



PCG/MIDP Presentation to the Florence Forum

Rome (December 09)

ENTSO-E Response



The Target Model

- ENTSO-E confirms its support for the work and achievement of the Market Integration Design Project and the Project Co-ordination Group.
- The Target Model provides an essential reference for design and implementation in all Market Integration initiatives.
- Further focused effort and commitment is needed from all stakeholders to turn it into a reality
- ENTSO-E and the TSO community will continue to facilitate pragmatic development, supported and consolidated by network codes



Key Enablers for the Target Model

- **Capacity Calculation**
 - **Firmness**
 - **XB Capacity Incentives**
- } • 3 Inter-dependent Issues
- } • Appropriate distribution of risk & cost in the market, balanced with secure operation of networks
- **Governance**
 - Coordinated Matching is the key function of a pan-European market coupling solution
 - Requires a clear supervisory framework/code ensuring roles and responsibilities are discharged appropriately with adequate regulatory oversight

Existing Market Integration Design Project (MIDP) Structure

Project Coordination Group (PCG)

Chair – ERGEG

Members – ERGEG ERI Representatives, EC, ENTSO-E, Eurelectric, EFET, EuroPEX.

Avg of 20-25 members attending monthly PCG meetings

PCG acts to Steer & Coordinate the work undertaken in 6 technical workstreams (below)



Workstreams: Multi Stakeholder working groups

Avg of 10-15 members (from above)

Forward
Timeframe

Day Ahead
Timeframe

Intraday
Timeframe

Balancing
Timeframe

Capacity Calculation (spanning all timeframes)

Governance (spanning all timeframes)



Need for continuity

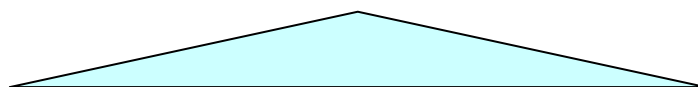
- PCG
 - A progressive and pragmatic forum bringing together the wide ranging views of stakeholders on Market Integration
 - High and consensual output over a short timescale (*Target Model is a substantive achievement*)
 - A forum equivalent to the PCG going forward will maintain momentum and provide an essential input from Stakeholders in critical market design issues.
 - A scoping and preparatory forum to inform the formal FWG and Code Development process is still needed.
- MIDP
 - The MIDP workstreams have rationalised and developed complex technical analysis supporting the Target Model.
 - Stakeholder engagement has been high.
 - Work has identified 3 main areas/priorities for further focused design and implementation.
 - Role of MIDP todate should continue in the 3 projects:
 - **Capacity Calculation** – Development of a common grid model and assessment process
 - **Intraday Platform** – Development of a European Intraday Platform
 - **Day Ahead & Governance** – Development of common approach to DA market integration

Proposed Future Structure

3rd Package Process – EC/EREG/ENTSO-E

Capacity Allocation and Congestion Management

Framework Guideline and Network Codes – Prioritisation, initiation & development of policy options

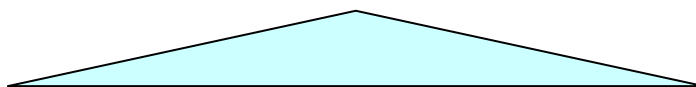


Ad Hoc Advisory Group

Similar role to PCG and somewhat enlarged/balanced representation of stakeholders

Main objective to find best timing, sequencing and priorities for FWGs/NCs. Two functions:

- Providing early scoping and preparatory input to descriptions of relevant policy options; for that:
- Sponsor and coordinate the work of the 3 Market Integration projects (below)



Focused 'Technical' Projects – Stakeholder involvement

Similar role to former MIDP workstreams, focused on policy options

- **Project 1 - Capacity Calculation** – Lead by ENTSO-E
 - **Project 2 – Intraday Platform** – Lead by ENTSO-E
 - **Project 3 – DA & Governance** – Lead by 'Neutral' PM/Facilitator (Sponsored by EC)
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* To be incorporated into the ENTSO-E work program for 2010