

## Capacity Allocation & Congestion Management Network Code

### 6th Stakeholder Group Meeting

ENTSO-E premises, Brussels: 29 August, 10.30 – 15.00

#### Agenda

#### 10.30 – Welcome & Introductions (ENTSO-E)

Christian Dobelke, convenor of the stakeholder advisory group opened the meeting welcoming all representatives to this last CACM stakeholder meeting and informed participants about some minor changes on the agenda.

#### 10.45 – Presentation of the process so far and next steps in the approval of the CACM Network code (ENTSO-E)

Mark Copley gave a presentation outlining key dates/milestones of the CACM Network Code (NC) process and of the Stakeholder Group activities. He summarises how the CACM NC had been developed and what the approval procedure is. The approval is planned first by the next Market Committee on 7<sup>th</sup> of September 2012 and later by the Assembly on the 25 September. The CACM NC will be sent to ACER by 30<sup>th</sup> Sept at the latest.

- EFET is concerned because they sent several suggestions but it seems very few of them are included in the latest version of the Network Code.
- ENTSO-E: the letter and other ones received from EURELECTRIC and EUROPEX are acknowledged. ENTSO-E believes all of the requests were considered to the extent possible, but if requested ENTSO-E can send an official answer to each party. It is clear that the goal is to find a consensus between several parties which means some flexibility is unavoidable.

#### 11.15 – Open discussion on the updated CACM code (26 August version) (All)

##### ○ 11:15-11:40 General parts of the code

The latest version of the Network Code includes some of the proposals from the last Stakeholder meeting, especially on consultations, governance and regulatory approvals.

Stakeholders reactions:

- EUROPEX: the Consultation article is not obvious enough. It is not clear which parties are affected exactly.
- EURELECTRIC: consultation at pan-European level is necessary in every modification because it is not known in advance whether it affects any party. Redispatch and countertrading arrangements should also be consulted upon since they have a huge influence on the market.
- Sven Kaiser from E-Control/ACER : who is responsible for the consultations? ENTSO-E: always the ones who are responsible for drafting the document.

ENTSO-E explains the approach followed on governance: the grey part of the document is a full copy/paste from the Governance Guideline (GG) itself. Other parts of the GG have been incorporated in the other articles of the code. The result is a NC consistent with the latest draft of the GG. ENTSO-E explains that only the blank part of the NC is going to be approved by Market Committee and Assembly as this is the only part that ENTSO-E developed and consulted upon. ENTSO-E agrees that while the NC and the GG are two different legal instruments (the Governance Guideline is a “Comitology Guideline” for which the EC is solely responsible for drafting, consultation and adoption), and different stages of maturity, it makes sense that the two documents are kept together for readability purposes. This is in line with previous requests from stakeholders. Since it is likely that the text of the NC and the GG it will be taken to comitology adoption as one single document, further refinement of the GG text and integration with the NC will be needed after the NC is submitted to ACER for its opinion.

Matti Supponen from the European Commission shares the same view regarding the approach taken so far on the NC and GG, although he cannot confirm at this stage who and how will take care of a complete integration of the NC and GG. The most important objective is to ensure consistency. The EC is currently assessing with its legal service if the 2 documents can be indeed merged prior to comitology. Whether ACER can give a formal opinion on the governance guideline is also to be checked.

Sven Kaiser from E-Control/ACER believes that the grey governance parts should be left inside the NC so that ACER can be fully capable of assessing the NC.

EURELECTRIC agrees that the documents should be merged before comitology starts and believes the most appropriate way is that EC and ACER take care of this exercise, while properly consulting with stakeholders.

EUROPEX appreciates the tentative to make the GG and NC consistent but believes not all content of the GG has been incorporated in the NC. Moreover, all articles of the NC which touch upon governance issues should all be highlighted in grey and kept separate from the “real” NC text. According to the PCR arrangements, Market Coupling Operator (MCO) is a function, assigned on a rotating basis, not an entity in itself. The NC is not in line with this.

ENTSO-E believes the NC is consistent with PCR since one or several MCOs can coexist.

#### ○ **11.40-12.05 Capacity calculation**

The discussion turns to capacity calculation issues.

EFET: proposal for changing the word “optimizing” to “maximize” capacity. The convenor of the Capacity Calculation part of CACM believes this is not necessary because this goal is already included in the optimization procedure, which takes into account the social welfare.

EURELECTRIC would like to know in advance the format of communication regarding the necessary generation data to be exchanged/published for capacity calculation purposes. They have to prepare their systems in time and there is no time to wait until the Comitology is done. Moreover, they can only provide estimates of schedules, prices and costs are too difficult to calculate. After a discussion it is agreed that the Article 25 point 3/d the wording is changed to “relevant available information” as requested by EURELECTRIC.

- **12.05-12.30 Day-ahead**

EFET: does not agree with the current definition of “allocation constraints” and preferred the previous NC version with “network constraints”. Another request is to modify the Firmness deadline where “not shorter than half hour before Gate Closure time of the Day Ahead Market” is replaced by “not shorter than one and a half an hour before Gate Closure time of the Day Ahead Market”. ENTSO-E believes it is not necessary to modify because the exact timing cannot be set in the NC (improvement of processes may require a change in the firmness deadline in the future) and because this timing will have in any case to be consulted and approved by regulators. EFET welcomes the new article 63 “Operation of the day ahead electricity market”.

EURELECTRIC points out that the definition of allocation constraints is linked to operational security, while this will be actually defined by another NC.

## **12.35 – Lunch**

### **13.10 – Open discussion on the updated CACM code (26 August version) (All)**

- **13.10-13.35 Intraday**

ENTSO-E: main changes regard consistency with day-ahead (especially in algorithm development and amendment), transitional arrangements for direct access to capacity and pricing of intraday capacity.

EFET does not raise major points on Intraday but asks that its detailed comments sent previously via email are considered once more for integration.

EURELECTRIC argued that because pricing of capacity should be applied only in case of congestions, the NC should state more explicitly that TSOs should coordinate redispatching and countertrading to alleviate congestions in intraday. This is, in their view, explicitly required by the framework guidelines.

- **13.35-14.00 Other parts of the code**

EURELECTRIC: Why is only the force majeure and not emergency situation defined? ENTSO-E: it is mentioned because of the firmness cases. Emergency situation definition is included in a

different code as well with different meaning. We acknowledge the lack of consistency on definitions and we are working intensively to make all NC definitions as coherent as possible.

SSE: asks for a clear representation of the timings of the NC, for instance a diagram showing all the necessary steps and deadline to complete Day-ahead and intraday markets. ENTSO-E agrees with the request and will insert such diagram in the Explanatory Document. It should be noted however that exact timings depend on NRAs approval (which could be escalated to ACER if there is no agreement).

#### **14.00 – Concluding recommendations from stakeholder organizations and lessons to be learnt from the CACM process (All associations)**

SSE: the devil is in the details, to assess all relevant parts of a NC we need a full 2 days workshop during the consultation period. This has proved successful in UK. In general he is satisfied by the level of stakeholder involvement that ENTSO-E ensured during the CACM process

EDF: agrees that ENTSO-E should organize meetings/workshops with stakeholders where there's the possibility to go through article by article. The format of the workshop in July with 3 parallel session was particularly good.

EC: appreciates the considerable amount of work done by ENTSO-E, discussions on some of the difficult matters (flow-based, congestion income, bidding zones) was sometimes perceived to be only a TSO issue

CEER/ACER: format of stakeholder group was helpful and representation balanced. A good supporting document explaining the rationale and the context of the NC is also important.

EUROPEX: appreciates the work and recognize efforts. However there are concerns about the process regarding governance: what will be incorporated from the GG, when and how? Compatibility of the NC with PCR needs to be confirmed. The process of stakeholder involvement can be improved, for instance by distributing meeting documents more in advance.

EURELECTRIC: stakeholders need to be involved in discussions about the details of NC. NC should not only be the result of regional compromise but a truly European instrument. We are afraid that we are missing an opportunity and postponing a future debate among TSOs and Regulators. Provisions in the codes need to be precise and explicit without leaving details for later, as this creates legal uncertainty. Acknowledgement of several improvements of the NC compared to initial version but more could have been done.

EFET: stakeholder involvement was generally ok but we need more chances to understand how our comments are or aren't taken into account. The NC could have been more in line with the legal requirement of "overall efficiency" principle.

#### **14.50 – Future stakeholder groups for Forwards and Balancing codes (ENTSO-E)**

ENTSO-E: for Balancing and Forwards NC we intend to take a similar approach than with CACM, and further improving stakeholder involvement. Call for expression of interest has been launched in July and the group composition will be soon communicated. First meetings should take place in the beginning of October.

The next Stakeholder groups will be established in an earlier stage and share the draft versions of the Network Code as soon as available. In this way the efficiency of the working group could be increased.

EURELECTRIC: proposal for common workshop together (even for more days) where the representatives could go through the NC document sentence by sentence. It would allow everybody to understand the background of each article.

ENTSO-G type of consultation process is mentioned as a good practice example.

**End of the meeting**