

2nd AHAG Meeting

Thursday 18 March 2010 10:30 to 17:00

ENTSO-E, Avenue Cortenbergh 100, 1000 Brussels

FINAL MINUTES (V2)

Participants			
Asta	Sihvonen-Punkka	EMV (Finland)	Chair
Tadhg	O'Briain	European Commission	
Tahir	Kapetanovic	E-Control (Austria)	
Alain	Marien	CREG (Belgium)	
Sophie	Dourlens	CRE (France)	
Charlotte	Ramsay	Ofgem (UK)	
Rafael	Gomez-Elvira	RIG	
Jan	Welf -Selke	BNetzA (Germany)	
Bente	Danielsen	DERA (Denmark)	
Jean-Pierre	Becret	CEFIC	
Martina	Beitke	CEFIC	
Hakan	Feuk	EFET	
Jonas	Tornquist	EFET	
Andrew	Mcintosh	ENTSO-E	
Cecilia	Hellner	ENTSO-E	
Clotilde	Levillain	ENTSO-E	
Frank	Vandenberghe	ENTSO-E	
Ruud	Otter	EURELECTRIC	
Anne-Malorie	Geron	EURELECTRIC	
Andrew	Claxton	EuroPEX	
Jean-Francois	Conil-Lacoste	EuroPEX Chairman	
Hans	Gruenfeld	IFIEC	
Peter	Claes	IFIEC	
Natalie	McCoy	CEER Secretariat	

1 Opening

The meeting opened at 10h40 Asta Sihvonen-Punkka (EMV, Finland) in the Chair.

1.1 Approval of the agenda

The Agenda was approved in the form shown in these minutes.

1.2 Approval of the minutes

The 1st AHAG minutes were approved with changes.

1.3 Review of agreed action points¹

Action	Description	Who	When Due	Status
D-100128-01	The 8th PCG minutes will be circulated to the former PCG members for electronic approval and will be uploaded to the ERGEG website once approved	CEER Secretariat	As soon as possible	DONE
D-100128-02	The AHAG Chair proposed to present Terms of Reference for AHAG at the next meeting, for comment and input by the members.	AHAG Chair	18 March 2010	DONE
D-100128-03	The AHAG Chair proposed that draft terms of reference for each project should be presented to the next AHAG meeting.	Project teams	18 March 2010	DONE
D-100128-04	A draft of the impact assessment document on capacity allocation and congestion management will hopefully be circulated to the AHAG members in early-February, with a request for comments by end-February.	ERGEG	Early-February 2010	DONE
D-100128-05	The members were invited to provide full written comments to the questions on firmness of transmission capacity by 28 February.	AHAG Members	28 February 2010	DONE
D-100128-06	Matti Supponen will send out invitations for members for its group on governance.	Matti Supponen	As soon as possible	DONE
D-100128-07	ENTSO-E will invite the AHAG members to nominate experts who could contribute to the work on capacity calculation and intraday.	ENTSO-E	As soon as possible	DONE

2 Terms of reference for AHAG

The AHAG Chair (Asta Sihvonen-Punkka) presented a draft terms of reference for AHAG, which incorporates discussions and issues raised at the 1st AHAG meeting. The Chair proposed to add a reference to the December 2009 Florence Forum, which decided on the creation of the group.

Eurelectric (Anne-Malorie Geron) commented that the rules of operation are very much in line with

¹ These are outstanding points from previous meetings, for the present meeting's actions and decisions see the end of this document.

their views. Regarding the section on the composition, they propose to insert “and stakeholders”, after power exchanges and to listing the remaining groups in parenthesis.

EuroPEX (Andrew Claxton) commented that the ToR do not make a reference to ongoing initiatives or the PCG roadmap. The Commission (Tadhg O’Brian) suggested a text along the lines of its proposal to the intraday project: ‘to provide guidance on ongoing implementation of projects’.

ENTSO-E (Cecilia Hellner) remarked that it is not entirely clear when/how AHAG will be deemed to have completed its work. The Chair proposed that in practice, AHAG is advising ERGEG and it might not be appropriate to commit the Agency in future. In that sense, AHAG would complete its work following its advisory role on the framework guideline. The members are interested to know how the monitoring of the ongoing projects would proceed following the completion of the framework guideline work. The members agree that a continuing role does exist vis-à-vis the various projects. How the monitoring work is taken forward could be considered within the Florence Forum. The current ToR would therefore focus on the framework guideline work, while recognising that the work of the projects will continue and will need to be evaluated once the Agency is established. IFIEC (Hans Gruenfeld) noted that within the context of the framework guidelines, the time period for work is 6 months, such that these AHAG tasks would be done in 2010 – and he agreed that we should review the mandate for further work in future. Regarding the reference to the previous work of the PCG, the Chair felt it was important to reflect the history of the issues and dialogue.

Regarding the scope of work in 2010 and the second task, EFET (Hakan Feuk) proposed to indicate a more active role for AHAG with regard to the ongoing projects. In particular, they feel AHAG should ‘steer’ the work, and that the subgroups (on the projects) should guide the work. ERGEG (Rafael Gómez-Elvira) explicitly opposed this proposal.

IFIEC proposed that in order to be able to better prepare for meetings, members should aim to provide documents well in advance (at least 2 weeks).

The AHAG ToR will be agreed subject to the above changes and will be published on the ERGEG website public area for the AHAG.

3 Day-ahead market coupling and governance framework – update and ToR

ENTSO-E (Andrew McIntosh) reported on the ongoing work of the project group. Two meetings have been held with EC, ERGEG, ENTSO-E and EuroPEX representatives. Draft ToR have been developed and the discussions have centred on two alternative views of the operation and governance of the coordinated matching function:

Centralised approach (ENTSO-E)

De-centralised approach (EuroPEX)

The project group has been giving consideration to a service provision model which provides a possible basis for a governance framework - in so far as it is compatible with existing legal/regulatory PX frameworks - and could facilitate adequate transparency and regulatory oversight. The model is a means to an end to provide a robust governance framework.

A joint ENTSO-E and EuroPEX expert group is considering further developing the control table format – which identifies the critical control aspects of a European price coupling and who needs what level of control.

ENTSO-E is investigating the procurement process (EU, national and competition rules) and what impact it has on the service provision model.

ERGEG is investigating the ‘activity-based’ approach and the path to regulatory oversight in the governance framework created in the model.

The next meeting is scheduled for 31st March.

The project group hopes to have some agreed proposals in time for the next AHAG meeting (26 April).

The draft ToR were introduced briefly. The Chair explained that there is a possibility that binding comitology guidelines (instead of a framework guidelines + code) will address governance issues.

The Chair invited the members to discuss the latest situation regarding the Central-West + Nordic coupling as well as the EMCC Germany + Denmark coupling (and possible effects of the one on the other).

EuroPEX (Jean-Francois Conil-Lacoste) provided a brief update on the Central-West/Nordic coupling. Subject to the starting of the full integration tests in the coming days, the CWE project is still aiming at June/July 2010 to go-live. Regarding the compatibility with the existing EMCC volume coupling, there are ongoing works with all the parties involved to establish an EMCC-led tight volume coupling interim solution which should be ready maybe as late as November 2010. **The Chair proposed that an update be provided on the Central West and EMCC projects at the next AHAG meeting**, as they are relevant both to the AHAG work and to market transparency/certainty for market participants. Eurelectric will provide suggested text regarding criteria.

Eurelectric (Anne-Malorie Geron) commented that the ToR seem to re-open some of the discussion on the target model, etc. The project aims to consider those issues which were left unresolved in the PCG target model. CEFIC (Jean-Pierre Becret) enquired whether the project should also consider day-ahead markets themselves (in addition to coupling). The Members agreed that those issues should be addressed in other frameworks, including comitology guidelines on transparency. IFIEC (Peter Claes) proposed that the ToR should include a reference to transparency issues. The Chair informed the members that following agreement at the Florence Forum and an official request from the Commission, ERGEG has begun to prepare advice for comitology guidelines on transparency. The day-ahead and governance ToR will be clarified to note that the project refers to single price market coupling.

With regard to the preparation within the project of a roadmap and the functional design model, the members agreed to revise the timetable and process – to reflect that proposals on governance should be developed in time for the June 2010 Florence Forum and that the project team will be subsequently extended to all AHAG members to discuss the roadmap and the functional design model.

The day-ahead and governance ToR will be agreed subject to the above discussions.

4 Intraday market project – update and ToR

ENTSO-E (Frank Vandenberghe) reported on the work to-date of the project team. Two meetings have been held with representatives from EC, ERGEG, Eurelectric, EFET, EuroPEX and IFIEC. The draft ToR have been developed and they outline objectives for developing the market processes outlined in the PCG. The group also aims to deliver input on the framework guideline and to provide input to ERGEG regarding roles and responsibilities.

Regarding the PCG model, the project proposes to develop details regarding the functional design of cross-border capacity allocation based on continuous trading, comparability criteria, a model for a common platform for ID capacity management and functional requirements on the sharing of cross-border intraday order books.

The timetable aims to provide a high level design document to the May AHAG meeting, in order to present it to the June Florence Forum. The project also plans to prepare a description of the regulatory framework as input to the framework guideline and would be ready in September 2010.

The intraday ToR will be agreed subject to the above discussions.

5 Capacity calculation project – update and ToR

ENTSO-E (Clotilde Levillain) presented the work of the project. The group aims to develop coordinated capacity calculation principles and methodologies among European TSOs and to define necessary information exchange inter-TSOs and between TSOs and market actors; to design rules for building a common grid model and coordinated capacity calculation; and to facilitate a common understanding of needs, principles and methodologies through transparency. Priority will be given to the day-ahead timeframe and others will then be treated. The deadlines for the work are November-December 2010 for most tasks.

Reference to the role of power exchanges in allocation will be added to the ToR.

IFIEC suggested that the group should also examine avoiding/working around congestion – beyond simply managing congestion. CEFIC expressed their interest in including criteria on defining zone sizes. Such detailed issues could rather be covered in the work plan.

For each deliverable, a roadmap (towards 2015) will be included.

The capacity calculation ToR were agreed subject to the above discussions.

6 Impact assessment of the draft framework guidelines on capacity allocation and congestion management

EREGEG (Tahir Kapetanovic and Alain Marien) introduced EREGEG's work on the impact assessment, including the provisional timing for the development of the draft (which aims to be inline with the 3rd Package timing of 6-months). A public consultation (11 weeks) is planned for July-September, with a public workshop in early September.

The general objective of the framework guidelines is to provide a visionary approach to competitive, integrated efficient markets.

The impact assessment is based on the PCG work, but is not limited to the PCG options, in particular for cross-cutting issues like capacity calculation, delimitation of zone boundaries, redispatching/countertrade, allocation of congestion rents and firmness.

The Chair informed the members that a European Commission study on firmness, physical and financial transmission rights and forward market issues will be conducted. EREGEG is currently preparing ToR for this study. **The draft ToR for the Commission study will be circulated to AHAG members for comments.**

EREGEG (Rafael Gómez-Elvira) informed all AHAG members of the new public consultation on a benchmarking report comparing and identifying the best practices in EREGEG's Regional Initiatives concerning medium and long-term electricity transmission capacity allocation rules. Using this document, EREGEG will be able to identify next steps in this topic to work towards the harmonisation in long-term products. http://www.energy-regulators.eu/portal/page/portal/EER_HOME/EER_CONSULT/OPEN%20PUBLIC%20CONSULTATIONS/ERI%20Benchmarking%20report1

EuroPEX (Andrew Claxton) provided some comments to the draft impact assessment. He outlined a number of open questions on how to go beyond the general policies outlined in the target model and what details should be in the network code. EuroPEX also recommended continuing with a bottom-up approach, as analysis and pilots may be needed before the right solution can be agreed. EuroPEX would favour a more focused scope for network codes.

Members should send comments to the draft impact assessment by Friday 26 March at the latest. The capacity calculation project will in particular consider the paper on behalf of AHAG, in time for the May AHAG meeting. The other two projects should also review the paper.

7 Firmness of transmission capacity

Following the 1st AHAG meeting, members had been invited to submit written comments/answers to questions regarding firmness. Two contributions have been received to-date. **The discussion will be taken up at a future AHAG meeting, and members are invited to provide further comments to the questions on firmness.**

8 Any other business

9 Next meetings

Monday 26 April 2010 – location tbc

Thursday 20 May 2010 – location tbc

The meeting adjourned at 16h03.

Summary of all ongoing and outstanding action points:

Action	Description	Who	When Due	Status
A-100318-01	The AHAG ToR will be agreed subject to the above changes and will be published on the ERGEG website public area for the AHAG.	CEER Secretariat	As soon as possible	PENDING
A-100318-02	The Chair proposed that an update be provided on the Central West and EMCC projects at the next AHAG meeting	EuroPEX/ENTSO-E	26 April 2010	PENDING
A-100318-03	The draft ToR for the Commission study will be circulated to AHAG members for comments.	AHAG Chair	As soon as possible	PENDING
A-100318-04	Members should send comments to the draft impact assessment by Friday 26 March at the latest. The capacity calculation project will in particular consider the paper on behalf of AHAG, in time for the May AHAG meeting. The other two projects should also review the paper.	AHAG Members	26 March 2010	PENDING
		CC project team	20 May 2010	
A-100318-05	The discussion will be taken up at a future AHAG meeting, and members are invited to provide further comments to the questions on firmness.	AHAG Members	26 April 2010	PENDING

Summary of decisions

Decision	Description
D-100318-01	Minutes of the 1 st AHAG meeting were approved.
D-100318-02	The draft agenda of the 2 nd AHAG meeting was approved.
D-100318-03	The capacity calculation ToR were agreed subject to the above discussions.