ENTSO-E's position on CACM 2.0

Brussels, 28 November 2025

The electricity grid is the backbone of the EU internal energy market and a core element of Europe's security and competitiveness as well as a crucial pillar for achieving carbon neutrality. TSOs are entities with a clear public service mandate of developing and running the transmission system and are ultimately responsible for its security. This needs to be recognised at the European level. ENTSO-E and its TSO members have thus a responsibility to inform decision-makers about the feasibility and consequences of their policy choices and to challenge decisions or methodologies that could potentially be detrimental to the objectives pursued at EU level in the areas of the single energy market, system security and the energy transition.

In June 2025, the European Commission resumed its work on amending the Commission Regulation (EU) 2015/1222 establishing a guideline on capacity allocation and congestion management (hereinafter, CACM 2.0). The stated objective of this revision is to simplify and harmonise market rules, enhance transparency, and strengthen regulatory oversight.

In October, the European Commission shared with Member States a second version of the CACM 2.0 draft. TSOs welcome that the European Commission took several concerns from the first draft into account in the revised version, showing progress in addressing key issues raised by ENTSO-E. These include provisions related to market coupling, the fact that some of the awarded powers to ACER seem to remain with all NRAs for multiple decisions, among others.

Nonetheless, while we acknowledge these improvements, further attention is still needed to ensure a balanced approach across the objectives of operational security and competitiveness and to address the remaining concerns encompassing governance (roles and responsibilities changes), legal (including scope of the implementing act and procedural steps), and technical aspects affecting the market functioning and the system operation.

In concrete terms, the current proposal remains critical on five major aspects.

1. The revised draft proposal of CACM 2.0 maintains a number of legal inconsistencies with higher-ranking legislation, notably regarding governance aspects, thus exceeding the scope of an implementing act under EU law.

While the new draft includes some improvements, it still exceeds the scope of an Implementing Act under EU law by:

- Confirming the significant expansion of ACER's monitoring and information request powers in several articles and providing for additional approval powers beyond the applicable legislation. In the new draft, for example, ACER is still awarded with powers to approve the

decision-making process for the SMCO and entrusted with approval powers of TSOs' and NEMOs' decision-making processes for TCMs;

- Assigning Regional Coordination Centres (RCCs) an advisory role to prepare draft proposals for TCMs, thus bypassing the formal procedure mandated by the Regulation (EU) 2019/943 (hereinafter, the Electricity Regulation) on awarding advisory tasks;

- Introducing new conditions for third-countries participation in market coupling and the development of TCMs that are not explicitly anchored in enabling acts;

- Maintaining the creation of a Single Market Coupling Operator for the entire EU electricity market, despite the political nature of this decision and the absence of a legal basis in the Electricity Regulation;

- Perpetuating the misleading impression that ENTSO-E is an entity separated from TSOs. As a member-based Association, ENTSO-E relies on the crucial expertise and active contribution of its TSOs members, who work together within the framework defined by ENTSO-E's Articles of Association. Through its collaborative approach, ENTSO-E ensures the proper execution of all legally mandated tasks, in full compliance with its Articles of Association, which have received the favourable opinion of the European Commission.

The proposed changes, advanced with neither prior impact assessment nor adequate political discussions, pursue a model with further centralised tasks and responsibilities and overlook the added value and robustness of a decentralised model in terms of efficiency and security of the energy system. Decisions related to market integration and market efficiency need, in fact, to be assessed in the context of their broader impact on security, competitiveness, and on the decarbonisation of the economy.

At the same time, the proposed changes create inconsistencies between the guidelines and higher-ranking EU legislation. As Article 291 of the Treaty on the Functioning of the European Union (TFEU) provides that implementing acts shall be limited to clarifying or detailing the application of the enabling legislative act, in this case the Electricity Regulation, all proposals mentioned above should be discussed by co-legislators through primary legislation via the ordinary procedure and be subject to a formal public consultation.

ENTSO-E reaffirms that Day-Ahead and Intraday market coupling is a joint responsibility of TSOs and NEMOs. Therefore, TSOs and NEMOs must have equal oversight and decision-making over this critical infrastructure. ENTSO-E strongly supports that all market coupling-related TCMs are joint between TSOs and NEMOs. This ensures that TSOs' operational expertise is reflected across all methodologies, supporting transparent and secure market operations. We encourage the Commission to expand the joint responsibility to all components of market coupling. This will guarantee TSOs an equal voice in prioritising projects and allocating resources, which is essential given the shared responsibility for the operation and development of market coupling. The

Commission's support for this level playing field is fully aligned with ensuring transparent, coordinated, and accountable decision-making.

2. The CACM 2.0 draft aims at maximising trading opportunities, endangering system security.

ENTSO-E welcomes that some concerns regarding the feasibility of using remedial actions in capacity calculation have been addressed. ENTSO-E also welcomes the clarification that the implementation of the 70% minimum capacity requirement is subject to operational security, i.e. virtual capacities relying on the availability of remedial actions.

Certain topics require decisions to be taken by the European Commission and Member States. These include the definition of congestions as structural and its implications for loopflow determination and bidding zones, the acceptable level of loopflows for cost sharing, and the general TSOs cost-sharing key. ENTSO-E needs clarity on the principles to be applied and remains committed to supporting the assessment of their technical feasibility.

Fundamental concerns, however, remain regarding the two following aspects:

- The inclusion of the minimum 70% requirement to the intraday timeframe remains infeasible to implement. Such inclusion would structurally lead to virtual capacities that can be used in the intraday market up to 30 minutes before real time. This would cause limited availability of remedial actions and lack of time for TSOs to coordinate their application. These strong limitations would have to be reflected in the intraday capacity calculation. In addition, the intraday market is an adjustment market, making its movement hard to predict. Every potential usage of virtual capacity would have to be assessed at the same time of intraday capacity calculation, leaving very limited time for TSOs to perform the validation compared to day-ahead capacity calculation.

- Today, the non-costly remedial actions play a crucial role in capacity calculation, in particular to validate if it is safe to provide 70% capacity to the market. Shifting the use of non-costly remedial actions to allocations could potentially be beneficial to the market as it would optimize the use of such actions. However, it undermines a consistent implementation of the 70% framework and hinders TSOs compliance with the 70% rule, thus requiring a more fundamental regulatory evolution.

3. The revised CACM 2.0 impacts system operation.

Regarding the System Operation Guideline (SO GL), ENTSO-E notes that some of the proposed changes will have an impact on system operations, thus highlighting the following points.

- The responsibility of TSOs to perform control area adequacy assessments should be maintained, in line with tasks entrusted to them under Article 40 of Directive (EU) 2019/944. RCCs' responsibility to perform regional adequacy assessments should be retained, as currently defined in Article 81.1 of the SO GL.

- Secondly, the scope of the data provisions to RCCs should be aligned with their tasks and therefore, exclude the real-time data.

- The possibility for TSOs to recalculate cross-zonal capacities (including unallocated capacity) should be maintained to manage unforeseen events. Only such recalculated capacities closer to real time would account for these events, ensuring a safe and secure grid operation.

- TSOs' right to request the necessary data from third parties for building the Common Grid Model should be safeguarded.

- SO GL prescribes pan-European rules according to which the regional methodologies have been developed, considering the specific characteristics of each region. While harmonisation of some elements can bring benefits, a broad approach to harmonising methodologies across all regions may not necessarily enhance efficiency and could risk unintended consequences.

- Further key concerns include: the inclusion of remedial actions in the Day-minus 2-Individual Grid Model and the merging of cost sharing and Regional Operational Security Coordination (ROSC) methodologies.

4. The current CACM 2.0 drafts still lack a formal stakeholders' consultation.

According to the Electricity Regulation (Article 61(1)), when adopting or amending guidelines, the Commission shall consult ACER, ENTSO-E, the EU DSO Entity, and, where relevant, other stakeholders. ENTSO-E has engaged in constructive discussions with the European Commission on the abovementioned concerns with a view to achieving the intended goals and scope of CACM 2.0 and collaboratively reaching the ambitions of affordable, secure and decarbonised energy. Nonetheless, we regret that the mandated consultation step has not formally taken place yet for the latest proposals of the CACM 2.0 and that no formal public consultation has been undertaken so far, considering the number of material changes proposed in the current CACM 2.0 draft in comparison to previous drafts from 2022.

We, thus, call the European Commission to formally consult all relevant stakeholders before following the Comitology procedure in the Electricity Cross-Border Committee (ECBC) or seek Member States' preliminary agreement, in order to receive and consider the prompt and accurate feedback from all concerned parties. Ensuring a transparent process that appropriately accounts for co-legislators as well as stakeholders' input would, in fact, contribute to the legitimacy and robustness of the final guidelines.

5. The draft proposal is overly prescriptive and contains too ambitious unrealistic deadlines

Despite the extensions compared to the previous version, the revised deadlines are still too ambitious and not realistic.