

Annex 6
7 October 2009

Workstream Governance

Prerequisites for a Target Model for Governance

- A “governance framework” is vital for the good operation and development of regional/ interregional solutions
- Need to address a number of challenges:
 - Important European “public interest” goals
 - Multiple national jurisdictions
 - Involvement of a number of different parties - power exchanges, TSOs and merchant interconnectors – operating under a variety of regulatory and commercial structures

The way forward with Governance

- Focus on the governance of the **key functions** that need to be undertaken
- Obligations on parties assigned to do functions:
 - Comply with necessary harmonisation requirements
 - Coordinate with other parties on joint functions
- The governance **work has started with the governance issues related to day-ahead market**
- The plan has been to look at the governance needs for price coupling solution with coordinated matching
- The PCG governance work will **continue to cover also the other timeframes**

Requirements for price coupling & coordinated matching arrangement

- Sustainability - enable the achievement of an European wide solution
 - The scope and pace of geographical extension
 - Openness (easiness of entering or leaving the arrangement), non-TSO capacity
- Level of subsidiarity (does not impose unnecessary changes at local level)
- Timely, good quality, fair and transparent decision making/dispute resolution
- Transparency of coordinated matching

Price Coupling functions

Function	Harmonisation Requirements	Joint Functions
Capacity determination	Data interfaces and operational processes - e.g., publication, submission	Meshed networks require a joint process with common rules/standards
Local market operation - order receipt - Relations with participants	Data interfaces and operational processes – e.g., gate closure time, fallback procedures	None
Coordinated market operation - coordinated order matching and price determination - Determination of market net positions	Limitations on the market rules for technical feasibility Data interfaces and operational processes Results publication times	Joint development and operation of coordinated matching function
Determine cross-border schedule	Data interfaces and operational processes	Meshed networks require a joint process
Participant settlement -financial/clearing - physical nomination	Data interfaces and operational processes	none
Cross border shipping - Cross-border nomination - financial settlement of market net positions	Firmness of contracted flows Data interfaces and operational processes	Meshed networks require a joint process with common rules/standards, revenue distribution