

Flow Based for Day Ahead allocation in highly meshed grids

Implementation roadmap

Florence Forum May 23-24 2011

What is the Target Model for Day Ahead?

- Flow Based :
 - Recommendation from AHAG for highly interdependent grids
 - FB is **suitable to tackle interdependency of cross-border transactions** in highly meshed grid for both calculation and allocation stages...
 - ...which alleviates the TSOs from making hypotheses on expected market behaviour : splitting capacity ex-ante between borders
- **The Target Model for Day-Ahead is:**
 - **European Single Price coupling** for Day-Ahead
 - **Flow-Based** in highly meshed grids / Highly interdependent grids

How to reach the target ? (1/2)

- As FB is a new method in Europe, it is important not to underestimate its challenges → the same approach as MC implementation :

1 - Implement first regional projects based on present achievements

FB capacity calculation of each region can be done independently taking advantage of the work already performed by experts in different regions in order to pave the way towards a more harmonized approach

2 - Work from these towards a wider project

Share of experience and progress towards harmonization is needed

- Good results have been achieved for CWE advanced FB;
- CEE is in an advanced stage of FB evaluation;
- FB is currently studied in SEE

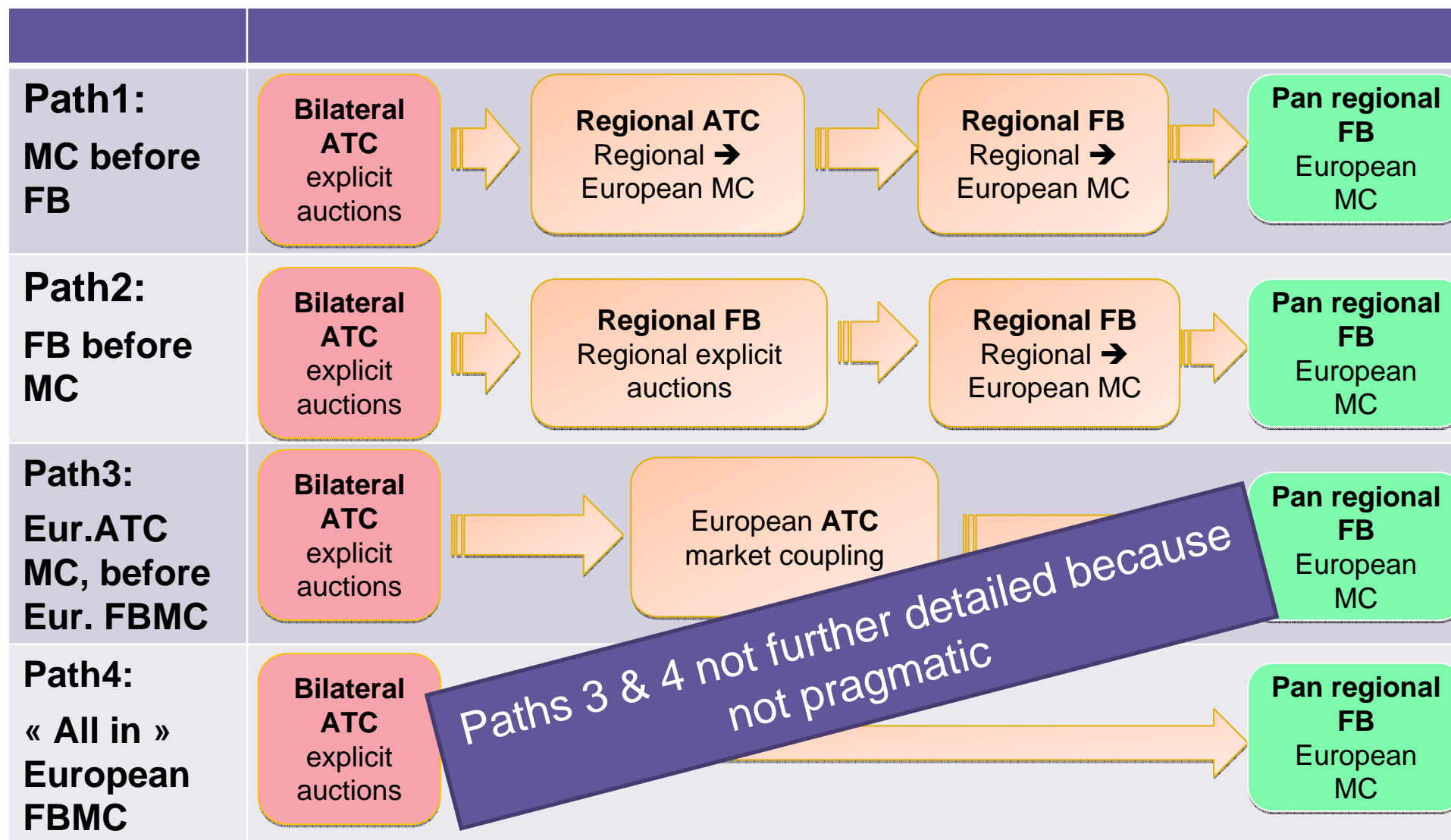
How to reach the target ? (2/2)

Requirements to be fulfilled in order a region to switch to FB :

- Capacity calculation shall be based on **coordinated principles** and data
 - **Security of System** shall not be less in FB than in ATC
 - **Social welfare** shall be higher in FB than in ATC
 - Market parties shall have **enough time to adapt** to FB, including transparency requirements
 - Market Coupling Algorithm shall handle both ATC and FB constraints
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- ➔ Go live proposed by TSOs, and decided by regulators, after consultation of stakeholders and agreement on a path and a planning.
 - ➔ Priority should be given to MC benefits. Regional implementation of FB can be considered if not preventing European MC expansion.
 - ➔ Achievements made so far respecting the prerequisites should not be compromised.

Paths towards Flow Based Market Coupling

Paths 1 & 2: pragmatic. These are representing envelop of possible paths



Roadmap to the target : Pan-regional FB for European MC

CWE region already chose Path 1

2008 : Decision for coordinated ATC MC

2010 : Implementation of coordinated ATC MC

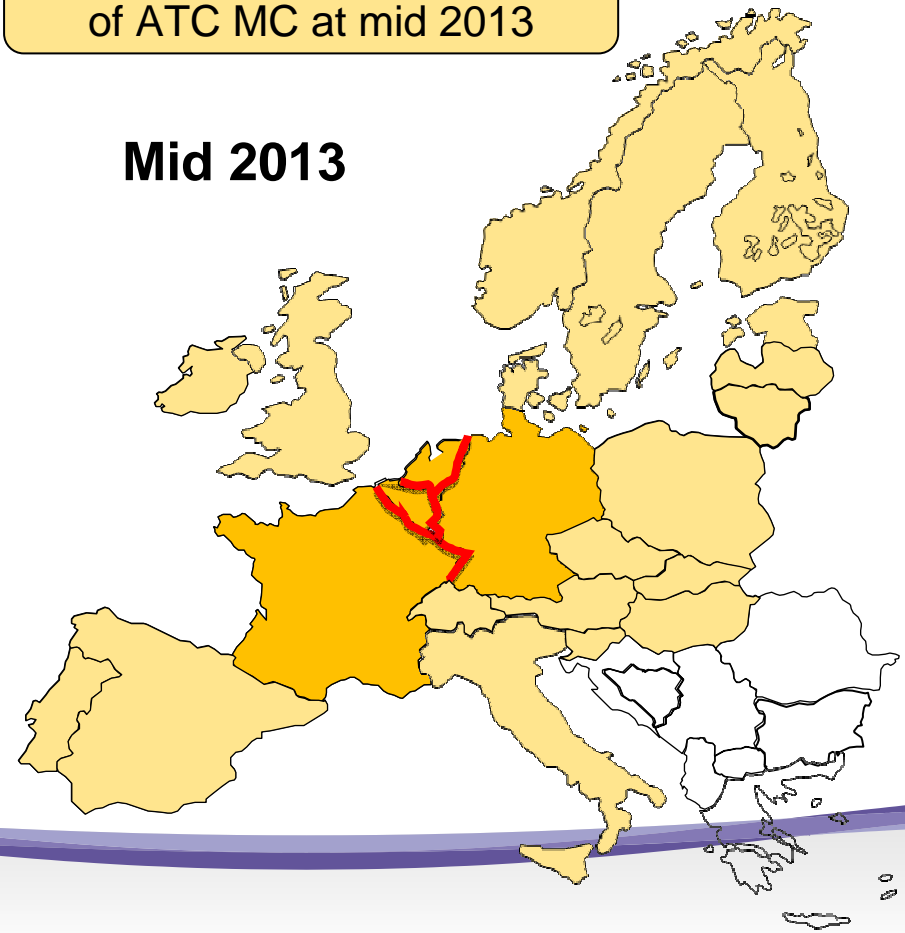
2011 : Decision expected to launch FB MC

(Go live when prerequisite OK : 2013)

Areas & borders included in
FB MC

Maximum possible extension
of ATC MC at mid 2013

Mid 2013



Roadmap to the target : Pan-regional FB for European MC

CWE region already chose Path 1

2008 : Decision for coordinated ATC MC
2010 : Implementation of coordinated ATC MC
2011 : Decision expected to launch FB MC
(Go live when prerequisite OK : 2013)

CEE initially chose path 2. Discussions on future direction are ongoing until end 2011

Towards European FB MC:

SEE : investigation & experimentation ongoing
CSE : discussions start
Possibly other regions to be further defined

Areas & borders included in
FB MC

European MC

Target

