



ERREG Public Consultation on Draft Framework Guidelines on Capacity Allocation and Congestion Management

Evaluation of responses

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1. Recap of Questions for the Public Consultation

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.

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?

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?

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?

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?

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?

2. Responses received

Responses were received from the following organisations:

Organisation	Type	Country of origin
BDEW	German Association of Energy and Water Industries	Germany
BNE	Association of members of energy industry	Germany
Cefic	Association of consumers (chemistry industry)	EU
CEZ	Energy Company	Czech Republic
Climate policy initiative; Neuhoff and Boyd	Academic group	Germany
EDF Energy	Energy Company	UK / France
EDF	Energy Company	France
EDISON	Energy Company	Italy
EFET	Association of Electricity Traders	EU
EnBW	Energy Company	Germany
ENTSO-E	Association of European TSOs for Electricity	EU
EnergyNorway	Association of Norwegian generators, suppliers, distributors and contractors	Norway
E.ON	Energy Company	Germany
EuroPEX	Association of European Power Exchanges	EU
EURELECTRIC	Union of Electricity Industry	EU
EWEA	European Wind Energy Association	EU
Iberdrola	Energy Company	Spain
IFIEC	International Federation of Industrial Energy Consumers	EU
Oesterreichs energie	Association of Austrian Electricity Companies	Austria
Nordenergi	Association of energy producers, suppliers and distributors	Nordic countries
RWE	Energy Company	Germany
Swissgrid	TSO	Switzerland
Vattenfall	Energy company	Sweden
VIK	German association of industrial energy intensive consumers	Germany

3. Detailed Evaluation of Responses to the Consultation

3.1. Evaluation of Responses in Relation to the Questions in the Public Consultation

#	Q ^{stn} #	Respondents' views	EREGG's position	Explanation
1.	1	Alignment with other FG and GL, especially with comitology Guideline on Transparency or GGP on Balancing, Governance needed.	Agree	The CACM FG were already checked against the draft Transparency Comitology Guideline. This will also be required for future envisaged documents.
2.	1	Stricter alignment with the PCG target model is needed (e.g. CfD in Nordic region) as well as a more detailed outline of main features and principles.	Disagree	The draft FG contain the regulators' view. It builds vastly on the PCG target model, including the treatment of CfDs. It is for the NCs to provide the details of the provisions.
3.	1	One major objective is missing: the creation of a European market.	Disagree	Market integration is an overall objective, as explained in the IIA.
4.	1	Practical competition between generators should be favoured.	Agree	Our view is that this competition is already favoured by the proposed target models.
5.	1	Obstacles to progress that are not addressed are: various IT systems, different auction rules and platforms, non-satisfactory financial firmness, long and difficult construction of infrastructure in the new sites (?).	Disagree	Several of these obstacles are already addressed. Others, such as various IT systems, should be tackled in the NC.
6.	1	Misses greater detail across all time frames and capacity calculation; would like to leave just one single, perfectly defined alternative for each one. More guidance regarding Governance and OTC participation in Intraday.	Disagree	Intraday is more detailed in the new version of the FG. Details are for NC and Governance is for the new FG under elaboration. OTC trade not forbidden. Explicit OTC access to transmission capacity seen as an interim solution and corresponding needs should be covered by sophisticated products.

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7.	1	Misses greater detail with regards to dispute resolution, governance & coordination, balancing and capacity allocation incentive schemes.	Disagree	Specific guidelines covering governance and balancing issues are being drafted or foreseen. As for incentive schemes, former EREGG's position paper dealt that with; inclusion in this FG might be debatable, but seems difficult.
8.	1	All CACM issues addressed in Congestion Management Guidelines and existing regulation should be properly addressed in FG CACM. Some examples of missing issues are TSOs' duty to maximise transmission capacity (and NRAs' duty to ensure that capacities are maximised), non-discrimination between internal and cross-border flows, firmness maximisation (curtailment only in force majeure and emergency situations, other situations should be solved by TSOs buying back capacities).	Disagree	The role of the FG is not to replace the Congestion Management Guidelines, but to complete them.
9.	1	Removal of all non harmonised requirements and specific national laws that could hamper participation in auctions.	Disagree	This is not within the scope of FG.
10.	1	Preclusion of non-harmonised national constraints on ramping rates, particularly on DC cables.	Disagree	No consensus was reached on this issue.
11.	1	Clear prescription on how congestion income and expenditure should be assigned to TSO (zone delimitation) and how this should be recognised as recoverable by NRA when setting grid tariffs or congestion income.	Disagree	This aspect was deemed out of scope to the FG CACM.
12.	1	FG should be aligned with other relevant and interlinked pieces of legislation; relationship between Network Codes and national grid codes should be addressed more clearly.	Disagree	Due to European law and legal hierarchy the relationship is clear. Its relation to other parts of legislation (e.g. Congestion Management GL) is addressed.
13.	1	IJA is not seen as a basis for Network Codes.	Agree	Formally correct, but for better understanding of the provisions the IJA is valid source and justification.
14.	1	Misses something on ACER's coordination role and compatibility between these FG and others which are currently being drafted or foreseen.	Agree	A part on ACER's role has been added to the FG.
15.	1	Definitions of key terms used in the FG and IJA should be given;	Partly agree	They are partly well-known or defined in the IJA glossary.

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16.	1	Clear definitions of roles and responsibilities of stakeholders and regulators within FG are needed.	Agree	Where regulatory guidance is necessary it is given.
17.	1	All transparency issues should be transferred to the FEDT GL.	Disagree	Due to timing and close relation to congestion management this FG should also cover specific transparency issues.
18.	1	The FG should be clear on the legal basis for implementing the regulation.	Agree	Legal basis is clearly recited.
19.	1	Local markets should not be allowed to continue with models which are not in line with target model.	Partly agree	Where clear reasons can be given, for certain aspects of the model other ways of implementing comparable solutions could be justified.
20.	1	Some issues are not addressed, e.g. duty of TSOs to maximise volume of capacity allocated for cross-border flows and NRA to ensure maximisation and monitor non-discrimination, firmness of issued transmission capacity without curtailment except in case of FM Cross border redispatch is a valuable tool to manage congestion, therefore it should be more broadly addressed in this FG.	Partly agree	Where necessary those provisions are made. At the same time, the FG does not have the objective to repeat the CM guidelines.
21.	1	On the contrary, thinks 'too many' issues are addressed, thus invading Governance guidelines' scope as regards to clear division of tasks between TSOs and PXs.	Disagree	Reference to Governance guidelines and to PXs adapted. Governance guidelines' scope not invaded, in ERGEG's view.
22.	1	Further issues to be considered in the FG: <ul style="list-style-type: none"> • Coordinated development of the transmission grid infrastructure and appropriate location of new generation units • All timeframes, including balancing, should be treated • In general, consistency with other FGs should be ensured, e.g. coordination with FEDT on publication of TRMs, internal congestion limiting CB capacity and amount of redispatching costs • Clear rules for assigning congestion management incomes and expenditures to TSOs should be provided. 	Disagree	<ul style="list-style-type: none"> • Location of generation units should be driven by the market • Balancing is not considered in the CACM FG, as a specific FG will be dedicated to it probably during 2011 • Publication of mentioned data is provided for in FEDT, Reg. 1228/03 • Congestion management incomes are considered by the Regulation itself.
23.	1	The consideration of renewable electricity as unpredictable is wrong: in fact, centralised forecast systems provide very reliable prediction.	Partly agrees	The great improvement of forecast systems will be considered, nevertheless the peculiarities of intermittent generation are not to be underestimated.

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24.	1	Provisions helping to address the import ban for dominant agents to import from France into the MIBEL should be treated in the FG.	Disagree	This specific issue should not be addressed by the FG.
25.	1	In our view, consistency in terms of scope and principles between the Framework Guidelines on CACM and other Guidelines, including Comitology Guidelines on Transparency, Comitology Guidelines on Governance and Framework Guidelines on Balancing should be ensured, especially taking into account that there will be a time gap between their adoptions. We would like to point out that in the present draft a number of the outlined principles do not fully reflect the features of the PCG target model.	Partly agree	Coordination with transparency and balancing will be ensured. PCG work is considered as a starting point and the FG is not limited to the PCG work.
26.	1	The current draft guidelines will give the TSOs a suitable framework on crucial issues to develop network codes. At the same time National Regulatory Authorities (NRAs) have been given the responsibility to monitor the implementation of the network codes and to ensure compliance. This role of NRAs is crucial for the protection of participants in the wholesale electricity market. However, the guideline currently gives only a small or no role for ACER.	Agree	Section on NC governance added.
27.	1	An integrated solution allowing for joint dispatch of generation and allocation of transmission capacity across Europe is necessary in a context with increasing wind generation.	Disagree	Coordinated allocation and redispatching are already dealt with.

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28.	1	<p>General comment: Electricity market arrangements need to be aimed at the following objectives:</p> <ul style="list-style-type: none"> • promotion of competition through: <ul style="list-style-type: none"> ○ liquid wholesale markets ○ liquid & substitutable product definitions (e.g. reserve vs. energy markets) ○ enhanced trading of capacity between countries/market hubs with opportunity to transfer mid/long term delivery options with intraday execution ○ possibility for merchant investment in new transmission lines as provided for in the Regulation • efficient short-term generation dispatch • cost-reflective arrangements to give market participants suitable short and long-term incentives • regulatory stability to stakeholders including TSOs, power exchanges and market participants over the coming years to promote investment and the delivery of the EU's climate change objectives. 	Agree	Merchant investments not tackled by these FG; however efficient congestion management is the basis for liquid wholesale markets which are one of the columns for the IEM.
29.	1	<p>In the introduction the topic of cross-border balancing is explicitly excluded from these FG, since it is planned to handle this issue within the FG for balancing. Nevertheless cross-border balancing may have an impact on capacity calculation (e.g. the question of capacity reservations). Is it planned to include these issues in the balancing guidelines? Otherwise, they should be mentioned in the FG CACM.</p>	Agree	Balancing is part of another FG. No interconnection capacity shall be reserved for cross-border balancing. In the special case of DC interconnectors, interconnection capacity reservation might be possible when such reservation can be demonstrated to increase socio-economic welfare in integrated markets. Such reservation shall be subject to public consultation and relevant regulators' approval.

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30.	1	Coordinated development of transmission grid infrastructure in connection with appropriate location of new generation units as a substantial part of congestion management complementing the efficient and non-discriminatory utilisation of the existing transmission capacities. Moreover, coordination with Balancing (FG) and Governance Guidelines is needed.	Agree	Not directly in the scope of CACM FG.
31.	1	Concerned about the central role of trading platforms, (ie. Power Exchanges (PX)), with regard to capacity calculation and congestion management. It is to be concluded from the guidelines that the role of PX will increase in future. The PX will become monopolistic players in the market, as they will execute a certain amount of public tasks, whilst being commercial enterprises. In effect, the introduction of market coupling makes real competition between day-ahead electricity exchanges unfeasible. Therefore, exchanges must become regulated monopolies (similar to the TSOs). In order to ensure low exchange trading fees and reliable exchange day-ahead prices, there must be one daily exchange calculation of the day-ahead prices for the whole market coupling area. In recognition of this consolidation and the monopoly factor, the day-ahead PX must unbundle. They (or the common exchange for the market coupling area) must not engage in any commercial activity such as exchange trading of financial contracts or other commodities. Without unbundling, there would be cross-subsidisation between commercial activities and monopoly activities. This would distort competition and would expose users of the day-ahead spot market to undue risk, such as trading fees being set to cover losses incurred by the other commercial activities. There is also the ultimate risk of PX failing financially due to the results of engaging in these other commercial activities).	Agree	Agreed, but not directly in the scope of CACM FG, this is more related to the Governance Guidelines.

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32.	1	<p>The FG must clarify how to define the extent to which redispatching and countertrade are cost effective. The cost of congestion management can become a burden for consumers. Structural congestions should be solved by investments when economically feasible, while sporadic congestions should be solved by redispatching.</p> <p>The FG should clarify in detail how to minimize the misuse of market power in constrained areas and to harmonize internal congestion management procedures. The FG should clearly impose that creating competition between large generators inside each zone is an important criterion when determining zones.</p> <p>The FG should include provisions for transparency on congestion. Definitions of structural and temporary congestion should be laid down and TSOs should be obliged to publish information on bottlenecks as soon as they become apparent.</p>	Partly agree	More precise guidance on the usage of redispatch and countertrade is difficult to achieve. It is questionable whether market power issues are influencing the zone issues. Increased transparency on internal congestions is required.
33.	2	Too vague and too much room for interpretation by ENTSO-E.	Disagree	The FG contains the necessary guidance for the NC.
34.	2	Suggests 'oil-spread approach' from regions with 'higher market standards' to lower ones.	Disagree	To build on best practices and to learn from more evolved markets is OK, but evolution should not necessarily wait until 'oil spread' comes.
35.	2	More details are needed, especially on the target models for forward and intraday capacities and firmness.	Partly agree	More details have been added on the target model for intraday capacity.
36.	2	Target models should be described in more detail in order to ensure common understanding and to limit room for interpretation during implementation.	Partly agree	The depth of regulatory guidance may be changed if experience shows that TSOs (and market participants) are implementing the right understanding. This decision has to be well-balanced.
37.	2	The target model should not only be EU-wide but should also be implemented in a harmonised EU-wide manner.	Agree	Where necessary, a common definition as to how to reach final target model may be defined by regulators.
38.	2	Misses deeper detail "to offer clearer guidance".	Vague	

#	Q ^{stn} #	Respondents' views	EREGG's position	Explanation
39.	2	Target model has to be described in much more detail, deeper analysis (cost & benefits) of potential critical elements is/would be appreciated.	Disagree	The level of detail is deemed sufficient by regulators. An exhaustive cost/benefit analysis was not possible, but some elements are given in the IIA.
40.	2	Compliance should be ensured with the Florence Forum 2009 target model on: <ul style="list-style-type: none"> Intraday, which provides for the introduction of implicit auctions "only in case of significant additional capacity" and not in case of sufficient liquidity of the market Possibility to use CfDs instead of PTRs and FTRs not compliant. 	Disagree	The PCG target model has been considered: both CfDs and Intraday with implicit auctions, as regional solutions, were also part of the PCG proposal presented at the Florence Forum 2009. Moreover, FG is not limited to the PCG work.
41.	2	Flowchart describing the organisation of each time-frame of the market will help significantly.	Partly agree	The organisation of each timeframe will be described in detail in the Network Codes, to be drafted by ENTSO-E according to the principles set in this FG.
42.	2	Sustained certainty of investment is a must. The zonal pricing methodology falls short in dealing with effective congestion management and intraday optimisation of power systems. Nodal pricing should be considered as an option, as increased renewable energy generation will require price zones to change frequently.	Disagree	Nodal pricing was not deemed feasible in the considered timeframe (2014). The zonal approach was considered more pragmatic.
43.	2	EREGG seems to identify large zones as a predominant problem thus losing sight its earlier view on how to reach European market integration. Large zones have increased liquidity where applied. In the case of the German-Austrian price zone, the PHELIX has established itself as a proven benchmark for European electricity prices. This price is the same for the entire market area enabling a level-playing field for all end-users.	Disagree	Zone delimitation should be based on overall market efficiency, including liquidity considerations.
44.	2	Cannot support the Initial Impact Assessment (IIA). The IIA falls short of what an initial impact assessment should be about. Especially in the issue of definition of price zones, the IIA just compares the end results of ideal zones for trading with the current situation.	Disagree	IIA is not part of the consultation.

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45.	2	As the FG will set the frame for the TSOs to develop their network codes, the European target models would benefit from a clearer definition. Clear targets will facilitate the way towards European harmonisation, eventually allowing appropriate intermediate steps leading to a target.	Agree	
46.	2	<p>The CACM guidelines are interdependent with the others yet to be drafted on balancing, network operation and transmission access. There will need to be consistency between these guidelines and this requires regulators to have an overall view of market design principles. This European market design needs to be coherent with existing practices and be robust to future energy market and policy developments. This will need to evolve progressively and there is not a well established model to follow either from other countries or from academic literature.</p> <p>However note that the following principles are already embodied in European legislation and others are generally accepted and successful features of the larger and more developed national electricity markets. These already have some implications for the CACM guidelines:</p> <ul style="list-style-type: none"> • self dispatch; • voluntary participation in markets, other than in balancing and reserve markets; • that renewable producers should market their own power (either independently or via an intermediary) as far as their facilities are principally able to respond to price signals and that there should be incentives for renewable producers to contribute to stable grid operation; • liquid forward markets supporting retail competition; • market-driven generation investment; • competition between trading venues; • scope for real time pricing of final consumers (smart meters); • removal of end user price regulation. 	Partly agree	Some principles presented here were not discussed/approved during the FG elaboration process. Voluntary participation into markets not questioned.

#	Q ^{stn} #	Respondents' views	EREGG's position	Explanation
47.	2	Another crucial issue, is to ensure that regulatory rules and the institutional framework requires regulators to give TSOs appropriate incentives to maximise both cross border capacity and the proportion of this that is allocated as firm transmission rights over longer dated maturities. This will maximise the scope for effective cross-border competition and liquidity in national and regional forward markets. ERGEG has already consulted on this subject which is of utmost importance to the development of competitive cross border markets.	Partly agree	Incentive regulation is an important issue not tackled in this FG. Interconnection capacity maximisation is part of the regulation (art 16) and is not repeated in this FG.
48.	2	<p>EREGG has defined the following documents as relevant for the consultation:</p> <ul style="list-style-type: none"> <input type="checkbox"/> The Draft FG on CACM <input type="checkbox"/> The questionnaire on the FG on CACM <input type="checkbox"/> The initial impact assessment <p>Swissgrid would welcome a clarification on the status of the paper "initial impact assessment". On the one hand ERGEG has defined the paper as relevant for the consultation and refers to it in the draft FGs. On the other hand it is explicitly excluded from consultation. Thus, while apparently forming an integral part of the future framework, stakeholders have no possibility to officially comment on its contents. As the legal status in connection to the FGs was not clear to us, we considered references to the impact assessment as not relevant from the legal point of view and hence did not include them in the response.</p> <p>As a second general remark, Swissgrid believes that FGs should achieve a regulatory harmonisation by focussing on high level principles and objectives, while being flexible enough to allow for interim solutions that may not yet be fully compliant with all requirements of the target model.</p>	Partly agree	IIA were not part of the consultation. FG should focus on principles. Interim solutions should be kept to a minimum.
49.	2	Supports the view that physical transmission rights must be abandoned once price coupling is introduced, otherwise there is an overwhelming risk for inefficient utilisation of the transmission grid.	Agree	Agree that FTRs should be the objective.
50.	2	Continuous implicit trading has proven to serve its purposes and should be easy to implement throughout Europe.	Agree	To be complemented, if necessary, by implicit auctions. Serves as basis for the target model which is an evolution of implicit continuous trade.

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51.	2	The vision of the PCG target model that was delivered in December 2009 is transposed transparently in the FG.	Agree	
52.	3	All timeframes should be described in more detail in order to ensure common understanding and implementation.	Partly	The description of ID timeframe has been enlarged. Otherwise it is the role of NC to provide detailed descriptions.
53.	3	DA should have clear reference to PCG target model.	Disagree	The DA solution, - single price coupling that emerged as a PCG target model - is clearly described and there is a wide agreement and understanding about it.
54.	3	Intraday model given in the FG can only be of transitory nature.	Partly agree	The ID model has been enlarged and it clearly specifies the interim and the enduring features.
55.	3	The FG neglects the need for large consumers to negotiate and conclude LT contracts with several large generators in competition [<i>interpretation: larger zones? LT capacity rights for several years?</i>]	Disagree	LT capacity rights for several years are possible within these FG.
56.	3	Day-ahead and Intraday should be prioritised. In Day-ahead, more guidance in Governance is needed. In Intraday, more attention should be paid to immediate (interim) next steps, rather than waiting for a final AHAG consensus.	Disagree	A separate FG will deal with Governance. AHAG (also Intraday task force) has a central role.
57.	3	Yes, in particular as regards Day-ahead, for its central role in price formation.	Disagree	Day-ahead preferred option is clearly stated; further details might most probably go beyond the foreseen scope.
58.	3	The timeframe applied for forward capacities should adapt to those used for trading electricity in the commodity markets, as agreed in PCG. Transmission rights should be options on the spread between two markets, cashed out if no action is taken by market coupling or at explicit D-1 auction clearing price. The right remains an option until H-30min, after which it becomes an obligation. The right is freely tradable, according to any particular profile agreed between buyer and seller.	Disagree	LT rights for several years are possible within these FG. The target model is close to EFET's proposal, except that FTR obligations are possible because of the opportunity to net them directly in allocation. Options to nominate (PTRs) must be nominated before the DA market in order to free the capacity (resale).

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59.	3	For intraday timeframe, non-discrimination between organised markets and OTC, free capacities as long as there is no congestion, freedom to rebalance positions crossborder as long as capacities are available, continuous allocation on the basis of obligatory use and a clear understanding of pooling of liquidity, transparency on transactions, reliability of market prices and market monitoring principles.	Agree	This has been integrated in the target model.
60.	3	All timeframes need to be described in more detail in the Network Codes (?);	Partly agree	Where more detailed description is needed, it is given, FG should leave room for ENTSO-E where reasonable.
61.	3	For long-term hedging reasons multi-year products of TSOs should be combined with requirements to maximise available cross-border transmission capacities over all timeframes.	Partly agree	Maximisation of available capacity is mandatory based on the current congestion management guidelines, the introduction of multi-year products is possible and has to be assessed against reasonable risk management on TSOs side and requested openness of electricity trade.
62.	3	There is a need for fast implementation of harmonized cross-border continuous trading possibilities in intraday market due to growing intermittent generation from renewable energy sources.	Agree	See FG
63.	3	All timeframes should be described in more detail in order to ensure common understanding and consistent implementation.	Partly agree	Some details will be added but further details on each timeframe will be detailed in the Network Codes which will be developed according to this FG. Where regulatory guidance needed, more details will be given.
64.	3	All timeframes should be described more in detail	Partly agrees	Some details will be added but further details on each timeframe will be detailed in the Network Codes which will be developed according to this FG. Where regulatory guidance needed, more details will be given.
65.	3	Recommends being more explicit regarding the Gate Closure Times for the intra-day timeframe, clarifying that having gate closure times as close to the real time and a possible harmonisation of them.	Agree	GCT is now explicitly mentioned in the FG.

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66.	3	The interaction between timeframes needs to be addressed.	Agree	References to the interaction between timeframes are addressed in the capacity calculation, zone definition, and intraday section.
67.	3	Regarding the day-ahead market, would like to see a clear reference model achieved in the PCG. Warns against potential discrimination of PXs. For instance in the CWE region PXs have a proven record of co-operation in the day-ahead framework. Co-operation will be inter-regional as of November 9th. Co-operation in the intraday-timeframe is underway even if measures that are currently envisaged can only be of transitory nature.	Partly agree	PCG work was considered as a starting point for the elaboration of the FG. Governance related questions of PXs should be tackled in the governance FG.
68.	3	Would welcome more detailed description of the target models in each time frame to ensure consistency in the targets chosen. More detailed answers can be found in the respective questions.	Agree	In particular, intraday section has been described in detail.
69.	3.	Detailed process descriptions for the different timeframes will have to include the respective conditions for different borders. Therefore it seems adequate to address the timeframes in more detail in the ENTSO Network Codes.	Agree	Will be requested in the new version of the FG.
70.	3	More consideration of the differences between timeframes is required. A distinction may need to be drawn between the way capacity is allocated in real time and the way longer term rights are bought and sold. A particular example of this relates to the use of flow based versus ATC allocation. We would not recommend longer maturity products to be sold based on anything other than ATCs between price areas. However we could envisage a role for flow based market coupling at the day-ahead stage provided that it implies a significant expansion in the overall capacity envelope.	Partly agree	The real-time market (balancing) is not part of these FG. The choice of a method for the calculation of LT rights is not yet specified. Capacity, but more importantly welfare is the key criteria.
71.	3	Preferably the volume or the percentage for different time frames should be decided by the Regulatory Authorities already in the FG.	Partly agree	Approval of the sharing of transmission capacity on the different times frames is added in the new version of the FG..

#	Q ^{stn} #	Respondents' views	EREGG's position	Explanation
72.	3	A prerequisite for the capacity auctions to be consistent throughout the internal market for electricity is that the timeframes and places of fulfilment for contractual relations are defined ex ante. The forward capacity auctions need to rest on the same grid model and TSO coordination must be ensured.	Agree	Already defined in the FG.
73.	3	Secondary trade of transmission rights could be arranged by TSOs with power exchanges as market operators.	Partly agree	Secondary trade to be provided by TSOs. Role of PXs unclear.
74.	3	The timeframe "forward" should be addressed in more detail. Believe that the forward market and the availability of long term capacity rights are not addressed to the extent needed. The FG should prescribe the possibility of different long term capacity rights for different timeframes. For example, the FG neglects the need of large consumers to be able to negotiate and conclude long-term contracts with several large generators.	Disagree	The forward chapter does not prevent consumers to conclude contracts with several generators. Multi-year products are possible.
75.	4	General support; should recognise that flow-based is a theoretical concept, so testing is needed before implementation.	Partly agree	FB has been included in the FG as a target model. Work on flow-based including its testing is proceeding.
76.	4	Interim steps should contribute to target model.	Agree	The FG states that a roadmap needs to be established in the NC to indicate the implementation process of NC corresponding to the target model.
77.	4	Yes	Agree	For the least mature timeframe (intraday), some interim steps have been described.
78.	4	Better specification of interim steps' timescale and implementation needed. Worried about possible limitation of OTC trade to Intraday trade.	Partly agree	The FG states that a roadmap needs to be established in the NC to indicate the implementation process of NC corresponding to the target model. OTC trade is not forbidden. Specific needs (sophisticated products) are to be included in the target model.
79.	4	Interim steps may last a long while: needs to be a workable solution in itself.	Agree	Interim solutions have been limited to a minimum.

#	Q ^{stn} #	Respondents' views	EREGG's position	Explanation
80.	4	Interim steps should not be described.	Partly agree	For the least mature timeframe (intraday), some interim steps have been kept and described.
81.	4	A clearer timeline should be established, with full implementation no later than 2015.	Agree	Full implementation is requested by 2014.
82.	4	It should be stated that any intermediate steps need to take the target model into account and must not delay the target model. NRAs must, on a regional level, ensure that intermediate steps are not a threat to market stability and liquidity.	Agree	The adding of a deadline for implementation (2014) seems to answer this request.
83.	4	Clear roadmap for implementation needed, interim solutions have to stick to the path towards the target model.	Agree	FG requests a roadmap drafted and submitted by ENTSO-E.
84.	4	Definition lacks criteria to assess compatibility of interim steps with target model, e.g: transparency, clear road map towards target model...	Partly agree	FG requests a roadmap drafted and submitted by ENTSO-E.
85.	4	FG should focus on high level principles and objective and leave options open for interim solutions that are not necessarily compliant with all requirements of the target model.	Partly agree	Where regulatory guidance is necessary more detail will be provided, interim solutions should lead the way towards the target model.
86.	4	No, FG should give clear guidance on how and until when target model should be implemented in all parts of the EU with full implementation until 2015.	Agree	Timeline is given.
87.	4	Interim steps should not be laid down in the FG, but it needs to state that interim solutions need to take the target model into account. An appropriate mechanism to supervise this is needed.	Disagree	Where regulatory guidance is needed more details will be given.
88.	4	Proposals for interim steps should justify how they comply with the timely achievement of the Target Model.	Agree	The adding of a deadline for implementation of the target (2014) answers this request.
89.	4	Better specification of the interim steps' timescale and implementation is needed. Worried about possible limitation of OTC trade to Intraday trade.	Partly agree	The FG states that a roadmap needs to be established in the NC to indicate the implementation process of NC corresponding to the target model. OTC trade is not forbidden. Specific needs of OTC (sophisticated products) are to be included in the target model.
90.	4	Interim steps may last a long while: need to be a workable solution in itself.	Agree	The addition of a deadline for implementation of the target (2014) answers this request.

#	Q ^{stn} #	Respondents' views	EREGG's position	Explanation
91.	4	<p>A common understanding of interim steps for all EU markets should be provided, e.g.</p> <ul style="list-style-type: none"> • Consider more redispatching, then move to zones • Implementation of PTRs with UIOSI, then FTRs • Intraday continuous trading with simple block bids and manual matching, then sophisticated block bids and automatic matching • Day-Ahead: no further volume coupling initiatives should be implemented. 	Partly Agree	In fact, most of the interim steps mentioned in the version of FG under public consultation are removed from the final version of the FG, with minor exceptions (intraday).
92.	4	<p>Believe that interim steps are important and sometimes needed, but they should not lead to situations that are not compatible with market integration, as this could jeopardize part of the potential value obtained from this integration. Interim steps could be needed if there are important problems within specific areas needing to be resolved within a defined timeframe. However, such interim steps should not become the status quo, but applied only when there is a clear timeline and an action plan on how to evolve towards the target model. Appreciate that there could be cases when interim steps might become permanent, such as if it is proven that further integration does not bring additional advantages to end customers and the solution is compatible with market integration. Therefore the FG should include such as timelines and conditions when interim steps can be used.</p>	Agree	In fact, most of the interim steps mentioned in the version of FG under public consultation are removed from the final version of the FG, with minor exceptions (intraday). A deadline for the implementation of the target (2014) has been added. Implementation issues to be tackled by roadmap proposal.
93.	4	<p>It is unclear how the proposed approach contributes towards the achievement of a long term sustainable power market fit for large-scale integration of renewable.</p>	Disagree	The aim of the intraday model is, <i>inter alia</i> , to integrate renewables.
94.	4	<p>Regarding the day-ahead market support the interim steps referred to in the IIA. It has to be mentioned though that flow-based to date is still a theoretical concept. Would still like to see the theory applied in reality. Naturally, further interim steps will be needed.</p>	Partly agree	Most of the interim steps have been removed from the FG, with one exception for intraday. A section on NC governance has been added with a roadmap.

#	Q ^{stn} #	Respondents' views	EREGG's position	Explanation
95.	4	This issue is addressed especially for capacity calculation and for intraday trading. In addition, the FG should add a separate item on interim steps for each major subject i.e. also day-ahead and forward market. However, taking into account the different starting points, it is more important to define the targets and when the targets should be achieved, and to clarify that all eventual interim solutions must be compatible with and lead to the achievement of the target models.	Partly agree	Most of the interim steps have been removed from the FG, with one exception for intraday. A section on NC governance has been added with a roadmap.
96.	4	It is not clear what is meant by this question. Expect that the guidelines will be developed into binding network codes that will be generally applicable from a certain date, and with which all companies will have to comply. We do not see the need for any interim stages and would expect all Member States to implement the guidelines/codes by 2015, if not well before. However, over time, network codes may well evolve as regulatory thinking or technology develops. The transition from ATC to flow based allocation might be an example of this.	Partly agree	Interim solutions have been reduced to a minimum.
97.	4	Cf. General comments. Interim steps usually are necessary if certain preconditions for the target solution are not yet fulfilled. This should then be seen in the context of the respective border which will presumably include specific features which do not have to be defined in detail in the FGs.	Agree	Interim step maintained for OTC in intraday.
98.	5	Clearer definition needed, FM definition should be harmonised across Europe.	Agree	FM definition has been elaborated when finalising the FG.
99.	5	The characterisation of FM is sufficient.	Disagree	An FM definition has been added.
100.	5	TSOs should elaborate the same definition of FM for both national and international issues.	Agree	An FM definition has been added.
101.	5	The definition of FM should be the same for AC and DC cables.	Agree	FG foresees same treatment.
102.	5	A clearer definition of force majeure must be given. It must be the same for AC and DC cables.	Agree	FG foresees same treatment.

#	Q ^{stn} #	Respondents' views	EREGG's position	Explanation
103.	5	Force majeure should be restricted to an event or circumstance which has occurred and is objectively verifiable. It is not reasonably foreseeable or avoidable by the claiming party or reasonably under its control, and impedes the claiming party from performing its obligations. A system emergency is not a force majeure event, unless the emergency is a consequence of a force majeure event. If both parties do not agree about that an event constitutes force majeure, dispute resolution provisions may be triggered.	Agree	An FM definition has been added.
104.	5	AC and DC cables should be treated the same.	Agree	FG foresees same treatment.
105.	5	Much more precise definition of FM in the FG.	Agree	Basic elements of definition are included in the FG.
106.	5	Force majeure definition should be more detailed (<i>it's unclear in which way</i>); no AC / DC distinction needed. Insists in ACER's role.	Partly Agree	FG foresees same treatment. A definition has been added to FG.
107.	5	Full and comprehensive definition needed which should be applicable for AC and DC interconnections.	Agree	FG foresees same treatment. A definition has been added to FG.
108.	5	Much clearer definition needed in order to avoid diverging definitions.	Agree	Definition is more detailed.
109.	5	No reason for different treatment of AC and DC seen.	Agree	Taken into account.
110.	5	A clearer definition of Force Majeure should be provided. No different definitions for AC and DC are needed.	Agree	Delineation of FM added in the FG.
111.	5	The proposed approach does not provide a consistent framework to deal with DC interconnectors within a meshed network, or with offshore grids connected to several networks.	Partly agree	FG foresees same treatment for DC and AC. An FM definition has been added to FG. Offshore grids are outside the scope of these FG.
112.	5	Would like to see a much clearer definition of force majeure to avoid diverging definitions. Force majeure definitions should be harmonised across the EU. There is no reason for separate definitions for DC and AC interconnectors.	Agree	Delineation of FM added in the FG.
113.	5	The guideline has to give clearer definition on force majeure to allow European harmonisation, as in the past the concept has already been a subject of disputes. Otherwise, there is risk of diverging definitions, which would be an obstacle to European market integration. Besides, there is no reason for separate definitions for DC and AC interconnectors.	Agree	Delineation of FM added in the FG.

#	Q ^{stn} #	Respondents' views	EREGG's position	Explanation
114.	5	Force majeure (FM) needs to be very clearly defined. The current guidelines leave it to TSOs jointly to define the terms of FM for approval by relevant regulators. Believe this is insufficient. The legal definition of force majeure is relatively standard and any particular "tailoring" of the definition is certain to take it away from genuine cases of force majeure towards the shifting of more operational risk to network uses. We therefore recommend that the definition is incorporated into the network codes and approved at the same time as an Annex or protocol. We do not see any reason for a difference in treatment between DC and AC interconnectors.	Agree	Delineation of FM added in the FG.
115.	5	An EU standardized definition of Force Majeure is needed. The final terms of Force Majeure should rely on extensive consultation with all stakeholders and not only between TSOs and regulatory authorities.	Agree	Delineation of FM added in the FG.
116.	5	No, there should a more detailed and exhaustive description about when TSOs can call on force majeure. This is important regarding the costs that can occur from certain events. TSOs should not be able to decide unilaterally when force majeure is happening as, by doing so, all their risk is transferred to the end customer. The rules that are established with regard to force majeure within CASC can probably be used as an example. The definition of force majeure should be the same for AC and DC interconnectors..	Agree	Delineation of FM added in the FG. Same treatment AC DC foreseen. CASC definition to be reviewed.
117.	6	More detailed definition needed; compensation of market price spread except in cases of FM (initial price paid).	Partly agree	NC will provide more detailed specifications where needed. The FG already contains the idea of compensation with the price difference.
118.	6	TSO should be allowed to buy back capacity (5.9) and should thus not organise the secondary trading platform.	Disagree	It is important to organise an efficient secondary market.
119.	6	Detailed proposal for financial firmness (e.g. curtailment after PX GC but before intraday GC payment of intraday price as TSO should be acting in intraday themselves in order to guarantee physical firmness).	Unclear	This needs to be assessed.
120.	6	TSO could offer negative capacities.	Unclear	This needs to be assessed.

#	Q ^{stn} #	Respondents' views	EREGG's position	Explanation
121.	6	Similar firmness for national and international events (same consequences for events on internal network and on interconnector of consumer site connection line).	Unclear	Firmness of connection capacity is out of scope of these FG.
122.	6	Firmness required for coupling; even explicit Day-ahead auctions call for some degree of 'confidence'. Expanding firmness beyond Day-ahead might be counterproductive (TSOs fearing high compensations and growing more conservative).	Disagree	Over-conservative TSOs' behaviour should be monitored and prevented, but not at the expense of firmness..
123.	6	Yes; preference for physical over financial firmness and for compensation at market-spread. Firmness required for coupling; should also apply to Day-ahead explicit auctions.	Agree	
124.	6	Firmness must be described in detail.	Agree	More details have been added in DA section.
125.	6	Physical firmness is preferred to financial firmness.	Partly agree	For nominated capacity, as stated.
126.	6	TSOs must not favour internal over international transactions.	Agree	This may be resolved by redefinition of zones.
127.	6	Congestion rent should be used as a priority for guaranteeing firmness of capacity rights, then for investment in relieving binding constraints.	Disagree	This is out of scope for these FG.
128.	6	In case of congestion days or weeks before real time, there shall only be arrangements for TSOs to buy back capacities in marketplace or through reverse auctions.	Disagree	Buying back has not been treated in these FG. Reduction with compensation based on market spread has been preferred.
129.	6	LT rights should be allocated through auction offices handling as many borders as possible, and with harmonised rules.	Agree	This has been added to the FG.
130.	6	FG should be as prescriptive as possible, as a minimum financial firmness should be provided for; support for physical firmness as set out in Art. 5.10 of FG.	Agree	Firmness is more addressed with more detail in the FG.
131.	6	Firmness should be defined in more depth: including compensation rule and time frame by time frame or in a devoted chapter. Finds financial firmness enough.	Disagree	Compensation rule difficult to harmonize EU-wide by now; of course coupling calls for firmness, financial at the very least.
132.	6	Distribution of costs falling to TSOs must be recoverable from the market through appropriate and timely regulatory settlements.	Partly agree	This is not within the scope of the FG CACM.
133.	6	Agrees to Section 5.2	Agree	
134.	6	Point in time where transfer rights become firm should be specified.	Agree	This has been clarified.

#	Q ^{stn} #	Respondents' views	EREGG's position	Explanation
135.	6	In force majeure TSOs should always be entitled to curtail (before and after Gate Closure).	Agree	This has been adapted.
136.	6	<p>Compensation should be defined including appropriate balance of risks in order to incentivise reduction of overall risk and cost in the market:</p> <ul style="list-style-type: none"> • before nomination in explicit allocation compensation should be based on initial purchase price of the capacity • after nomination with implicit or explicit allocation capacity should be physically firm or at least compensation should equal DA ahead market spread with explicit allocation - in case TSO may pass through firmness costs, NRA have to face same obligation and robust day ahead prices exist • until these conditions are met compensation of initial purchase price • in FM cases with explicit allocation initial purchase price • with implicit allocation market participant should not be affected. 	Partly agree	FG CACM leaves room for ENTSO-E to define the details.
137.	6	FG shall state that NC shall entail a definition of FM.	Agree	Has been included.
138.	6	More detailed definition of firmness needed and clear statement that curtailment may only be applied in cases of FM or emergency situations, compensation should be the relevant market spread or reimbursement in case of FM, financial firmness possible for all day-ahead allocations, even implicit auctions although physical firmness is the preferred approach due to its simplicity for market participants.	Agree	These points are taken into account as they are justified.
139.	6	Guidelines should be as prescriptive as possible: "At a minimum, it should be clarified that all implicitly allocated capacity in Day-ahead or Intraday timeframe must be firm without exception."	Agree	FG adapted.
140.	6	A suitable power market design needs to jointly allocate national and international transmission capacity on the intraday timeframe. This is only possible through implicit auctions and nodal pricing. In this case, the question of firm capacity does not arise as any contracts would be designed as financial transmission contracts.	Disagree	Nodal method has not been considered as a target.

#	Q ^{stn} #	Respondents' views	EREG's position	Explanation
141.	6	<p>Support the view that curtailment of cross-border transactions may only be applied in case of force majeure or in emergency situations. Holders of capacity in the form of PTRs or FTRs shall be compensated by the relevant market spread in an emergency situation and by the initial payment (to the TSO, not in the secondary market) in case of force majeure.</p> <p>Do not see any reason why financial firmness may be accepted in case of explicit auctions, but not in the case of implicit auctions. Financial firmness should be accepted in both cases as physical firmness will not always be possible to achieve.</p> <p>In our view, the Framework Guidelines should include a comprehensive chapter of the firmness rules for all timeframes that are currently spread out across the document.</p>	Partly agree	Physical firmness is preferred. Firmness description has been improved.
142.	6	<p>Find that firmness should be defined for all products mentioned in the guideline (forwards, day ahead and intraday) either in a separate chapter or in a provision linked to the respective products.</p> <p>The definition should be extensive and also describe how holders of capacity rights should be compensated in case of curtailment.</p>	Agree	Firmness description improved.
143.	6	<p>The framework guidelines need to be very explicit in terms of the definition of firmness and the compensations to be paid in the event of curtailment. Risks should ultimately lie with the party best placed to manage that risk. In this case the party best placed to manage the risk of transmission capacity availability is the system operator. Although transmission capacity over time may depend on the pattern of inputs and outputs to the network, system operators are in a unique position to optimise the construction, maintenance and operation of the transmission network to assure the availability of capacity against the likely pattern of deliveries. Regulators need to recognise this aspect of the TSOs role in the incentive framework and prevent outcomes where increased firmness leads to a reduction in the amount of capacity made available.</p>	Agree	Firmness description improved.

#	Q ^{stn} #	Respondents' views	EREGG's position	Explanation
144.	6	<p>On the other side of the equation, firm transmission capacity is essential for market participants to be able hedge their portfolios efficiently. It is no use being able to agree a price with a customer, if you subsequently have an open ended risk on the price and availability of the transport capacity to deliver power. Without firm capacity, the value of the transmission right will decrease due to the risk premium.</p> <p>Agree that physical firmness is preferred for nominated capacity – meaning that the TSOs must provide energy in the curtailed area for capacity holders in the event of a curtailment. For rights which are the subject of explicit auctions, TSOs may organise an auction process to buy back capacity. Otherwise, if curtailment occurs before nomination, capacity holders should be compensated at market spreads.</p>	Partly agree	Buying back capacity is not proposed in these FG.
145.	6	<p>A harmonised approach to firmness is linked to a harmonised definition of force majeure. The definition of force majeure decides on (when) the TSOs' obligation to bear the risk and to pay compensation to the capacity owner. However, in FM cases, TSOs must assure physical firmness if the event occurs after the nomination stage.</p> <p>In the presence of financially firm long-term transmission products, secondary markets will become more attractive. The establishment of a liquid secondary market is of vital interest to market participants as it provides the capacity owner with an additional option of making unneeded capacity available for the market. It also gives an additional way for market participants to acquire the needed transmission capacity they need. TSOs should be responsible for establishing and managing organised secondary markets.</p>	Agree	FM delimitation provided in these FG.
146.	6	<p>The paragraphs on firmness and compensation seem more relevant for physical rights than for financial rights. The FG should be more precise regarding firmness and the connection to type of capacity product. When Financial Transmission Rights has been implemented, sold capacity should be regarded as completely financially firm. Only in the case of physical rights could Force Majeure be applicable.</p>	Agree	Firmness description improved.

#	Q ^{stn} #	Respondents' views	EREGG's position	Explanation
147.	6	<p>The FG should be more prescriptive with regard to firmness. The absence of firmness is a large risk for consumers. TSOs should have the right incentives to make sure maximum capacity is being offered to the market and still have enough capacity in case of problems. TSOs should also have the possibility of buying back capacity if they foresee problems. In case of unexpected problems, curtailment with financial firmness and in the most extreme event, force majeure, are there to ensure that the networks are stable and security of supply is guaranteed. Concerning firmness, the FG should require TSOs to warrant the same firmness for both national and international events. Practically, an incident on either an interconnector or a national line may have the same consequences, e.g. redispatching.</p> <p>Would like to point out that placing the economical burden on the TSOs gives them an incentive to maximize the availability of the cross-border capacity and to ensure security of supply. The regulator should make sure that the TSO provides the firmness (physical or financial) at the lowest cost option.</p>	Agree	Firm capacity is considered important and firmness description improved.
148.	7	It would depend on the region (i.e. no major changes in CWE). If the new methods create competition for all markets, 10% price reduction may be expected (based on previous experience). This should be taken into account when considering decongestion costs (redispatching?).	Agree	Current compliance depends on the region.
149.	7	Overall positive; FBA to be carefully analyzed to demonstrate added-value.	Agree	FB recommended for meshed areas, roadmap added.
150.	7	Finds it overall, qualitatively positive.	Agree	FB recommended for meshed areas, roadmap added.
151.	7	Largest benefit expected is increased available capacity. Overall positive, but some of the expected benefits would come from compliance with the current regulation. Increased liquidity is expected as a result of improved functioning of the wholesale market, unless new zones are too small.	Agree	Liquidity is to be taken into account when defining zones.
152.	7	No quantitative figures but array of benefits from improved capacity allocation and congestion management listed	Agree	Due to major changes and improvement yet to come quantification difficult.
153.	7	Overall positive; misses finer cost assessment regarding FBA and zone delineation.	Agree	FB recommended for meshed areas, roadmap added.

#	Q ^{stn} #	Respondents' views	EREGG's position	Explanation
154.	7	Costs augmenting from implementation should be fully recovered, it would be welcomed if FG would address this.	Partly agree	Tariffs issues not part of these FG.
155.	7	Quantification of cost and benefits is difficult; The pilot project CWE Market Coupling may not be an appropriate example as following projects will be less costly due to experiences already made;.	Agree	Each region has its specificities which will have to be taken into account.
156.	7	FG and IIA take a short term perspective and lack of long term perspective in regards to investment.Short term use of capacity should not be the only criteria considered when evaluating the size of bidding areas. Development should be towards larger zones as smaller zones hinder effective competition and lead to more complexity for consumers.	Partly agree	Overall welfare and market efficiency is the overall goal, encompassing all timeframes. Zone delimitation has to be carefully studied.
157.	7	Delimitation of zones into smaller ones might entail lower redispatching costs, but increase market concentration in the resulting zones.	Partly agree	Overall welfare and market efficiency is the overall goal, encompassing all timeframes. Zone delimitation has to be carefully studied
158.	7	As a result of the TradeWind project, savings in system costs are about €1-2 bn per year w.r.t. a pure day-ahead cross border capacity allocation. Benefits from reducing demand from reserves are about €260 mn per year.	No specific opinion	Those values are highly dependent on the balancing market model adopted for the simulations.
159.	7	Efficient market coupling and maximisation of allocation capacity should lead to more cost reflective and stable electricity pricing. The FG will provide a solid base for the development of four different network codes that are to be developed by ENTSO-E. These codes will have great impact on the effectiveness of market coupling in Europe. Our past experience is that a competitive environment could lead to price reductions of around 10 percent. Therefore, a method which really creates competition for all markets, from day-ahead up to long-term contracts, is welcomed.	Agree/No specific opinion	Difficult to use proposed figures for cost-benefit analysis.
160.	7	Some benefits are expected, thanks to joint multi-country auction of NTC rights and multi-region DA market coupling. Only locational/nodal pricing maximise benefit.	Partly agree	The benefits of nodal pricing in the European market are yet to be proved. Moreover, its implementation has not been considered feasible before 2015.

#	Q ^{stn} #	Respondents' views	EREGG's position	Explanation
161.	7	<p>Costs and benefits are difficult to quantify. Efficient congestion management will increase competition across Europe and facilitate that consumer prices are based on cross-border competition.</p> <p>With regard to assessment of costs and benefits of zone delimitation, the draft Framework Guidelines seem to take a rather short term perspective and do not consider the long term effects on investments. Small price zones will increase uncertainty for investments made by energy intensive consumers and generators and will neutralise incentives for further investments in the networks.</p>	Partly agree	Scope of the economic evaluation of zone delimitation has been broadened.
162.	7	<p>In our view, in the situation of lack of interconnection capacity, the delimitation of zones might not be able to resolve the risks related to exercising market power. Delimitation of zones into a number of smaller zones may result in lower redispatch costs, but at the same time might increase risks of stronger market power exercised in the Day-Ahead trade. On the other hand, in case of larger zones, the prices in the Day-Ahead timeframe will be more competitive, but due to larger need for redispatch, the generators might have more opportunities to benefit from higher redispatch prices. It seems that the zone delimitation will only result in reallocation of risks and moving costs from one timeframe to another, but will not increase the social welfare significantly as finally it is the consumer, who will have to pay the cost of limited interconnections. A truly effective solution will be to identify the main needs for the new lines in the European grid by making the current congestions fully transparent and by making grid investments accordingly.</p> <p>In fact, it is argued that the delimitation shall be done to enable the integration of the intermittent renewable energy sources. It will be this intermittency which will still require substantial redispatching even with very small zones.</p>	Partly agree	Concentration in redispatch market, if any, is very high. Coordination of redispatching is needed, but the allocation of coordinated redispatching costs is a very challenging issue.

#	Q ^{stn} #	Respondents' views	EREGG's position	Explanation
163.	7	Efficient capacity allocation and congestion management will facilitate market integration, leading to more competition and benefits for end consumers. The cost and benefits of zone delimitations need to be further assessed. The guideline addresses cost primarily and not exhaustively in the terms of redispatching and countertrade, neglecting the effects of longer term uncertainty on generators and energy intensive consumers. Perceived uncertainty with regards to the stability of zones will affect long term investments. In addition, fluctuating price zones will impact on the establishment of an integrated retail market and the ensuing complexities are difficult to explain to customers and politicians.	Partly agree	Scope of the economic evaluation of zone delimitation has been broadened. Criteria of stable and robust zones over time and timely market preparation added.
164.	7.	Swissgrid expects that benefits will arise from a higher degree of coordination of European Congestion Management processes which will be linked to the target framework. However it is difficult to provide any quantitative evidence at the moment as crucial elements (such as, for example, the Flow Based Model) have not yet been implemented in any region. Further analysis of the benefits is needed in order to balance them against the costs which TSOs will have during the implementation of the proposed framework.	Agree	Demonstration of exact benefits of FB or zonal delimitation is a difficult task.
165.	7	There will be socioeconomic gains of more efficient utilisation (closer to optimal) of existing network assets as most beneficial trades occur across the whole region. This will also facilitate more cost efficient dispatch as well as strengthening Security of Supply through enhanced trading possibilities (balancing in different time-frames).	Agree	
166.	8	We want to point out that without any further empirical evidence, it might be premature to include a conclusive provision (1.1.2) in the Framework Guidelines with regards to types of situations for which ATC or Flow Based methods are most appropriate.	Disagree	FB allows for more efficient use of the network with interdependent borders.
167.	8	FB method should be applied to all interconnections.	Disagree	The benefits of FB in non-meshed areas may be negligible.
168.	8	A clearer definition of FB is needed in FG.	Disagree	A clear definition will be given in the NC.
169.	8	Favours interim CWE approach: FBA and ATC run in parallel to check and compare.	Agree	FB allows for more efficient use of the network with interdependent borders. Roadmap considerations added.

#	Q ^{stn} #	Respondents' views	EREGG's position	Explanation
170.	8	Theoretically yes, but never implemented or tested; to gain more confidence needed.	Agree	Roadmap considerations added in the NC governance section.
171.	8	FB capacity calculation could be applied to meshed and less meshed networks. Clear and substantial benefits should be demonstrated before the introduction of FB.	Partly agree	The benefits of FB allocation in less meshed areas may be small. As for any major step, a cost/benefit analysis should be performed before introducing FB.
172.	8	Coordinated ATC should be applied for LT capacity calculation.	Partly agree	Both methods are possible.
173.	8	Supports DA MC as target model but is not convinced of flow based capacity calculation as the preferred approach as test so far do not have produced any reliable and liquid pricing, so a main goal as e.g. maximisation of available capacity should be set rather than fixing one model as target model.	Partly agree	FG Roadmap foresees that cost benefit analysis of each major step has to be carried out.
174.	8	Flow based as final target model might be too premature.	Disagree	
175.	8	Flow based seems to be rather intransparent and particularly sensible to small input parameters that may strongly vary in reality.	Disagree	Transparency about calculation system can easily be given.
176.	8	Nodal approach should not be the ultimate goal as hedging would be very difficult.	Agree	The target model should be kept.
177.	8	Theoretically yes, but careful cost-benefit analysis should be conducted previously. Keen on coordinated ATC as regards Scandinavia.	Partly agree	FG Roadmap foresees that cost benefit analysis of each major step has to be carried out.
178.	8	As regards description and publication of detailed information on common grid model it has to be born in mind that information on critical infrastructure needs to take place ex post or aligned with national security requirements.	Partly agree	Security reasons can be taken into account but should be well balanced with regard to the reasons behind the request for more transparency.
179.	8	As to the common grid mode recommend that simplifications should be allowed where appropriate as some parts of the network do not have relevance for the capacity calculation.		Detailed transmission grid representation is the rule. Simplifications proposed in the NC will have to be evaluated by ACER and NRAs.
180.	8	The FG should also set framework for DSOs and owners of generation and consumption units to deliver relevant information/data to the TSOs.	Partly agree	This is not within the scope of the FG CACM.

#	Q ^{stn} #	Respondents' views	EREGG's position	Explanation
181.	8	Supports approach; Detailed description of calculation method should be included in NC.	Agree	
182.	8	Conclusive provisions in the FG (1.1.2) regarded as premature as there is no experience from flow based calculation and no proof for its or ATCs appropriateness.	Agree	But several new features to be implemented are based on theoretical assumptions.
183.	8	Less meshed systems should be treated the same way although it is regarded difficult to substantiate that there are substantial benefits of flow based in less meshed networks.	Agree	A European-wide harmonised approach should always be the goal.
184.	8	[Not yet.] "Flow-based allocation cannot be set as the appropriate target model until (their) benefits... (are) clearly proven." Unclear whether explicit or implicit FBA is expected.	Disagree	The target model in day ahead is implicit auctions and single price coupling. FB has to be combined with this assumption.
185.	8	Even if fully supporting Flow Based method for Capacity Calculation, without further empirical evidence it might be premature to include a conclusive provision in the FG, as there is no practical experience with FB in Europe until now. It should be stated more clearly that FB is only for short term and should not be applied to calculate long term capacities.	Partly agree	Long-term capacity can be calculated according to ATC, while FB is recommended for day-ahead and intraday when interdependencies between interconnection are high. The roadmap foresees that any major change should be justified.
186.	8	Flow based method should be the preferred one EU wide.	Partially agree	At least for day ahead and intraday capacity calculations when interdependencies between interconnection are high.
187.	8	No. Nodal should be preferred.	Disagree	Nodal method is not feasible for 2014.
188.	8	In principle, agree with EREGG's assessment. Just as EREGG we consider participation of market parties as key for achieving practical solutions. In chapter 1.1.2 it is correctly stated "...that the practical usage of the FB calculation and allocation start only after the market participants have been allowed sufficient time for their preparation and for a smooth transition to the new arrangement." We would still point out, that for now it remains a theoretical target model, which has to demonstrate its merits first. There is potential that the approach will have to be adapted again.	Agree	FB allows for more efficient use of the network with interdependent borders. Roadmap considerations added in the section on NC governance.

#	Q ^{stn} #	Respondents' views	EREGG's position	Explanation
189.	8	<p>Flow based calculation (FB) with a common grid model for an entire synchronous area until now is mostly a theoretical concept. Therefore it is appropriate – as proposed – to give all stakeholders “sufficient time for their preparation”. However, if in the preparation towards a more widespread introduction of FB major costs are revealed compared to benefits, such as for example a reduction of the available cross border capacity for trading, the use of ATC, or other alternative methods should be considered. Want to stress that even though FB is part of the target model it may not be used as a reason for delaying single price coupling in Europe.</p> <p>Welcome that the ATC method is to be accepted for less meshed systems such as the Nordic region.</p> <p>Also welcomes the requirement to publish capacity methodologies and emphasises the importance of stakeholder input and feedback.</p>	Agree	FG Roadmap foresees that cost benefit analysis of each major step has to be carried out.
190.	8	<p>Flow based allocation is more complex for market participants compared to the ATC approach and although the potential benefits are acknowledged, these need to be demonstrated before proceeding along these lines. It needs to be demonstrated that flow based allocation would lead to a significant expansion in the overall envelope of cross border capacity.</p> <p>Another issue that needs exploring is the possibility to use different allocation processes in different timeframes (see question 3). Flow based allocation may be useful to derive prices at the day ahead stage and to determine if any new capacity is available at the intraday stage. However, we do not consider FB to be an appropriate way to define longer duration rights (i.e. anything longer than day ahead).</p>	Partly agree	Roadmap considerations added in the NC governance section. FG not prescriptive on capacity calculation method for long term rights.

#	Q ^{stn} #	Respondents' views	EREGG's position	Explanation
191.	8	<p>To 1.1.1: In the present guidelines, the discussed methods are those of “Available Transmission Capacity” (ATC) and “Flow-based Allocation” (FBA). The comparison is quite difficult, because on the one hand, there is extensive operational experience in Europe with ATC - the method’s pros and cons are widely known. On the other hand, there is not yet any operational experience with FBA.</p> <p>We would propose to take into account several requirements before considering the FBA implementation:</p> <ul style="list-style-type: none"> <input type="checkbox"/> The size of zones is somewhat homogeneous and shouldn't exceed a certain threshold <ul style="list-style-type: none"> • With exceedingly large price zones, the generation pattern (generation shift key, GSK) becomes hard to estimate and hence FBA could not predict flows reliably. In some cases, if the GSK assumes generation to take place in one part of a zone while it actually takes place in a completely different part of the zone, the Power Transfer Distribution Factors (PTDFs) and thus the flows may be reversed: Instead of alleviating, they may further overload a critical network branch and threaten system security. • Moreover, large price zones would distort the market by (falsely) assuming that exchanges inside a price zone do not affect network constraints (critical branches in the FBA model) in its own or in other zones <input type="checkbox"/> FBA is introduced on all borders, in order to avoid biased results <ul style="list-style-type: none"> The distribution and the use of congestion rent is defined in a transparent and fair manner beforehand <input type="checkbox"/> The price effects of FBA on all countries involved is known <input type="checkbox"/> A realistic test phase is completed successfully. 	Partly agree	<p>FB is recommended for heavy meshed areas. Zone delimitation has to be studied on the basis of overall welfare and congestions. Allocation of congestion rents is subject to regulatory approval.</p>

#	Q ^{stn} #	Respondents' views	EREG's position	Explanation
192.	8	<p>Yes, the flow based allocation is appropriate for the target model. But even though it is part of the target model it may not be used as a reason for delaying single price coupling in Europe. If a faster implementation of inter-regional market coupling is possible with coordinated ATC it should be implemented as soon as possible. The ATC approach could then be regarded as an intermediate step.</p> <p>Once the flow based allocation is implemented, an exemption from the flow based approach must be motivated with saved costs through less complexity. In the long run, harmonized application of rules is a cornerstone for a fully integrated market across borders. The easiest way to uncover the needs of a grid is to enforce transparent congestion management. That avoids the rather sticky discussion on whether networks are meshed or radial, and it also ensures that the actual flows are as close as possible to the technical capacity of the grid.</p>	Partly agree	Partly question of practical implementation, not in the scope of the FG. Roadmap considerations added in the NC governance section.
193.	8	<p>Welcome flow based allocation as a primary target model for capacity calculation. It derives capacity ex-post, based on the clearing of the day-ahead markets and calculates network flows simultaneously with prices. This should make the arbitrary sharing of transmission capacity between borders redundant and provide better utilization of cross-border capacity to the market, when system security requirements are taken into account at the allocation stage. A real coordinated flow-based method (optimizing an economical function with, as constraints, the grid equations and limits) must be applied as a basis everywhere. However, the outcome of the flow based system will depend heavily on the input in the calculation with respect to the delimitation of zones and, for example, Generation Shift Keys. For some limited extent and with less meshed networks the Coordinated ATC method can be seen as a method for short term capacity calculation. This must be done in a non-arbitrary way and so that it maximizes transmission capacity available to the market without risking the safe operation of the system. Hence we believe further information is necessary before deciding that flow based is currently the most optimal solution in all cases. Finally, the framework guideline should ensure that the different control areas implement the flow based method within a certain time period.</p>	Agree	
194.	9	Same treatment although proof of benefits difficult.	Disagree	The use of ATC in certain cases is justified.

#	Q ^{stn} #	Respondents' views	EREGG's position	Explanation
195.	9	No.	Partly agree	FB method brings less benefit in case of island and less meshed areas.
196.	9	Deems question senseless as regards DC interconnectors; apparently OK otherwise.	Agree	
197.	9	No distinction should be made between meshed/less meshed areas/DC interconnectors. As a result, ATC should be applied to LT capacity calculation and FB introduced together with market coupling for DA capacity calculation.	Partly agree	FB method brings less benefit in case of island and less meshed areas.
198.	9	Don't see why different treatment for less meshed areas.	Partly agree	Flow-based may not have same benefit for less meshed areas, and be more difficult to implement.
199.	9	Likes ATC.	Partly agree	For non interdependent borders.
200.	9	It should be left open for the network codes to define criteria for highly meshed and less meshed networks, Examples in FG are too prescriptive in that regard; in implicit allocation commercial exchanges over ATC borders have to be taken into account in FB model within the allocation in the target model	Partly agree	It is deemed important that the principle is set, details have to be elaborated by ENTSO-E
201.	9	Same treatment for all.	Partly agree	Flow-based may not have same benefit in case of island or for less meshed areas, and be more difficult to implement.
202.	9	Less meshed system should be treated as more meshed systems, even if benefits cannot be demonstrated.	Disagree	ATC also recommended and if necessary coordinated with FB.
203.	9	No, all parts of the network must be an integral part of the market system.	Unclear/agree	This is already the case.
204.	9	Yes	Partly agree	Flow-based may not have same benefit in case of island or for less meshed areas, and be more difficult to implement.
205.	9	The overall goal should be a harmonized approach with consistent capacity calculation and equal allocation mechanisms for AC and DC infrastructure.	Partly agree	Flow-based may not have same benefit in case of island or for less meshed areas, and be more difficult to implement.
206.	9	When the usage of ATC calculation provides better outcomes than incorporating it in the flow based algorithm it would be acceptable for certain DC connections and less meshed areas to use this approach.	Partly agree	Flow-based may not have same benefit in case of island or for less meshed areas, and be more difficult to implement.

#	Q ^{stn} #	Respondents' views	EREGG's position	Explanation
207.	10	More details would be helpful, especially on handling for TSOs in the interim period when one control area has to deal with both systems at its borders.	Agree	However, this is not the task for FG but NC will elaborate the details.
208.	10	FB method to be generalised.	Disagree	FB benefits in LT are to be proved.
209.	10	[Yes.] Fears FBA— and non-FBA regions unable to successfully couple among them.	Unclear	To be described in NC.
210.	10	Coexistence should only be contemplated, if at all, for an interim period.	Disagree	Coexistence is tolerated as long as consistency is ensured.
211.	10	Goal should be a common allocation model which maximises welfare, the combined approach may be seen as interim step but not as final approach; However, the interim step should be described in more detail.	Partly agree	No interim step seems to be needed. If so, it should be described in the NC.
212.	10	Fair treatment of both borders, Border in FB may not have priority over ATC borders nor the opposite.	Agree	Both systems are, when deemed justified, to be treated equally.
213.	10	More detailed description needed and prevention of discrepancy of calculation and allocation necessary.	Partly agree	Discrepancies should be avoided and details to be provided by the NC.
214.	10	[Yes.] Fears FBA and non-FBA regions unable to successfully couple among them.	Disagree	Discrepancies should be avoided and details to be provided by the NC.
215.	10	A stronger role for ACER should be envisaged to ensure coordination between TSOs and NRAs.	Agree	When necessary, ACER's roles has been clarified, but this issue is not covered by CACM FG
216.	10	More transparency is necessary on calculation methods. TSOs are explicitly or implicitly incentivised to limit redispatch cost and thus decrease capacities. The best calculation option would be nodal.	Partly agree	Agree with the arguments, but not with the conclusion.
217.	10	While understanding that the TSOs need to have some flexibility to deal with a situation of combining both methodologies and writing the code at issue, the guideline should nevertheless define clear criteria for an acceptable solution such as non-discrimination between borders and transparency in addition to the already mentioned social welfare and operational security. ACER must play an important role to ensure coordination and compatibility of such local solution with European standards.	Agree	
218.	10.	Such a situation should be avoided. The binding network codes rules should specify where and how different allocation processes should be used and avoid such anomalies.	Partly agree	Technical feasibility to be ensured by the NC.

#	Q ^{stn} #	Respondents' views	EREGEG's position	Explanation
219.	10	A criterion could be to use ATC at interconnections if the schedule equals the flow on that border (i.e. no loop flows).	Unclear	Interesting criteria which may be investigated.
220.	10	The overall goal should be a harmonized approach with consistent capacity calculation and equal allocation mechanisms for AC and DC infrastructure. However, as long as the bilateral dealings between the TSOs lead swifter implementation and result in more efficient use of the underlying infrastructure it better that the regulation approve of simple but working rules rather than enforcing implementation of complex and arguable solutions.	Partly agree	Details should be provided in the NC
221.	10	Yes, this is one of the important issues which is not sufficiently dealt with in the framework guideline. If ATC is applied to a more complex (flow-based) system, it can lead to the increased use of arbitrary security margins as we have seen in current markets There should be descriptive, detailed and prescriptive rules on how ATC systems and Flow based systems need to be designed in order to couple zones to one another efficiently. FG rules should clearly define under what circumstances using ATC is possible, the definition of a less meshed area and how to deal with flow-based and ATC approach within one control area.	Partly agree	Details should be provided in the NC.
222.	11	Recalculation based on changed status of transmission system, generation and consumption; more precise guidance as to timing and frequency, and harmonisation of re-evaluation practices is needed.	Agree	Recalculation will be mandatory. Details will be specified in the NC. Use of real time information added.
223.	11	Yes, in order to take into account recent events and better forecasts.	Agree	Taken into account.
224.	11	Intraday capacities should be recalculated at least twice: after Day-ahead GCT and in the morning of delivery day.	Partially agree	Recalculation will be mandatory. Details will be specified in the NC. Use of real time information added.
225.	11	Yes. Recalculation in intraday should be based on changed status and forecasts of the transmission system, generation and consumption. Hourly calculation should be considered.	Agree	Recalculation will be mandatory. Details will be specified in the NC. Use of real time information added.
226.	11	Recalculation is important after specific events or significant new information as described in Art. 1.1.8 FG; with an increase of intermittent generation recalculation for system security reasons; not sure whether a general rule on how often this occurs should be given as it depends on specific situation and calculation method.	Partly Agree	Recalculation will be mandatory. Details will be specified in the NC. Use of real time information added.

#	Q ^{stn} #	Respondents' views	EREGG's position	Explanation
227.	11	Agree with proposal (par. 1.1.8) and asks for coordination and evaluation of existing recalculation practices.	Agree	
228.	11	Intraday capacity volumes should be updated more frequently, based on DACF and then (merged) IDCF (intraday congestion forecast files).	Agree	Recalculation will be mandatory. Details will be specified in the NC. Use of real time information added.
229.	11	Recalculation is necessary, preferably based on changed status of the transmission system itself, generation and consumption; precise provision as to when and how often recalculation has to be done should be given in FG, even hourly recalculation supported as appropriate under special circumstances	Agree	Recalculation will be mandatory. Details will be specified in the NC. Use of real time information added.
230.	11	Yes. Important that day ahead CC does not make intraday CC impossible	Unclear	
231.	11	Capacity for the intraday timeframe should be recalculated. The FG should give a precise guidance concerning the timing and frequency of the intra-day capacity re-evaluation, in order to harmonise existing re-evaluation practices across markets.	Partly agree	The need for adequate recalculation has been made explicit in the FG. Use of real time information added.
232.	11	Yes, the FG should provide the possibility for TSOs to do so, especially if it has positive impact for the capacity allocation to day-ahead market. By this we mean such as maximizing the allocated capacity to Day Ahead, no extra safety margins and no capacity reservation for the intraday in advance.	Agree	Recalculation will be mandatory. Details will be specified in the NC. Use of real time information added.
233.	11	Yes, but no method allows for fair balancing of international flows within the European grid.	Partly agree	Details will be specified in the NC. Use of real time information added.
234.	11	We fully support the provision (1.1.8) regarding the recalculation of capacity in the Intra-day timeframe. We consider it as crucial to facilitate the optimisation of the usage of the cross-border capacity while ensuring system security. The capacity shall be recalculated based on the changed status of the transmission system, generation and consumption. We believe that the increasing amounts of intermittent generation will make recalculation of intraday capacity even more important. The framework guideline should give a more precise guidance as to the timing and frequency of the intra-day capacity re-evaluation with the purpose of harmonisation of the re-evaluation practices that exist at the moment across markets.	Agree	Recalculation will be mandatory. Details will be specified in the NC. Use of real time information added.

#	Q ^{stn} #	Respondents' views	EREGG's position	Explanation
235.	11	In principle, the TSOs should always allocate the maximum available capacity to the day-ahead market, as the day-ahead market sets the reference price. However, given the development towards increased shares of intermittent renewable generation, recalculations of available capacity to allow optimal utilization of the cross border capacity in the intraday time frame might become more important to accommodate unforeseen changes in the generation picture. Therefore we support provision 1.1.8 and ask to move towards coordination and harmonisation of existing recalculation practices in Europe.	Agree	
236.	11.	Capacity must be recalculated on a regular basis during the intraday period to reflect network availability and changes to generation nominations and evolutions in demand. This is increasingly important as the amount of intermittent generation expands. With regular exchange of information it would be possible for an updated calculation to be made every hour. It is expected that the TSO will update the information on available capacity immediately as capacity is allocated to market participants during the intraday phase.	Agree	Recalculation will be mandatory. Details will be specified in the NC. Use of real time information added.
237.	11.	Capacity calculation should be refreshed as often as needed, especially during the intraday market. However, it could be difficult to obtain all the necessary inputs quickly enough for such an update.	Agree	Recalculation will be mandatory. Details will be specified in the NC. Use of real time information added.
238.	11	There is a strong need for a recalculation of capacities, if this can reduce the uncertainty (e.g. RES-E generation forecast) of the day-ahead capacities, to ensure that all available capacity will be offered to the market.	Agree	

#	Q ^{stn} #	Respondents' views	EREGG's position	Explanation
239.	12	<p>Does not support the IIA and FG as not in line with EREGG's clear message for further integration of energy markets via investments, in detail:</p> <ul style="list-style-type: none"> • issue of price risk hedging in smaller zones not reflected; • benefits of possible redispatch actions not taken into account – further integration of balancing markets needed; • welfare optimisation should include all political and economical dimensions especially with regard to possible influence on increase of low carbon production; • economic and social implementation constraints, cost and risk not taken into consideration; • likeliness of destruction of functioning markets; • in-depth analysis on local and overall effect for market coupling and flow based implementation needed; • Nordic philosophy shown in argumentation – not compatible with continental markets; • market power is an issue in smaller zones; • yearly adjustment of zone delineation leads to unfavourable investment climate; • forward hedging will be hindered; • reducing liquidity in larger zone does not automatically result in higher liquidity in smaller zone; • focus on optimisation of existing network needed; • implementation of zones will be costly. 	Partly agree	<p>FG on balancing markets envisaged in the future. New zone delimitation does not necessarily mean that it is smaller zones that have to be implemented – larger zones are equally possible. CACM FG now set the criteria for zone delimitation and contains the idea of reviewing the zones every two years.</p>
240.	12	<p>Definition of Zone to be improved; clear distinction between zone and control area needed; clear criteria if congestion is not significant; analysis based on welfare welcomed but definition of “welfare” required, reduction of redispatch cost should not be sole criteria (more liquidity on wholesale market, better functioning of retail market, impact of renewable energy all need to be taken into account) Zones should be as big as possible, not necessarily end at national borders; stable zones needed; they should be similar in all time frames.</p>	Partly agree	<p>The CACM NC shall ensure that the TSOs are guided by the principle of overall market efficiency, as well as network structure and topology when defining zones. The size of the zone should be decided based on the criteria mentioned.</p>

#	Q ^{stn} #	Respondents' views	EREGG's position	Explanation
241.	12	Stability and liquidity are important criteria to take into account when defining zones.	Agree	Taken into account
242.	12	No, zones should not be divided. With smaller zones, consumers pay the consequences of insufficient TSO investment. Nodal bidding is the appropriate answer.	Partly agree	The assessment of zones will have to take into account a variety of aspects, of which the impact on consumers will be included. Nodal pricing was not deemed feasible in the considered timeframe (2014). The zonal approach was considered more pragmatic.
243.	12	Yes, but warns against risks derived from small bidding zones and asks for demonstrated added value, thorough public consultation, NRA approval and stability.	Agree	Study and stability taken into account.
244.	12	Yes, but warns against risks derived from small bidding zones and believes that structural internal congestion should be dealt with through investment rather than market framework.	Agree	Study and stability taken into account.
245.	12	It makes sense to define bidding zones according to network topology and structural congestion, but the possibility of solving constraints through redispatching must be considered.	Agree	Taken into account.
246.	12	Stability of zones is important.	Agree	Taken into account.
247.	12	Zones covering several countries or parts of several countries should be considered when appropriate.	Agree	Taken into account.
248.	12	Bidding zones should not vary in different timeframes.	Agree	Taken into account.
249.	12	A zone should be an area with a uniform price, where internal congestions are not taken into account, or where firmness is guaranteed, or where a trade is always accepted and executed. ACER, not NRAs should define zone delimitation, according to the provisions of Reg. 713/2009. The FG should define the criteria for such a review, and this review should be announced at least 3 years in advance.	Partly agree	Both NRAs and ACER will have a say on zone delimitation. General criteria for zone delimitation are described in the FG and will be better detailed by ENTSO-E and then reviewed by NRAs. Review every 2 years.

#	Q ^{stn} #	Respondents' views	EREGG's position	Explanation
250.	12	<p>It is important to have large and liquid price areas which are stable over time as they result in considerable benefits for society, market participants and TSOs. This is important in order to manage associated risks and for hedging positions continuously in order to respond to any changes of market information, also for schedule and balancing process across Europe. For Germany it is especially important due to the regulatory framework for integrating renewable energy sources as the mandatory feed-in of all renewable energy into the DA market requires a liquid market and larger price zones, also for limiting costs for those energy source and ancillary services. New market entrants (sales or generation side) do also need liquid wholesale forward and future markets for hedging reasons. Decision on delimitation of zones should not only be based on grounds of network congestion management but rather be weighed against large indirect costs resulting from reduced liquidity in EU wholesale market. Reporting should take place every four years;</p> <p>Concern about certain points raised in IIA as it does not take beneficial effects of large zones for a liquid and well functioning system for all market participants into consideration; smaller zones bring higher risk for individual generation and sales position; higher risk for consumers due to higher likelihood for "extreme" spot prices, illiquid or non-existent future markets, more local balancing and higher risk of less diversified market structure.</p>	Partly agree	<p>Zones should be the same across all timeframes and be defined for a significant time. Market liquidity is one of the major instruments to promote and foster the IEM. Market liquidity will be one of the criteria to be taken into account by the TSOs when assessing the bidding and price zones. Review of zone delimitation every two years.</p>
251.	12	Shouldn't be just bidding zones, but price zones (demand facing also same price).	Disagree	Bidding zones, encompassing offer and buy bids. Uniform demand price left open.
252.	12	General support but several issues to be taken into account and should be addressed in Network Codes; list of challenges associated with the definition of zones include: stability over time, ambiguity, contractual conflicts, competition issues, correct price signals, market mechanism and non-discrimination, grid planning and capacity calculation, principle regarding who pays for congestion, congestion revenue, sharing implementation costs; cost recovery in context to redispatch and counter-trade needs to be ensured by NRA.	Partly agree	Cost recovery and tariffs are not considered an issue for the FG CACM; the list of criteria for the assessment of zones includes most of the relevant criteria to guarantee a sound and well-balanced proposal and decision.

#	Q ^{stn} #	Respondents' views	ERGEG's position	Explanation
253.	12	<p>A transparent methodology for calculations and evaluation of the relevant issues for prices has to be developed. Although in favour of constant revision, TSOs are not seen as the only responsible party for the analysis of market situation and zone structure as this has to be done with all stakeholder in collaboration and under monitoring of ERGEG/ACER, in the end zones have to be re-merged when no longer needed as zone delimitation can only be seen as interim measure.</p> <p>The major problem and most important step to tackle is lack of investment in new grid extension. Therefore we disagree with the approach in the FGs. Redispatch is an effective, efficient and appropriate mechanism which is easy to implement, does not affect liquidity of markets and grants the same wholesale prices for all consumers. Redispatch costs can be monitored and evaluated by regulators while redispatch system can involve an incentive scheme for TSOs in order to dispatch in the most cost-effective way. We regard it as highly questionable whether zone delimitation is of superior nature than redispatch as it comes with severe side effects which make the system rather unsuitable:</p> <ul style="list-style-type: none"> • negative impact on liquidity and competition in smaller zones; • contradictory to/step backwards from the idea of IEMp; • complexity of implementation including fundamental redesign of existing market structure; • no solution for underlying problem of inefficient grid capacity, the urgency to engage in extension will be limited; • difficulties for consumers and retail companies to deal with more zones; • reduction in retail competition (can be seen in Sweden since the splitting of bidding zones). 	Partly agree	<p>A comprehensive assessment taking into account all relevant aspects such as price signals, market liquidity, system security, any other related economical, technical or legal aspect is of vital importance. Investment issues not part of these FG.</p>
254.	12	<p>Nodal method should be preferred. An inappropriate definition of zones creates substantial investment risk for market participants.</p>	Partly agree	<p>Nodal method has not been considered feasible for 2015. The risk aspect of redefinition of zones is partly taken into account through the requirement for stability of zone definition.</p>

#	Q ^{stn} #	Respondents' views	ERGEG's position	Explanation
255.	12	<p>In addition to the criteria mentioned, the delimitation of zones should also take into account the impact a zonal definition has on other zones, e.g. by implying unpredictable generation and flow pattern. Regarding the relationship between the size of zones and market power: It is sometimes believed that a larger price zone implies more liquidity, better competition and hence less market power. This is not true, however. On the contrary, large price zones rather protect the dominant and potentially abusive position of incumbents. This is because in the end, market power always and only depends on the physical network topology: If a generator is the only one able to physically deliver power to a load pocket, he is in a dominant position. If his bid is not selected in the day-ahead market, he may use his dominant position in the redispatch market instead. However, this abuse of market power is not visible to other market participants nor to the regulator, since the redispatch market is not transparent: It does not create a locally high price signal (indicating the need for extra generation or transmission capacity) and its cost are uplifted to all network users.</p> <p>Moreover, large price zones are susceptible to gaming: Market parties can submit schedules that seem acceptable based on large price zones, which are however not feasible given the actual network constraints. In this case, the abusive market party will get paid twice while perfectly obeying the logic and the rules of large price zones: First for submitting the schedule to the market, and second for redispatching to alleviate the network constraint created by its own (infeasible) schedule. This is called DEC gaming (decremental bid gaming) and was a well known technique in the zonal electricity market of California prior to the crisis (California adopted a nodal market design after the crisis).</p>	Partly agree	<p>Market power was not seen as a reason for zone delimitation. The impact on other control areas should be taken into account. Effects of zone delimitation on redispatching have to be taken into account.</p>

#	Q ^{stn} #	Respondents' views	EREGG's position	Explanation
256.	12	<p>Smaller price zones prevent market power and gaming effects by considering the actual network constraints already in the day-ahead market and by making attempts to abuse market power immediately visible through high price signals. Finally, it is sometimes argued that little redispatch cost within a (large) price zone is a justification for keeping that (large) price zone. This argument should be carefully examined, for two reasons: First, low redispatch cost may indicate artificially low cross-border capacities (to prevent outside competition); Second, low redispatch cost may indicate low competition inside a price zone, i.e. the network inside a price zone is still used by incumbents according to historical patterns. In both cases, smaller price zones would foster competition while maximising available network capacities.</p> <p>To 1.2.6: Following the draft, TSOs have to submit an analysis of the current zone delimitation on a yearly basis. We proposes to substitute “yearly” by “regularly” to better acknowledge specific network situations and market party needs. The definition of regularly can be worked out within the Network Codes by the TSOs.</p>	Partly agree	Global (regional) welfare, depends on a clear definition, considered as one of the key criteria for the definition of zones boundaries. The FG now propose a two year period for delimitation instead of one year.
257.	12	Generally yes, we consider the definition of zones as a fundamental basis of the wholesale market and all related businesses. Thus the zones must be sufficiently stable to facilitate a well functioning and liquid wholesale market in all timeframes. That's why process and rules on how to change the bidding area delineation must be known in detail. We welcome a periodical reassessment of zone delimitation and recommends linking this process with the periodical elaboration and consultation of the 10-Year Network Development Plan of ENTSO-E.	Agree	The link to the 10-year development plan was removed.

#	Q ^{stn} #	Respondents' views	EREGG's position	Explanation
258.	12	Should the optimum zone arrangement not be gained, we believe that the definition of a bidding zone should be on the basis of the most economical solution. In some cases this may be network topology, but it could also be the case that investment would give another appropriate solution. There should be qualitative and quantitative criteria to define zones. In any case, to avoid reductions in liquidity and thus a possible increase of market power, existing (national) price zones should not be split up without an in-depth analysis on the local and overall effects. Splitting up can be a step backwards. Instead grid investments within a price zone could be an alternative solution. The TSOs should propose zones and each affected national regulatory authority should approve the delineation of the zones.	Agree	
259.	13	The FGs have a too narrow perspective, smaller zones hinder effective competition in wholesale and retail and adds complexity for market participants and customers; uniform pricing is possible but not in line with liberalised and competitive markets when customer prices do not reflect market prices for each zone; 10YNDP of ENTSO-E could give clear information about where congestion usually occurs; TSO should invest in order to reduce redispatch cost while those cost to be socialised.	Partly disagree	In case of structural congestion, it is deemed generally unreasonable to keep to artificially large zones. Market coupling itself increases the geographical size of the market.
260.	13	At least three generation companies in competition should be present with larger power plants in each zone.	Partly agree	Liquidity is an important criteria to competition to develop
261.	13	Zones could be extended to regions.	Disagree	This has to be carefully evaluated as it could possibly generate a significant increase of redispatching costs and/or an important decrease of interconnection capacity.
262.	13	Structural internal congestion should be dealt with through investment rather than market framework (reshaping price/ bidding zones).	Agree	This is outside the scope of these FG.
263.	13	Optimal generation and consumption dispatch, liquidity, investment incentives for TSOs and well functioning retail markets are important additional criteria. Exaggerated attention is given, in the FG, to locational price signals and transparency.	Partly agree	These criteria will be covered by the term "overall market efficiency" and will be taken into account if relevant.

#	Q ^{stn} #	Respondents' views	EREGG's position	Explanation
264.	13	It is vital that size and delimitation of price zones is analysed by taking into account all possible consequences for the market, e.g. competition aspects, liquidity and hedging of price risks. Criteria in the FG are not sufficient, FG has too narrow perspective; important to have large and liquid zones in order to have good predictable conditions on long term basis.	Agree	FG now entail reference to "overall market efficiency" that has to be taken into account by the TSO when assessing the bidding and price zones. Overall market efficiency therefore reflects aspects of the market such as liquidity.
265.	13	More detailed is needed on criteria and a clear ACER role on zone definition. Best remedy against structural congestion is grid investment. Greater transparency as regards countertrade/ redispatch costs. Advocates as big zones as possible, for market efficiency's sake. Disagrees on creation of a hub of zones as a remedy. Importance of zone stability.	Partly agree	Transparency on costs is important (to be dealt with through transparency guideline). Although grid investment may resolve congestion, shorter term and less expensive solutions must be available.
266.	13	Criteria listed in FG should be specified in more detail; issues of criteria for zone delimitation such as impact on other zones and the extent to what it is regarded as "negligible" should be addressed in Network Codes; zones may differ depending on need for splitting but definition should be the same across all timeframes. Criteria: long term stability, representativeness of physical grid topology, unambiguity of zonal delimitation, necessity to harmonize market arrangements, social and global welfare as overarching principle and prioritisation of conflict criteria should be provided.	Agree	This could have been outlined in more detail but at the same it is open to a more precise definition by ENTSO-E; the list of criteria is included via the term "overall market efficiency".

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267.	13	<p>FG has too narrow perspective, instead of splitting up existing zones, there should be incentives to enlarge zones by merging smaller zones.</p> <p>Disagreement with several concrete paragraphs in the IIA: Disagree with argument regarding lack of liquidity as liquidity is of importance for generators and suppliers in order to sufficiently hedge positions; the combination of several bidding zones within one price zone does not go in line with the principle that consumers and producers are faced with the price in their zone although one perceived advantage of zones are the price signals, price signals will be even more important when developing smart grids. As TSOs are responsible for keeping bidding zones together and building new lines when necessary they should make the necessary and timely investment – in order to avoid high redispatch costs. Costs for investment and cost for interim redispatch should both be socialized as network users benefit either way.</p> <p>It is important to have stable zones that are as large as possible while being the same in all timeframes. The size should be limited by the possibilities of the TSOs to guarantee non-curtailment except in emergency situations or while grid investments are ongoing.</p>	Partly agree	<p>Zone delimitation has to be assessed taking into account overall market efficiency.</p> <p>Investment in networks is the only reasonable solution in case of congestion.</p> <p>However as new lines cannot be built in the short term, cost-reflective methods have to be implemented that support the implementation of the IEM.</p> <p>Zone delimitation should be robust over time.</p>
268.	13	Trading catalyst / Liquidity development / Quality of price formation.	Agree	Valuable high-level criteria, though not easy to specify via ex-ante assessable indicators.
269.	13	Bidding zones should be as large as possible and not limited by national borders. It is not possible to have different bidding zones in different timeframes. Solutions such as the Italian market are not adequate.	Partly agree	Overall market efficiency (encompassing all time frames) and congestion are key criteria that may result in smaller zones. Same zone definition for all timeframes included.
270.	13	Creating larger zones will not increase market liquidity.	Partly agree	To be studied.
271.				

#	Q ^{stn} #	Respondents' views	EREG's position	Explanation
272.	13	Special attention to definition of zones for CACM. Among the Nordic countries, day ahead implicit auctions have been applied for several years. The issue of internal (within a control area) structural congestions and the necessity of reflecting these congestions in the creation of an appropriate number of bidding areas, when the congestions have not been eliminated by new investments in transmission infrastructure, has been intensively debated and analysed. We support that the definition of zones shall further contribute towards correct price signals and stimulate trade and competition.	Agree	
273.	13	In order to realise an efficient market, bidding areas should be as large as possible and defined from fundamental attributes and not restricted by national borders. In the same time they must be structured so that possible internal congestion within a bidding area does not affect the use of interconnectors between bidding areas except for force majeure, some extreme situations or during a limited period (to be defined!) when grid investments are on-going. The draft Framework Guidelines seem to take a rather short term perspective emphasizing the efficiency in the use of existing grid and do not consider the long term effects on investments and other aspects of social welfare. Paragraph 1.2.4 states that "Several zones are possible in case of structural congestion within the control areas, which cannot be solved by methods of countertrade / redispatch or where the welfare gain is higher with smaller zones". This will require a clear definition of welfare (see also answer to question 7). Structural congestion must be defined more tightly in the current congestion management guidelines and structural congestion should always be reasoned.	Agree	FG now entail reference to "overall market efficiency" that has to be taken into account by the TSO when assessing the bidding and price zones.
274.	13	Welcome the reporting of information about congestion to the NRAs and ACER and that the TSOs shall submit yearly analysis of zones. Review of zones and their eventual reorganisation should only be possible after such a yearly analysis and with at least a year advance warning to avoid negative impacts on the functioning of the markets.	Partly agree	A review is foreseen every two years. Timely information on market players added, together with zone robustness over time.

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275.	13	<p>In creating such an integrated market, it is important to take into account the achievements reached so far. This is especially valid with regard to the bidding and price zones. While the overall aim is to create larger zones, ultimately leading to one single zone, it is important not to fall back behind what has been achieved up to now. Therefore, on the path to only one single zone, it is essential that existing zones will be integrated into larger price zones. It would be a significant step backwards to split up existing price zones.</p> <p>Although introducing new market zones might be justified from the Capacity Allocation and Congestion Management point of view, it usually has negative impacts on electricity market functionality and competition, especially when it means that existing zones would be split up, destroying functioning markets.</p> <p>Advise against changing existing zones without an in-depth analysis on the local and overall effects. It is important to create zones not solely according to network topology. Instead, the definition of a bidding zone should be on the basis of the most economical solution. In some cases this might be network topology. But it could also be the case that – maybe with some investments – another solution becomes more appropriate. Estimations of the overall socio-economic benefits of new bidding zones should be taken into account.</p> <p>In that sense, it is also important to consider criteria like market power. Regarding the process of establishing new and integrated zones, the TSOs should make proposals, which have to be approved by each affected national regulatory authority. Furthermore, these zones should be stable for a certain period. A continuous process of yearly adjustments of the defined zones will lead to an extremely unfavorable investment climate.</p>	Partly agree	Main criteria for zone definition are overall market efficiency, including all times frames. FG includes a careful analysis of proposed zone delimitation. Robustness of zones over time has been added. The periodicity of the review is every two years.

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276.	13	<p>Stress the importance of creating appropriate and firm incentives for TSOs to conclude cross-border reinforcements and to analyze the cost of redispatching needed in order to maximize the size of zones and market areas. The FG should encourages TSOs to conduct adequate network capacity reinforcements in cross-border (and also internal) interconnectors. In general the FG should have a clear target of decreasing the number of overall bidding zones.</p> <p>Even though introducing new market zones could be justified from the CACM point of view, it usually has negative impacts on electricity market functionality and competition, especially when it means that existing zones with a functioning market would be split up. Based upon our findings, an increasing number of zones/areas would weaken market functioning and lead to lower competition, as well as increasing market dominance of zonal dominant players. It also increases complexity in electricity trade/procurement, by requiring new bidding areas, new balance areas, new financial products for hedging, new IT requirements (and extra work) and leads to lower liquidity in the PX (financial market). It also leads to situations where consumers have fewer potential electricity suppliers (when retailers are concentrating their activities in some large zones only).</p> <p>When estimations of the overall socio-economy benefits of new bidding zones are done, these elements should be taken into account. Zones should be defined on the basis of creating the greatest social welfare for the market as a whole. It is also important to consider other elements when zones are determined such as market power and renewable energy (loop flows). The FG should clarify the conditions to aggregate bidding areas into one price zone that provides uniform pricing, in order to ensure lower negative impacts for the consumer mentioned above. Furthermore, a continuous process of yearly adjustments of the defined zones will lead to an extremely unfavorable investment climate. Without a clear and robust price signal, which is provided by existing spot markets today, future investments in generation capacity may not happen at all.</p>	Partly agree	<p>Network reinforcements are not part of these FG. Overall market efficiency should be the main criteria for the evaluation of a proposal of zone delimitation, all times frames included. Review of zone delimitation to be made every two years. FG ensure that sufficient time is given to market participants to prepare.</p>

#	Q ^{stn} #	Respondents' views	EREGG's position	Explanation
277.	13.	Believe that bidding zones should be as large as possible and not necessarily limited by national borders as is presently the case.	Partly agree	Overall market efficiency, and congestion, should be the key criteria for zone delimitation.
278.	13	Where existing zones deliver liquid and competitive markets with a large range of market participants, further segmentation should be avoided and significant expense on redispatch may be justified to retain the benefits of a well-functioning market with sufficient liquidity for end-consumers. This is particularly true where a segmentation of zones would increase the market concentration of generators and suppliers.	Partly agree	Redispatching costs should be taken into account in the evaluation of a given zone delimitation.
279.	13	It is hard to see how price differences between zones will be prevented from being passed through to end-customers. The market will always be able to supply end-consumers in a low-priced bidding area for a lower price than in a high-priced bidding zone.	Agree	It is possible to average (end) consumers prices over several bidding zones.
280.	13	It should not be overlooked that often the main reason for structural congestion is the growing capacity of on- and off-shore wind farms with discriminatory dispatch arrangements which do not respond to the signals from price zones.	Partly agree	Coordination needed, but tariff and renewable policy not part of these FG.
281.	13	The elaborations in the IIA, p 33-34 on abuse of market power is somewhat contradictory. It is important to separate any concerns regarding competition and possible market power abuse between retail and wholesale markets. The transmission system is the most important prerequisite for competition. The market power of an actor in the wholesale market is not correlated to the congestion management method.	Partly agree	Agree regarding the importance of the transmission network, but not with the affirmation that market design has no impact on market power.
282.	14	Do not agree with variation of cross border hedging products such as CfD as they could only be additional instruments but no replacements; publication of volumes offered to the market are also necessary.	Disagree	If there is a liquid financial market on both side of an interconnector, then CfDs are sufficient instruments.
283.	14	FTRs are preferred as the only cross-border hedging tool. PTRs should be limited to a third of the capacity of an interconnector.	Disagree	Both tools are possible, but combination has been forbidden in order to pool liquidity.
284.	14	With changing delimitation of zones, a concept of firm PTRs raises the question of how to deal with firm transmission rights between zones that are changed in the meantime.	Disagree	This should not be a problem if redefinition of zones is sufficiently prepared (long enough ahead of division/merging).
285.	14	The products are acceptable for transaction up to one year.	Agree	

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286.	14	Multi-year cross-border capacity contracts should be possible.	Agree	It remains possible, but not mandatory in the present FG.
287.	14	Welcomes PTRs w/ UIOSI for explicit auctions and FTRs once coupled. Longer term products (2 to 3 years) should be studied.	Agree	
288.	14	Finds that companies interested in building power stations focused on exportation are interested in 'open season' approach; a three-year term should be enough for traders.	Unclear	To be examined carefully.
289.	14	PTRs or FTRs must be implemented between all bidding zones in Europe. CfDs are inappropriate for managing cross-border market exposure (because not issued by TSOs and thus no link to physical capacity).	Disagree	It has been decided to keep CfDs where already implemented.
290.	14	Long Term capacities must correspond to full available capacity.	Partly agree	But this may depend on the local situation. The method for splitting of capacity between timeframes is to be approved by the regulator.
291.	14	Agree with FTRs and PTRs with UIOSI, CfD should not be considered as equivalent instruments as they do not have a link to the underlying physical transmission capacity.	Partly agree	CfDs do not have a link physical capacity product but may be a functioning hedging product.
292.	14	Finds evolution from PTRs to FTRs a natural one, with all capacity available at coupling. Other tools as CfDs, valuable as additional options.	Partly agree	If there is a liquid financial market on both sides of an interconnector, then CfDs are sufficient instruments.

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293.	14	CfD could co-exist with FTRs or PTRs with UIOSI in parallel and may be seen as valid alternative, nevertheless hedging product issued by third parties (like CfD) should be clearly delineated from Transmission rights issued by TSOs. A progressive approach to FTRs is welcomed although it should be subject to certain preconditions (e.g. implementation of Market Coupling); both products should be linked to underlying cross-border capacity values; TSOs responsibility in allocation of transmission rights should be explicitly stated; regional harmonisation of auction rules and coordination of congestion management should be explicitly mentioned; need for precise definition of PTR and FTR (proposal included); financial resale for UIOSI should be in explicit auction clearing price of auction in which capacity is resold, in implicit auctioning the day-ahead price differential; conditions for market participants to acquire transmission rights should be defined.	Agree	The basic principles are laid down in the FG CACM and are meant to serve as basis for a more detailed elaboration by ENTSO-E. If there is a liquid financial market on both sides of an interconnector, then CfDs are sufficient instruments.
294.	14	We support FTRs and PTR for all borders within the EU when numbers of TR equal all available capacity, while CfD are deemed inappropriate as (among other arguments) they are not issued by TSOs; As an example, competition is improved when using FTRs or PTRs instead of CfDs	Partly agree	CfD do not have link to physical capacity but may be a functioning hedging product.
295.	14	[Yes, but not exclusively.] A mix of hedging products should be allowed on different timeframes as long as the same methodology is applied for both directions of a given border.	Agree	EREGG's proposal is open and wide that pursues integration and standardization, not excluding further workable, marketable tools.
296.	14	PTRs with UIOSI and FTRs should be applied on all interconnections, for the full available capacity. Each market should then be free to implement other mechanisms, such as CfDs.	Partly agree	As mentioned in the FG, it has been decided to allow for some regional markets, under specific conditions, to use CfDs only.
297.	14	CfDs can be an efficient solution for the specific case of an interconnection with a lack of liquidity in one of the markets. PTRs with UIOGPFI are superior to FTRs.	Disagree	If there is a liquid financial market on both sides of an interconnector, then CfDs are sufficient instruments.
298.	14	FTRs provide a preferable solution. These should be issued in accordance with available transmission capacity.	Partly agree	PTR with UIOSI is considered an option, especially before implementation of market coupling in DA markets, and if there is a liquid financial market on both sides of an interconnector, then CfDs are sufficient instruments.

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299.	14	In Principle, agree with EREGG's assessment. Some complementary comments on long-term capacity products: FTRs and PTRs are important for cross-border competition in the forward markets. Believe that FTRs or PTRs shall be implemented in a consistent way between all bidding zones in all parts of the EU. The framework guidelines shall clearly state that all TSOs shall allocate FTRs or PTRs corresponding to the full available capacity. CfDs, as used in the Nordic market, are not fulfilling the requirements to enable cross-border competition in the forward market between fundamental competitors.	Partly agree	CfDs do not have a link to physical capacity but may be a functioning hedging product.
300.	14	Support that physical transmission rights must be abandoned once price coupling is introduced, otherwise there is an overwhelming risk of inefficient utilization of the transmission grid. Advocate for a gradual development towards financial products all over Europe once price coupling is introduced, and physical capacity should be offered to the day-ahead market. CfD products are well suited, though not liquid enough, for the Nordic market and it needs to be studied further whether FTRs could be used instead or together with CfDs. While we support harmonizing the selection of forward products, we emphasize the need not to replace existing products too quickly when they are better suited to the markets than FTRs.	Partly agree	Roadmap added in Governance section. FTR and CfD may co-exist.
301.	14	Capacity products should be offered on a forward basis by TSOs, not any other party. As TSOs are the only parties that are "long" transmission capacity, cross-border price risks can only be managed efficiently if the TSOs sell forward transmission contracts to market participants. TSOs should allocate as much capacity as possible to the forward markets to facilitate retail competition across borders. It is significantly easier and more efficient for long-term capacity to be broken down into short time periods in the secondary markets as positions evolve, than it is for market participants to attempt to synthesise term products from daily "sales" of capacity via implicit auctions.	Partly agree	Volume of long term allocated capacity to be approved by regulators.

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302.	14	Believe transmission products should normally be sold as rights rather than obligations since this will allow value to be maximised for the benefit of consumers. Once day-ahead markets are liquid enough, we believe that transmission rights should largely be financial rather than physical. In any case TSOs should collectively ensure that a single product type is sold at the individual border between any price zone.	Agree	
303.	14	It should be studied in more detail for which time frames FTRs are needed once national markets are integrated (coupled), and to what extent they could be replaced by financial hedging products not related to congestion rents. Additionally the organisation for financing and issuing FTRs should be described in more detail, e.g. regarding the use of congestion rents, TSO revenue adequacy and the role model of TSOs and Power Exchanges.	Partly agree	Governance will be tackled by another FG.
304.	14	The preferred long term capacity products should be Financial Transmission Rights. In the future, FTRs should replace any existing physical rights currently auctioned in Europe. The EREGG suggestion not to allow different types, i.e. both options and obligations together on a particular border is not regarded as the most feasible solution. Instead, the TSOs should auction FTRs as obligations and options, with their distribution decided in the auction based on market players' bids. This would follow the empirical experiences in PJM and ERCOT, thus would rest on robust tested solutions.	Agree	Agree that FTRs should be the objective.
305.	14	There is need for long term capacity products managed by TSOs at least for transitory periods (see possibilities for market abuse with PTRs). For example a dominant market player can nominate cross-border capacity against the actual price differential in order to block borders and support the spot price level within a zone. This decreases the cross-border capacity and leads to inefficient markets. There should be regulatory supervision to make sure all capacity is being offered to the market. This should be done at zone level and not only at national level.	Agree	FTRs should be the objective, proper monitoring is required.
306.	15	Long-term capacity allocation and congestion management should be consistent around Europe.	Agree	FG is aiming at this.
307.	15	PTR/FTR obligations combined with FB calculation method should be favoured.	Agree	But CfDs remain a possibility.

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308.	15	Yearly capacity should be auctioned earlier (November).	Agree	Not treated in the FG
309.	15	Calls for harmonized rules and coordinated platforms, also for secondary market. Cites CRE's report on interconnection access as relevant.	Agree	A pan European platform for secondary trade provided by TSOs is required.
310.	15	LT rights should be allocated by a single auction office, thus with coordinated processes and timing.	Agree	Taken into account in FG.
311.	15	A more detailed description is needed, PCG can serve as basis for setting up common principles on how to proceed with proposed roadmaps on different timeframes; focus on elaboration of essential product features needed including duration of product, firmness, and possibilities for secondary nomination; one single allocation platform would be most efficient and thus the final goal (in the long-term); harmonisation of auction rules and existing auction offices and platforms should be used instead of establishing new offices or platforms.	Agree	Whereas FG set the overall framework, detailed provisions will be elaborated on by ENTSO-E. Single platform added.
312.	15	Welcomes NRA's and ACER's role in approving capacity offered by TSOs. Disagrees (cf. 3.6) with TSOs setting up secondary platform (not related with system operation; PXs could do this).	Disagree	A pan European platform for secondary trade provided by TSOs is required.
313.	15	Yes, further details are needed to ensure EU wide harmonisation.	Agree	Some specifications have been added to the FG. Further details will be provided in the NC
314.	15	The emphasis of regulators should be on designing effective day-ahead and intraday markets, and transparent auctions or allocations for FTRs.	Agree	But PTRs with UIOSI remains an alternative, especially before coupling of DA markets.
315.	15	This would be helpful indeed.	Agree	Single pan-European platform for the allocation, nominations and secondary trade has been clearly stated.
316.	15	Find that it should not be the obligation of the TSOs to set up a platform for secondary trading, but it must be seen as a market activity. Detail of how FTRs (or PTRs) are to be implemented where no liquid financial forward market exists should be explained in more detail. More details are needed to ensure harmonised implementation across Europe. ACER should have a controlling role for example concerning publication of available long term capacity rights (3.5.).	Partly agree	FG foresee that TSOs provide for a platform for secondary trading.

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317.	15.	Yes. Transmission rights should be allocated in a co-ordinated way, preferably by a single auctioning office. This requires consistency of processes and definitions. It is therefore suitable for the guidelines and then the network codes to specify this in detail.	Agree	Single platform foreseen.
318.	15	The set-up of the long-term capacity allocation mechanism should be elaborated on in more detail. As the capacity to be auctioned must be based on the underlying infrastructure, and especially in case of flow based allocation it will also depend on a simultaneous assessment of generation, demand and grids call for consistency with day-ahead allocations. Further, the amount of transmission capacity to be auctioned on different time-frames has to be evaluated in a consistent manner and coordinated between TSOs. The regulators should decide if, and if so when, a TSO may buy back sold capacity previously auctioned.	Yes	But does not provide clear proposals on how the allocation mechanism should be elaborated on.
319.	15	Yes, this is important. We believe it is of great importance that the way capacity is allocated between the different markets is described in a detailed way. First of all it is important that maximum capacity is offered to the market by TSOs. But to make sure maximum capacity is being used by the market a few elements are important: - Capacity rights should be offered in different quantities; - Capacity rights should be offered in different timeframes; - TSOs have to provide a market place and also act as a market maker for the secondary market.	Agree	Should become more detailed in the NC; platform provided by TSOs for secondary trade added.
320.	16	Ramping restrictions should not be allowed, they should be taken care of in ancillary services	Unclear	
321.	16	Rules guaranteeing the fair comportment of actors on power exchanges and to facilitate the control by regulatory authorities should be described.	Disagree	This is out of the scope of the FG.
322.	16	Miss greater detail as regards dispute resolution, governance & coordination.	Disagree	Governance is tackled in the FG on governance.
323.	16	More details are needed. The architecture of the Shared Order Book must be open software, in order to keep it open to all PX that might want to join the market coupling in the future.	Disagree	Governance is tackled in the FG on governance.

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324.	16	Except for the real time balancing, producers should not be subject to obligations to participate in any particular market when offering their capacities. DA markets should only relate to the purchase and sale of energy, not to fixed and start-up costs, etc.	Agree	This is the case in price coupling.
325.	16	Detailed description based on PCG/AHAG-process needed.	Partly agree	As future legal frameworks will address the proposals in more detail, the FG CACM will concentrate on the very basic questions of congestion management.
326.	16	General support for proposed model and idea of one single algorithm; Realistic timescale for implementation needed; the roles and responsibilities of TSOs and PXs should be addressed in more general governance framework thus in the FG it should not be mentioned as "in cooperation with PXs"; FG should foresee a Network Code complementary to the Governance GL as FG should not cross into other area; FG should complement Governance GL and should further identify scope of DA NC in this area	Agree	The link between FG CACM and the envisaged framework for DA Governance has been adapted. Reference to PXs modified.
327.	16	A detailed description of the target model is welcomed. A clear statement is asked for to prevent TSOs from including ramping restrictions. In order to implement the welcomed target model, a clear call for necessary harmonisation of market rules and products is required	Unclear	
328.	16	Clearer division of tasks between TSOs and PXs is needed; Governance guidelines are the right place that for.	Disagree	Respective role of TSOs and PXs updated. Governance guidelines' scope not invaded in EREGG's view.
329.	16	It is important for the day ahead allocation phase to reflect the competitive nature of the provision of exchange and clearing services. Although most Member States only have a single day-ahead exchange, this need not be the case in future (or indeed today in the case of the UK). It is therefore important that any shared order book functions, either at the day-ahead or intraday stage are open architecture and do not bar the entry of new competing trade platforms, or the expansion of existing service providers. The matching algorithm should therefore be owned by the system operator and accessible to any exchange platform that wishes to use it.	Unclear	To be clarified in the Governance FG.

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330.	16	We also consider the principle of self dispatch, embodied in the Directives, as being pre-eminent. Other than real time balancing and reserve markets operated by the TSO, producers and other market participants should not have obligations to participate in any particular market. So the day-ahead market should be voluntary. In addition we expect day-ahead markets to only relate to the purchase and sale of MWh and market participants should submit bids and offers on that basis. Parameters relating to fixed costs, start costs, ramp rates etc. should not form any part of bidding in day ahead markets and it should be up to market participants as to how these are taken into account in their bidding behaviour.	Partly agree	No market model proposed or examined envisages the end of self dispatch. Sophisticated products in the day ahead time frame were not discussed.
331.	16	With regard to potential congestions within a bidding area it is important to define the methods applied to resolve internal congestions e.g. counter trade and how such measures affect the day-ahead capacity.	Agree	But no better view on this issue.
332.	16	We would like raise our concern about the low liquidity of the PX today. As commonly agreed the functionality and liquidity of PX is a key role to creating well functioning IEM. In particular, the day-ahead market has a key role in ensuring a well functioning market. However the current development of PX is mixed. In some parts of the EU the PXs have liquidity, whilst others do not. The FG should promote the market platform's development and increase liquidity by allocating cross border capacity to the market only via the PX. In turn, this grants the spot exchanges a monopoly necessitating the regulation mentioned above.	Partly agree	Because not directly in the scope of CACM FG, more related to the Governance Guidelines.
333.	16	It should be stated that TSOs should not be allowed to move congestions at the borders to alleviate internal congestions.	Partly agree	Already in CM guidelines 1.7 and therefore not repeated. Transparency on this issue made explicit in the current version of the FG.
334.	16	A consistent approach to DA and congestion management is required.	Agree	Taken into account.
335.	16	In Principle agree with EREGG's assessment. The target model shall be described in detail to ensure that it is implemented in the same way around Europe.	Agree	Taking into account foreseen regional characteristics.
336.	16	Fully endorse the use of "implicit auctions via a single price coupling algorithm". Concerning governance this guideline and future network codes should be consistent with the upcoming Commission comitology guideline on day-ahead governance.	Agree	

#	Q ^{stn} #	Respondents' views	EREGG's position	Explanation
337.	17	<p>To 4.2: So far there is no definition of "continuous" in this context. Swissgrid is of the view that "continuous" should be interpreted in a way that it also includes the TSOs allowance to give capacity to the market at certain points in time ("gates"), while traders can place bids and offers continuously whether there is capacity or not. This solution combined with automatic matching and sufficient liquidity allows for a merit order for certain periods of time, i.e. pricing of capacity. The pricing of capacity could thereby allow a more efficient allocation of intraday capacity, since capacity is allocated to those parties who value it most.</p> <p>To 4.3: Allocation of capacity is done by TSOs and not by PXs. Swissgrid therefore recommends that the following sentence should be added at the end of the paragraph: "The allocation of capacity is done by the TSOs."</p> <p>To 4.6: What is meant by "efficient arbitrage with the day-ahead and balancing time-frames"? If it means that traders should optimize their trading position also against the balancing market, this section should be deleted, since the balancing market is system driven and not trading driven. Traders' optimization against the balancing market for commercial purposes should therefore be avoided.</p> <p>To 4.7: The section "in particular related [...] and timeframes": should be deleted, since it is too detailed for the FGs. Specifications on that level of detail should be made within the Network Codes.</p>	Partly agree	Pricing of capacity is important. There is no doubt about the fact that the allocation of transmission capacity is a TSO responsibility. Sentence on arbitrage has been completed with "but preventing abuse".
338.	17	Proposal not fully in line with PCG target model – auction should not be performed in intraday timeframe.	Disagree	CACM FG are based on PCG work but are not limited to PCG results.
339.	17	A mechanism against gaming between DA and ID markets should be provided in the FG. Suggests that the intraday cross-border fee be higher than the absolute value of DA price differential between zones.	Partly agree	Gaming must be monitored by regulators. The pricing mechanism in ID is to be developed, but the suggested link to DA price differential is not related to the scarcity of capacity.
340.	17	<p>Underlines Intraday importance in connection with increasing intermittent generation share. Deems inconsistent coexistence of implicit auctions with implicit continuous.</p> <p>Fears restrictions for OTC access to SOB (fears PX's exclusive access).</p> <p>Misses more details on Governance, block orders, automatic matching, etc.</p> <p>Fears Intraday FBA even more than Day-ahead FBA.</p>	Partly agree	Share the importance of intraday, OTC trade not forbidden. Intraday section more detailed. Governance issue to be tackled by corresponding FG.

#	Q ^{stn} #	Respondents' views	EREGG's position	Explanation
341.	17	Misses greater detail as regards dispute resolution, governance and coordination.	Disagree	Not in the scope of CACM FG.
342.	17	The target model must be described more in detail, so that liquidity is not lost as a consequence of non harmonised models and operational constraints.	Agree	A more detailed description has been given.
343.	17	Non discrimination between OTC and organised markets should be more clearly affirmed. As long as capacity is available, market participants should be allowed to rebalance positions cross-border.	Partly agree	Direct OTC access is allowed until ad hoc sophisticated products have been developed. Until then, a non discriminatory treatment is ensured.
344.	17	General agreement with the FG proposal.	Agree	
345.	17	In order to ensure non discrimination between OTC and implicit trading, a price signal should be used to reflect the OTC request for capacities at the opening of the intraday market or in the case of capacity release.	Partly agree	This may be integrated into the pricing mechanism which will be developed.
346.	17	Implicit auctions at fixed gate times should not be kept as an additional model in any regional market. Indeed, such a mechanism may decrease liquidity and cause the loss of some bids and offers due to non synchronised timings if implicit auctions are organised for other reasons than additional capacity. A harmonised mechanism should be applied for all Europe. This mechanism should be continuous trading with obligatory use.	Partly agree	Implicit auctions are now a complementary mechanism (conditional to liquidity).
347.	17	Respective roles of TSOs and service providers (platforms) must remain clear, and competition between service providers must be possible. If competition is not possible in the short term, regulatory control must be put in place.	Vague	To be dealt with in Governance Guideline.
348.	17	Concern as some aspects are not in line with PCG target model.	Partly agree	PCG was the starting point that does not limit evolution.
349.	17	"Please just PCG", which is interpreted as just implicit continuous. Finds FG departs from PCG's target model regarding Intraday.	Disagree	EREGG's view is that the draft FG are aligned with and have evolved from PCG's target model.

#	Q ^{stn} #	Respondents' views	EREGG's position	Explanation
350.	17	FG should entail provisions with regard to the need of a one-to-one-relationship between CMM and the Shared Order Book and one unique algorithm that performs the matching; Governance for intraday should be in line with governance provisions for DA as PX important partner but not responsible for allocation as stipulated in regulation (EC) No 714/2009 (4.3); one common Pan-European solution should be found and promoted for intraday; as regards the non-exclusive access ("OTC") to intraday capacity. In favour of allowing "OTC" for a interim period until PX have developed products that are as efficient as "OTC" and thus make "OTC" obsolete (5.5); Definition of harmonised Gate Closure time needed; obligatory use of intraday capacities should be included in FG.	Partly agree	More details/guidance are provided in the FG; Governance not tackled in these FG.
351.	17	Disagree with Section 4.5 as reservation for balancing or ancillary services should not be possible except for the safety margin.	Unclear	Balancing will be tackled in the respective FG.
352.	17	While the target model should be described in more detail the continuity of implicit auctions in some markets is not justified; the same allocation method across Europe is necessary.	Partly agree	More clarity is provided; Generally intraday timeframe prerequisites include flexible allocation, but where market structure can cope with auctions there is no need for mandatory equalization.
353.	17	Clearer division of tasks between TSOs and PXs is needed; Governance guidelines are the right place that for.	Disagree	Governance guidelines' scope not invaded, in EREGG's view.
354.	17	Intraday market should be possible until one hour before delivery.	Agree	Such arrangements will be specified in the NC.
355.	17	The set up of Gate Closure time as close as possible to the real time should be stated in a separate item of this section.	Partly agree	It will be defined in the NC.
356.	17	Intraday capacity, as it is the residual capacity from Day-Ahead market, should not be priced and should be given away for free.	Disagree	In principle capacity should always be priced in case of congestion
357.	17	Consistency between timeframes is required.	Agree	Taken into account

#	Q ^{stn} #	Respondents' views	EREGG's position	Explanation
358.	17	Agree with EREGG's assessment on most of the features of a future intraday market. However do not see the necessity for implicit auctions for the intraday allocation. This issue has been discussed at length within the PCG and it is our firm belief that for the foreseeable future continuous trading should be the way to go. The target model shall be described in detail to ensure that it is implemented in the same way around Europe. Intraday trading shall be possible at least until one hour before delivery.	Partly agree	Common target model for intraday has been established, and continuous trade may be complemented by implicit auctions.
359.	17	Support an intraday solution with a continuous trading platform, like ELBAS, as described in the target model. We find that provision 4.3, that asks for implicit continuous allocation in combination with implicit auctions if there is sufficient liquidity, is not fully compatible with the PCG target model in its current form. As the TSOs should allocate the maximum available capacity to the day-ahead market coupling, intraday trading only concerns the unused amounts of remaining capacity. These – as a rule – mostly smaller amounts can be allocated in continuous trading allowing maximum flexibility to adjust production and consumption before balancing starts. In case the TSOs can make significant additional capacity available because of some unforeseen event, the guideline could benefit from a definition of "significant additional capacity" in order to set a common European threshold for market based allocation.	Partly agree	The target model is an evolution of implicit continuous trading. Implicit auctions may complement continuous trade. With the development of wind, intraday will become more and more important.
360.	17	The chosen intraday solution should be compatible with future solutions for cross border balancing trade and not preclude any assessments to be made in the elaboration process of the upcoming balancing framework guideline.	Agree	
361.	17	It is important that market participants should not be obliged to transact in a particular pre-defined manner or on a certain platform at the intraday stage (whereas this has been accepted at the day-ahead stage). OTC trading is currently important for the provision of liquidity at the intraday stage and is indispensable in situations of a plant failure. It is important not to remove this possibility before market participants' needs are provided by alternative routes.	Partly agree	Direct OTC access is allowed until ad hoc sophisticated products have been developed.

#	Q ^{stn} #	Respondents' views	EREGG's position	Explanation
362.	17	With respect to the pricing of capacity, it is unlikely that networks will be congested at the day-ahead stage (i.e. different prices between zones) but that significant capacity subsequently becomes available for intraday transactions. Likewise, if there is no price difference at the day ahead stage it seems unlikely that significant congestion rents will arise during the intraday period.	Disagree	With the development of wind, transmission capacity determined in day-ahead is no longer valid and congestion patterns may change radically.
363.	17	The one-to-one relationship between CMM and SOB is part of the target model and should explicitly be mentioned in the FG.	Agree	Included in the FG.
364.	17	Swift implementation is important, a step-by-step approach is recommended. In relation to this a clear definition of potential intermediate steps and estimation of realistic timelines is a prerequisite. Also, cooperation between TSOs and PXs is needed to ensure concrete results.	Agree	Roadmap added.
365.	17	<p>We share the general conclusions of the intraday allocation in the FG and are in favor of Implicit Continuous allocation as the policy option for the intraday market. Implicit continuous trading has several benefits. For example, market participants are not required to coordinate their energy and capacity positions separately, which increases simplicity. In order to maintain liquidity and simplicity, the cross-border capacity between zones should only be allocated to the PX.</p> <p>In order to accommodate OTC, block bids should be made possible. However it is important that block bids can be matched with hourly bids. OTC outside the platform always implies an allocation by the First-Come-First-Served principle, which we cannot support.</p> <p>We would like to propose that the FG leaves open a possibility to choose the preferred policy option. We think that the FG should favour only one policy option, which would be implicit continuous trading. This is important in order to create liquidity and simplicity in the cross-border capacity markets between zones.</p>	Agree	Mostly taken into account in the new section on intraday

#	Q ^{stn} #	Respondents' views	EREGG's position	Explanation
366.	18	Yes, pricing of intraday capacity will add complexity without substantial value.	Disagree	The significance of ID timeframe will increase and the bigger the amount of capacity and trade in the ID timeframe, the more important it is that there is no discrimination between the timeframes as regards the pricing of capacity when capacity becomes scarce.
367.	18	Yes, if gate closure is near to real time	Agree	
368.	18	Favours implicit continuous.	Agree	To be implemented on a pan-European level.
369.	18	One cannot be sure that sufficient flexibility is guaranteed if the model remains in its current state.	Agree	Details have been added. Roadmap considerations also added.
370.	18	Flexibility is not only needed for intermittent energy, but is essential to guarantee competition.	Agree	
371.	18	Cross-border flexibility and competition for OTC and for non standard products should also be enabled, especially in regions with an important thermal generation mix. Currently provided flexibility should be preserved.	Agree	Taken into account
372.	18	Yes, as long as intraday trading is possible as close as possible to real-time.	Agree	
373.	18	Again, implicit continuous is the option; further complexity to be avoided.	Partly agree	Some degree of 'further complexity' might be explored if deemed more efficient under certain circumstances.
374.	18	Pricing mechanism are important, all liquidity of the market should be integrated in a Shared Order Book, one-to-one relation between CMM and SOB is critical for this purpose.	Agree	OTC should be allowed as an interim solution as stipulated in the FG. One to one relationship added.
375.	18	Harmonised GCT needed.	Agree	Details should be provided in the NC.
376.	18	Multilateral balancing mechanism across Europe needed which requires implementation of previous harmonized intraday market in Europe, which is difficult in the present situation.	Agree	But not in the scope of this FG CACM.
377.	18	Yes, in case implicit continuous is implemented across Europe; pricing of intraday capacity will add complexity to the process without adding substantial value; when designing the intraday market, the importance of the day-ahead timeframe should not be forgotten.	Partly Agree	Pricing has a value where recalculations result in additional capacity that was not offered to the day-ahead market and where day-ahead congestion occurred.
378.	18	Sufficient flexibility achieved by means of 'two layers' approach.	Unclear	

#	Q ^{stn} #	Respondents' views	EREGG's position	Explanation
379.	18	Pricing capacity at the intraday timeframe will add complexity without adding substantial value.	Disagree	Capacity should be priced if there is congestion.
380.	18	Both implicit auctions and continuous trading will help provide the maximum possible capacities to a wider European market for intraday, respecting at the same time TSOs security standards.	Partly agree	Implicit auctions may complement continuous trading.
381.	18	In general, the development of cross-border intraday markets will facilitate the integration of RES-E in an economically sound way. In order for the EU to reach its RES target a quick implementation is of uttermost importance. The option of continuous implicit trading has an advantage with regards to flexibility and implementation and should thus be promoted.	Agree	Taken into account for intraday target model.
382.	18	Increased wind generation increases the need for flexibility. Spain is put forward as an example of successful wind generation integration.	Unclear	
383.	18	Yes, In case continuous implicit allocation is implemented around Europe. believe that pricing of intraday capacity will add complexity to the process without adding substantial value.	Partly agree	Pricing of capacity in case of scarcity is considered important.
384.	18	Find that European wide implementation of continuous trading will lead to sufficient flexibility. Any changes adding more complexity and risk to the continuous trading model will be detrimental to the liquidity of the intraday trade and should be carefully assessed. Any additional needs for flexibility should be within short term by integration of balancing markets and long term by the investment in enough grid to cope with intermittent renewable.	Partly agree	FG foresee that block bids and sophisticated products should be matched with hourly products. This will increase liquidity. A new paragraph of the NC governance section on the roadmap should tackle concerns related to a careful assessment.
385.	18.	The possibility to re-nominate across borders is suitable for dealing with wind intermittency. To the extent that capacity is available, market participants will be able to refine their positions as their forecasts increase in accuracy during the day. We envisage that optimisation of these smaller volumes would be done through exchanges; whereas larger transactions (e.g. relating to a plant failure) will need to be done via OTC transactions. An open one-many congestion management module should therefore be a requirement of the guidelines, especially at the current stage. An exclusive arrangement between TSOs and particular market platforms runs the risk of being considered as a foreclosure of a downstream market by monopoly transmission companies.	Partly agree	Explicit OTC access not seen as enduring solution. Governance issues to be tackled by the corresponding FG.

#	Q ^{stn} #	Respondents' views	ERGEG's position	Explanation
386.	18	Yes, when the intraday trading opens immediately after the day-ahead market and allows trading until 1 hour before delivery hour and when trading is organized in PX that are compatible with surrounding zones (same product structure, Gate Closure times etc.).	Agree	To be taken into account for intraday target model.

3.2. Evaluation of Responses in Relation to the Articles in the Framework Guidelines

#	Article #	Respondents' views	EREGG's position	Explanation
387.	1.1.1	Clarification needed; to be aware of iterative process between TSOs calculation, market results and generation pattern	Disagree	This will be specified in the NC.
388.		"Locational Information on generation and consumption units" should be further specified. Flow based is not appropriate for long-term capacity calculation process.	Partly Agree	Locational information (zonal) will be specified in the Network Codes. Flow based capacity calculation shall be used preferably for the D-1 timeframe.
389.		FBA implementation only to be considered once advantages proved.	Partly agree	FB is the target model for interdependent borders. Roadmap added.
390.	1.1.1	In general, ask for a clarification of the definition of "locational information" in 1.1.1. In our opinion, that information might prove to be difficult to obtain, as intraday trading is growing and so is the flexibility of production, production planning, and scheduling not to mention the growing share of intermittent renewable. In general, emphasise, that the FG should consider the upcoming fundamental data transparency guideline to ensure consistency and avoid duplications and multiple reporting obligations.	Partly agree	Locational information (zonal) will be specified in the Network Codes. Coordination with transparency FG shall be ensured.
391.	1.1.1	See Q8	Partly agree	FB are recommended for heavy meshed areas. Zone delimitation has to be studied on the basis of overall welfare and congestions. Allocation of congestion rents subject to regulatory approval.
392.	1.1.2	This provision might be too premature due to lack of experience and proof of flow based calculation method; support for sufficient time for TSO in order to prepare smooth transition to the flow based procedure	Partly agree	FB is the target model for interdependent borders. Roadmap added.
393.		FBA and ATC coexistence to be carefully studied not to hazard integration of regions.	Agree	Interaction to be taken into account in NC.
394.	1.1.3	§ not clear. Long term deals normally do not specify the plant where the energy will be produced. And it is not possible to know in long term calculation "the actual impact on the grid" of such commercial transactions	Partly agree	Depend on the locational (zonal) information available.
395.		Which commercial transaction are intended?		To be specified in the NC.

#	Article #	Respondents' views	EREGG's position	Explanation
396.	1.1.4	Publication of reliability margin needed, transparency as regards evaluation and statistical use	Agree	This is included in the EREGG advice on transparency comitology guideline.
397.		"algorithm" should be replaced by "calculation methods";	Agree	
398.		Tools to evaluate the reduction of social welfare should be specified.	Partly agree	Tools to evaluate the social welfare will be mentioned in detail in the Network Codes.
399.	1.1.5	Reference to national regulator is inappropriate as harmonisation is sought.	Disagree	Approval power given to NRAs through legislation.
400.		Duplication of Art. 15.2 of Reg. 714/2009 and should not be addressed in legally non-binding FG	Agree	Repetition of those references is deleted.
401.		Very vague, TRM publication should be required, and an evaluation of these should be carried out annually.	Partly agree	TRM not mentioned because only relevant for ATC methods; transparency issues mainly tackled in the transparency comitology guideline.
402.	1.1.6	Specify how non discrimination should be achieved	Partly agree	This has to be specified in the NC.
403.	1.1.6	NRAs should ensure an adequate availability of data for the common grid model. A regulatory framework has to be established in order to enable the exchange of data between TSOs and the circulation of data from generators. Otherwise TSOs might not be able to provide the common grid model with necessary data.	Agree	Exchange of data between TSOs is already in the CM guidelines.
404.	1.1.8	The reference to AMF should be extended to include also other FB methods as this AMF only refers to CEE region or should be more general	Agree	
405.	1.1.9	Recommend modelling the entire five synchronous transmission grids of ENTSO-E: Continental Europe, Scandinavia, the Baltic Countries, Great Britain and Ireland.		
406.	1.2.1	The definition of zone should be further improved	Disagree	EREGG deems that the definition of zone is detailed enough, further details will be provided in the NC.
407.		Suggests clarify whether "support adequate dealing with internal congestion" means "within a bidding area" or "within a country".		Mainly internal to a country.
408.	1.2.2	Disagreement, especially for physical forward market; for financial forward market this should be left to the market to decide	Disagree	Paragraph clarified.

#	Article #	Respondents' views	EREGG's position	Explanation
409.		Stable zones needed; they should be similar in all time frames	Agree	The CACM FG now states that the NC shall foresee same zones for all times frames and stable zones.
410.		Definitions of zones should be the same for all timeframes.	Agree	The CACM FG now states that the NC shall foresee same zones for all times frames and stable zones.
411.	1.2.3	Suggested rewording: <i>"...there is no significant internal congestion within or between control areas, one or several control areas SHOULD PREFERABLY constitute one zone"</i>	Disagree	Other criteria to be taken into account as well.
412.		Reference to national regulator is inappropriate as harmonisation is sought.	Disagree	The involvement of NRAs doesn't mean that harmonisation is not sought.
413.		Proposal of TSO should not be done as "closed-shop" procedure with the NRA but with involvement of market participants right from the beginning	Agree	The drafting procedure for the NC will ensure early involvement of all stakeholders.
414.		ACER should have an active role in the process of reviewing zone delimitation. Criteria for a significant internal congestion should be provided.	Agree	ACER does have a role in the zone delimitation issue.
415.		Proposes including following text: "... one or several control areas may constitute one zone. However, the impact in terms of welfare, including on other control areas/zones must be investigated and proven to be negligible demonstrated to be acceptable, meaning that the benefits on some zones should not create negative effects of larger scale on other areas. TSOs shall repeat the assessment when network topology is significantly changed."	Partly agree	Paragraph reformulated
416.	1.2.3	The conditions under which one or several control areas may constitute one zone are far too narrow (1.2.3). What is more, the review mechanism described under 1.2.3- 1.2.6 (e.g. yearly revisions of zone sizes) will almost inevitably lead to an erosion of current zone sizes in large countries. As this mechanism exerts pressure on existing large zones while not affecting small zones it is also probable that the new zones will not be regional but sub-national.	Partly agree	Evaluation of the advantages of a given zone definition has been broadened.

#	Article #	Respondents' views	ERGEG's position	Explanation
417.	1.2.4	Suggested rewording : <i>“Several zones are ONLY possible in case of structural congestion within the control areas, which cannot be solved by methods of countertrade/redispach or where the welfare gain is higher with smaller zones”</i>	No longer relevant	
418.		The following sentence should be reconsidered: <i>“In any case, the impact of redispatching/countertrade costs on the welfare related to the delimitation of zones shall be taken into account.”</i> Because these costs are a loss to social welfare only if they leads to a less efficient dispatch of power plants. Reconsideration should take into account potentially positive impact on welfare of incentives for TSOs to solve congestion and of averting jeopardy to the liquidity of forward markets.	Agree	Taken into account.
419.		Zone should be defined in order to stimulate trade and competition is understood as a clear signal for large and liquid zones, Small zones will have the opposite effect	Partly agree	See arguments above
420.		A clear definition of welfare should be provided	Disagree	ERGEG deems not necessary to provide a definition of social welfare.
421.		Criteria to assess delimitation of zones should be provided; proposes as such: stimulation of trade, competition, liquidity and quality of price formation.	Partly agree	Criteria for zone delimitation assessment have been broadened.
422.	1.2.5	This paragraph is more weakly formulated than the existing article 1.7 of Congestion Management Guidelines. The following principles should be applied (subject to DG Competition approval): <ul style="list-style-type: none"> • TSO revenues may not be used to preventive redispatch or countertrade in the sole aim of shifting congestion to the national/control area borders • Grid tariff income may be used to preserve defined zones (approved by ACER) • For approved zones, congestion rent must be used to maximise offered capacity on the borders of this zone, and guaranteeing firmness of these capacities. 	Disagree	Use of congestion revenue has not been considered in these FG.
423.		The application of ramping constraints on DC interconnectors should be prohibited. Ramping should be solved by TSOs through the ancillary service market.	Disagree	Ramping constraints have not been considered in these FG.

#	Article #	Respondents' views	EREGG's position	Explanation
424.		Data on congestions should be reported also to the market, not only to NRAs, change FEDT accordingly	Partly agree	Not relevant for CACM FG.
425.		Asks to close —even more— open door to pushing internal congestions to borders: specific conditions under which this might be	Partly agree	Principle already in CM guidelines. Zone issue and redispatching are possible paths for meeting this concern.
426.	1.2.6	Reference to national regulator is inappropriate as harmonisation is sought.	Disagree	The involvement of NRAs doesn't mean that harmonisation is not sought.
427.		This analysis should be made public and transparently integrated into network expansion plans.	Agree	Could be integrated in transparency guideline
428.		Yearly survey would bring uncertainty to the market; would be expensive and complex	Agree	The review period is now extended from one to two years.
429.		Changes of delineation should be announced with a three year notice due to trading of futures More criteria for review of zone proposal e.g. linkage to 10YNDP for coordinated approach; NRA'S competence to take measures should be clarified in more detail;	Partly agree	The review is period now extended from one to two years. The NRA competence is stated. The criteria for zone delimitation has been broadened.
430.		The yearly survey is a disproportionate duty for TSOs, changes of zonal delimitation will have to be investigated carefully before implementation because of far reaching impacts on market design concepts (e.g. Market Coupling) forward markets and contracts, balancing area concepts and social welfare distribution; yearly survey circle inappropriate due to necessary preparation timelines; obligation for determination of zones should be assigned to NRAs while TSO should give advise (approval instead of review);	Agree	The review period now extended from one to two years. The NRA competence is stated.
431.		Before changing the delimitation early notice has to be given as legal clarity of contracts has to be ensured. Criteria and details of revision have to be defined by EREGG/ACER; Revision has to be done with all stakeholders in collaboration and under monitoring of EREGG/ACER,	Agree	Text was amended in line with the points raised.

#	Article #	Respondents' views	ERGEG's position	Explanation
432.		It should be specified what kind of measures NRAs can take regarding market structure and market power on the basis of the analysis of delimitation of zones.	Disagree	NRA and ACER can take whatever measure they deem necessary, subject to their national legislative powers and by the 3 rd package.
433.		Suggests adding: <u>"in case a change in the zone delimitation is foreseen, it is of the utmost importance that sufficient time is given for the market to prepare (notably with respect to forward contracts that relate to underlying prices or physical delivery in those zones)."</u>	Agree	Idea of sufficient time added in the FG.
434.		Alternative drafting: ... coupling algorithm which determines at the same time the volumes and prices in all relevant zones (bidding areas). If there is not enough capacity between the zones to enable all requested trade, calculated zone prices will differ. The term "single" (price) <u>coupling algorithm means a single process of determining prices for all bidding areas in Europe. The algorithm shall allow for all the products that are deemed suitable and feasible.</u>	Agree	Idea added in the FG.
	2.1			
435.	2.1	The statements regarding block bids may be too detailed for the framework guidelines and may rather be covered by the network code.	Not agree	This statement only ensures the existence of block bids, which are an important tool in the day-ahead market.
436.	2.2	Recommend an obligation to deliver all necessary data to the TSO in order to enable them to deliver data as asked in the FG	Unclear	
437.		Swissgrid supports this paragraph. Putting a responsibility on the TSOs to provide all necessary data in order to enable all necessary monitoring and regulatory supervision is fully in line with the activity based regulatory oversight promoted by Swissgrid. As a precondition for being able to deliver such data, all necessary information needs to be provided to TSOs. Therefore, an obligation to forward all relevant data to the TSOs should be imposed on third parties (e.g. PXs). Robust contractual arrangements will ensure the necessary data delivery to the TSOs.	Agree	Obligation also on PXs.
	2.2			

#	Article #	Respondents' views	EREG's position	Explanation
438.		Data not under TSOs' responsibility should be address by regulatory tools other than Network Codes.	Partly agree	Role of PXs recognised.
439.	2.3	Alternative drafting: <u>... codes shall ensure that the day-ahead capacity is allocated through markets which are based on hourly marginal pricing</u> .		
440.	2.4	Finds reference to "necessary elements" too vague.		
441.	2.5	Firmness with implicit day-ahead allocation should be granted after publication of prices and position, not after gate closure as trades are not accepted until matching is done; proposals for harmonised gate closure times needed;	Agree	This has been taken into account.
442.		It should be made clear that it's not firmness of trades, but of capacity allocation, what falls within CACM scope.	Partly agree	This has been taken into account.
443.	2.5	<i>Scheduling</i> To 2.5: This section should be transferred to the section "Capacity products coexistence and firmness", since the topic of scheduling is not in focus here. We recommend to clarify the paragraph regarding irmness: Implicit day-ahead trades are firm after the publication of prices and final positions (rather than after gate closure), since additional trades are not considered until the matching is done, i.e. not after gate closure.	Agree	New section on firmness.
444.	3.1	Does not agree with variation of cross border hedging products as CfD as they could only be additional instruments but no replacements	Disagree	If there are liquid financial markets on both sides of the interconnector, CfD may be a valid instrument.
445.		CfD should not be considered as equivalent instruments as they do not have link to underlying physical transmission capacity	Agree	CfD are considered as equivalent if liquid markets are present on both sides of an interconnection.
446.		CfD could coexist with FTRs or PTRs with UIOSI in parallel and may be seen as valid alternative, nevertheless hedging product issued by third parties (like CfD) should be clearly delineated from Transmission rights issued by TSOs	Agree	
447.		CfD are deemed inappropriate as (among other arguments) they are not issued by TSOs	Disagree	They serve the same purpose and are broadly accepted in specific markets.

#	Article #	Respondents' views	EREG's position	Explanation
448.		This section should be about the obligations on TSOs and not the Forward Market in general. For example, TSOs need only to determine the volume of offered PTRs and the initial offering of FTRs - whereas the total FTRs traded and other financial hedging instruments traded by market participants are not limited by the physical capacity.	Disagree	FTR volumes, if any, are the responsibility of TSOs.
449.	3.2	Financial hedging instruments are not a substitute for TSOs obligations.	Partly agree	In some cases this may not be the case.
450.	3.3	Provision is not well justified, "efficiency gains" should be clarified	Agree	This needs to be specified in the NC.
451.		This provision is not justified. It should be made clear that on one border either PTRs with UIOSI or FTRs can be issued, not the two together.	Disagree	This issue will be defined by the relevant NRAs and ACER on a case by case basis.
452.		FTRs should be options, the possibility of FTR obligations should be introduced to be left for the Network Codes drafting process	Partly agree	Different options should be further examined.
453.		A mix of different types of hedging products should not be forbidden, as long as the same methodology of allocation is applied for both directions on a given border.	Disagree	This issue will be defined by the relevant NRAs and ACER on a case by case basis.
454.	3.4	In case this is accepted, rules for BritNed cable will not be accepted	Disagree	Does not seem relevant..
455.	3.5	Approval of long-term capacities should be limited to methodology applied and not values themselves	Partly agree	Regulators can only assess the methodology, not the exact amount of available capacity, but should be closely informed about changes of ATCs. Capacity allocated to different times frames should be approved by regulators.
456.		ACER should have a role in approving of long-term capacity rights volumes.	Partly agree	If two NRAs do not agree on the volume of LT capacity rights to be issued, it will be ACER's task to decide on the issue.
457.	3.5	Proposes to add at the end: "... to allow national regulatory authorities (NRAs) to review and approve them and in order to allow market participants to estimate the price differential based on this allocated capacity. "	Agree	Equivalent sentence added.

#	Article #	Respondents' views	EREGG's position	Explanation
458.	3.5	<i>Timeframes, volumes and secondary market with relevance for PTR and FTR</i> To 3.5: The capacity calculated by the TSOs should be based on a transparent method that is approved by the regulators. Nevertheless the calculation of capacity itself should remain a TSO task, since only TSOs can calculate the related risk, assess trade-offs between the availability of capacity and system security and they are ultimately responsible for any failures, either physically or financially. The definition of long-term and short-term products should be made by the TSOs, e.g. based market participants' surveys. In this respect, apart from the calculation method, a regulatory approval of the capacity products should not be necessary.	Not agree	Regulators are responsible for tariffs.
459.	3.6	TSO should not organise secondary trading platform as conflict of interests, bilateral trading should be allowed	Disagree	As it is TSOs who issue PTRs and FTRs, it is also acceptable that they organise the market place for them.
460.		It should be allowed to have secondary market platform provided by a service provider	Agree	TSOs are free to outsource this task but remain the responsible party towards NRAs.
461.		This may lead to a conflict of interest for TSOs. Instead, the TSOs should set up confirmation/scheduling platforms in order to obtain information about the capacity owners. Bilateral trade should be allowed in secondary trading. Market parties should be allowed to buy any share of the forward cross-border capacity rights (cfr. Import ban on Spain-France interconnection for incumbents, cap on import quantity per company on Dutch borders).	Unclear	
462.		Secondary trading not exclusively managed by TSOs: "...TSOs must make possible a platform for anonymous trading at least at regional level, but it need not necessarily be provided by TSOs. Platforms for trading capacity products (irrespective of whether physical or financial) and clearing can also be provided by PXs. The long-term compatibility..."	Partly agree	TSO responsibility; PXs not excluded.
463.	4.2	Functioning of pricing mechanism for intraday unclear and could only be necessary in case of initial congestion in day-ahead	Partly agree	ID timeframe has been elaborated on when finalising the FG document.
464.		Pricing of intraday capacity will add complexity to the process without adding substantial value	Partly agree	See answer above.

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465.	4.3	Implicit auctions do not comply with the PCG target model or with needs of market participants; no need or justification for parallel implementation	Agree	However, where already implemented, implicit auction may continue. PCG compliance with FG not required.
466.		introduction of implicit auction when "sufficient liquidity" exists has to be specified in detail; co-existence of both systems (continuous and auctions) is not justified	Partly agree	Section on intraday has been improved. The implicit auctions can complement continuous allocation on a national/regional basis but they need to be compatible with the pan European cross-border intraday model.
467.		The continuity of implicit auctions in same markets is not deemed justified; the same allocation method across Europe is necessary		See answer above.
468.		Add extra bullets mentioning: <ul style="list-style-type: none"> • appropriate gate closure times as close as possible to the real time and their harmonisation; • necessity to deploy tools for probabilistic planning and operation, including load and generation modelling and short term forecasting of wind power 	Partly agree	These details (tools) have to be evaluated and may be included in the NC.
469.		There is no need for co-existence of continuous trading and implicit auctions.	Disagree	EREG supports that implicit auctions complement continuous trade.
470.		Alternative drafting: "... CACM network code(s) shall foresee that the TSOs or <u>and</u> PXs, in accordance with the relevant Governance framework, implement continuous implicit allocation for the intraday trading. When there is sufficient liquidity, implicit auctions may be implemented. The cross-border Intraday Market should not prevent optional compatible National/Regional Intraday Markets relevant to local conditions. In case of coexistence of both solutions... "	Partly agree	Reference to PXs modified and implicit auctions have been introduced which complement continuous trade.
471.	4.4	It should be made clear that it's not firmness of trades, but of capacity allocation, what falls within CACM scope.	Partly agree	Section adapted.
472.	4.5	Coordination with balancing timeframe and day-ahead should be clarified in more detail; no reservation for balancing actions	Agree	This coordination will take place e.g. when the foreseen balancing framework guidelines are drafted by ACER.

#	Article #	Respondents' views	EREGG's position	Explanation
473.		Intraday markets exist for the benefit of market participants. Although they must be coordinated with balancing mechanisms, there should be no reservation of cross-border capacity for ancillary services, balancing or TSO-TSO contracts.	Agree	To be integrated in balancing FG.
474.		There should be no reservation for balancing or ancillary services except safety margin, intraday market is between market participants	Agree	See answer above.
475.	4.6	not appropriate as intraday should seamlessly extend the DA market in order to balance imbalances	Partly agree	Intraday section revised.
476.		CACM should just mention that intraday capacity allocation mechanism shall avoid market discrimination; scope and market structure of intraday trading does not pertain to CACM FG.	Disagree	Congestion management linked to intraday trade clearly belongs in these FG.
477.	4.7	Block bids should be included in the intraday products.	Agree	Block bids are allowed, according to the FG.
478.		Data not under TSOs' responsibility should be addressed by regulatory tools other than Network Codes.	Agree	Role of PXs recognised.
479.		Since it's not up to TSOs to change market rules, it should be read that "In that sense the TSOs shall ensure capacity allocation should be based on an appropriate matching methodology or algorithm between the different products (simple or sophisticated)".	Partly agree	Section on intraday changed.
480.	5.1	Not all congestion can be identified in 10YNDP but only in relation with priority projects, in 10YNDP congestion will be identified on regional level not element by element	Partly agree	No reference to the TYNDP but transparency still required.
481.		An obligation should be put on ENTSO-E to make transparent in the TYNDP where and to what extent congestion usually occurs.	Partly agree	Added (not specifically on the TYNDP).
482.	5.1	In our view, the provision (5.1) should put an obligation on ENTSO-E, not on the TSOs to make transparent in the 10-Year Network Development Plan, where congestion usually occurs and how, where and when it is physically relieved by enhancing the cross-border network capacity or by adjusting the critical network elements through e.g. new transmission lines.	Disagree	General requirement on transparency of internal congestions is made; reference to the TYNDP is removed.
483.	5.1	10 year development plan: endorse the requirement for TSOs to explain what they intend to do, to more permanently relieve (structural) congestions. However, in addition TSOs should describe ex post how they have tackled the congestions.	Partly agree	General requirement on transparency of internal congestions is made; reference to the TYNDP is removed.

#	Article #	Respondents' views	EREGG's position	Explanation
484.	5.2	Supports this provision	Agree	
485.	5.4	Redispatching volumes and costs should be made public.	Agree	This is included in the introduction, issue for the transparency FG.
486.		The idea of "generation capacity reservation" should either be removed or clarified. It is not obvious that this pertains to capacity allocation or congestion management activities.	Disagree	As it may affect day-ahead prices, it is part of congestion management. Therefore, coordination is required.
487.	5.4	Regarding the provision (5.4) on avoiding market distortions by the TSOs through the pricing of generation capacity reservation, we suggest that the Framework Guidelines should propose steps towards transparency in the redispatching activities. This will make any kinds of distortions more evident.	Agree	Included in the introduction.
488.	5.5	It is in contradiction with 3.2 (which provides for long term transmission rights)	Partly agree	Paragraph deleted, but for other reasons
489.		Proposes deleting last sentence, for being related to Governance rather than to CACM: However, where the whole interconnection capacity (for a given timeframe) is assigned e.g. to a Power Exchange in order to implement implicit allocation of capacity auctions , this shall be duly taken into account. This shall result in the independence and non-discriminatory organisation of the Power Exchange in question, including also a proper regulatory oversight (effectively, this can be achieved by the "unbundling" of the respective activities, i.e. physical market and financial market) in order to avoid any discriminatory treatment of different market participants or products.	Partly agree	Paragraph deleted, but for other reasons; reference to PXs role adapted.
490.	5.5	In cases where the whole interconnection capacity is assigned e.g. to a Power Exchange this Power Exchange will have a monopoly on operation of cross-bidding area trade. Welcome the clear statement that in such cases a specific regulatory oversight is needed.	Partly agree	Section has been removed in order to be fully compliant with discussions on the scope of the Governance FG.
491.	5.6	The Section should be further aligned with Art. 16 Cong. Man GL	Agree	This has been taken into consideration.
492.		Additionally, TSOs must not favour internal over international transactions, and any action to curtail or countertrade must be transparently undertaken by the TSO, to show that the action was the most efficient one, based on market prices.	Agree	Taken into account.

#	Article #	Respondents' views	EREG's position	Explanation
493.		"emergency situations" should be defined as well as Force Majeure	Partly agree	Whereas FM is set out in more detail for ENTSO-E to draft a common definition, emergency situations are deemed to be more technical and therefore a definition may better be given in the NC.
494.		Art. 5.6 on curtailment in emergency situations should be aligned with the art. 16 Reg.714/2009.	Agree	
495.		The provision (5.6) with regard to curtailment of cross-border transactions in emergency situations should be further aligned with the article 16 of the cross border regulation 714/2009 that stipulated that "transaction curtailment procedures shall only be used in emergency situations where the transmission system operator must act in an expeditious manner and redispatching or countertrading is not possible. Any such procedure shall be applied in a non-discriminatory manner. Except in cases of force majeure, market participants who have been allocated capacity shall be compensated for any curtailment."	Agree	
496.	5.7	Congestions rents should, in priority order, be used for (1) guaranteeing the firmness of capacity rights, (2) investment in relieving binding constraints.	Agree	This is already stated in the Congestion Management Guidelines.
497.	5.7	To 5.7: Regardless of whether firmness is ensured physically or financially, the related costs must ultimately be recoverable through regulated tariffs. TSOs are not allowed to obtain any financial benefits from congestion management: This is true for the guidelines on EU-level (according to Reg. 714/2009 and 1228/2003) as well as for the Swiss legislation (Electricity Supply Act, Art. 17(5)). We therefore propose to adapt the first sentence in that section as follows: "Congestion rents shall be used, inter alia, for guaranteeing the firmness <i>the compensation payments</i> for curtailed PTRs ...".	Agree	The sentence is removed as it is a duplication of the Directive.
498.	5.8	It should be specified what "enough" means	Agree	It is not for the FG but for the NC to elaborate on this.
499.		It should be further clarified, TSOs should be able to use cross border resources for countertrading.	Agree	

#	Article #	Respondents' views	EREGG's position	Explanation
500.	5.9	For curtailments before DA, the only allowed arrangement for TSOs should be the buying back of capacities, in the market place or through reverse auctions.	Disagree	This measure has not been accepted (nor rejected).
501.		TSOs should provide compensations based on the price difference between concerned zones, so they should be allowed to buy back capacities in the secondary market. Secondary markets, therefore, should be organised independently from TSOs (cfr. Art. 3.6)	Partly agree	Unfortunately there was no time to further investigate the implications of this issue, therefore the suggestion has not been included in the present FG, but will be retained for future work.
502.	5.9	The provision (5.9) requires TSOs to provide compensation based on the price difference between the concerned zones, which implies a lot of risks for the TSOs. Therefore, they should also be allowed to buy back capacity rights on the secondary market (or via an inverse auction where they buy back from the market).	Partly agree	Buying back capacity is not retained.
503.		Nomination should be organised as follows: <ol style="list-style-type: none"> 1. Nomination of long-term capacity rights at around h 8.00 in D-1 2. TSOs curtail this nominated capacity before D-1 PX GCT at h 12.00 and pay back the spread between PXs <ol style="list-style-type: none"> a. TSOs can otherwise put the curtailment flows on the power exchanges as bids in the opposite direction of the congestion. 3. TSOs curtail the nominated capacity after D-1 PX GCT, but before ID GCT: capacity owners should be paid back at the ID price. 4. TSOs curtail the nominated capacity after ID PX GCT; TSOs should pay back to capacity owners the imbalance costs 	Partly agree	This will be dealt with in the NC.

#	Article #	Respondents' views	EREG's position	Explanation
504.	5.10	<p>To 5.9 and 5.10: In order to resolve the uncertainty of when the allocated capacity can be used (by nominating the associated capacity right), the point in time when transfer rights become firm should be specified.</p> <p>Swissgrid believes that a clear distinction should be applied to capacity rights held before and after nomination:</p> <p>If <i>allocated</i> capacity is reduced, traders still should be incentivised to pursue other alternatives. The default of allocated capacity should therefore not be compensated with the full market spread but with the initial auction price. Otherwise traders could tend not to look for alternatives since their pay-off is the same as when the capacity was used.</p> <p><input type="checkbox"/> If <i>nominated</i> capacity is reduced, traders are not able to react anymore. Compensation payments should therefore incentivise TSOs to take appropriate measures.</p> <p>In the case of Force Majeure events, TSOs should always (before and after nomination) be entitled to curtail allocated and/or nominated capacities. As already stipulated in the FG, market price spread compensation for explicitly allocated capacities should not be awarded in cases of Force Majeure. In such cases financial compensation shall reflect the initial price paid for the capacity. For implicitly allocated capacities, the market participants will not be affected.</p>	Partly agree	Basic rule for compensation in case of curtailment with implicit auctions should be at market price spread. Definition of Force Majeure is provided. No compensation foreseen in case of Force Majeure, only a reimbursement.
505.	5.10	<p>The provision (5.10) allows capacity to be financially firm in case of explicit auctions. In our view, it could be organized as described below. The starting point is nomination of capacity rights at 8h00 Day Ahead. In case TSOs curtail capacity before the PX gate closure, they could pay back the spread between PX (as parties would buy/sell their curtailed position on the PXs). In case TSOs curtail capacity after the PX gate closure, but before the Intraday gate closure, capacity right owners could be paid back the Intraday price. The question is which Intra-day price should be used as it is evolving over time. Possible solution is the Intra-day spread before the gate closure. In case TSOs curtail capacity after the Intra-day gate, capacity rights owners they could be paid back the balancing spread.</p>	Unclear	The issue of the intraday price has to be further defined.
506.	5.11	A clearer definition is needed.	Agree	This has been taken into account.

#	Article #	Respondents' views	ERGEG's position	Explanation
507.		Much more precise definition and restriction to very clear, limited and measurable events needed	Agree	The FG have been adapted.