Directorate-General for Energy and Transport

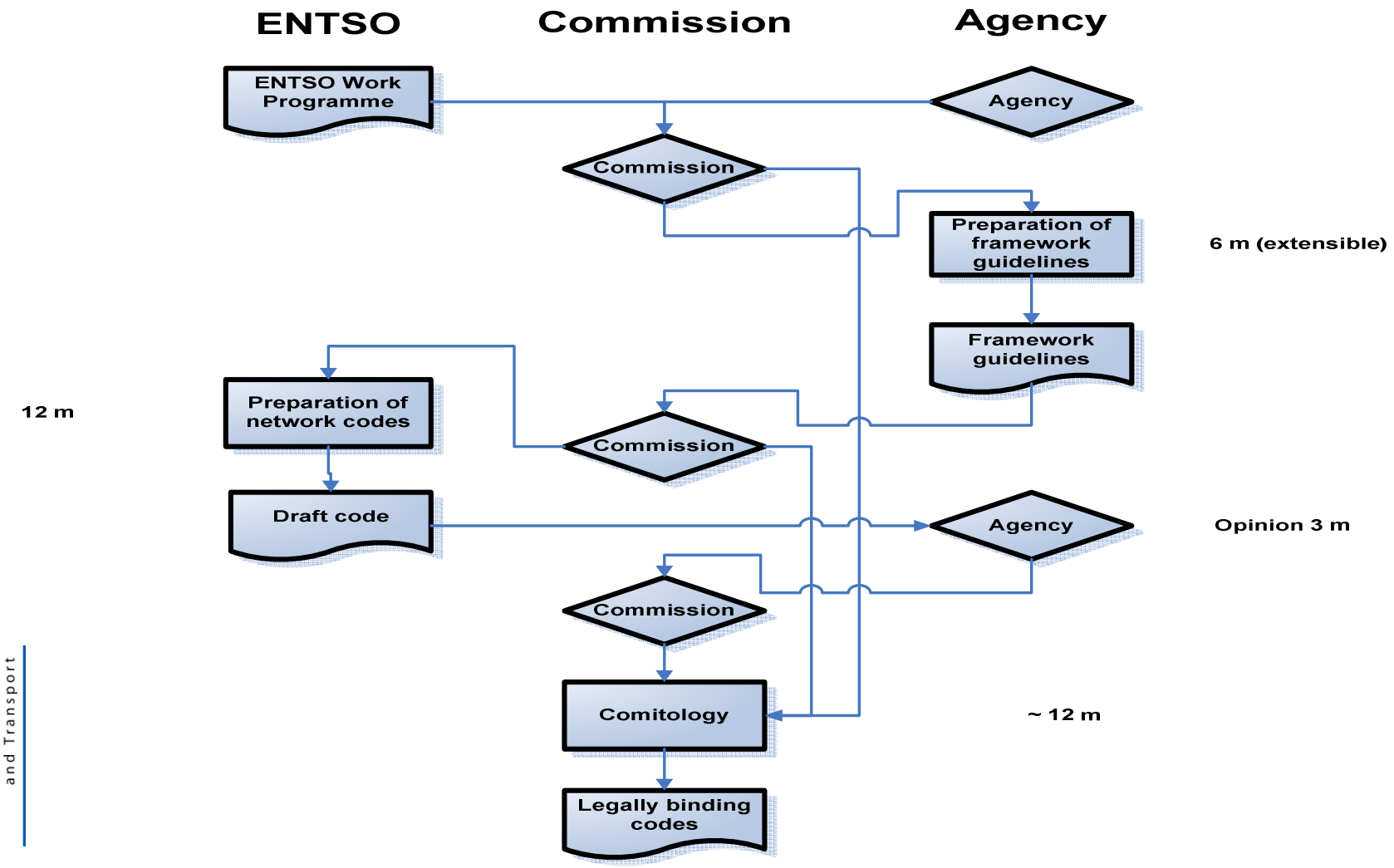
EUROPEAN COMMISSION

3rd internal market package Provisions regarding CACM and European Commission perspective

ERGEG workshop on Capacity allocation and congestion management framework guidelines
18 October 2010 in Brussels

Matti Supponen
Electricity and Gas Unit

Network codes



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Network codes, Article 8 of Electricity regulation

1. network security and reliability rules including rules for technical transmission reserve capacity for operational network security;
2. grid connection rules;
3. third party access rules;
4. data exchange and settlement rules;
5. interoperability rules;
6. operational procedures in an emergency;
7. capacity allocation and congestion management rules;
8. rules for trading related to technical and operational provision of network access services and system balancing;
9. transparency rules;
10. balancing rules including network related reserve power rules;
11. rules regarding harmonised transmission tariff structures including locational signals and inter-TSO compensation rules;
12. energy efficiency regarding electricity networks

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Legally binding guidelines Article 18 of Electricity regulation

1. Inter TSO compensation mechanism
2. Tariff harmonisation rules
3. Congestion management rules
4. Safety and operational rules
5. Provision of information rules
6. Trading of electricity rules
7. Investment incentive rules

… and all items on the Article 8 list

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Priority setting

Article 6: Establishment of network codes

1. The Commission shall, after consulting the Agency, the ENTSO for Electricity and the other relevant stakeholders, establish an annual priority list identifying the areas set out in Article 8(6) to be included in the development of network codes.

2. The Commission shall request the Agency to submit to it within a reasonable period of time not exceeding six months a non-binding framework guideline …

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Work in progress

Electricity Framework guidelines	Electricity network codes
Grid connection framework guideline (pilot)	Connection network code (pilot)
Capacity allocation and congestion management guideline	Day-ahead, intra-day, capacity calculation and forward product network code
System operation framework guideline	System operation network code (possibly several codes)

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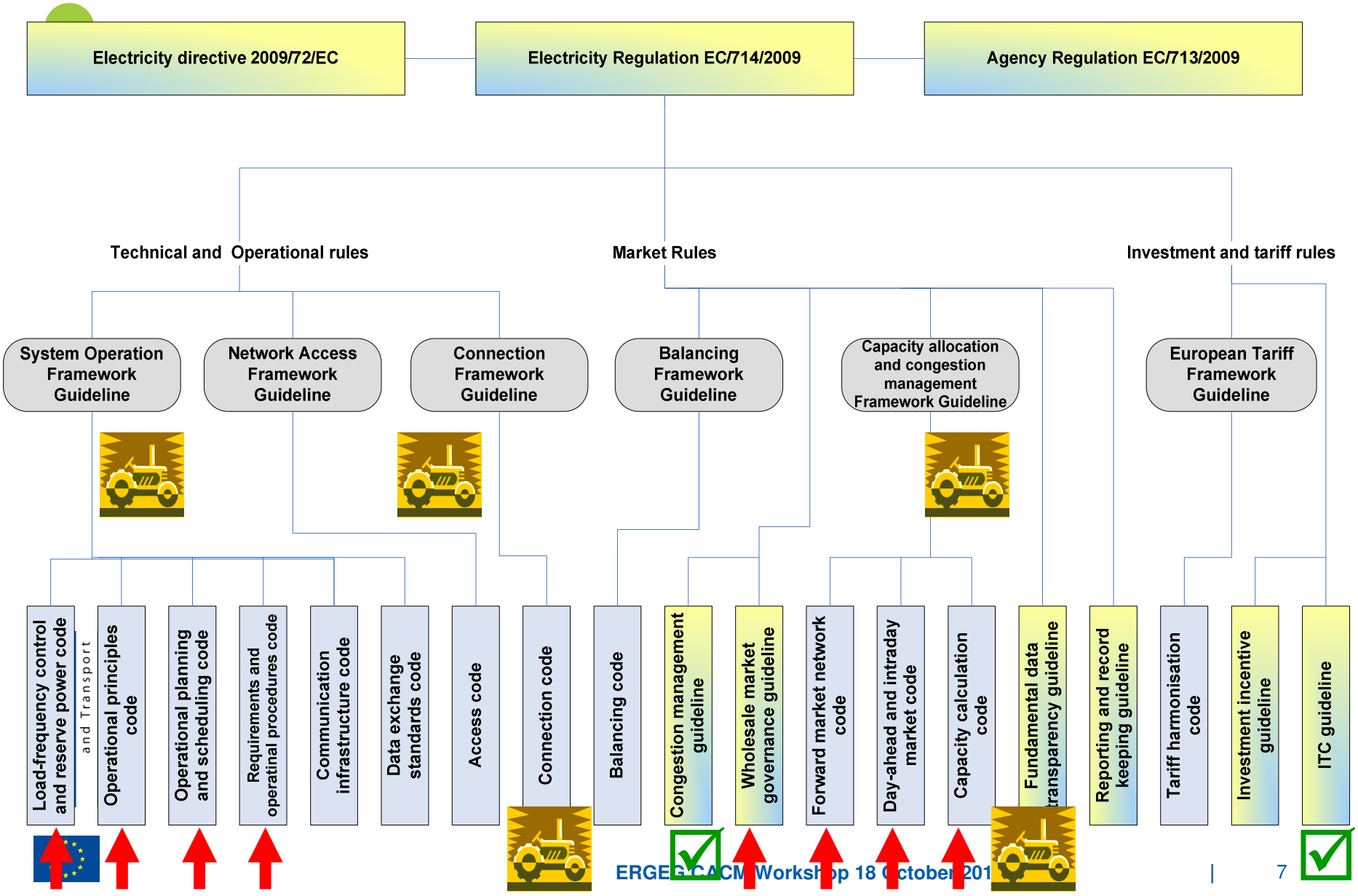
European Electricity Rules

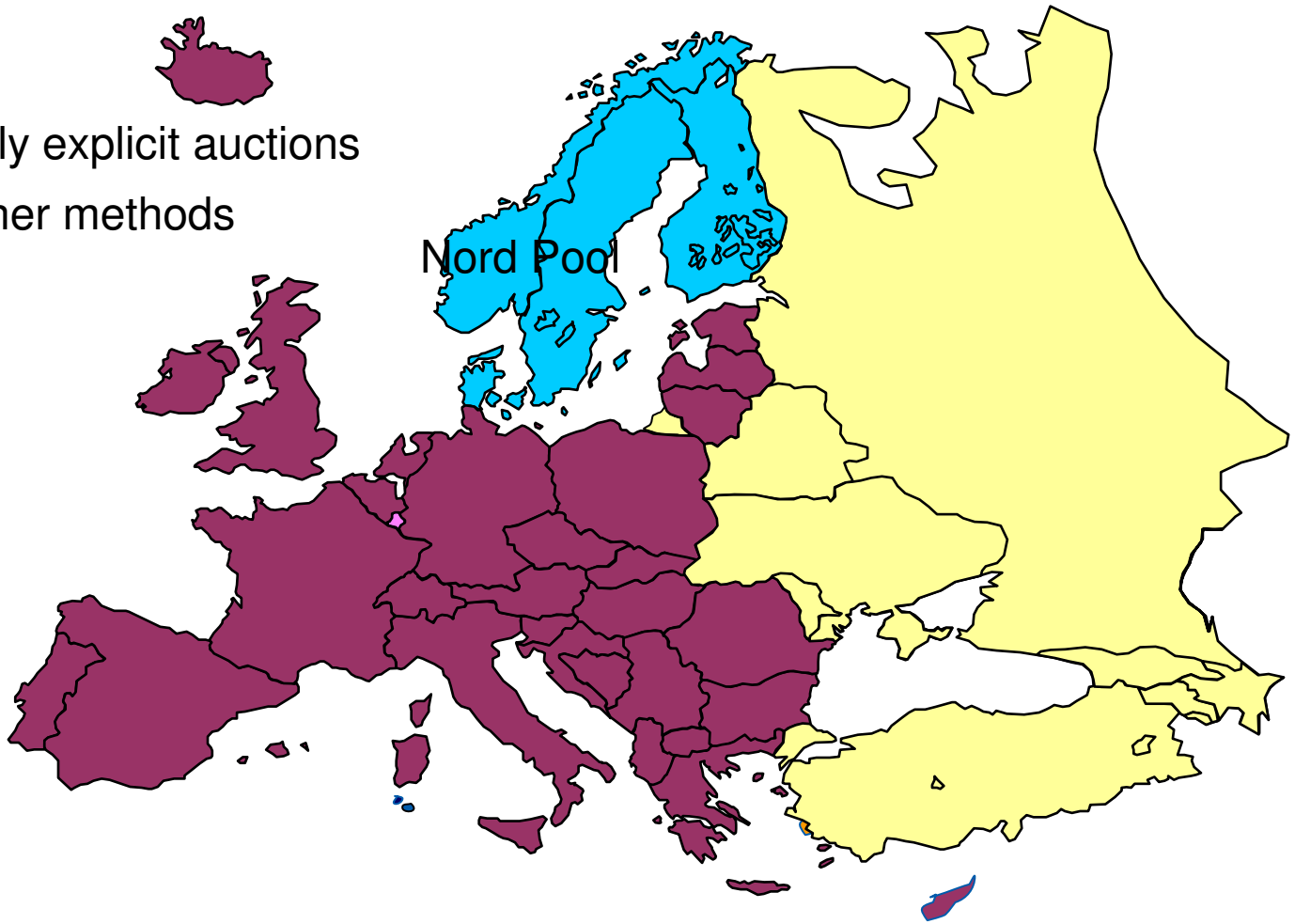


Congestion management 1998

Implicit auctions

Only explicit auctions

Other methods



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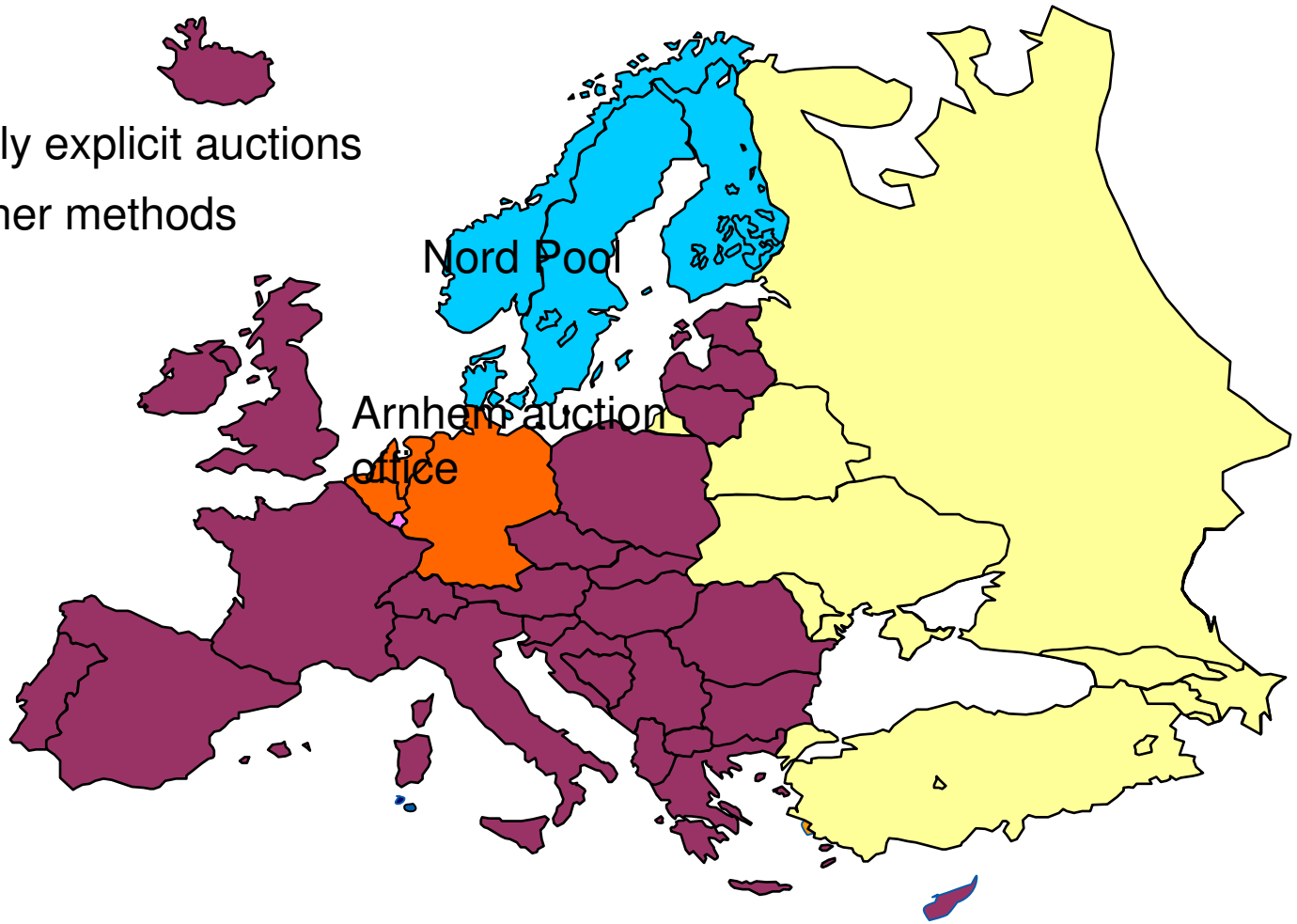
Congestion management 2000

Implicit auctions

Only explicit auctions

Other methods



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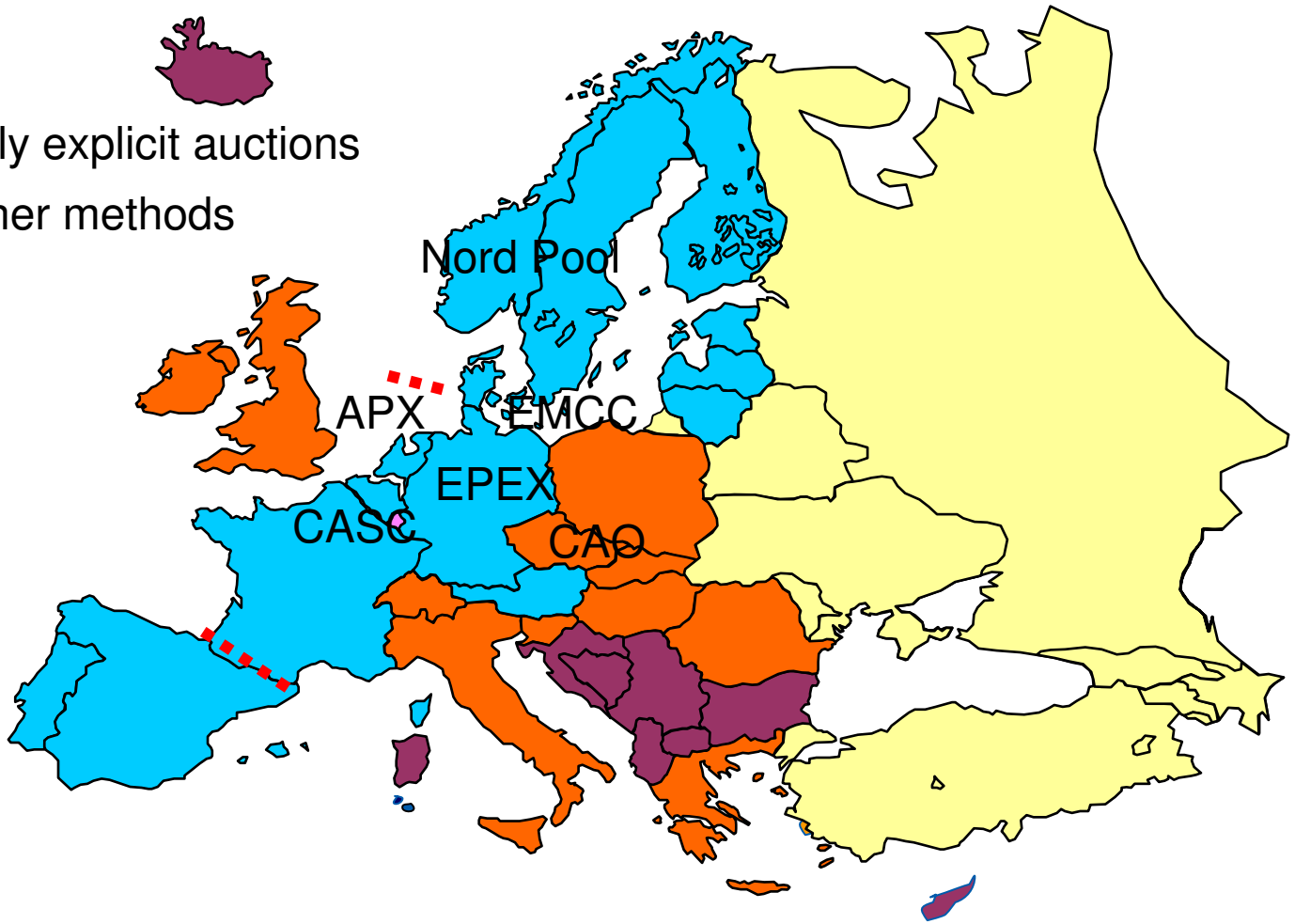
Congestion management 2010

Implicit auctions

Only explicit auctions

Other methods



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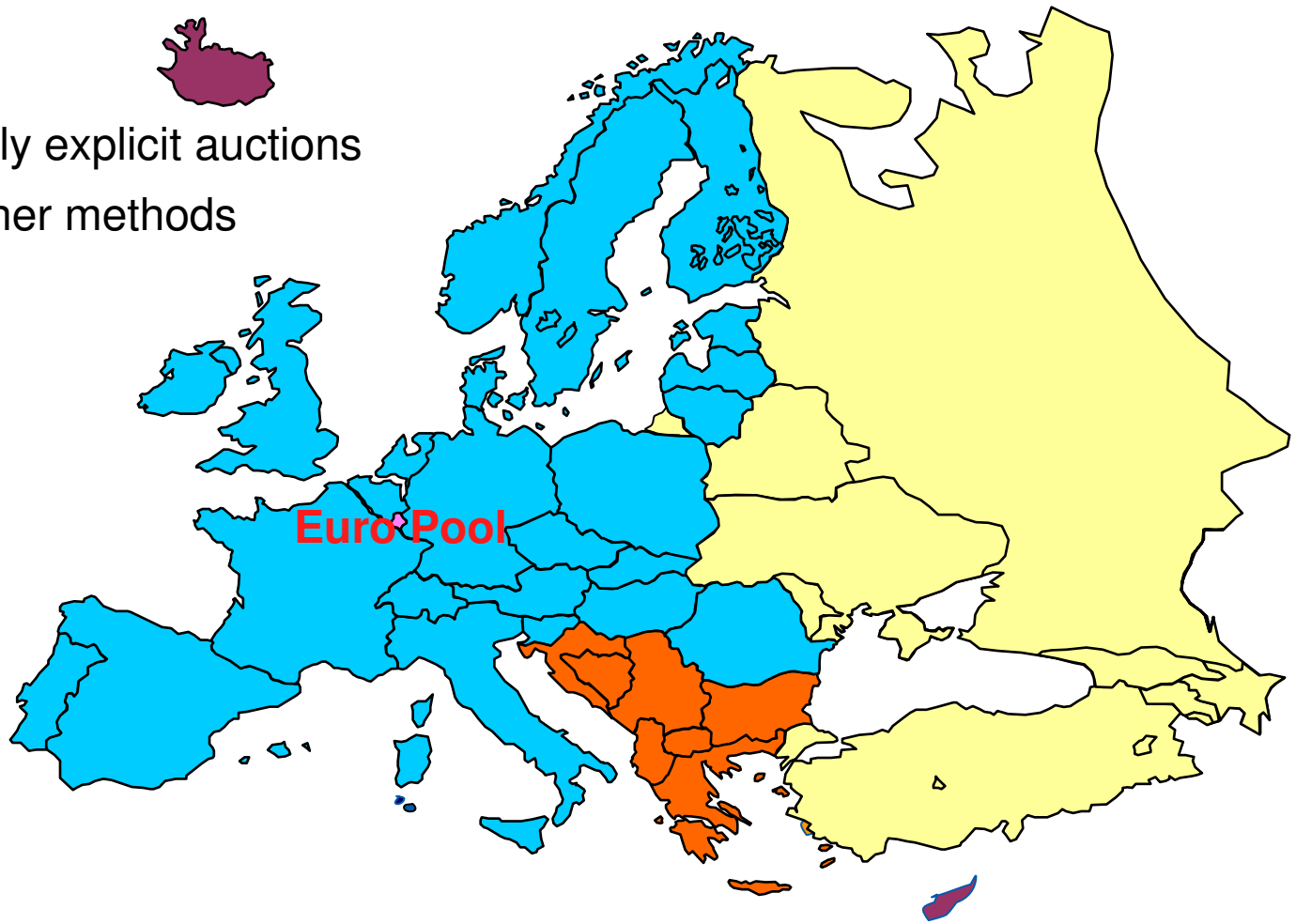
Congestion management 2015

Implicit auctions

Only explicit auctions

Other methods



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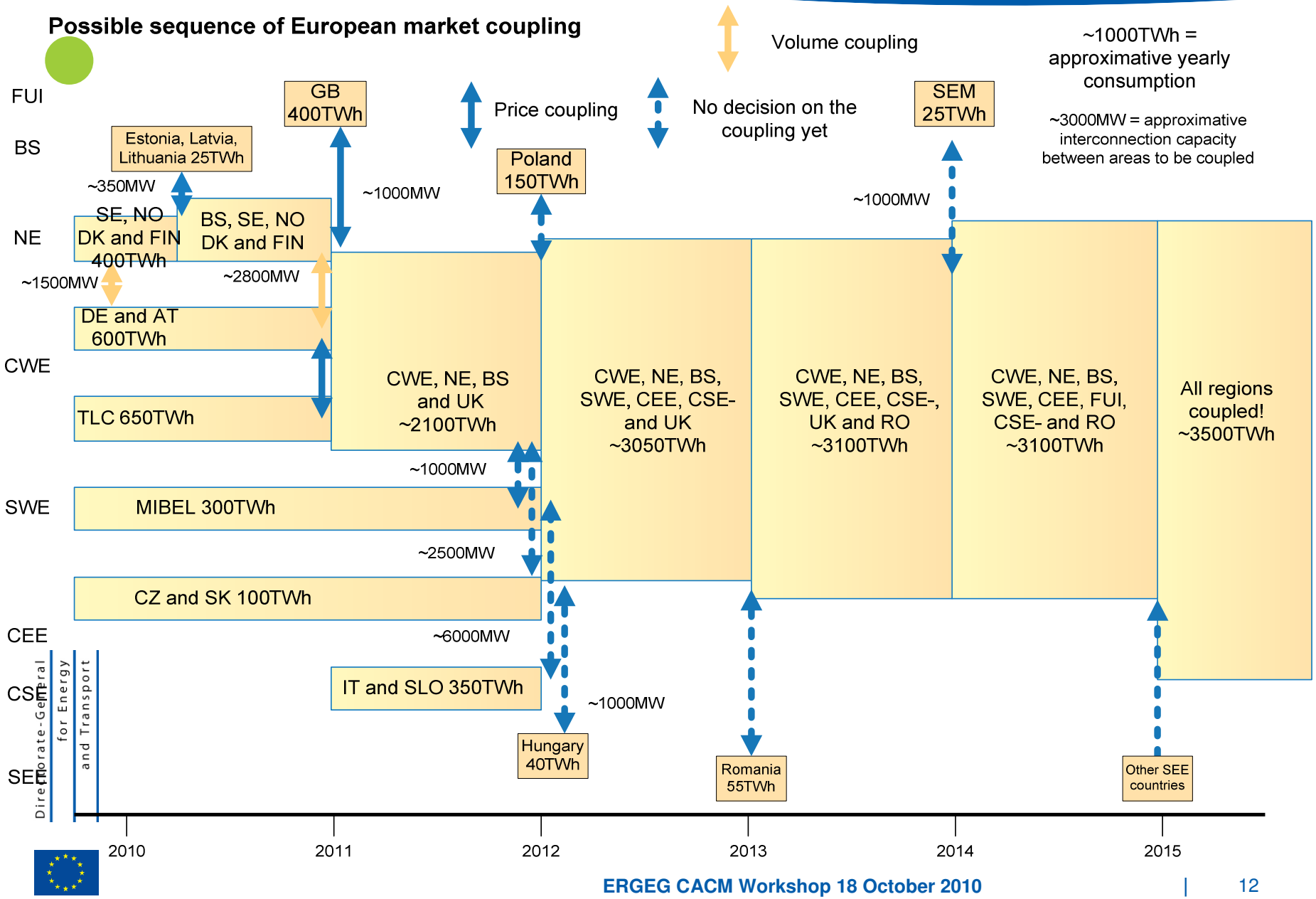
Possible sequence of European market coupling



European electricity day ahead spot market

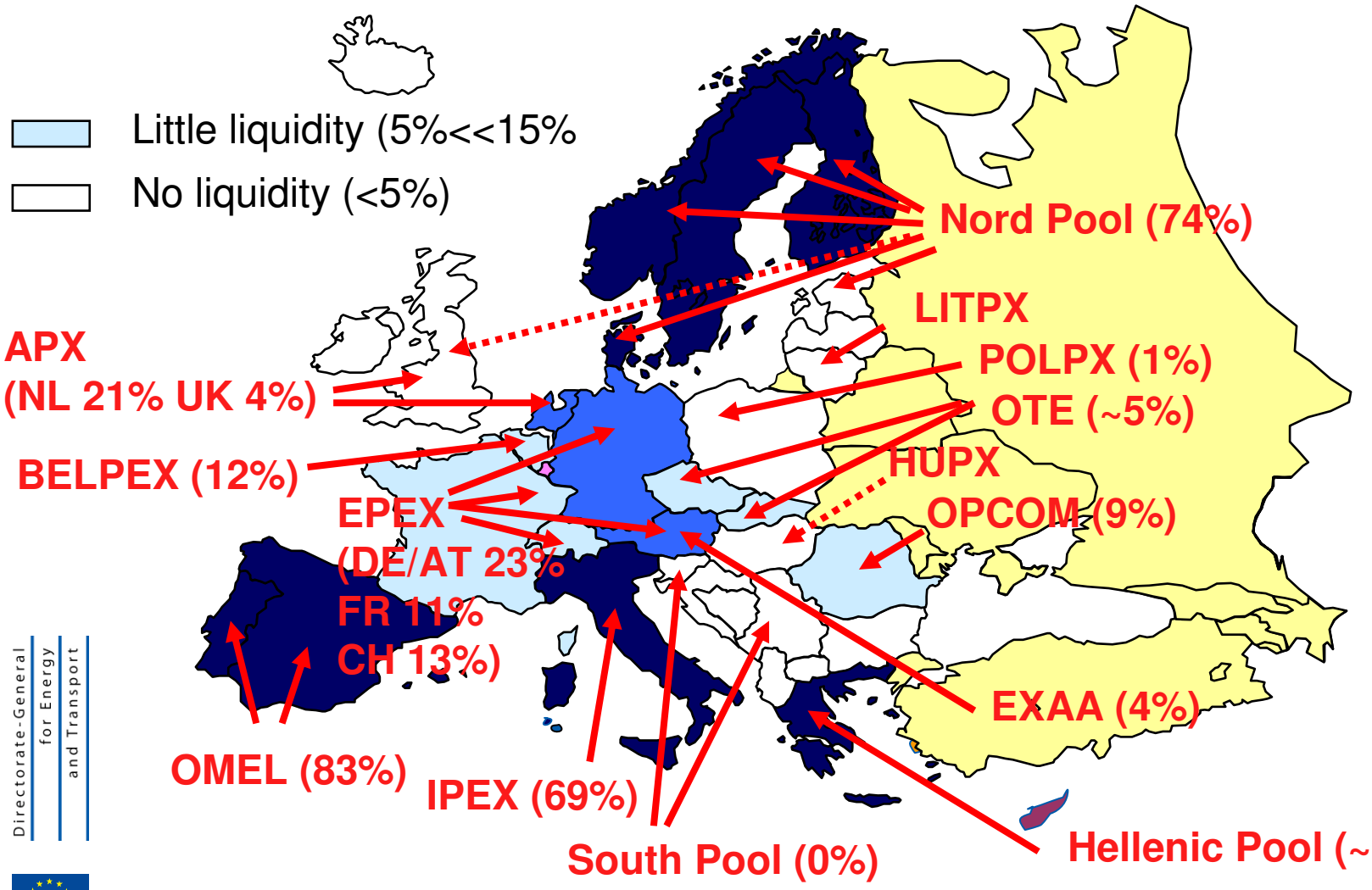
Liquid (>30% spot trade/consumption)

Some liquidity (15%< <30%)

Little liquidity (5%<<15%

No liquidity (<5%)

planned



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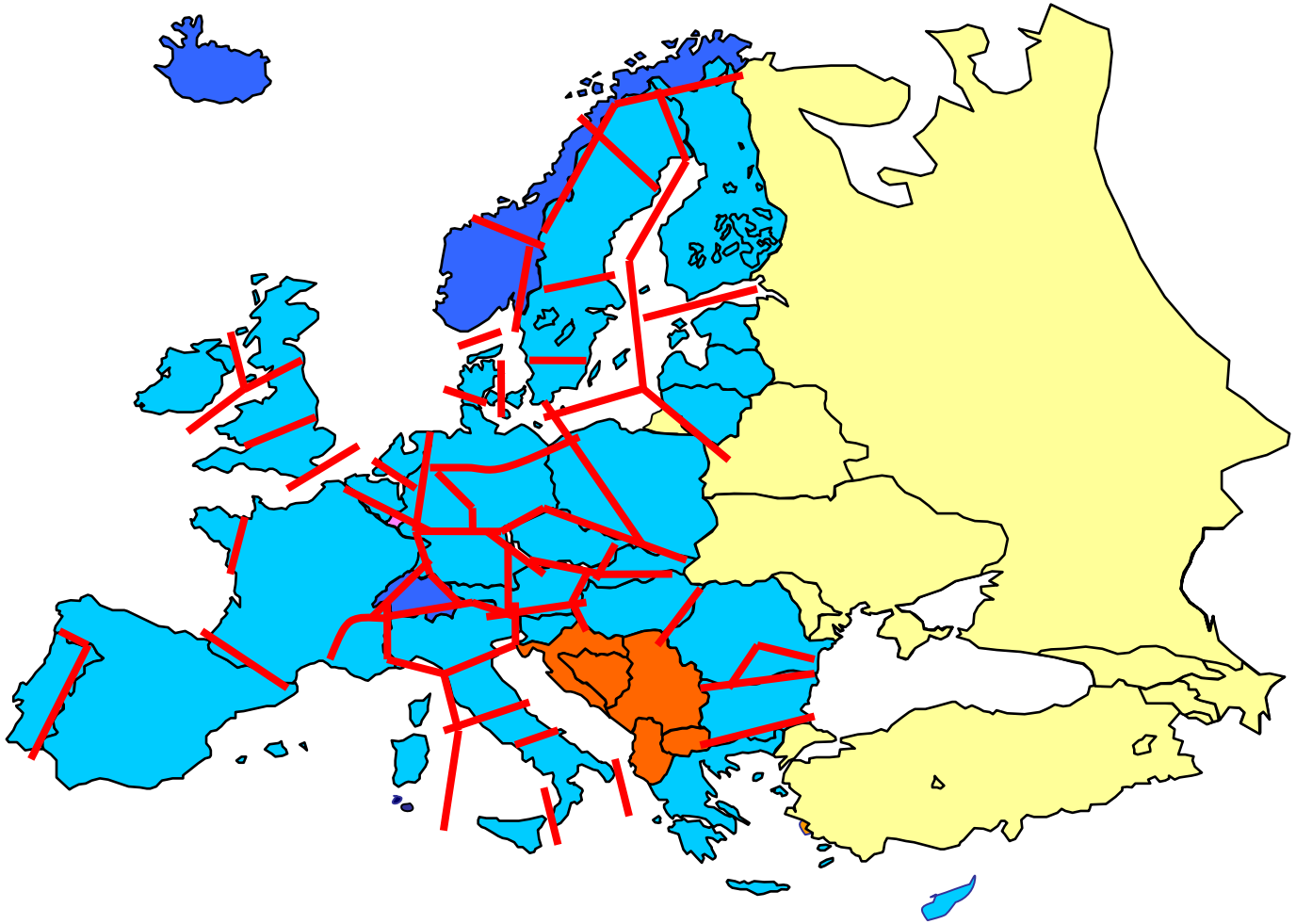
Volumes from 2008 data

Matti's proposal for price zones in Europe



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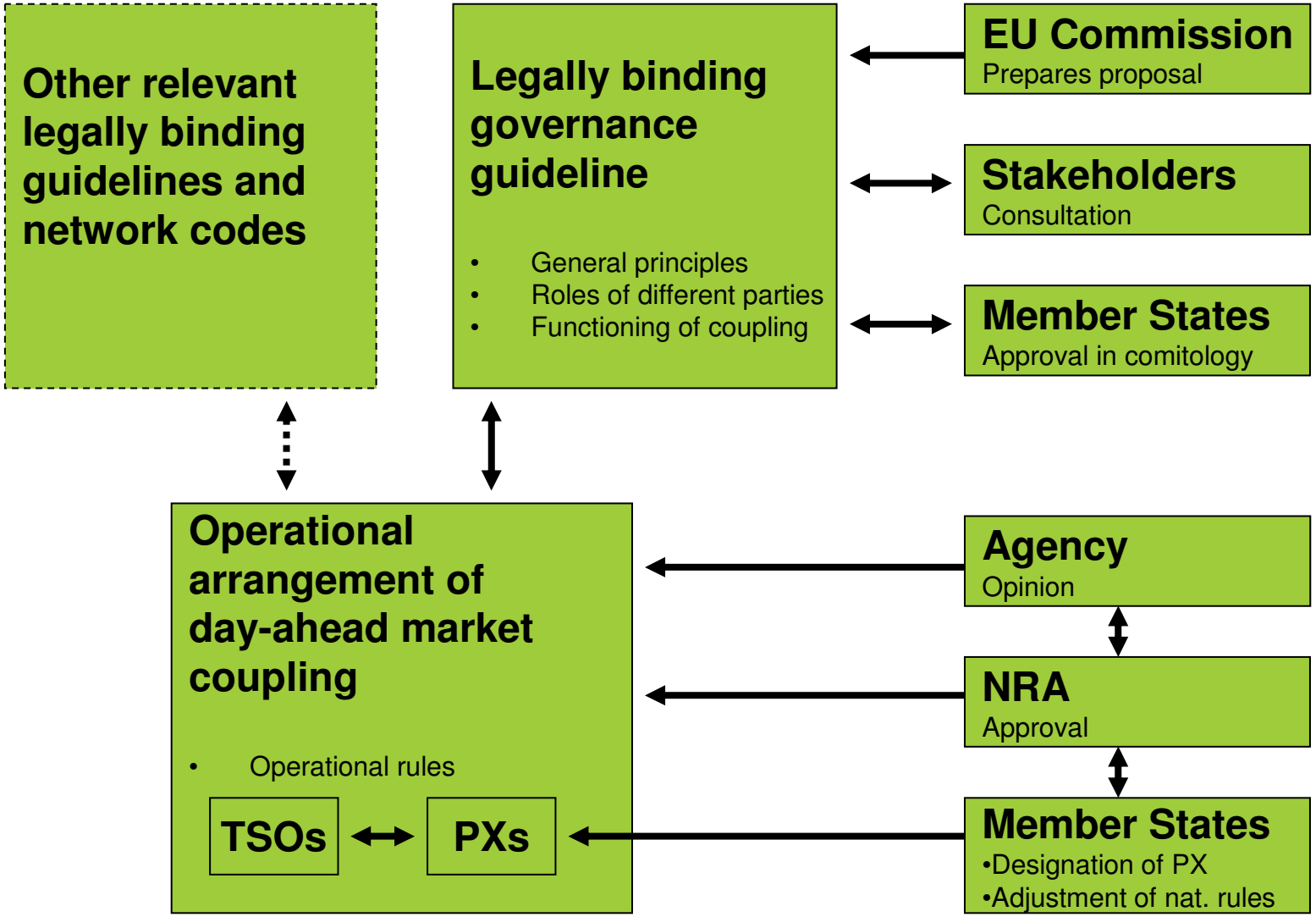
Setup of the day-ahead market coupling governance structure



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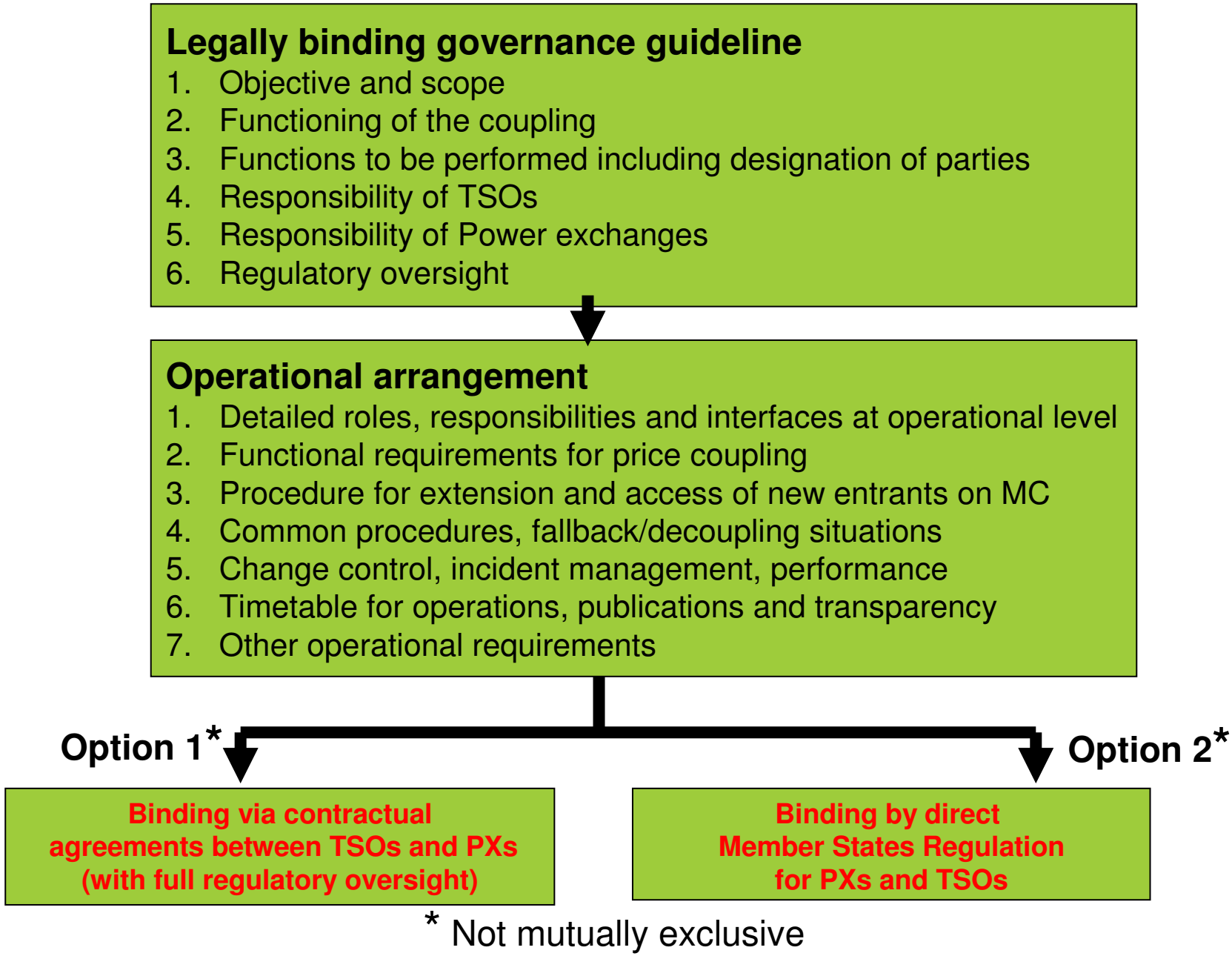
Two-tier approach for the governance structure



* Not mutually exclusive

Conclusions

- Big progress in congestion management in coming months and years
- No time to rest, wind power needs new concepts
- For intra-day the concept needs to be agreed soon
- Serious thinking on a European balancing system should start

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Thank you for your attention

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