

Forwards Capacity Allocation

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22nd October

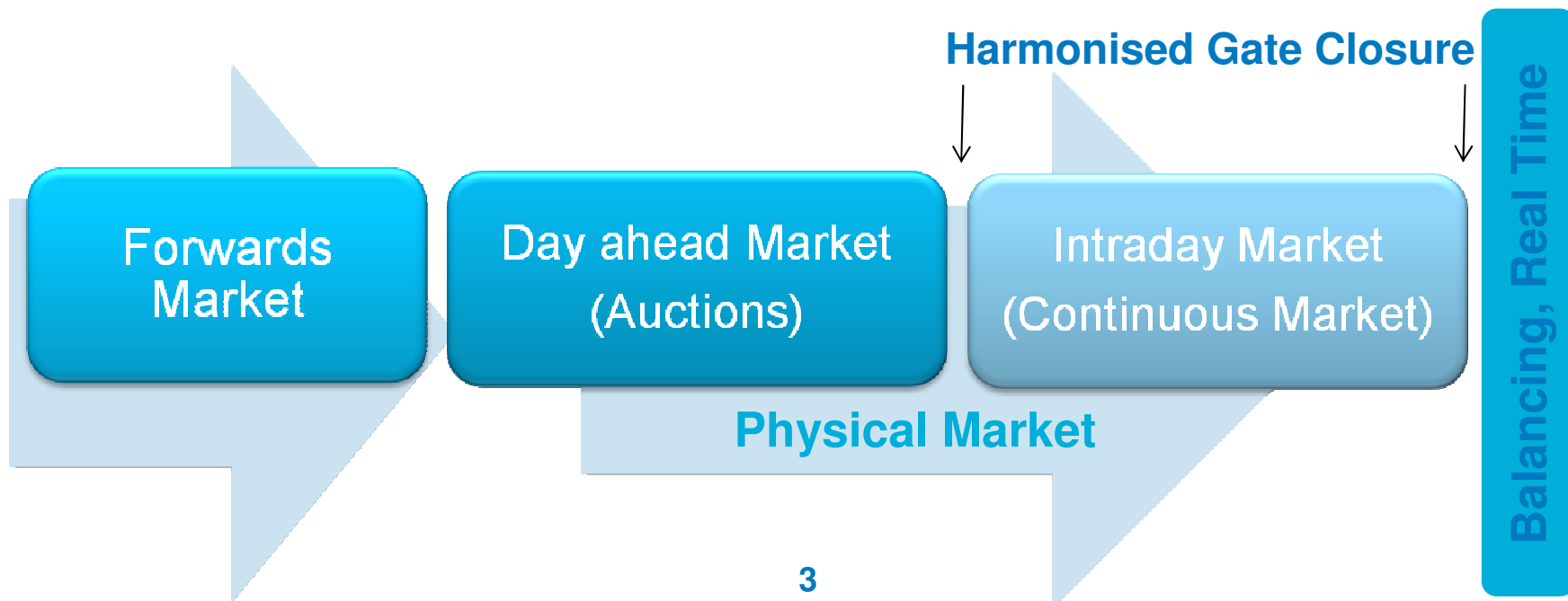
Introduction

- Target model
- Current code content
- Next steps

>>>Early days, therefore things can still change!

Target model

- Create pan-European electricity market by removing barriers for cross border trading subject to network constraints
- Code high level, detail to come later



Forwards target model market structure

- Explicit capacity auctions
- FTRs or PTRs (with UIOSI)
- Single pan-European platform
- Harmonised rulebook, products, nominations

Governance

- Same functional structure, definitions and articles (where possible) as CACM.
- Relationship with CACM unclear (combined code or stand alone?).
- Assigns all roles to TSO, who can then delegate:
 - System Operator,
 - Coordinated Capacity Calculator(s);
 - European Merging Function;
 - Single Platform for Capacity Allocation Operator ;
 - Single Platform for anonymous Secondary Trading Operator (separated out as function covered by MIFID);
 - and Regional Platform(s) Operator (transitional measure).
- Forwards stakeholder committee created (similar to CACM/GG).

Capacity Calculation

- Very similar process to CACM, with few material changes:
 - no preference for using flow based for forwards capacity calculation.
 - Generators still provide data to TSO, but current thought is that it is long term generator outage data.
 - NRA approval methodology for calculating product volumes not volumes themselves.

- *Note - Market time period now refers to the block of time capacity rights are calculated for (ie no longer per hour, but by product block)*

Market Structure

- TSO to propose common platform and rulebook.
- Interim regional platforms allowed, as a step to common European wide platform.
- Introduce concept of “Revenue Adequacy”
- Marginal pricing principles used to price capacity.
- Capacity allocation tied to physical capacity.
- TSO to designate a committee or other body to govern allocation rules

Products

- Product choice limited to: PTR (with UIOSI), FTR options, FTR obligations.
- Endeavour to harmonise across capacity calculation region (=FUI).
- Nordics TSOs have opt out as their markets use CfDs between market participants (ie TSOs don't have to provide PTRs or FTRs)
- Cash out of products based on day ahead market spread.
- Discussion within ENTSO-E how to handle fallback cash out -> code leaves options open.

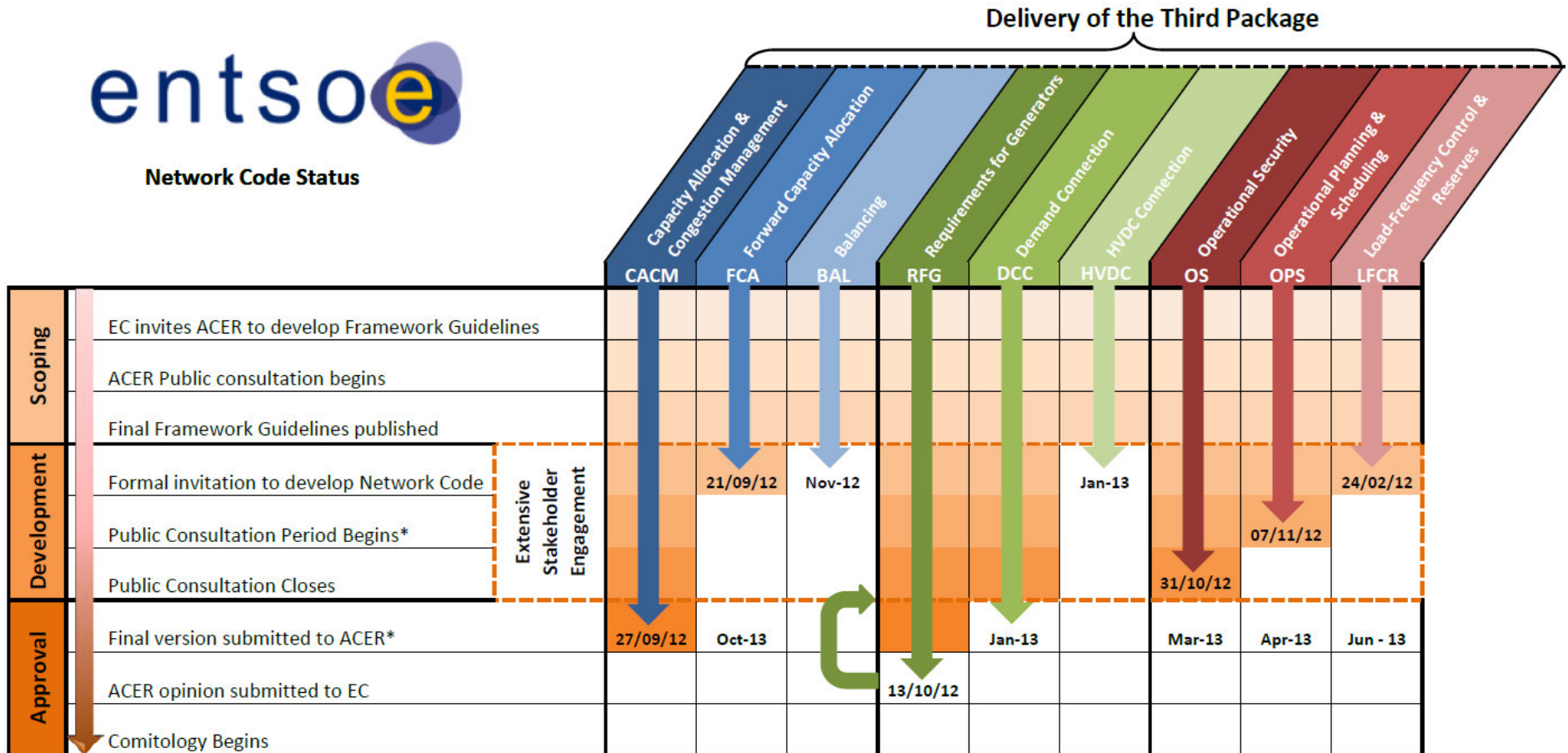
Firmness

- Stepwise firmness approach proposed.
- Introduce concept of long term firmness deadline
- Compensation arrangements can be:
 - physically/financially firm
 - initial price paid
 - capped market spread
- Different compensation arrangements allowed for “longer outages” and as a transitional measure where no market coupling

Next steps



Network Code Status



- Brussels expert stakeholder meeting 26th Nov

Any questions?



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