

**Ad Hoc Advisory Group (AHAG)
Capacity Calculation Project**

Terms of Reference

26 April 2010

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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, emphasising the need of concrete implementation projects, of the PCG on market integration through an Ad Hoc Advisory Group (AHAG) of all stakeholders which will assist ERGEG in overseeing the work and solving issues which might hinder progress.
- 1.2. In the framework of the AHAG three implementation projects are to be launched: 1) capacity calculation, 2) intraday trade and 3) day-ahead & governance². In particular, the Forum required ENTSO-E to chair a project with multi-stakeholder involvement to develop a European capacity calculation concept based on a common grid model, where clear benefits can be demonstrated. These three projects provide input to ERGEG's work on the framework guidelines for capacity allocation and congestion management as appropriate.
- 1.3. The work of this project is based on PCG outcomes, presented at the Florence Forum December 2009. In that sense the wording "coordinated capacity calculation" in this ToR refers to either coordinated flow based methodology or coordinated transfer capacity calculation.

2. Objectives

- 2.1. By further building upon the outcome of the MIDP³ and PCG processes, develop common views on which the market processes can be build up, aiming at speeding up and enhancing the development of cross border and inter-regional electricity markets in Europe.
- 2.2. Since some project organizations did not participate as project partners in the MIDP-PCG processes, explain and discuss the results of these processes and to improve the target model if relevant.
- 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.
- 2.4. 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 as input to the development of coordinated capacity calculation methodologies.
- 2.5. To design rules for building a common grid model and coordinated capacity calculation focusing on day-ahead capacity determination as first priority (in coherence with single price coupling as PCG's target model for which Power Exchanges are particularly involved) and subsequently intraday capacity and long term determination, optimising capacity to the market

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

² These three projects provide input to ERGEG's work on the framework guidelines for capacity allocation and congestion management as appropriate

³ Market Integration Design Project

while respecting TSOs security standards and taking into account coherence between different time frames.

- 2.6. To facilitate a common understanding of needs, principles and methodologies through transparency.
- 2.7. To prepare the implementation and monitoring phase of the target model designed for each deliverable.

3. Scope

- 3.1. Develop the appropriate coordinated processes, common information exchange and common infrastructure facilitating:
 - 3.1.1. Coordinated methods for capacity calculation
 - Computation of the base case: hypothesis and data
 - Coordinated security analysis
 - Effectiveness of remedial actions for congestion management
 - Coordinated Reliability Margin (RM) (reliability assessment)
 - Common principles for the firmness of commercial capacities, taking into account the operational security risk assessment
 - 3.1.2. Establishment of European-wide grid modelling processes (EU-CGM)
- 3.2. Capacity evaluation and optimization for the different timeframes compatible with the risk assessment and information from the power system and market stakeholders. Priority will be given to the day ahead timeframe, afterwards other time frame will be addressed.
- 3.3. Establish appropriate mechanisms for sharing data used in the capacity calculation process
 - 3.3.1. Data to be exchanged in a coordinated way among TSOs
 - 3.3.2. Transparency of the capacity assessment process (including input and output of the process) and information exchanges between TSOs and market stakeholders
- 3.4. To revise the roadmap for TSOs to reach the 2015 target for capacity calculation.

4. Deliverables & timetable

- 4.1. Terms of Reference and Work Plan for Mid March 2010 [to be presented to AHAG meeting on 18 March]
- 4.2. Principles for building a common grid model and coordinated capacity calculation [draft - 20 May 2010, final - November 2010]:
 - Coordinated capacity calculation principles
 - Methodology to build a common Grid model and data to be exchanged and coordinated between TSOs

- To develop illustration of the methodology for grid modelling and capacity calculation
- 4.3. Provide an overview of the capacity calculation methods:
 - The present status [20 May 2010]
 - Comparison between different methodologies for capacity calculation [October 2010]
 - 4.4. Coordinated reliability margins' assessment principles [October 2010]
 - 4.5. Principles for coordinated operational measures among TSOs to support firmness of capacities [November 2010]
 - 4.6. Principles for determining the sharing of capacities among the borders, depending on the methodology applied. [November 2010]
 - 4.7. Transparency of the capacity calculation process towards market stakeholders [Principles - May 2010, final – December 2010]

The project is aiming to provide the information to network code and framework guideline development process. The monitoring process will be defined in the framework guideline and network codes.

5. Organisation & Working structure

- 5.1 Following the conclusions of 17th meeting of the European Electricity Regulatory Forum, the Capacity Calculation project will be chaired by ENTSO-E. ENTSO-E will also provide with a technical secretary for the project.
- 5.2 Each organisation is invited to appoint 2 experts per organization for this project so that the working force is limited to a small group. The proposed candidates should provide expertise in the capacity calculation field but be also ready to devote time to these projects so that the results can be optimal. In case of absence, and where justified, experts should be subject to replacement; different associations should ensure internal continuity.
- 5.3 The Capacity Calculation project team will hold a phone conference or meet at least once before each AHAG meeting. The location of the meetings will be Brussels.
- 5.4 Agendas and relevant documents to be presented at the meetings should be circulated in advance, a week before the meeting.
- 5.5 Minutes of the meetings should be circulated after the meeting, possibly within a week. ENTSO-E Secretariat should be in charge of the first drafting but all organisations should be allowed to ask for changes.
- 5.6 The Capacity Calculation project team might decide to organise workshops for consulting in specific topics in which a wider participation of stakeholders is deemed beneficial.

6. Decision making procedures

Strive at unanimity, when this would not be possible:

- 6.1 For issues no directly related to content of deliverables (planning, agendas, venue, meeting organization, etc.) effort by project leader to propose such that highest possible agreement is reached.
- 6.2 For issues related to content of deliverables: the deliverables shall represent the view of the organizations participating in the project. Decisions should be guided by general efficiency criteria and its impact on the integration of the electricity market at EU level. Representatives of organizations who cannot agree with certain positions may express a dissenting opinion, with motivation and reasons behind their dissenting opinion and mentioning of their organization.

7. Membership

Participants	Organization	Membership
Clotilde Levillain	ENTSO-E	Project leader
Konrad Purchala	ENTSO-E	Member
Ritva Hirvonen	ENTSO-E	Member
Ramunas Bikulcius	ENTSO-E	Secretary
Rudolf Schneider	EuroPEX	Member
Mihaela Constantinescu	EuroPEX	Substitute
Yves Langer	EuroPEX	Substitute
Vivi Mathiesen	ERGEG	Member
Christophe Gence-Creux	ERGEG	Substitute
Sophie Dourlens	ERGEG	Substitute
Sabrina Mlynek	ERGEG	Member
Marcel Cailliau	Eurelectric	Member
Olga Mikhailova	Eurelectric	Member
Nicolas Barbannaud	EFET	Substitute
Paul Giesbertz	EFET	Substitute
Susanne Dornick	EFET	Member
Sonia Saly	EFET	Member
Tadhg O'Briain	EC	Member
Peter Claes	IFIEC Europe	Member
Jean-Pierre Becret	CEFIC	Member