The Agency for the Cooperation of Energy Regulators (ACER) recommends capacity allocation at the German-Austrian border

The Agency for the Cooperation of Energy Regulators (ACER) has adopted as of 23 September 2015 a legally non-binding Opinion to split the German-Austrian single bidding zone for electricity.

The Bundesnetzagentur supports the aim of this decision, however it holds a different view of specific points in ACER's reasoning, while E-Control considers solutions other than the one proposed to be more efficient and effective. Nevertheless, both authorities agree that their different opinions on this issue do not affect the excellent, close cooperation between Germany and Austria.

ACER's recommendation has put the splitting of the German-Austrian bidding zone on the political agenda; both authorities will participate in a constructive manner in the negotiation process initiated by ACER, together with their neighbouring countries. It is quite possible that this will lead to solutions that better safeguard the interests of all those concerned than capacity allocation does.

Jochen Homann, President of the Bundesnetzagentur, and Walter Boltz, Executive Director of E-Control explain, “Together with our colleagues in Poland and the Czech Republic we want to draw up an effective and sustainable solution for the network security problems. Our aim is a long-term reasonable balance between the requirements of exchange of electricity, an acceptable network expansion and the justified security concerns of the neighbouring states affected.” Jochen Homann, “The Bundesnetzagentur takes the concerns of our neighbours about network security very seriously. For this reason we welcome ACER's recommendation and want to reach joint agreement on a fair, future-proof arrangement including a realistic implementation schedule for the measures necessary.”

Mr Homann continued, “To align the network with the Energiewende, we have given top priority to network expansion.” Mr Boltz added, “The German network expansion on its own cannot solve the network stability problems in Poland and the Czech Republic, a regional network expansion concept needs to be implemented swiftly in these countries, too.”

As a result of the well-developed system linking the German and Austrian transmission networks, a joint electricity exchange zone has existed in Germany and Austria since 2001. Contrary to the situation at other borders, so far there has been no need to restrict electricity exchange activities between the two countries by introducing a congestion management system.
In recent years, however, cross-border exchange of electricity between Germany and Austria has increased considerably. The high level of exports has an effect on network stability not only in Germany but also in Poland and the Czech Republic because some of these exports flow through the Polish and Czech networks as the German network expansion has not yet been fully implemented.

At the request of URE, the Polish regulatory authority, ACER has now requested the regulatory authorities and transmission system operators (TSOs) involved to commit to introducing capacity allocation and to draw up an implementation schedule within four months. Consequently, it will no longer be possible to exchange unlimited amounts of electricity between Germany and Austria, which could lead to different wholesale prices in the two countries at certain times of the day. Up to now, network congestion in the German, Polish and Czech networks has primarily been met by switching measures and redispatch according to the situation.

In the joint view of the Bundesnetzagentur and E-Control, large scale redispatch is only a temporary means of overcoming the network congestion that will continue to occur until the network expansion has been finalised. Jochen Homann and Walter Boltz state, “We are committed to implementing measures that secure network stability, that remain workable for the transmission system operators and, at the same time, entail as little economic cost as possible.“ Mr Boltz adds, “We are aware of the problem and of our responsibility, however, the legal framework, especially competition issues, must be taken into account in seeking a solution.“

Since May last year the TSOs and the regulatory authorities of the two countries have carried out extensive analyses, which should lead to an agreed concept on securing network stability in the future and to a joint understanding of what the next steps should be. Alongside this bilateral process, the regulatory authorities will also seek constructive solutions and will comply with the ACER recommendation by initiating negotiations with all the countries affected. This means not just taking their neighbours to the east and west into account but also the bidding zone review that is currently being initiated by the European Transmission System Operators (ETSO) based on the CACM Guideline. If the introduction of congestion management at the German-Austrian border is found to be the best solution, it is not expected to become a practical reality before the winter of 2018-2019.