**First ACER Report on the implementation of the CACM Regulation and the FCA Regulation available online**

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The Agency publishes today its first monitoring [report ​](https://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Publication/FCA_CACM_Implementation_Monitoring_Report_2019.pdf)on the implementation of the Guideline on Capacity Allocation and Congestion Management (CACM Regulation) and the Guideline on Forward Capacity Allocation (FCA Regulation). The CACM Regulation lays down the binding guidelines for the implementation and operation of EU-wide single market coupling in the day ahead and intraday timeframe. The FCA Regulation lays down detailed rules on cross-zonal capacity calculation and allocation in the forward timeframe. Both regulations aim at facilitating electricity trading across the European Union.

The report describes the status of the implementation and application of both regulations across the EU Member States. The CACM Regulation is applicable since 14 August 2015, whereas the FCA Regulation is applicable since 17 October 2016.

In its first report, beyond the assessment of compliance, the Agency identifies difficulties faced in implementing these regulations. The Agency provided conclusions and recommendations across the EU.

**Main findings:**

* **The implementation of the Code can overall be considered successful**and a decisive milestone in the development of fully integrated electricity markets across the EU. **The single day ahead coupling is almost complete**, mainly as a result of early and voluntary initiatives. This still needs to be transformed into the single day-ahead coupling as formally established by the CACM Regulation and the corresponding terms and conditions or methodologies. **Many new detailed terms and conditions or methodologies have been adopted either at EU or regional level while most of them still need to be implemented.**This process, though legally and organisationally complex, can be considered a successful approach to develop ​and define all the necessary design elements for an integrated electricity market.
* **Despite this progress, there are still a number of challenges, which will require utmost attention and improvement in the forthcoming years.**
* **For the FCA Regulation, the main points of attention include (i) rules related to the harmonisation of the Long Term Transmission Rights,**where currently some annexes to the harmonised allocation rules include regional specificities, which in a few instances significantly deviate from the harmonised allocation rules or even from the FCA Regulation itself, and **(ii)** **the regulatory authorities' decisions on cross-zonal risk hedging opportunities,** where the Agency recommends the development of harmonised criteria and metrics based on which the need for hedging instruments issued by TSOs could be objectively identified.
* **For the CACM Regulation, the main points of attention include (i) The methodologies related to capacity calculation and to redispatching and countertrading,** where the Agency notes that the problem of undue discrimination between internal and cross-zonal exchanges is not properly addressed by the current TSOs' proposals; **(ii) The bidding zone configuration** as the first bidding zone review failed to deliver its objectives according to the CACM Regulation and the Agency recommends improvements in terms of governance and methodology before this exercise is repeated; (**iii) the Market Coupling Operator ('MCO') Function**, for which the legal framework is complex and suboptimal and the Agency recommends a revision of the governance of the algorithms and of the associated cost recovery; and **(iv) the design of the intraday coupling,** not well defined in the CACM Regulation, leading to a risk that the single intraday market be fragmented in terms of timeframes, design and geography.
* **​Beyond the technical issues, the Agency lists possible improvements regarding the Network Code implementation process,** such as the avoidance of unnecessary delays in the adoption and implementation of some terms and conditions or methodologies or the improvement of transparency over the process of adoption of these methodologies.