

# Session 3.1 – Completion of the Electricity Target Model

## Network Codes

ENTSO-E

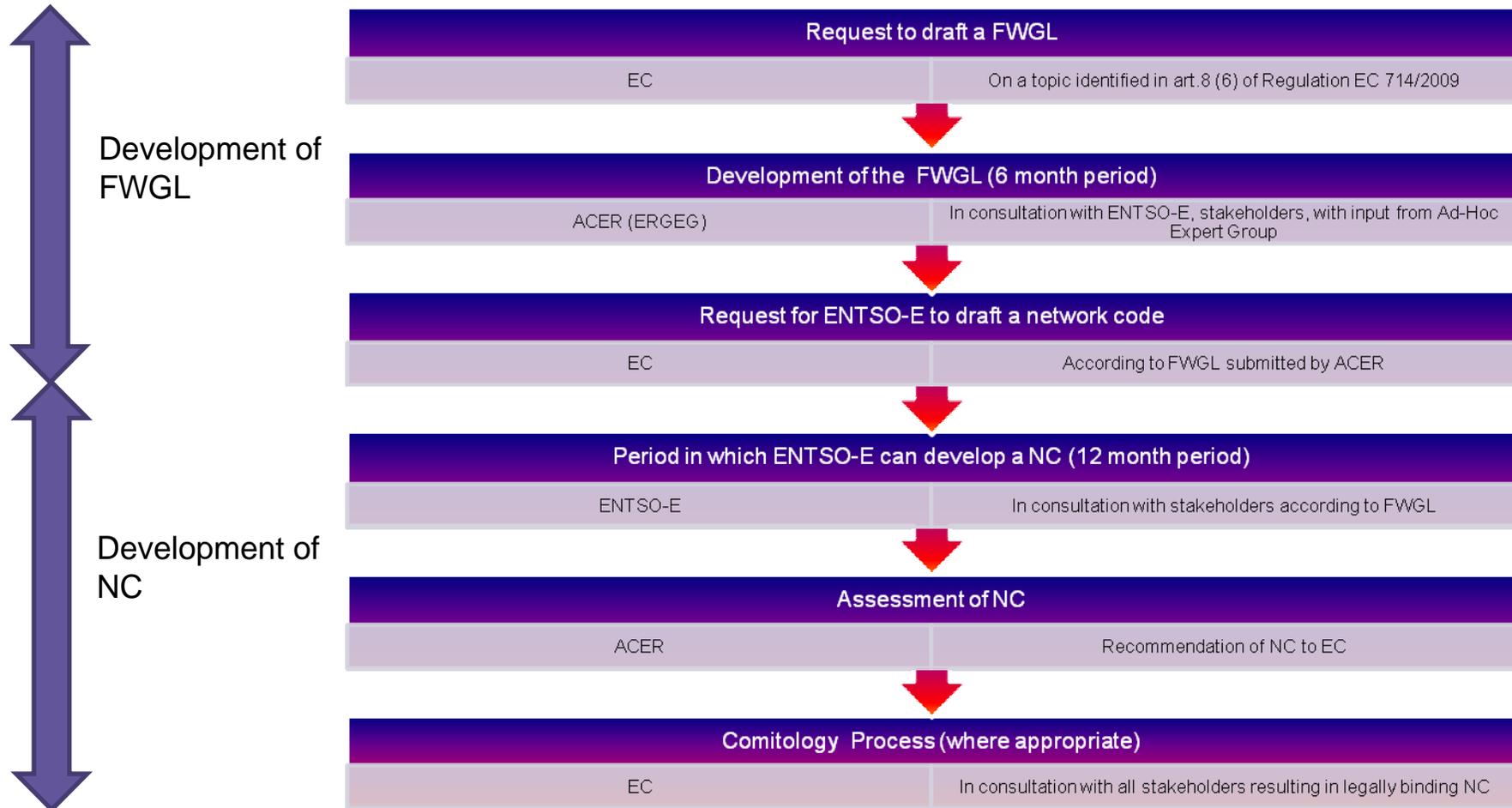


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# Overview

- **Legal background and process.**
- **The codes that are required to deliver the IEM.**
- **The project plan (according to the 3 year plan).**
- **The current status of network codes.**
- **Some challenges which need to be overcome in delivering network codes.**
- **ENTSO-E approach to stakeholder engagement.**

# A reminder - The Network Code Development Process



# EC/ACER/ENTSO-E's work plan



Deliverable	ACER FG draft		ENTSO-E code drafting		ACER evaluation	Comitology	2011				2012				2013				2014			
	Start	End	Start	End			Start	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3
<b>Products/legislation relevant for effective implementation of the IEM</b>																						
FG on capacity allocation and congestion management	Q1/11	Q2/11																				
NC on capacity allocation and congestion management <sup>1</sup>			Q3/11	Q3/12	Q4/12	Q1/13																
NC on forward markets			Q4/12	Q3/13	Q4/13	Q1/14																
Regional progress, setup and testing (incl. AESAG process and Regional Initiatives Work Program)																						
EC comitology guideline on governance <sup>2</sup>						Q4/11																
FG on network connection <sup>3</sup>	Q2/11	Q2/11																				
NC on generation connection <sup>4</sup>			Q3/11	Q4/11	Q1/12	Q2/12																
NC on DSO and industrial load connection			Q1/12	Q4/12	Q1/13	Q2/13																
FG on system operation <sup>5</sup>	Q2/11	Q4/11																				
NC on operational security			Q1/11	Q4/12	Q1/13	Q2/13																
NC on operational planning and scheduling			Q2/12	Q1/13	Q2/13	Q3/13																
NC on load-frequency control and reserves			Q3/12	Q2/13	Q3/13	Q4/13																
FG on balancing	Q3/11	Q1/12																				
NC on balancing <sup>6</sup>			Q4/12	Q3/13	Q4/13	Q1/14																
EC comitology guideline on transparency						Q4/11																
Possible Guidelines / FG on incentives to TSOs to increase cross-border trade					Q1/12	Q4/12																
Possible Guidelines on investment incentives to TSOs					Q1/12	Q4/12																
EC Comitology Guideline on tariffs					Q1/12	Q4/12																

# The network codes required to facilitate the IEM

## Markets

Capacity  
Allocation &  
Congestion  
Management

Balancing

## System Development

Generator  
connection

DSO & industrial  
load connection

## System Operations

Operational  
security

Operational  
planning &  
scheduling

Load frequency  
control & reserves

## Status Update – Network Code on CACM

- **The draft Framework Guideline on Capacity Allocation and Congestion Management is currently being consulted on**
- **ENTSO-E aims at a single CACM code.**
- **Intra-Day & Day-Ahead & Capacity Calculation will be tackled simultaneously, Forward Markets will be addressed later.**
- **Work is underway to scope the project ahead of a formal letter to begin work in Q3 2011.**
- **ENTSO-E aims to continue to support the organic development of markets at regional level alongside code development.**

## Key questions to be considered in delivering the CACM code

- **WHAT IS A CROSS BORDER ISSUE?**
  - A big challenge for the Framework Guidelines lies in clearly defining scope.
- **WHAT'S THE RIGHT TRADE-OFF BETWEEN ACCESSIBILITY & DETAIL?**
  - Several market coupling activities are very detailed. Should everything be in a code?
- **HOW DO WE ENSURE THAT CODES CAN ADAPT WHEN THE MARKET CHANGES?**
  - Codes need to be flexible and able to change. Efficient change management will matter.
- **HOW ARE INTERACTIONS WITH ONGOING WORK MANAGED?**
  - E.g other network codes, the governance guideline etc.

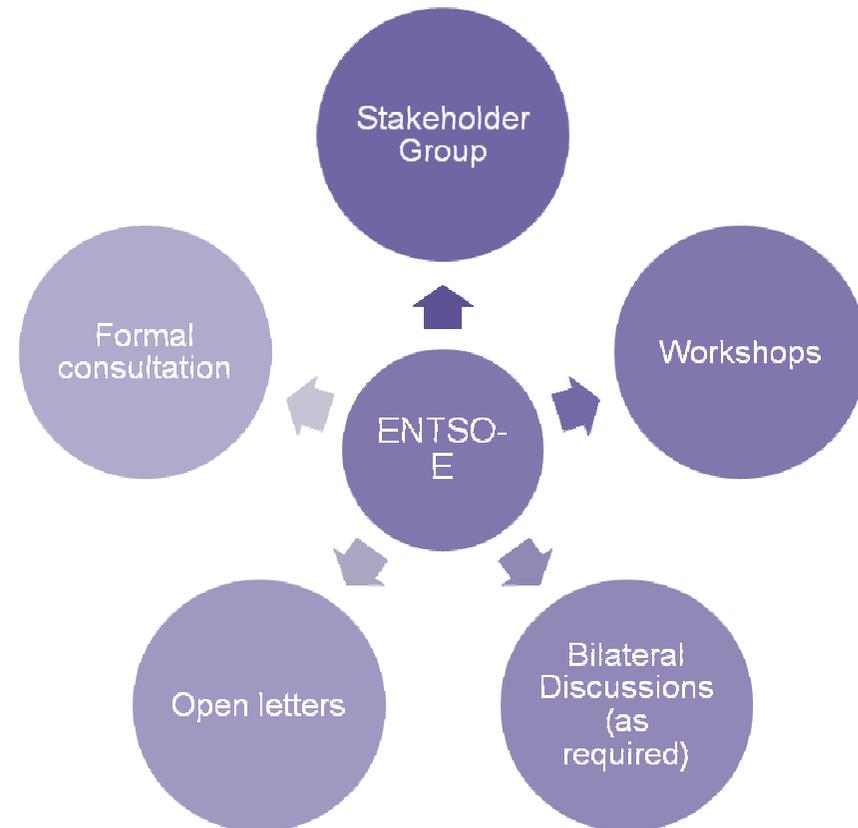
## Status Update - System Operation Network Codes

**Three system operation network codes are currently under development.**

- I. The NC on operational security on Operational Security will be subject to public consultation in Q2 2012 and is expected to be finalised in Q3 2012.**
- II. A drafting team on operational planning and scheduling will undertake preparatory work until the end of Q4/2011, with the code expected to be finalised by Q3 2012.**
- III. An Ad-hoc team is assessing issues related to Operational Reserves during 2011. Preparatory work on the NC will follow this project during 2011 and undertake scoping work until the end of Q2/2012**

## Stakeholder engagement (1)

- In all network codes, ENTSO-E aims to follow an open and transparent process.
- We urge parties to engage and provide comments at an early stage.
- Multiple methods in use from informal talks to formal consultation
- A letter outlining our approach to the CACM code was issued on 29 April.



## Stakeholder engagement (2)

### STAKEHOLDER GROUP FOR CACM

- **Invitations were issued last week.**
- **Group will meet throughout the CACM code development process to allow informal consultation with key stakeholders.**
- **A first meeting scheduled for July.**

**Thank you for your attention, any questions**



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