

Joint European Stakeholder Group



Thursday 19 October 2017
Meeting 25

London

Agenda

ID	Title	Lead	Time
1	Welcome & Introductions	Chair	10:00 -10:05
2	CACM and FCA Guideline Regulatory Decisions	Thomas Jones Ofgem	10:05 – 10:25
3	Intra-day Capacity Pricing Update	Jakub Pilecky Britned	10:25 – 10:45
4	Regulatory Assessment of Intraday Capacity Pricing Methodology	Marcelo Torres (Ofgem)	10:45 -10:55
5	Review of Actions log	Heena Chauhan (JESG Technical Secretary)	10:55 – 11:15
6	Future Meeting Dates & Agenda Items	Heena Chauhan (JESG Technical Secretary)	11:15 -11:25
7	Stakeholder Representation	Chair	11:25 -11:35
8	Any Other Business	All	11:35 -11:55

1. Welcome & Introductions

Garth Graham

Independent Chair (Alternate)

2. FCA methodology update

Thomas Jones
Ofgem

CACM and FCA Guideline Regulatory Decisions

Presentation to JESG

Thomas Jones
October 2017

Thomas.Jones@ofgem.gov.uk

ofgem

Friday 13th: Decision Letter for Forward Capacity Allocation (FCA) guideline methodologies

1. **Approve the Single Allocation Platform (SAP) and SAP cost sharing methodologies.**
2. **Approve the Channel Harmonised Access Rules (HARs) regional annex**
3. **Approve the Ireland-UK (IU) HARs regional annex**
4. **Approve the IU regional design of Long Term Transmission Rights (LTTRs)**
5. **Request an amendment to the Channel regional design of LTTRs**
 - Requirement to specify the type of product to be offered on the GB:NL border

The relevant decision letter on the Ofgem website:

<https://www.ofgem.gov.uk/publications-and-updates/ofgem-decisions-iu-and-channel-regions-har-annexes-regional-design-lttrs-and-pan-european-sap-and-sap-cost-sharing-methodologies-under-fca>

Tuesday 17th: Decision Letter for Capacity Allocation Congestion Management guideline methodology amendment

Approve the amendment to the **Capacity Calculation Regions (CCR)** in order **to include Nemo-Link in the Channel CCR**.

This will take effect from the point in which Nemo-Link is certified as a TSO.

The relevant decision letter is on the Ofgem website:

<https://www.ofgem.gov.uk/publications-and-updates/decision-capacity-calculation-regions-amendment>

Next steps

All approved methodologies

The TSOs must publish the final version of the methodologies immediately, and follow the relevant implementation timelines in each methodology.

Channel regional decision of LTTRs

TSOs must submit an amended proposal two months following our decision (~17th December 2017).

Any questions: thomas.jones@ofgem.gov.uk

Live consultation

We are consulting on changes to our guidance on technical connection derogation requests, to incorporate guidance on **derogation requests** in relation to the **Requirement for Generators** network code (RfG), **Demand Connection Code** (DCC) network code and **High Voltage Direct Current** (HVDC) network code.

Consultation closes on **20th October 2017**

<https://www.ofgem.gov.uk/publications-and-updates/consultation-proposed-changes-guidance-document-technical-derogation-requests>

Ofgem is the Office of Gas and Electricity Markets.

Our priority is to protect and to make a positive difference for all energy consumers. We work to promote value for money, security of supply and sustainability for present and future generations. We do this through the supervision and development of markets, regulation and the delivery of government schemes.

We work effectively with, but independently of, government, the energy industry and other stakeholders. We do so within a legal framework determined by the UK government and the European Union.

3. Intraday Capacity Pricing

Jakub Pilecky
Britned



Intraday Capacity Pricing

BritNed – JESG October 2017



Status

- All TSO submission
- Submitted to NRAs 14 August 2017
- NRAs have six months to make decision

CACM Requirements Art. 55

- 1. Once applied, the single methodology for pricing intraday cross-zonal capacity developed in accordance with Article 55 (3) shall reflect market congestion and shall be based on actual orders.
- 3. By 24 months after the entry into force of this Regulation, all TSOs shall develop a proposal for a single methodology for pricing intraday cross-zonal capacity. The proposal shall be subject to consultation in accordance with Article 12.
- 4. No charges, such as imbalance fees or additional fees, shall be applied to intraday cross-zonal capacity except for the pricing in accordance with paragraphs 1, 2 and 3.

Fulfilment of CACM requirements for pricing of capacity

CACM Requirement	Continuous Trading	Continuous Trading with Pricing	Implicit Auctions	Hybrid model (CT + implicit auctions)
Compatible with continuous matching	✓	To be assessed	✗	✓
Reflects congestion if capacity is scarce	✗	Only with ex-post	✓	✓
Based on actual orders	✗	Only with ex-post	✓	✓
Made available at the time of matching the orders	✗	Only with profiles	✓	✓
Not complemented by additional charges or fees	✗	✓	✓	✓

Hybrid model

- Key features

- IDAs in parallel of continuous matching
 - initial IDA in day ahead timeframe for all the MTUs
 - further IDAs in intraday timeframe for a subset of MTUs
 - either all IDAs cover all MTUs
 - or no overlap between the MTUs covered by each IDA
 - continuous matching run between the IDAs
 - either continuous matching opens after each IDA results; covers MTUs not traded in forthcoming IDAs
 - or one single continuous matching session; opens after the first IDA; covers all the MTUs

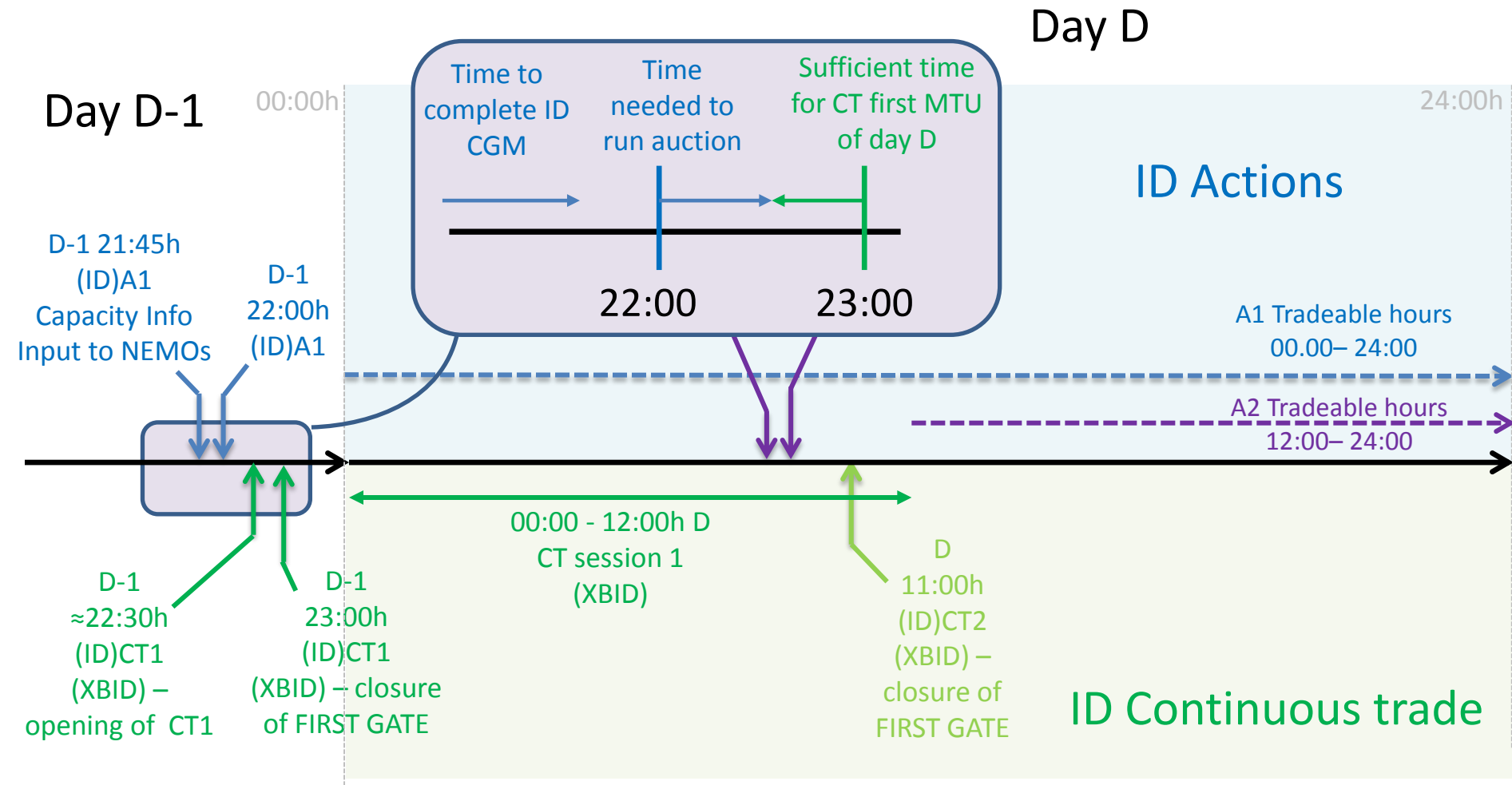
Hybrid model

- Pros
 - efficient pricing of capacity / linked to scarcity and real orders /pooling of liquidity
 - IDAs beneficial for smaller market participants
 - no need of fundamental review of the algorithm of the XBID solution
- Cons
 - no continuous intraday cross-zonal capacities pricing scheme
 - continuous matching is not open to trade all MTU at all times

Auction (1/2) Timings and Specifics of first Continuous Trading Session (CT1/2)

Proposal:

- Session starts: asap after A1/A2
- Tradeable hours 00:00 – 12:00/12:00-00:00



4. Regulatory Assessment of Intraday Capacity Pricing Methodology

Marcelo Torres
Ofgem

All TSOs methodology for Intraday Cross-Zonal Capacity Pricing

Update to JESG

Marcelo Torres
October 2017

ofgem

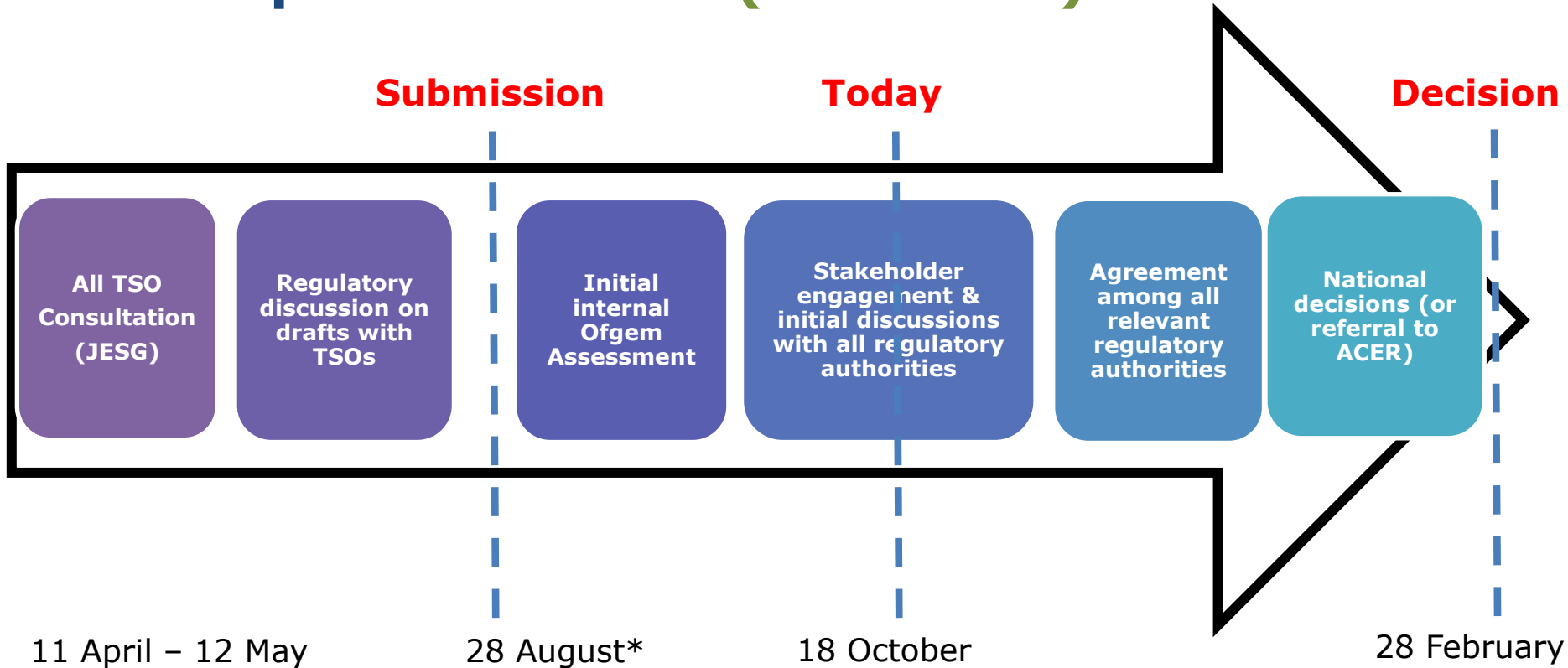
Aim of today

- Timeline for decision on TSO proposal for Intraday Capacity Pricing
- Feedback from JESG to inform our assessment

Timeline for Decision

TSO development

Regulatory decision (6 months)



* Receipt by the last Regulatory Authority

1. Consistency with ID Gate Opening Time

- a. Concerns that TSOs' re-submitted proposal on Intraday Gate Times may not comply with Request for Amendment
- b. Welcome views on the possibility of launching regional auctions, prior to the 'pan-European one', mentioned in the methodology

2. Approach on capacity pricing mechanism

- a. Implicit auction(s) & continuous trading on a first-come first-served basis
- b. Welcome views on whether the methodology ensures that the price for the capacity reflects the congestion at the time of allocation?

- Looking for stakeholder views by Friday 27th October.

Please send your feedback to Marcelo Torres
marcelo.torres@ofgem.gov.uk

- Ofgem to complete assessment and seek consensus with other relevant Regulatory Authorities
- National decisions due by 28th February 2018

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5. Actions log

Heena Chauhan

JESG Technical Secretary

JESG Standing items

ID	Topic	Lead Party
S1	Continue to review the membership of the JESG and engage additional industry parties where appropriate.	JESG Chair
S2	Prepare a commentary / comparison document between the Network Code and the existing GB arrangements at appropriate stages in the Code development for each Network Code.	NGET/Ofgem/ DECC
S3	Share any intelligence about how other member states are approaching demonstrating compliance through information gained from other government departments, regulators or parent companies	DECC / Ofgem / Industry parties with European parent companies
S4	Stakeholders are requested to provide specific examples of inconsistent or problematic definitions in the Network Codes to Ofgem (natasha.z.smith@ofgem.gov.uk).	All Stakeholders
S5	Cross GB Codes ENC Changes Coordination. Step 1 engage Code Administrators, highlight to code leads	Code Administrators and JESG Technical Secretary

JESG Open Actions

ID	Topic	Lead Party	Status	Update
63	NGET to speak with ENA around GB Implementation plan and validation of modification packages	NGET	Ongoing	Update will be provided at a future JESG
67	Confirm if the XBID User Group is still running and who the contact is for this group.	NGIC	Open	Central project - Go live will be Q1 2018. GB – Q3
68	HC to facilitate with EirGrid to attend a future meeting to provide an update on interconnectors	EirGrid	Open	
69	Ofgem to confirm what the enduring elements of HAR are at the next JESG, for example boiler plate conditions.	Ofgem	Open	Thomas Jones will provide an update via weekly update or at next JESG
70	To send a link to the Code Administrators meeting minutes for inclusion in the weekly JESG update	Jemma Williams - ELEXON	Open	ELEXON will circulate to JESG 20/07 - These will be sent to HC and issued out via the newsletter
71	JB to review the discharging of obligations in Article 56 and check how this aligns with existing Grid Code requirement and report back at a future JESG	James Bradley, National Grid	Open	

6. Future Meeting Dates & Agenda Items

Heena Chauhan
JESG Technical Secretary

Future JESG Meetings (London)

- As always registration is required and will be opened through the JESG Weekly updates.
- Stakeholders are invited to put forward agenda items for the forthcoming JESG meetings:

Date	Proposed Agenda Items
Thursday 23 November 2017	
Tuesday 12 December	

7. Stakeholder Representation

All

8. AOB