

DECC-Ofgem Stakeholder Sub- Group on CACM

CACM status update (Ofgem)

- ACER to finalise opinion by end of December (meeting 4th December)
- Three options
 - approve
 - approve and propose amendments to EC
 - send back to ENTSO-e

Prioritisation (1)

1. Bidding zones

- Frequency of reviews
 - The first review should be thorough with a wide geographic scope to reduce risk of contradictory conclusions
 - The network code could limit the frequency of potential reviews by:
 - Setting a minimum time period between reviews (5 years); or
 - Providing specific windows in which reviews could take place
- Role of member states
 - There should be a role for Member States in launching and concluding a review

Prioritisation (2)

2. Stakeholder engagement

- Methodologies should be consulted on with all stakeholders (i.e. not limited to the stakeholder committee). There should be a requirement to publish all documents.
- The network code should (at least) provide for the possibility for stakeholders to propose amendments to the methodologies
- Greater clarity needed on requirement for generators to provide all information necessary for TSOs to take countertrade and re-dispatch actions (Article 41.4 (b)):
 - Clarify that it does not apply in GB; or
 - Set out a process for this information to be agreed with stakeholders with provision vsubject to NRA approval

Prioritisation (3)

3. Technical constraints on interconnectors

- If intra-day gate closure is set at less than one hour this will effect GB energy gate closure
- Allocation constraints (i.e. DC cable losses and ramping). Some uncertainty regarding due process.
- Market-based approaches to re-dispatch are not dealt with in CACM (or Balancing FG) which may be a problem in the future
- Not clear how intra-day will be implemented (particularly how capacity will be priced).

All of the above need to be resolved but are not likely to be a priority in terms of code redrafting...

Prioritisation (4)

4. Responsibilities of SOs versus TOs and interconnector owners

- Need more clarity on which parts of the code apply to whom (e.g. who allocates capacity?)
- Could merchant interconnectors get an exemption for the code?

5. Consistency of definitions

- Force majeure (very important for firmness costs)

And finally.....need to have a defensive position on the bits of the CACM we want to keep.

Discussing Implementation

- Process to review bidding zones
 - ENTSO-E is in the process of establishing a review of bidding zones for central Europe
 - GB may wish to engage with this process or establish an equivalent process
 - There may be GB specific issues, such as the difference between AC and DC interconnectors
 - As a first step Ofgem/DECC could scope out how such a review would work in cooperation with stakeholders