allocates capacity each day based on the actual security situation of the grid.
4. Italy North TSOs should improve publication of data and methodologies so that market participants can replicate the models for their forecasting.

### Detailed messages

**Article 5.1 and 5.2** on the reliability margin methodology sets a fixed value for the Transmission Reliability Margin (TRM). We fail to understand why the TRM is still set at 500 MW after more than five years and after several interconnectors went live. The value of 500 MW is the same in day-ahead and intraday, despite the declining level of uncertainty in intraday as real time approaches.

The study performed by Italy North TSOs in 2021 showed that for the lowest risk level (1%), the resulting required TRM value according to the statistical analysis was 846 MW. Italy North TSOs then decided to keep the current TRM value of 500 MW for 2022 until the first full scope TRM study was available. We would appreciate an update of the TRM and on the study before a new value is set for 2025.

We disagree with including unintended load frequency deviations or (more generally uncertainty on the net position of a bidding zone) in the setting of reliability margins. Such uncertainty can be

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modelled through GSKs. The only relevant deviations to be considered should be related with deviations from reference situation or GSK.

In **article 6.3**, the TSOs include tie-line as a CNE and maintain the 5% criterion, also applied in the Core flow-based capacity calculation. In 2021, Italy North TSOs found that a 5% threshold yields a noticeable TTC increase and a further increase in threshold to 10% or 15% yields little or no additional TTC increase. In that sense, the recommendation was to keep the 5% threshold. However, the study was performed on a small data set and TSOs plan to revisit the CNEC selection threshold study with a greater scope. We would appreciate an update before its revision for 2025.

In **Article 6.4**, the concept of “monitored network element” (MNE) is maintained, which are influenced by the application of cross-border relevant remedial actions but are not significantly influenced by cross-zonal exchanges. We appreciate that the monitoring will be extended beyond the export corner.

**Articles 6.10, 6.11, 6.12 and 6.13** allow the TSOs to further limit cross-zonal trade by imposing allocation constraints of various sorts to maintain the Italian transmission system within operational security limits. We appreciate that the methodology is described in the explanatory note.

However, this objective cannot be an acceptable criterion. Such issues, if duly justified, can be addressed more efficiently with remedial actions, which would avoid constraining unnecessarily cross-zonal exchanges.

We recommend that the TSOs of Italy North region not apply allocation constraints in the capacity calculation within the CCR. This clear statement was made in the CCMs of other CCRs (SWE, SEE).

**Article 8.** We recommend adopting the wording used in the CCM for the SWE region to amend article 8: “[the TSOs] shall coordinate, prior to the capacity calculation, the remedial actions that can be shared with each other to maximize the available cross-zonal capacities for the [concerned] border”.

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We welcome the consideration of curative remedial actions, in particular in the face of N-1 contingencies. We recommend that countertrading be considered as curative remedial action in DA and ID capacity calculation.

**Article 9.14-15** covers the validation methodology with a new deduction margin of 20% of the last coordinated cross-zonal capacities for peak and off-peak hours. We miss an analysis of such values in the explanatory document.

## **Article 10**

The binding proposal should describe the capacity calculation methodology in detail. We strongly contest the rationale of calculating a TTC instead of NTCs for each border. Sharing a TTC between Northern borders may unduly limit commercial flows through Italy North, e.g. from Slovenia to France. Italy North – as a matter of fact, will transition to a flow-based in day ahead once it will merge with Core in 2027.

We regard a TTC computation as a different approach for capacity calculation and consider therefore that deriving NTCs from a computed TTC would not be compliant with the CACM guideline.

We appreciate that the Annexes (and explanatory document) provide more detail as of how the TTC (or NTCs) will be calculated based on the selected CNEs, TRMs, and GSKs.

Finally, we recommend further improvements on transparency:

- every release of the algorithm applied by the RSC for capacity calculation should be developed in an open source environment.
- Italy North TSOs should publish the RefProg (outcome of NPF process) on a daily basis by March 2025
- Italy North TSOs together with Coreso to assess whether NPF methodology can be published (principles, general criteria, algorithm) by March 2025
- Italy North TSOs should publish the initial NTCs without redflags by March 2025
- Italy North TSOs should improve the short-term forecast and explain limitations with a coordinated methodology.
- the outputs of capacity calculation, in terms of remaining available margin for every CNE, and translation (if any) into NTCs should be published immediately after each capacity calculation.

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