

Regarding the Input Parameters for Flow-Based Capacity Calculation

Dear Nordic TSO representatives,

Having reached the go-live of flow-based capacity calculation methodology after the extended parallel runs, we the Nordic NRAs want to highlight some aspects of the calculation process, as well as to possibly call for some clarification on the procedures going forward.

We once again emphasize the importance of transparency and sufficient communication to stakeholders on operationally relevant issues such as updating the TSO inputs used for capacity calculation. We are doing this for the market participants, and any sudden or hidden changes in key input data cannot be accepted - especially if the effect of this change to market results would be substantial and unforeseeable.

We acknowledge the possible need for the TSOs to adjust some of the capacity calculation parameters. At the same time, it is essential that there is a concrete and clear procedure of how this kind of changes would be made. The details of this process should also be clearly communicated to the market participants.

The current capacity calculation methodology in force defines that after go-live, any change of the calculation inputs should be published latest one month before their implementation. We would like to underline that this is of course the minimum requirement. The TSOs also need to justify the changes to be made based on the requirements in the common methodology and in the relevant regulations. The bigger the change would be, the more time and more extensive reasoning and analyses would be required as justification. For example, in case of possible changes of parameters due to deviations between calculated and actual flows in real time operations, we would expect the deviations to materialise in terms of extensive use of individual validation adjustments (IVAs) to ensure operational security well ahead announcing changes to the parameters. We also want to underline that any changes to the input parameters has to comply with articles 3 to 11 in the Nordic capacity calculation methodology.

We also want to emphasize the importance of TSO-coordination and communication as we move towards increased regional harmonization. TSOs should be able to work together at such a level, that we can be sure to avoid ending up in situations, where a TSO would need to make sudden changes, to which then the other TSOs would need to adjust for.

We once again emphasize that TSOs bear the responsibility for the implementation and operational aspects of the capacity calculation methodology. The goal is to have well-functioning markets, and any unexpected or unjustified communication of measures by the TSOs are bound to create distrust and opposition for the new market solution.

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The NRAs expect the TSOs to improve on their cooperation in order to avoid any further complications in the adoption of the flow-based capacity calculation.

Best regards, and on behalf of NordREG Board,

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Chair of the NordREG Board

