

# AHAG Intraday Project Group

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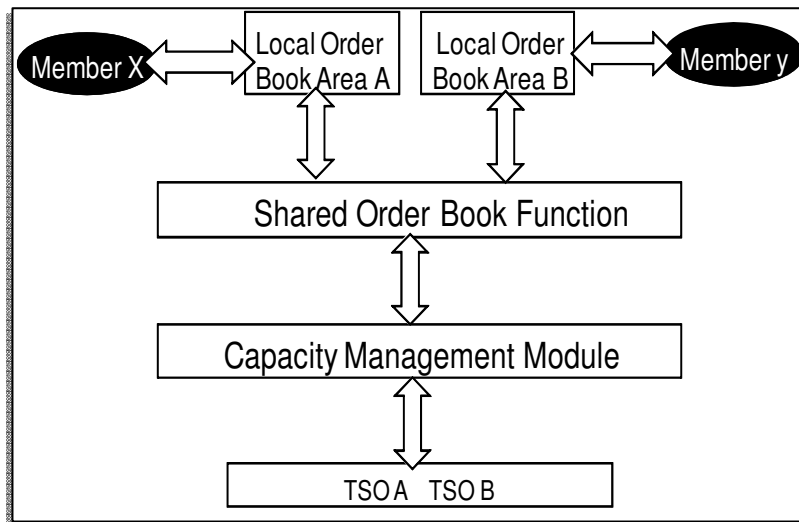
**ERGEG Workshop on Draft Framework Guidelines on  
Capacity Allocation and Congestion Management for  
Electricity**

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Reliable Sustainable Connected

# Principles of European Intraday Target Model



- **European intraday target model** for Inter-Regional cross-border intraday (XBID) capacity allocation and energy trading based on implicit continuous allocation (continuous trading)
- Based on **Shared Order Book Function (SOBF)** to be implemented by PXs and Capacity Management Module (CMM) to be implemented by TSOs
- Where appropriate, **specific National/Regional ID trading solutions** may be developed

# How the ID Target Model would be implemented in practice?

The **governance regime** for intraday must be consistent with the day-ahead one but duly taking into account the specific features of the intraday timeframe.

TSOs are ultimately responsible and accountable for the effectiveness of capacity calculation and allocation.

PXs provide transparent and equal opportunity markets for implicit XB trading.

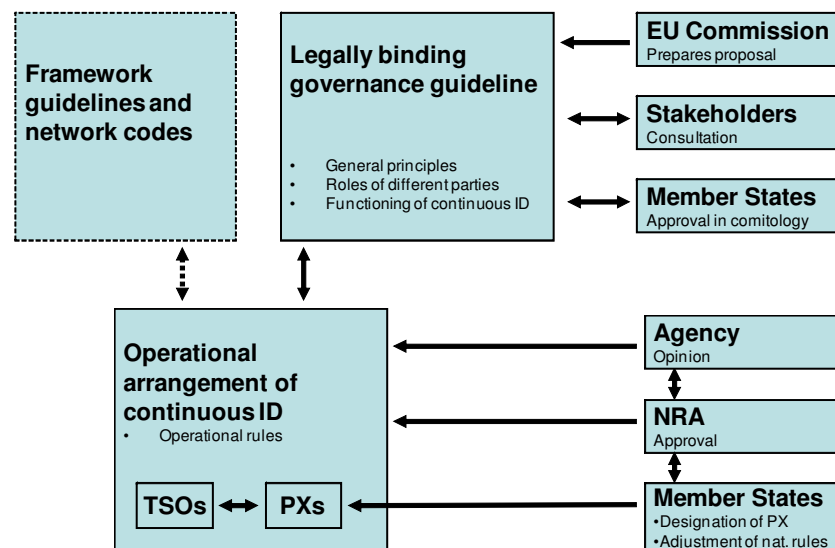
## A two-tier approach is preferred for Intraday.

### 1. Legislative tier / European Rules

- Legally **binding governance guideline** (covering DA & ID)
- Legally **binding Intraday Network Code** covering capacity-allocation and congestion-management rules as well as rules for trading related to technical and operational provision of network access services and system balancing

### 2. Operational tier

To be further develop in a compatible way with Day-Ahead timeframe



## ENTSO-E feedback on FG on CACM related to Intraday Market

**Supportive of Target Model** – implicit continuous allocation – and the suggested evolutions. In particular, the inclusion of **reliable capacity pricing** is seen as one key element of the future solution.

Need for a **single continuous algorithm** handling merged order books (SOBF) and a one-to-one relationship between SOBF and CMM (it is essential to integrate liquidity)

Need for **EU-wide harmonisation** towards pan-European solution (national/regional solutions to align eventually with implicit continuous)

Importance of a **robust governance framework** aligned with DA (i.e two-tier approach and contractual framework)

**OTC integration** in the interim is being addressed in the Roadmap

## AHAG CONSENSUS on specific features of Target Model

1. The Sharing of Order Books (SOBF) implies that **one unique algorithm** performs the matching
2. This algorithm is provided with all bids of all participating PXs and takes into account all capacity data
3. TSOs commit to develop the **Capacity Management Module (CMM)** in a one-to-one relationship with the SOBF
4. PXs confirmed the willingness to ensure **cross-PX clearing and settlement** where required: in case local PX are counterparty for cross-border matched bids

### Challenges ahead...

- ☞ How to move from the regional/local PX platforms to a SOB?
- ☞ How to move from the regional/bilateral capacity allocation mechanisms to the CMM ?
- ☞ How to meet market needs concerning OTC Trade ?

Conclusion: need to define the **Road Map to achieve the Target Model**

## A possible view on Roadmap (under discussion with stakeholders)

**STEP 1 : 1st SOBF stage:** PX and OTC use the capacity in parallel

For relevant borders, the SOBF is established, to integrate liquidity across Pxs

**STEP 1 Alternative : SOBF with OTC facility**

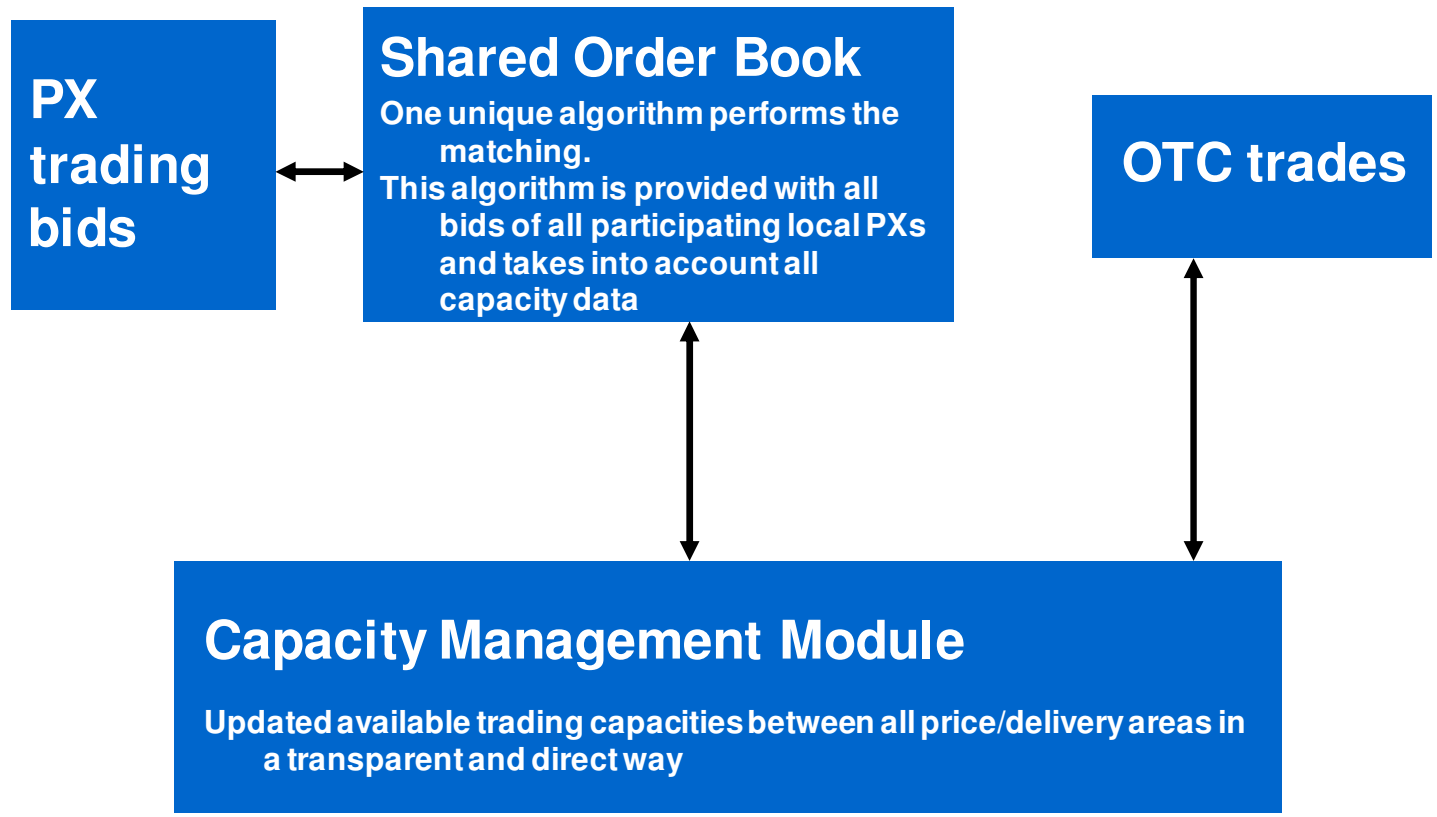
Parallel access of OTC and SOBF to CMM is replaced by registration of prearranged OTC trades by the SOBF

**STEP 2: Enhancing the SOBF** towards the Target Model

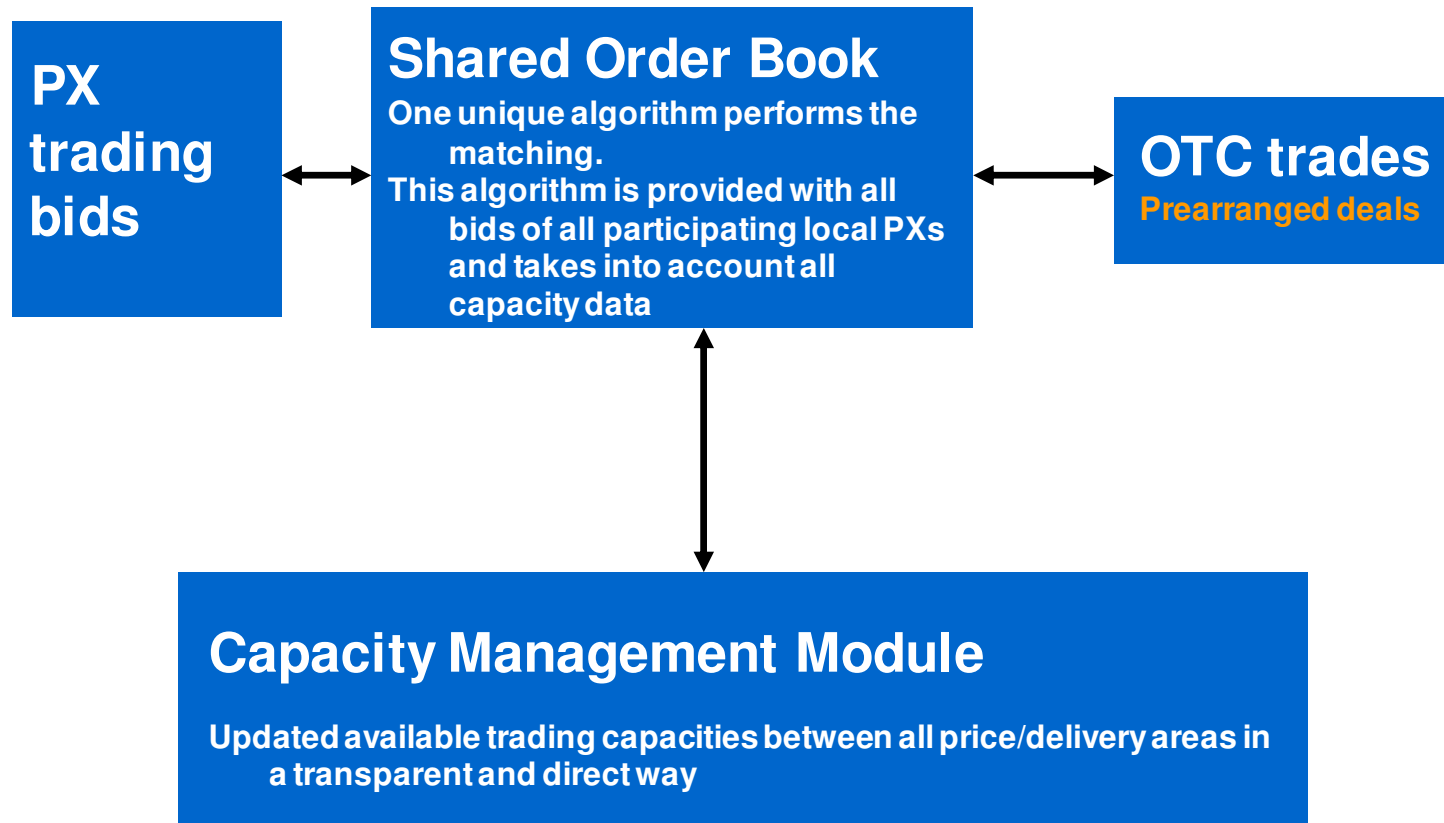
Some features, e.g. pricing, automatic matching, complex bids etc .....

**STEP 3: Final, Target Model** reached

# Step 1: PX and OTC use the capacity in parallel



## Alternative step 1: SOBF with OTC facility





# Principles of AHAG ID pilot project: North West EU Intraday solution

ENTSO-E decided in May 2010 to launch a **project for the implementation the intraday trade target model** under an AHAG framework for the NWE area

The NWE Intraday project aims to create a **seamless regional intraday market** in NWE region

