

Day-ahead Market Coupling Governance Project

Terms of Reference

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1. Background

- 1.1. The 17th meeting of the European Electricity Regulatory Forum¹, held in Rome on 10 - 11 December 2009, decided to continue the work of the PCG on market integration through three implementation projects co-ordinated by an Ad Hoc Advisory Group (AHAG) of all stakeholders. AHAG will assist ERGEG in overseeing the work and solving issues which might hinder progress. AHAG will also act as an expert group for the preparation of a framework guideline on capacity allocation and congestion management by ERGEG.
- 1.2. Three implementation projects to be launched are: 1) capacity calculation, 2) intraday trade and 3) day-ahead & governance. The Forum required the European Commission to chair a project to develop a Governance framework for day-ahead market coupling for Europe.
- 1.3. The work of the day ahead governance project will continue the work of the governance work stream of PCG, the results of which were presented at the Florence forum in December 2009.

2. Objectives

- 2.1. To design and implement an efficient day-ahead market coupling system that can be extended to cover the whole Europe and is open to new TSOs and Power exchanges to join at equitable conditions.
- 2.2. In particular, to develop a European day-ahead market coupling governance model with a balanced and efficient sharing of tasks between TSOs and Power exchanges and with an appropriate regulatory oversight.
- 2.3. Deliver relevant input to the Framework Guidelines on capacity allocation and congestion management and Network Code development, which will be developed in the framework of the Third Energy Package processes in order to establish the proper legal framework for market coupling.
- 2.4. Assess the need and a scope of a possible governance guideline.

3. Scope

- 3.1. Design a functional model for day-ahead market coupling (i.e. single price coupling) for Europe in line with the PCG target model.
- 3.2. Develop an appropriate governance framework for implementing day-ahead market coupling in Europe, including the implication of the appointment of a hub operator.
- 3.3. Design an appropriate regulatory supervision framework for the day-ahead market coupling arrangement.
- 3.4. To prepare a roadmap to reach the 2015 target for day-ahead market coupling in line with the PCG target model.

¹ See conclusions in http://ec.europa.eu/energy/gas_electricity/forum_electricity_florence_en.htm

- 3.5. Follow the implementation of the European day-ahead market coupling including regional market coupling projects with a view to ensuring compatibility with a European solution.

4. Deliverables & timetable

- 4.1. Terms of Reference [Mid March 2010 to be presented to AHAG meeting on 18 March].
- 4.2. High level functional model for the European day-ahead market coupling [draft - 20 May 2010, final -November 2010]
- 4.3. Requirements for the governance framework [draft - 20 May 2010, final - November 2010]
- 4.4. Draft key governance and regulatory framework principles for the European day-ahead market coupling [draft - 20 May 2010, final - November 2010]
- 4.5. Implementation path for the governance framework for the European day-ahead market coupling [by end of 2010].
- 4.6. Preparation of the legal acts for the regulatory framework for the European day-ahead market coupling [by end of 2011]

5. Organisation & Working structure

- 5.1 Following the conclusions of 17th meeting of the European Electricity Regulatory Forum, the Day-ahead market coupling governance project will be chaired by the European Commission.
- 5.2 ERGEG, Europex and ENTSO-E are invited to appoint experts for this project. The project team will decide on the organisation of the work. Progress of the work is reported in each AHAG meeting.
- 5.3 Market stakeholders who have not been invited for the project will be kept fully updated of the developments and will have the possibility to put questions to the project group. Interim versions of the deliverables will be presented on a regular basis to the AHAG parties not represented in the project group.
- 5.4 Day-ahead market coupling governance project team might decide to organise workshops for consulting in specific topics in which a wider participation of stakeholders is deemed beneficial.

6. Membership

ERGEG, Europex, ENTSO-E and European Commission.