



Draft FG for Capacity Allocation and Congestion Management

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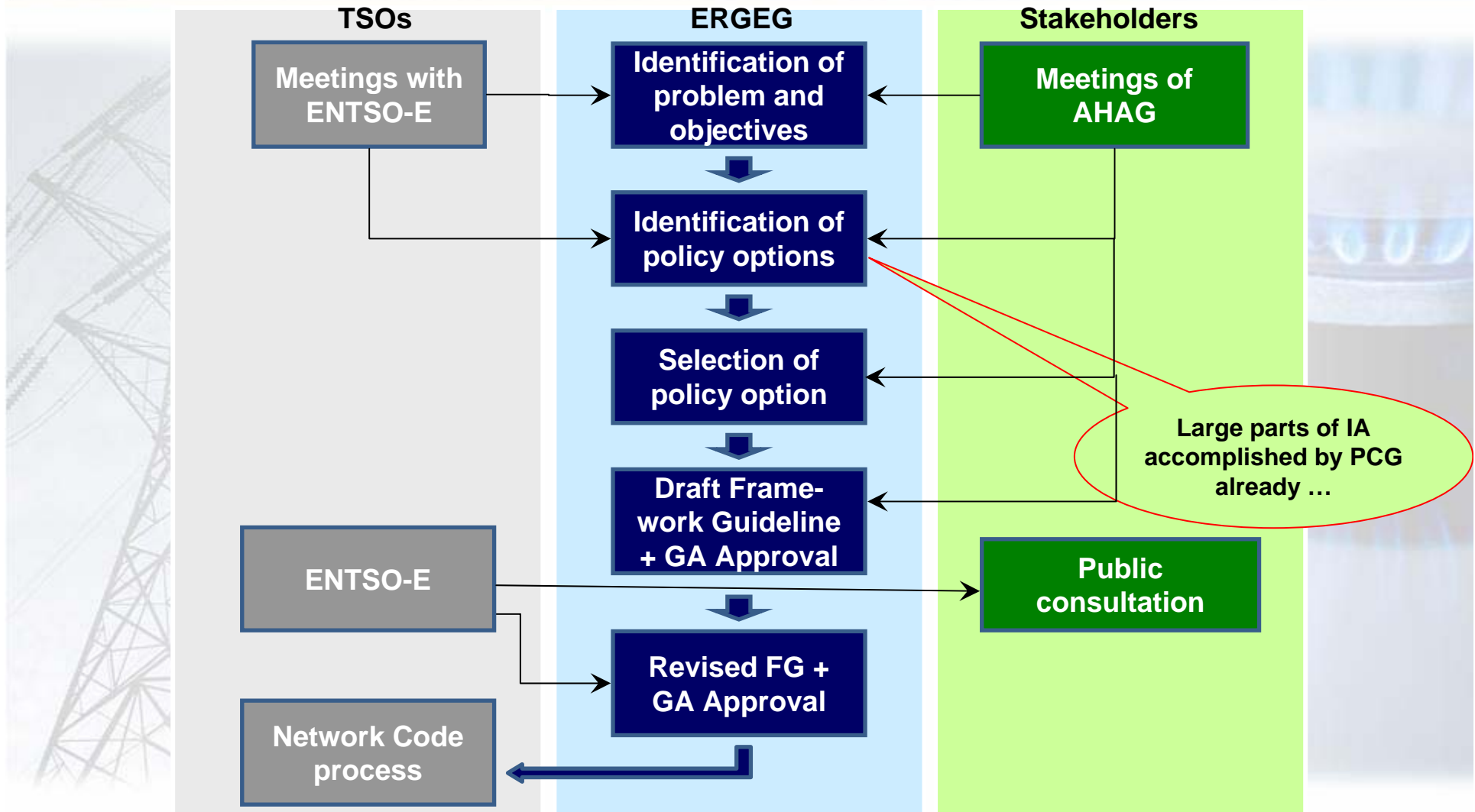
Contents

- Background info and recap on PCG works
- Process and the role of AHAG
- Draft Initial Impact Assessment
- Next steps

PCG recap and background info

- PCG
 - contributed significantly to a wide understanding of the capacity allocation and congestion management issues,
 - created a target model,
 - provided widely agreed propositions amongst stakeholders on the solutions.
- ERGEG input to FG on Capacity Allocation and Congestion Management
 - feed-in the PCG propositions as needed,
 - apply the Impact Assessment process,
 - use Ad-Hoc Advisory Group (AHAG) of ERGEG.

Process & the Role of AHAG



The ultimate goal of CACM is:

- establishing one truly integrated, competitive and efficient European Internal Electricity Market
- by ensuring an optimal utilization of the transmission grid and cross border interconnections

This should:

- results in maximal welfare
- and benefits for the European electricity customers

Draft IIA: preliminary conclusions (1)

Capacity calculation

- Common grid model: minimum first step
- In order to avoid arbitrary security margins, preferred option is a approach that takes into account network constraints at the allocation stage, bringing coherency between commercial exchanges and maximum possible physical flows
- Classical ATC (ENTSO-E terminology): open if there is a limited mutual influence between countries/zones boundaries

Delimitation of zones/ price areas

- Preferred option: to be based on grid topology
- May be different from country borders
- Zone = Country if no significant impact on neighboring zones
- Solutions based on a full network description were reviewed
- In any case, more transparency requested on internal congestions

Draft IIA: preliminary conclusions (2)

Day-ahead market

- Preferred option: Implicit auctions : single (centralized) price coupling
- Explicit auctions, open as interim solution, if there is no PX

Forward market:

- PTR with UIOSI
- Or FTR
- To be provided by the TSO in accordance with the capabilities of the transmission network

Draft IIA: preliminary conclusions (3)

Intraday

- Project team reviewed the different solutions on the table:
 - Continuous implicit: missing price signal, lack of efficiency
 - Implicit auction: current implementations: missing rapidity
- A possibility for a “hybrid” solution (like in the conclusions of PCG: continuous, but with congestion pricing),
- Proposed mechanism should also address redispatching/ countertrade decided in intraday
- Recognise the importance of the coordination with balancing



Next steps

- Finalisation of the IA (costs benefits issues)
- Continuation of work on the FG (first draft under discussion: principles)
- Next AHAG meeting foreseen end-June
- Consultation of stakeholders
- Final IA and FG



Thank you for your attention!

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