Capacity allocation and congestion management Code Overview

JESG – 12th October 2011

CACM Code Update

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Introduction

- CACM objectives

- European target model

- Network code structure

- Timetable for implementation

- Status update

- How to get involved

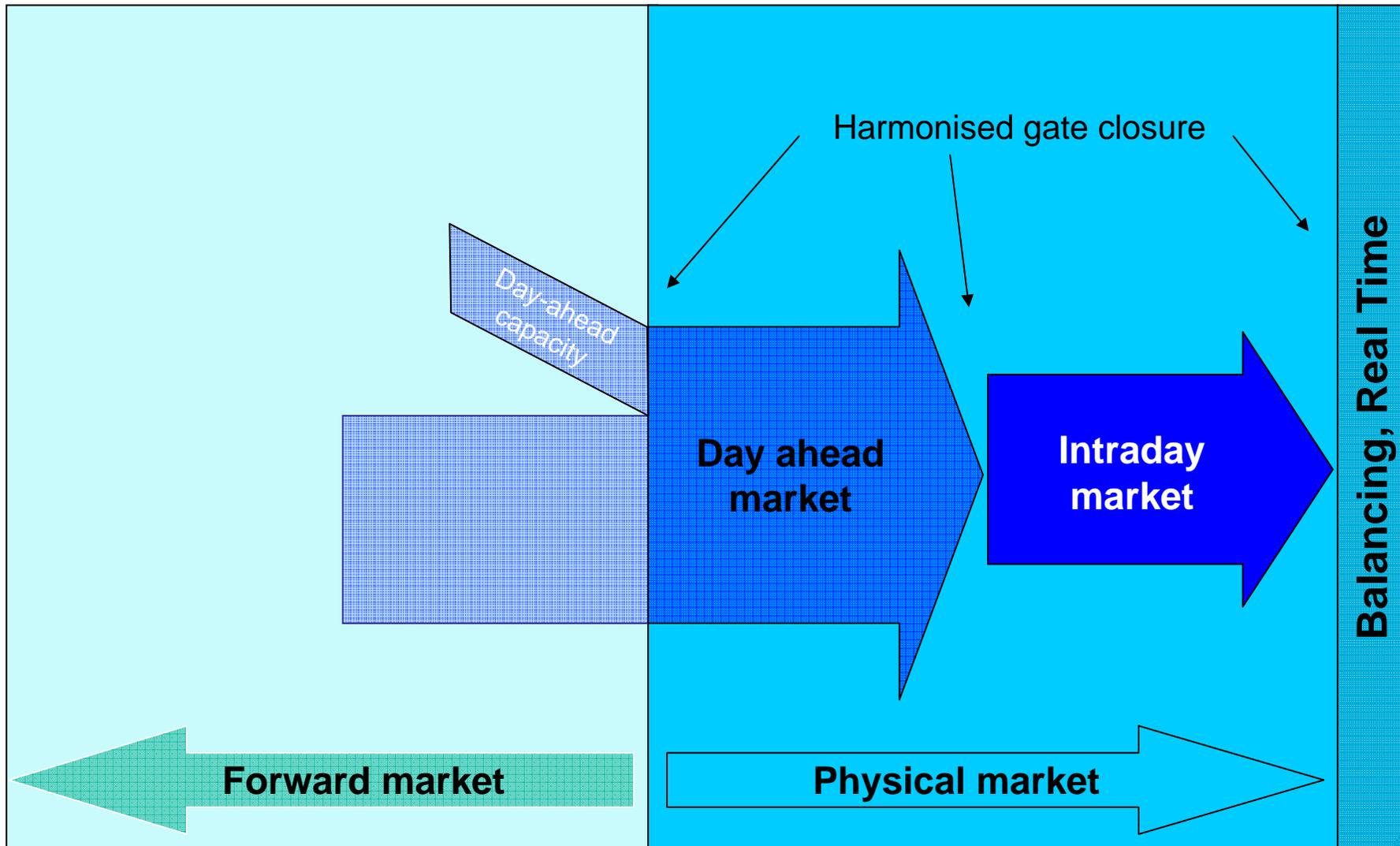- NOTE – currently under development, therefore can still change

CACM objectives

- Remove barriers for cross border trading ensuring the cheapest generation is used to satisfy demand (subject to practical constraints)

- *"Integrate, coordinate and harmonise congestion management regimes to facilitate electricity trade within the EU"*[1]. While:

  - Maintaining Security of Supply

  - Delivering benefits to ALL customers

  - Facilitating the penetration of renewable generation

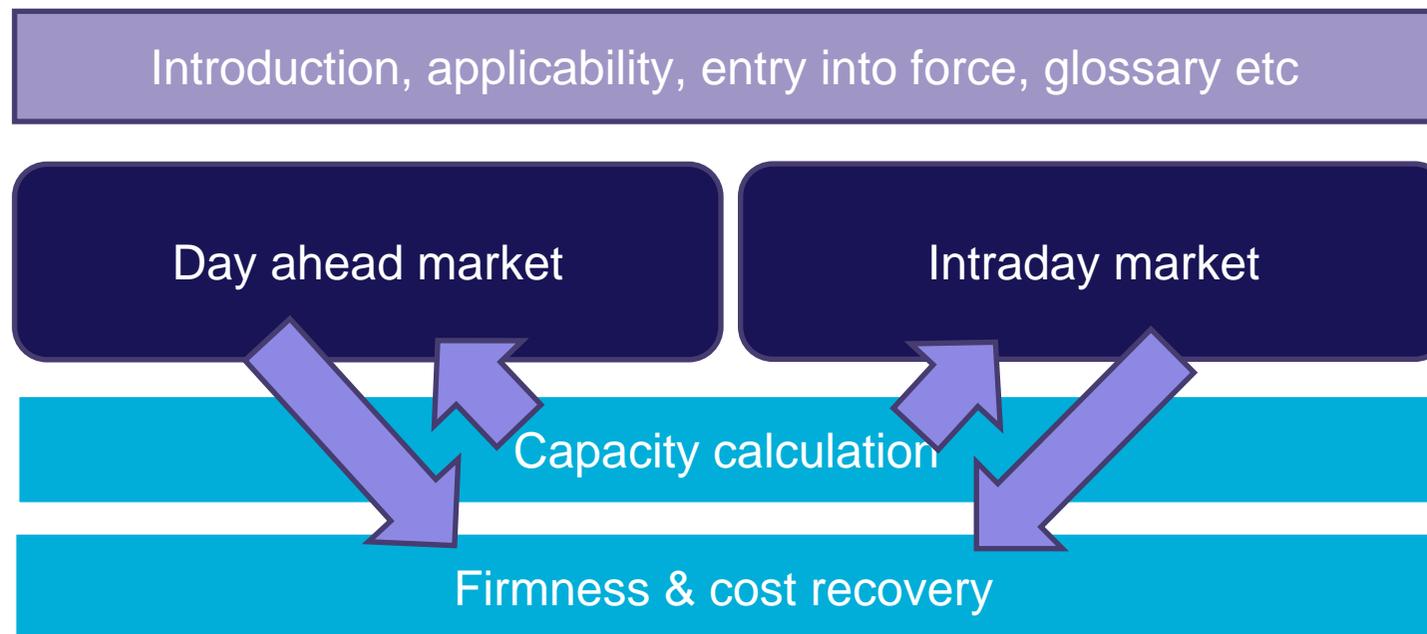- Does NOT integrate the electricity balancing markets

[1] Edited extracts from ACER's CACM frame work guidelines

European target model

national**grid**
THE POWER OF ACTION

Harmonised gate closure

Day-ahead capacity

Day ahead market

Intraday market

Balancing, Real Time

Forward market

Physical market

Network code structure

Introduction, applicability, entry into force, glossary etc

Day ahead market

Intraday market

Capacity calculation

Firmness & cost recovery

Day ahead market

- Harmonised day ahead market closure times

- Each market has a price stack AND transfer capabilities between markets

- Shared order book function across Europe

- Entire Europe market solved using single price coupling algorithm

- Transfers between markets sold via implicit auctions

- Each market price based on last generator used to supply load

- Market results are firm

Intraday market

- Common intraday gate closure minimum time set

- Allows market participants to optimise position as close to real time as possible

- Pan European shared order book (SOB)

- Pan-European intraday platform supporting continuous implicit intraday capacity allocation

- Firm allocation of intraday capacity

Capacity calculation

- Two options being considered –

  - Available Transfer Capability (ATC) –
    fixed limit between each market eg <=150MW

  - Flow Based (FB) capability –
    *limit based on a function of the flows between all relevant markets
    Eg [Limit of flow from B to A is] <= 150MW + k*[flow B to C]*
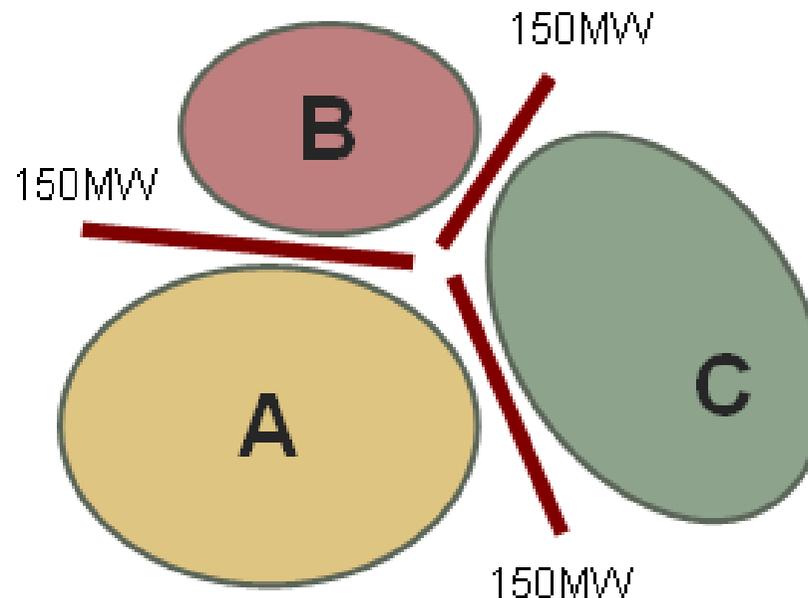
Implementation timeline

Deliverable	2011				2012				2013			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
ACER delivers framework guidelines	🟧	🟧	🟧									
ENTSO-E writes network code				🟩	🟩	🟩	🟩					
ENSTO-E consults with stakeholders					✖							
ACER evaluation of network code								🟦				
Comitology process									🟪	🟪	🟪	🟪

- STOP PRESS as of 16th September –
  European Commission has requested ENTSO-E start work on
  drafting the network code

Current Status

- Day Ahead – first draft under development
    Consultation planned for March
    Market coupling algorithm under investigation
    Impact of losses being assessed

- Intraday – first draft under development
    Consultation planned for March

- Capacity Calculation – Issues identified and sub groups set up to propose solutions

- Forwards – not started. No work group formed as yet

National Grid is participating in all three groups

How to get involved…

- ■ Industry meetings

  - Joint European Standing Group (JESG)

- ■ Industry consultations

  - Network code consultation (Spring)

- ■ Internet resources

  - Our website
    http://www.nationalgrid.com/uk/electricity/codes/encdevt

  - ENTSO-E website
    https://www.entsoe.eu/resources/publications/former-associations/etso/congestion-management/

  - EU regulations (inc 3rd package)
    http://ec.europa.eu/energy/gas_electricity/legislation/legislation_en.htm

  - ACER website
    http://www.energy-regulator.eu/portal/page/portal/ACER_HOME

Any questions?

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