

5b. Market Network Codes

Capacity Allocation and Congestion Management
Forward Capacity Allocation
Electricity Balancing



Market Codes



Market Codes

Capacity Allocation &
Congestion
Management

Forward Markets

Balancing

Creates the rules for operating pan-European Day Ahead and Intraday markets, explains how capacity is calculated and explains how bidding zones will be defined.

Sets out rules for buying capacity in timescales before Day Ahead to allow market participants to hedge risks.

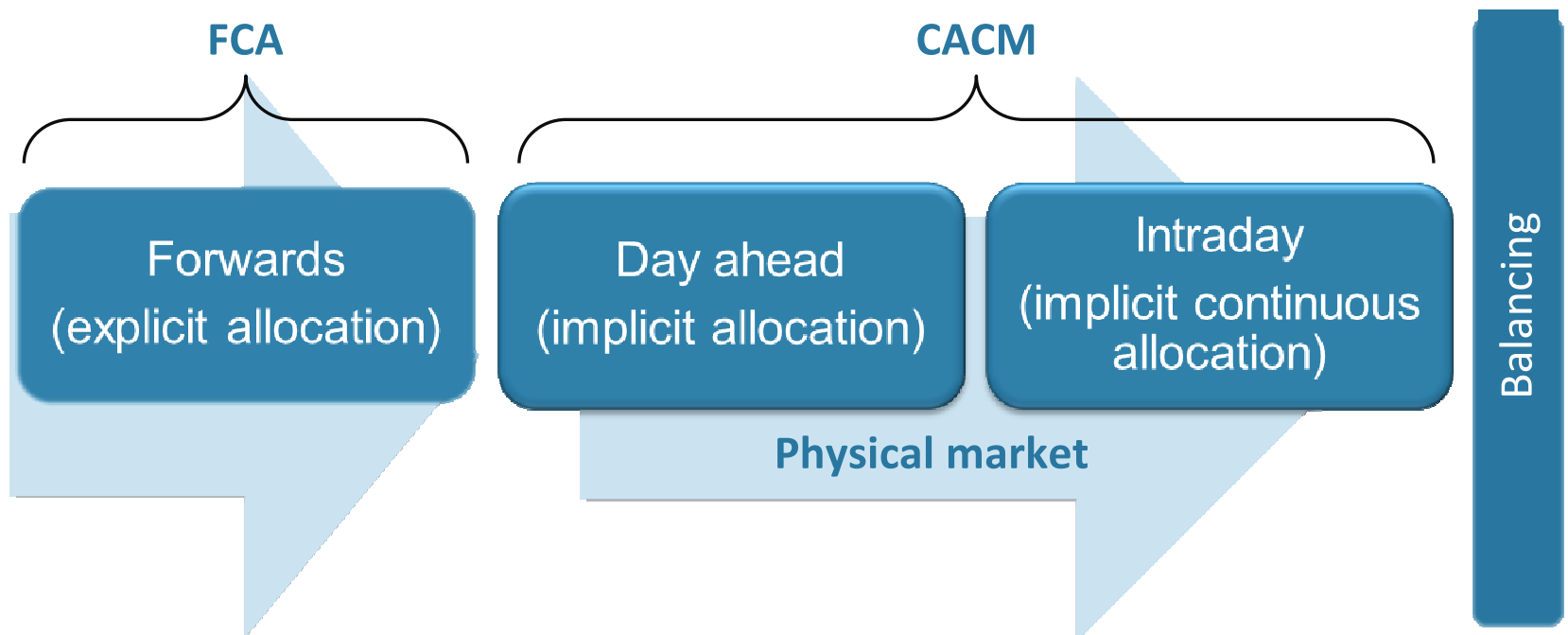
Sets out the rules to allow TSOs to balance the system close to real time and to allow parties to participate in those markets.

Market Codes

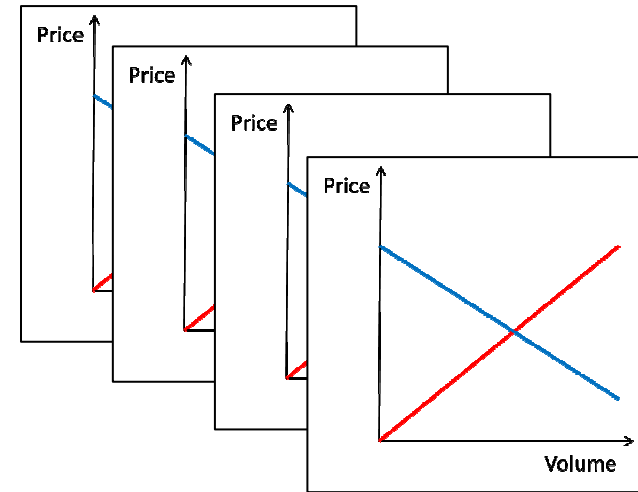
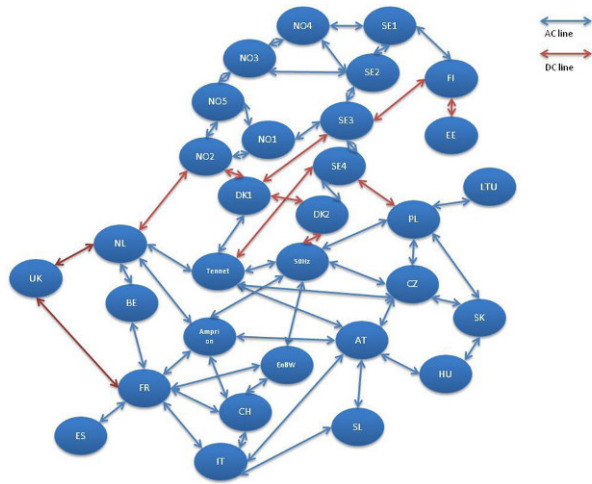
	Where is it now?	What happens next?	Key Issues for GB
Capacity Allocation and Congestion Management	Submitted to Commission with qualified ACER recommendation	Comitology	Major changes to how Interconnector capacity is sold
Forward Capacity Allocation	Drafting Ongoing by ENTSO-E	Code submitted to ACER by ENTSO-E	
Balancing	Drafting ongoing by ENTSO-E	Code submitted to ACER by ENTSO-E	Significant changes to our Balancing market

Target model

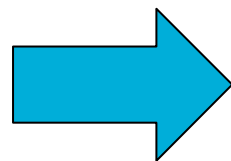
- Create pan-European electricity market by removing barriers for cross border trading subject to network constraints.
- Code high level, detail to come later.



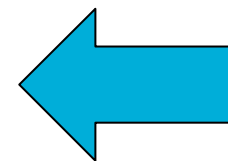
Market coupling



TSOs provide:
Capacities
between market
areas (ATCs)



**Market
Coupling
Algorithm**



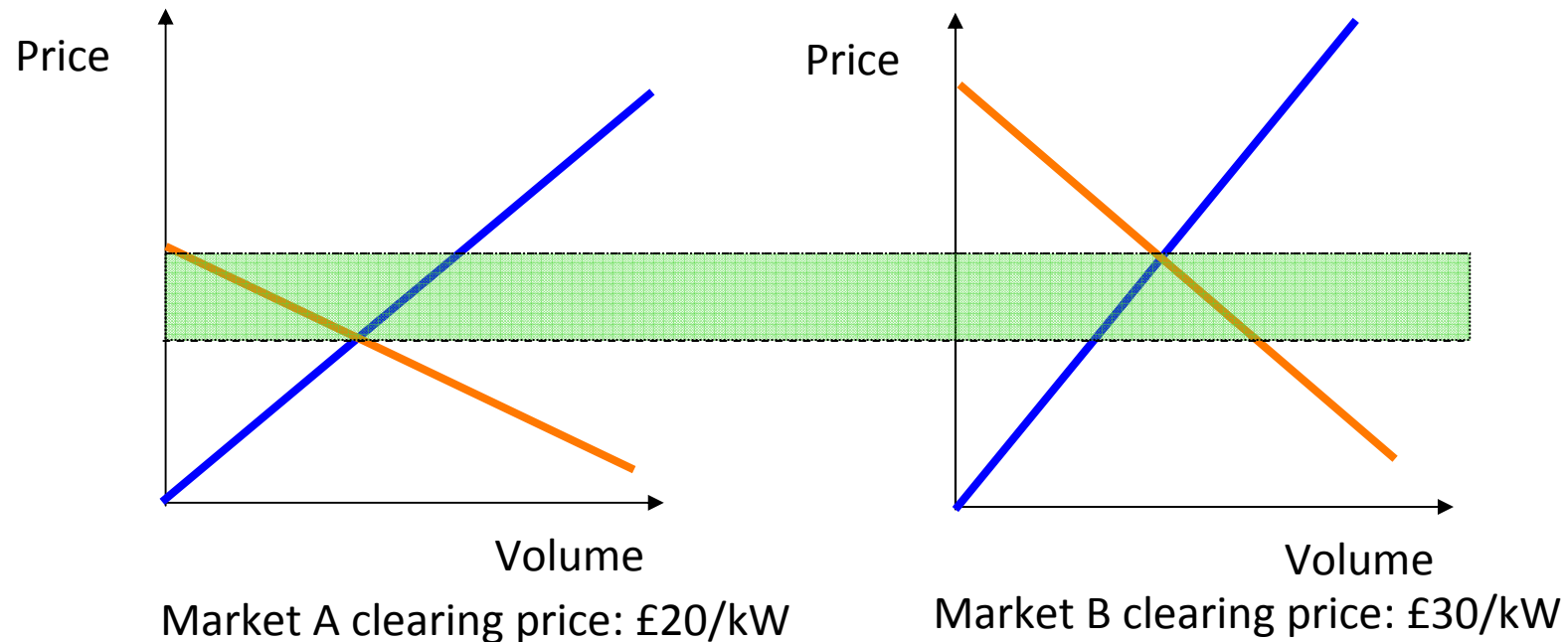
Power Exchanges
provide:
Energy Orders



Interconnector flows & PX prices

Pricing capacity between coupled markets: example

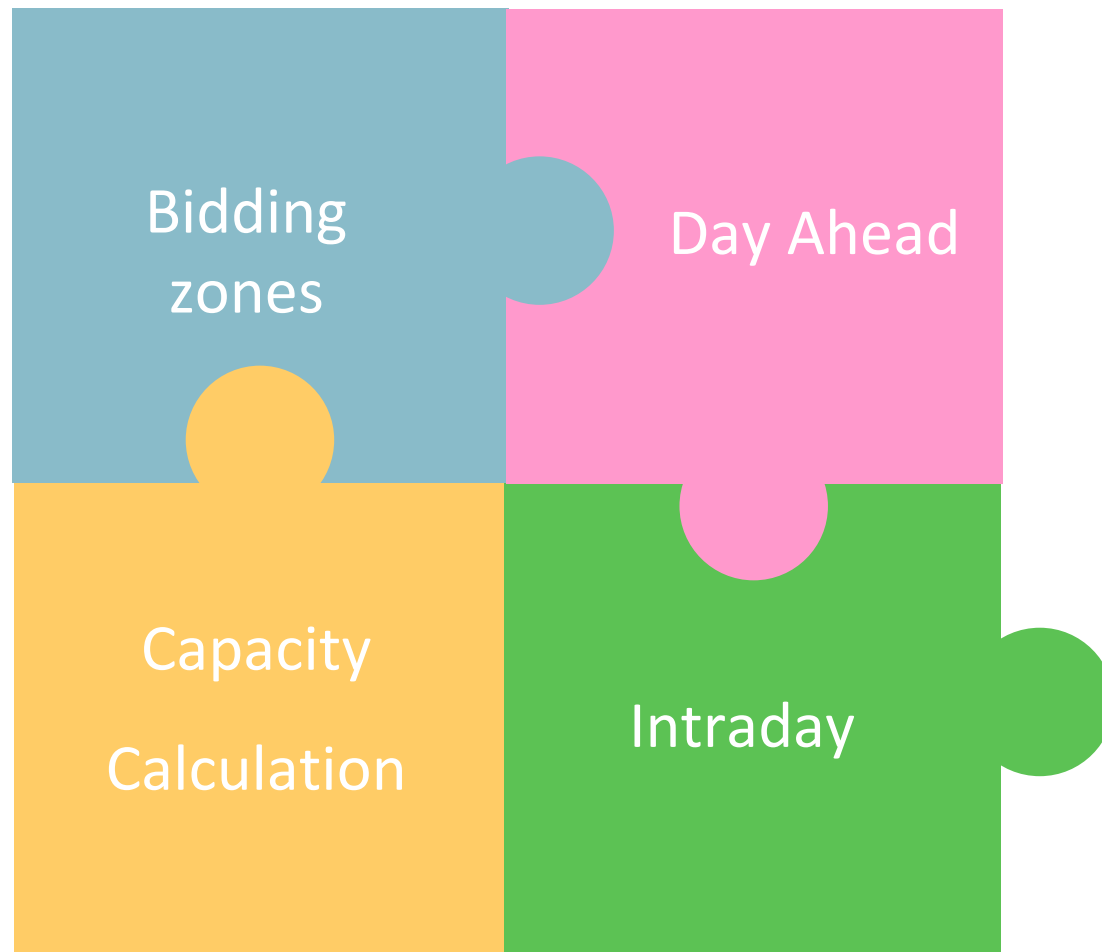
nationalgrid



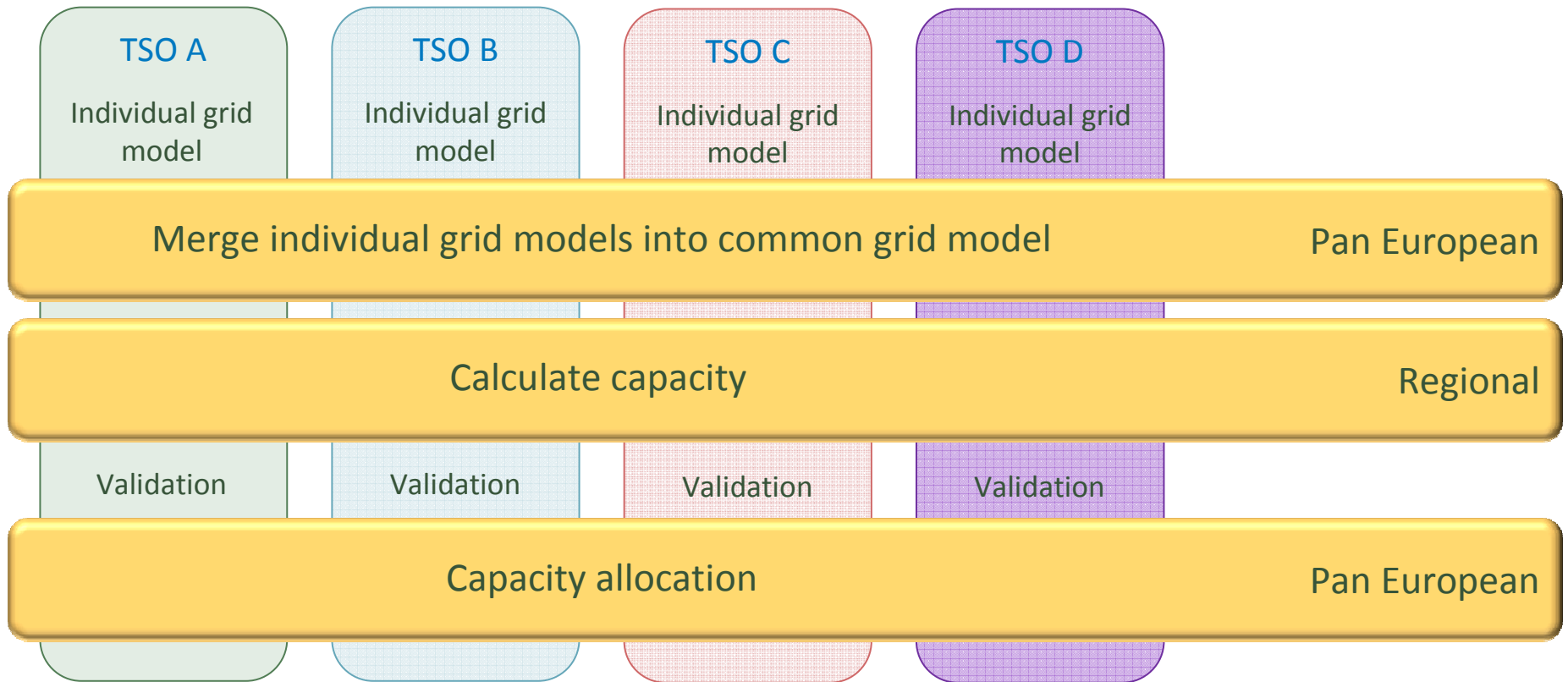
Question: what will the price of capacity between the markets be, and what is the flow direction?

Answer: <£10/kW (ie less the difference between the two markets) and will flow from A to B

CACM elements

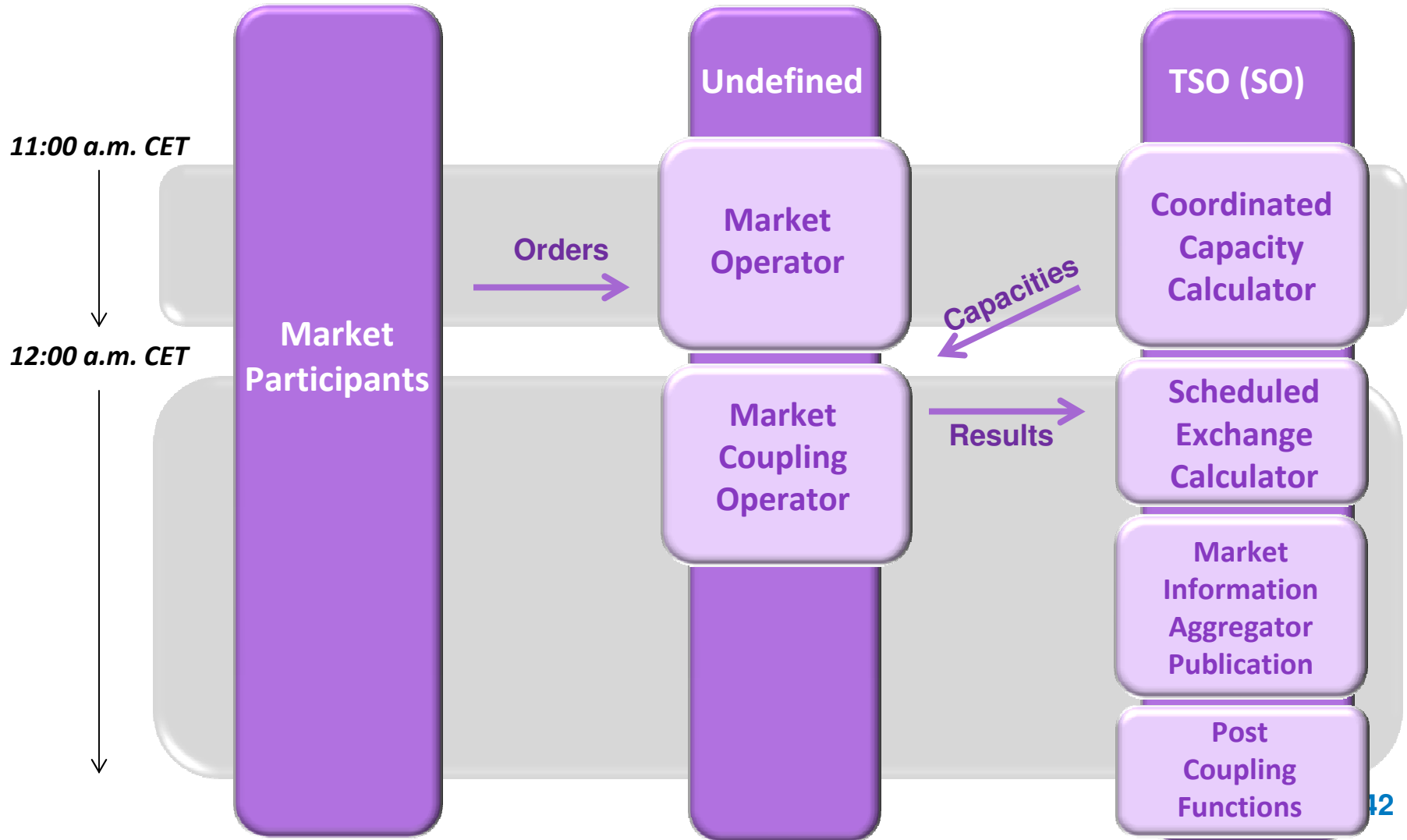


CACM Capacity calculation

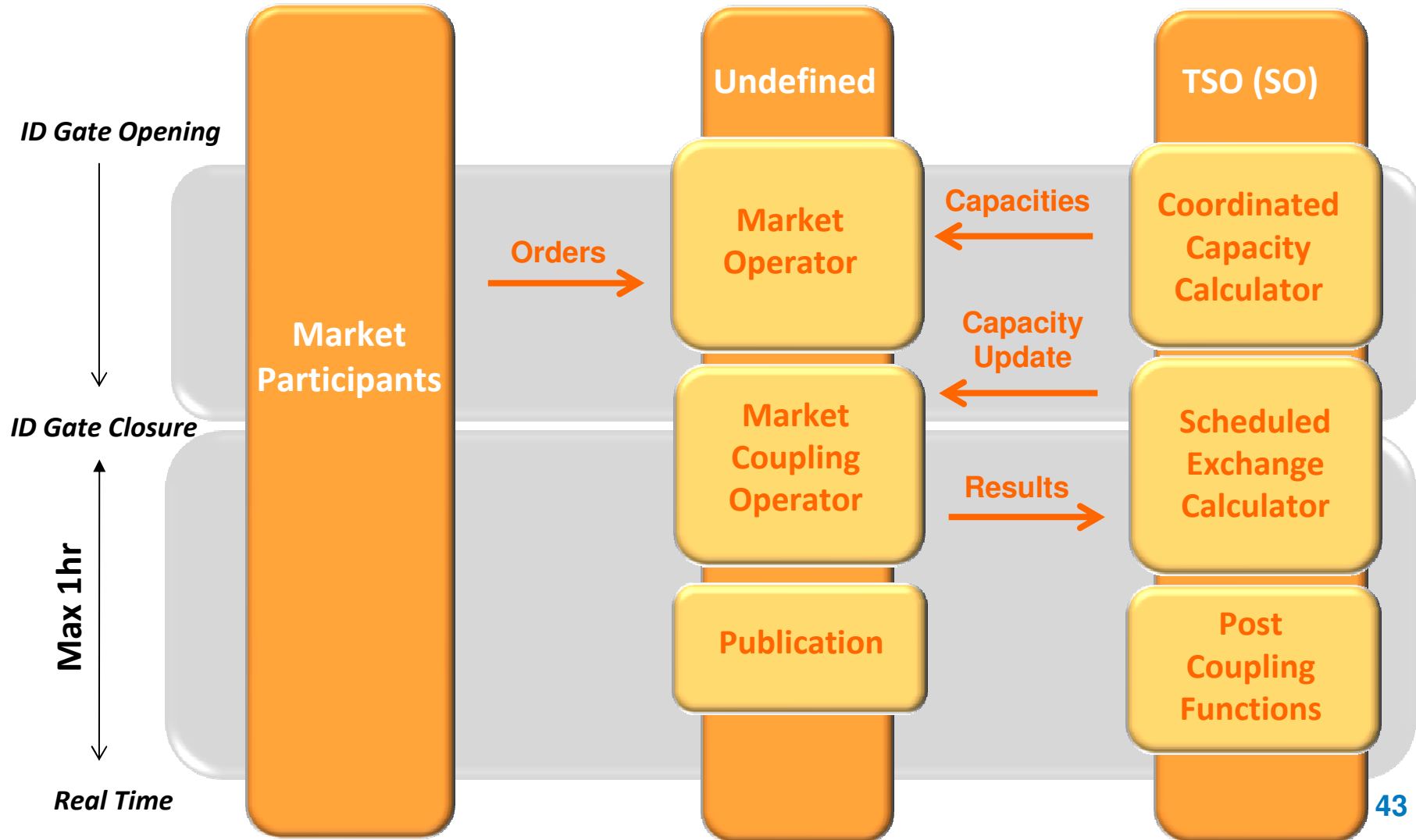


Note: Regions to be defined but initially will align with current boundaries e.g. FUI

Day-ahead Structure

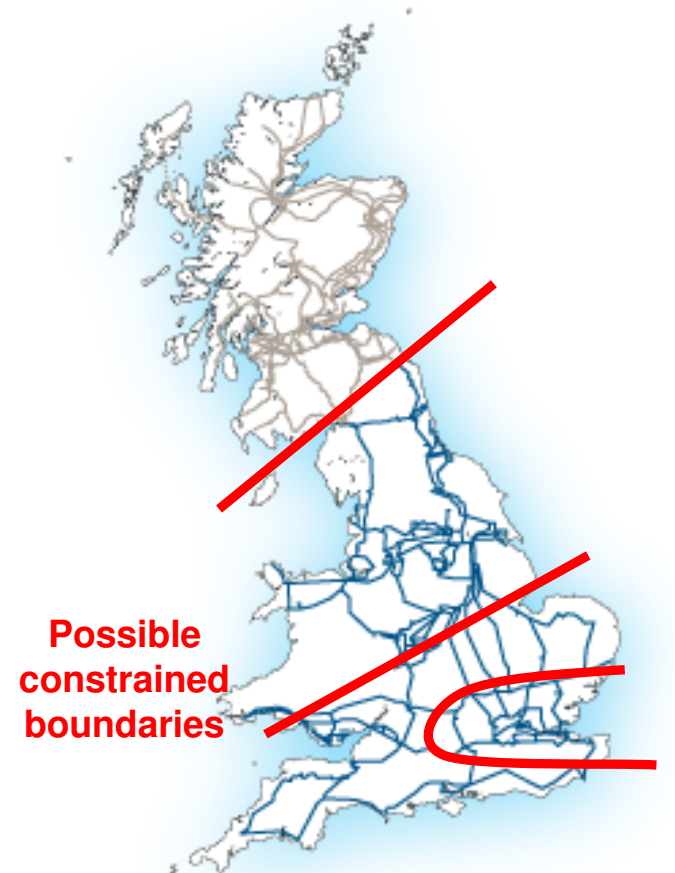


Intraday Coupling Structure



Bidding zone optimisation

- EC keen to ensure that bidding zone boundaries reflect transmission system constraint boundaries
- CACM will require a biennial bidding zone review.
- Zones could be split or merged
- Pilot project in mainland Europe



Forwards market structure

	National	Regional	Pan European
Capacity calculation		✓	
Bidding zone review	✓	✓	✓
Choice of PTR/FTR/CfD	✓		
Nomination rules	✓		*
Single allocation platform			✓
Harmonised allocation rules			✓ **
Compensation rules		✓	

* Initially nomination rules are local but obligation to progressively harmonise.

* *Pan-european allocation rules, but regional specificities allowed

Trading platforms

- Single trading platform and harmonised access rules required

Developing the single platform*

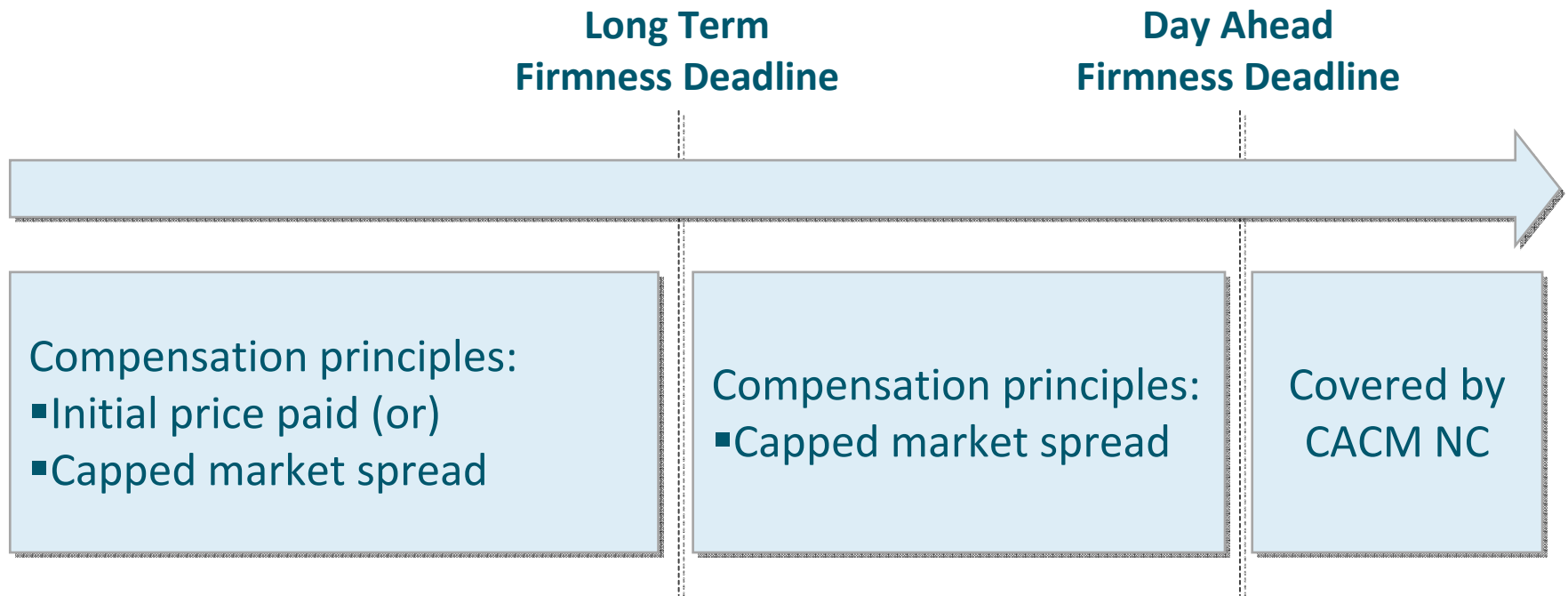


Developing pan European auction rules*



** Regional platforms and rules allowed as a transitional measure until the establishment of the Pan-European single platform*

Firmness



* *The long term firmness deadline is optional and is expected to align with PTR nominations timescales. Different compensation allowed for longer outages e.g. for faults on DC cables*

Transitional arrangements

■ CACM:

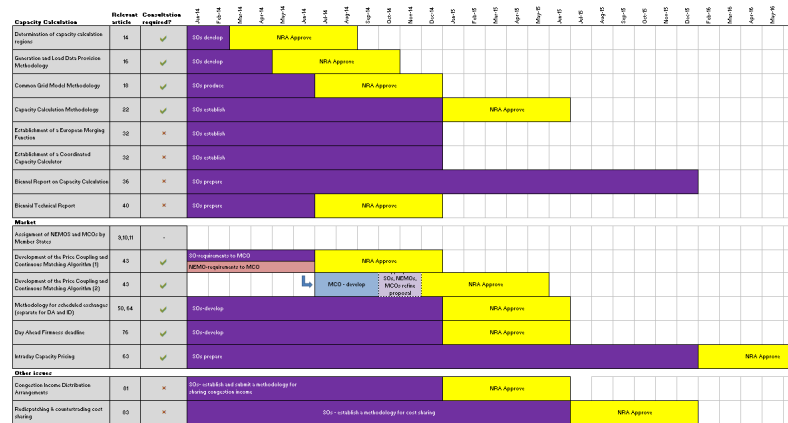
- Irish derogation until 2016
- Explicit allocation for intraday capacity permitted

■ Forwards:

- Regional platforms and rules allowed until introduction of pan European single platform

CACM Implementation

- In GB, currently mapping implementation plan based on ACER/EC timescales (ENTSO-E preference for later)
- Consultation (4 weeks) with Industry built into many of the implementation activities



*Project milestones in the code,
Don't worry if slide detail is unclear as
principle is for staggered deadlines, largely
by 2015*

Balancing Code

What is it?

- Aim is harmonisation of the balancing regimes across Europe
- On a TSO to TSO basis
- Standardise roles & responsibilities of all “electricity balancing” stakeholders
- Implement integrated, harmonised, coordinated balancing regimes

What does it contain?

- Covers three main areas:
 - Procurement of balancing reserve and energy, product definition
 - Reservation of interconnector capacity for balancing purposes
 - Imbalance settlement, price, volume, responsibilities

Balancing Code

What stage are we at? What are the issues?

- Proposes creating Coordinated Balancing Areas, within which cooperation takes place
- GB will participate in “common merit order” for balancing products
 - Standard Products will be defined for exchange and sharing
 - Specific Products will be allowed in order to meet SS requirements [GB BM]
 - GB independent frequency control and operational security paramount
 - Balancing gate closure time will be at the end of ID markets
- GB has several TSOS – applicability of code?
- Impact assessment being undertaken
- Proposed transition period is two years i.e. use of products, reserve procurement etc.

Balancing Code

What's the plan?

- 16th Aug 13 Public consultation closed
- Sept 13 Analysis of responses and updated code issued
- Nov 13 Final draft code
- Dec 13 Code submitted to ACER, Comitology starts

Options for getting involved

- Attend the 3rd Stakeholder workshop in Brussels in October 2013, details at <https://www.entsoe.eu/>
- Contact Graham Hathaway: graham.hathaway@nationalgrid.com

Any questions?



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