TO: **Reg. №: 614/09.07.2025**

MS. TERESA RIBERA
EXECUTIVE VICE PRESIDENT
CLEAN, JUST AND COMPETITIVE TRANSITION

MR. DAN JØRGENSEN
COMMISSIONER
ENERGY AND HOUSING

CC:

MR. ZHECHO STANKOV
MINISTER OF ENERGY
REPUBLIC OF BULGARIA

MR. STAVROS PAPASTAVROU
MINISTER OF ENVIRONMENT AND ENERGY
THE HELLENIC REPUBLIC

MR. BOGDAN-GRUIA IVAN
MINISTER OF ENERGY
REPUBLIC OF ROMANIA

SUBJECT: Continuous derogation from the obligation under Article 16(8) pursuant to Article 6(9) of Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity for the Capacity Calculation Region Core for the Austrian TSO Austrian Power Grid AG

DEAR MS. EXECUTIVE VICE PRESIDENT,
DEAR MR. COMMISSIONER ON ENERGY AND HOUSING,

By its nature, the energy-intensive industries need affordable energy in order to compete on the local and international markets and to provide its products at competitive prices. We support the efforts of the Commission for providing clean and affordable energy for the industries. We support the full electricity market integration, as small divergence between bidding zones (1 to 5 EUR/MWh) is to be expected and generally doesn't hurt the competitiveness of industry. However, as you are well aware, currently, due to insufficient interconnection, the South-Eastern European electricity markets suffer from huge price differences with Central Europe with disastrous consequences for industrial enterprises in Bulgaria, Greece, and Romania.

However, despite the efforts of the Commission to close the gap between South-Eastern and Central Europe, there are member states that act in an opposite direction.

In October 2024, the Austrian transmission system operator (TSO) Austrian Power Grid AG (APG) requested derogation from the requirements enshrined in Article 16(8) of the Regulation

2019/943 that stipulates that transmission system operators shall not limit the volume of interconnection capacity to be made available to market participants as a means of solving congestion inside their own bidding zone or as a means of managing flows resulting from transactions internal to bidding zones.

The minimum levels of available capacity for cross-zonal trade are reached:

- for borders using a coordinated net transmission capacity approach, the minimum capacity shall be 70% of the transmission capacity respecting operational security limits after deduction of contingencies;
- for borders using a flow-based approach, the minimum capacity shall be a margin set in the capacity calculation process available for flows induced by cross-zonal exchange.

As per Regulation 2019/943:

- The margin shall be 70% of the capacity respecting operational security limits of internal and cross-zonal critical network elements, taking into account contingencies.
- However, in case a transmission system operator cannot comply with the minimum capacity of 70% to be made available to market participants due to operational security risks on foreseeable grounds, such transmission system operator may request from the relevant regulatory authorities derogation from Article 16(8) of the Regulation 2019/943.
- The extent of such derogations shall be strictly limited to what is necessary to maintain operational security and they shall avoid discrimination between internal and cross-zonal exchanges.

APG requested derogation from the implementation of the minimum margin available for cross-zonal trade as established in Article 16(8) and in accordance with Article 16(9) of the Regulation 2019/943 for a period of the year 2025 with regard to its Core bidding zone borders AT/DE, AT/CZ, AT/HU as well as AT/SI[1].

According to APG: "*As operational security would have been endangered, pursuant to Article 16 (9) of the Regulation 2019/943, APG filed a request for the grant of a derogation from the obligations laid down under Article 16 (8) of the Regulation 2019/943 in relation to the bidding zone borders AT/DE, AT/CZ, AT/HU and AT/SI for the years 2020, 2021, 2022, 2023 and 2024.*"[2]

The derogation for 2025 was approved in December 2024 by the Austrian regulator E-control[3]. The derogation has been consulted with the regulators in the Core region[4,5].

[1] APG Request for Derogation for CORE Region 2025 (Englische Version) 11.12.2024 [https://markt.apg.at/dokumenten-hub/apg-request-for-derogation-for-core-region-2025-englische-version/]
[2] Ibid.
[3] https://www.e-control.at/documents/1785851/10641279/Bescheid%20vom%205.12.2024,%20V%20ELBM%2004%252F24%20an%20Austrian%20Power%20Grid%20AG/55bf1cad-f683-9b00-f023-d61054dc0995
[4] Ibid.

The abovementioned derogation may be granted for a year and could be extended once if the derogation scope is significantly diminished. However, the Austrian TSO **received sixth consecutive derogations, being effectively exempt** from the requirements of Article 16(8) of Regulation (EU) 2019/943 **since its entry into force**. In the meantime, **we don't see any actions for improving the situation in Austria in a manner that does not affect the exchange on all of the electric borders**, especially the border AT/HU. It seems that the Austrian TSO abuses its right for requesting derogation on the grounds of operational security and congestion management.

In the past this derogation has had very detrimental impact on South-East European bidding zones. It is reported that often the capacities from Austria to Hungary have been set at 0 MW, especially in the morning and evening peaks. The results for South-Eastern Europe are well known and are disastrous. The Commission is well informed on the situation.

We are convinced that there is an abuse of the derogation which leads to discrimination between internal and cross-zonal exchanges that spread beyond the CORE region (Bulgaria and Greece are not part of the region, but the derogation affects severely Romania and Hungary as well). Despite the high interconnectedness level between Greece, Bulgaria, and Romania, it is evident that the Hungarian, Romanian, Bulgarian, and Greek bidding zones are placed in a discriminatory position in a manner that leads to overall fracturing of the single market. Those countries have invested heavily in system and market integration, yet their economies are penalised with the highest electricity prices in the EU. That effectively subverts the EU Regulations aiming at fully integrated single electricity market within the Union.

The detrimental effect of those actions on energy intensive industries in South-Eastern Europe has been evident and the Commission is well acquainted with the problem.

We urge the Commission to take measures as follows:

- Establish a support mechanism for prices for energy-intensive industries especially for South-Eastern Europe until the physical barriers between South-Eastern and Central Europe are removed. **Such a mechanism should be complementary to the CISAF**;
- Take action to realize the needed transmission line up-rates and new 400 kV transmission lines within Austria, as well as on the Austro-Hungarian electric border. Those projects are evidently of common interest.
- Work closely with ACER in order to terminate the abuse of the derogation option.

Otherwise, the non-level playing field for South-East European industry will continue to exist and ultimately will continue to favour one member state over others. The industry in the region has fought for its competitiveness for the past several years but if decisive actions are not taken in an urgent manner, we will witness closures of industrial enterprises on a regional level.

[5] https://www.entsoe.eu/bites/ccr-core/about/

Such closures would happen in the limelight of the Commission's efforts to support European industry.

Sincerely,

Wolfgang Indenhuck, President, ACCER

Konstantin Stamenov, Chairman of the Board, BFIEC

Antonios Kontoleon, Chairman of the Board, UNICEN

July 9, 2025

Bucharest, Sofia, Athens

The Association of Energy Consumer Companies in Romania (ACCER) was founded in June 2021 and its main purpose is to determine and centralize the involvement of energy-consuming companies, thus forming a common voice of the Romanian industry, by representing and assisting members in energy-related issues. At the moment, ACCER counts 12 members, whose total cumulative volume of annual electricity and natural gas consumption represents about 31% of the specific national non-domestic consumption. ACCER is a member of the International Federation of Industrial Energy Consumers (IFIEC Europe)

The Bulgarian Federation of the Industrial Energy Consumers (BFIEC) was established in 2006 and represents the interest of the Bulgarian energy-intensive industries on the energy and environmental markets. The organisation includes 29 of the biggest energy consumers in Bulgaria that operate in the ferrous and non-ferrous, fertiliser, industrial gases, glass, cement, paper, chemical, extraction, manufacturing, and pharmaceutical industries. BFIEC's members are responsible for about 54% of the natural gas industrial consumption and about 50% of the electricity industrial consumption in Bulgaria. BFIEC is a member of the nationally represented Confederation of Employers and Industrialists in Bulgaria and co-chairs its Energy Committee. BFIEC is also a full member and a member of the Managing Board of the International Federation of Industrial Energy Consumers (IFIEC).

The Hellenic Union of Industrial Consumers of Energy (UNICEN) is a Non-Profit Non-Trading Company. It was founded in 2010 with the objective of jointly representing energy intensive industries before Greek, foreign and international bodies, authorities, organizations and companies in matters related to the energy sector. The 27 member companies of UNICEN represent the very backbone of domestic industry from various sectors, all possessing high energy intensity needs, i.e. in terms of high energy consumption per unit of product produced, such as cement, steel, non-ferrous metals, paper, fertilizers, etc. UNICEN currently represents approximately 50% of domestic industrial energy consumption.