

**Draft Framework Guidelines on Capacity Allocation and Congestion  
Management for Electricity  
EREGEG Public Consultation Paper  
Cover Note and Consultation Questions  
8 September 2010**

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**Background**

The 3rd Package was published in the Official Journal of the European Communities on 14 August 14 2009. This package includes two Directives on electricity and gas respectively, as well as three Regulations on access rules to electricity and gas networks and the creation of the Agency for the Cooperation of Energy Regulators (ACER). These texts enter into force on March 3, 2011. Concerning electricity, the 3rd Package aims at deepening market integration by improving regulatory harmonisation across Europe through the adoption of European network codes. The preparation of network codes will be a two-step process: ACER will develop framework guidelines on specific topics which will then be translated into network codes by the European Network of Transmission System Operators for Electricity (ENTSO-E).

On 29 March 2010, the Commission invited ERGEG to draft a framework guideline on electricity capacity allocation and congestion management (CACM). ERGEG declared its readiness to assume the role assigned to the Agency under Article 6 (2) of Regulation (EC) 714/2009 ("Electricity Regulation") and to submit a non-binding framework guideline to the European Commission.

According to Article 10 of Regulation (EC) 713/2009 establishing an Agency for the Cooperation of Energy Regulators, "in carrying out its tasks, in particular in the process of developing Framework Guidelines (...) the Agency shall consult extensively and at an early stage with market participants, transmission system operators, consumers, end-users and, where relevant, competition authorities, without prejudice to their respective competence, in an open and transparent manner, in particular when its tasks concern transmission system operators".

This framework guideline is based on the Initial Impact Assessment document enclosed and on ERGEG's previous work on capacity allocation and congestion management (including the references enclosed in the framework guidelines document). Moreover, the work of the PCG and MIDP (Project Coordination Group and Market Integration Design project) of 2009 as well as the work of AHAG (Ad-Hoc Advisory Group) in 2010 has been used and taken into account accordingly while elaborating the CACM IIA and FG draft.

**Invitation to respond**

ERGEG invites all interested parties to provide comments to the consultation paper (framework guidelines) – and in particular the questions below. Any comments should be received by **10 November 2010** and should be sent by email to [fg\\_electricityCACM@ergeg.org](mailto:fg_electricityCACM@ergeg.org).

Please note that for the sake of readability and better understanding of the background of the framework guidelines, the Initial Impact Assessment is also enclosed, although it is not a subject of consultation.

Any questions relating to this document should in first instance be directed to:

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## **Questions for Consultation**

**(Please feel free to justify your answers and to submit further observations)**

### **General Issues**

1. Are there any additional issues and / or objectives that should be addressed in the Capacity Allocation and Congestion Management IIA and FG?
2. Is the vision of the enduring EU-wide target model transparently established in the IIA and FG and well suited to address all the issues and objectives of the CACM?
3. Should any of the timeframes (forward, day-ahead, intraday) be addressed in more detail?
4. In general, is the definition of interim steps in the framework guideline appropriate?
5. Is the characterisation of force majeure sufficient? Should there be separate definitions for DC and AC interconnectors?
6. Do you agree with the definition of firmness for explicit and implicitly allocated capacity as set out in the framework guideline? How prescriptive should the framework guideline be with regard to the firmness of capacity?
7. Which costs and benefits do you see from introducing the proposed framework for Capacity Allocation and Congestion Management? Please provide qualitative and if applicable also quantitative evidence.

### **Section 1.1: Capacity calculation**

8. Is flow based allocation, as set out in the framework guideline, the appropriate target model? How should less meshed systems be accommodated?
9. Is it appropriate to use an ATC approach for DC connected systems, islands and less meshed areas?
10. Is it necessary to describe in more details how to deal with flow-based and ATC approach within one control area (e.g. if TSO has flow-based capacity calculation towards some neighboring TSOs and ATC based to the others)?
11. Is it important to re-calculate available capacity intraday? If so, on what basis should intraday capacity be recalculated?

### **Section 1.2: Zone delineation**

12. Is the target model of defining bidding zones on the basis of network topology appropriate to meet the objectives?

13. What further criteria are important in determining the delineation of zones, beyond those elaborated in the IIA and FG?

**Section 2: Forward markets**

14. Are the preferred long-term capacity products as defined in the framework guideline suitable and feasible for the forward market timeframe?
15. Is there a need to describe in more detail the elaborated options for the organisation of the long-term capacity allocation and congestion management?

**Section 3: Day Ahead allocation**

16. Are there any further issues to be addressed in relation to the target model and the elaborated approach for the day-ahead allocation?

**Section 4: Intraday allocation**

17. Are there any further issues to be addressed in relation to the target model and the elaborated approach for the intraday allocation?
18. Does the intraday target model provide sufficient trading flexibility close to real time to accommodate intermittent generation?