

The logo for ACER (Agency for the Cooperation of Energy Regulators) is located in the top left corner. It features the letters 'ACER' in a large, blue, serif font. Below the letters is a small European Union flag icon, followed by the text 'Agency for the Cooperation of Energy Regulators' in a smaller, blue, sans-serif font.

ACER

Agency for the Cooperation
of Energy Regulators

The background of the slide is a collage of energy-related images. On the left, there are two white wind turbines on a sandy dune. In the center, there are solar panels. On the right, there are nuclear power plant cooling towers and a dam. The images are overlaid with a white, wavy graphic element that frames the title text.

Implementing the CACM target models by 2014

- an AESAG's contribution-

ACER Electricity Stakeholders Advisory Group

Florence, 23 May 2011

● Context

- Large European-wide consensus on Target Models for CACM
- Strong momentum from stakeholders to foster the market integration process
- Strong commitment from Member States to complete the internal energy market by 2014
- A more appropriate regulatory framework
- An increasing inter-regional dimension in all existing regional projects

→ All necessary ingredients to give a new **impetus** to the market integration process

● Rationale for AESAG

- Previous positive experience from PCG and AHAG
 - » A suitable place to generate consensus and a very valuable way to get informed input from stakeholders
- Necessity to run an **informal, voluntary-based** process, more focused on **implementation** and able to contribute to the formal FG/NC process
- Sense of urgency: the ambitious 2014 deadline requires a strong mobilization and commitment of all involved stakeholders



- Scope of work for 2011

- Elaborate a **concrete, ambitious but realistic, Pan-European roadmap** in **5 important areas** for the completion of the internal energy market by 2014
 - Identifying the important milestones (including the initial geographical scope of the project, its likely future extensions, public consultations and regulatory steps), deadlines and respective accountabilities

● Presentation of roadmaps

- Single European price market coupling → **ENTSO-E-EuroPEX**
- Continuous implicit cross-border trading → **ENTSO-E**
- Single European platform for the allocation and nomination of long term transmission rights → **ACER**
- Flow-based allocation method in highly meshed networks → **ENTSO-E**
- Pilot projects for the integration of balancing markets → **ENTSO-E**

● Towards a Single European platform for Long-Term transmission rights (1/3)

● Current status

>> Diversity of allocation platforms

- 1 inter-regional platform: CASC.eu in CWE+CSE+Switzerland+one DE-Dk border
- 1 regional platform: CAO in CEE
- As many points of contact as interconnections (FUI* and SEE)
- No platform at all (Northern region, The interconnections between Northern and other regions, Spain-Portugal)

>> Diversity of auction rules

>> Diversity of points of contact for nominations

- Nominations to both TSOs on both directions as a general rule
- Some noticeable exceptions: CEE, IFA and Britned

* even if one single IT provider

● Towards a Single European platform for Long-Term transmission rights (2/3)

● Main challenges

- » Harmonization of auction rules
 - Moving to full firmness (before and after nomination) and UIOSI

- » Harmonization of nomination rules
 - FTRs or single point of contact for nominations?

- » Moving to one single European platform
 - Extension of existing platforms (CASC.eu to France-Spain → Target date: Q2 2012)
 - Plans of countries/regions once explicit day-ahead auctions are replaced by market coupling?
 - Plans of countries/regions with no LT transmission rights?

● Towards a Single European platform for Long-Term transmission rights (3/3)

● The way forward

- » Progress in some areas highly depends on a strong impetus from NRAs
 - E.g. Introduction of a compensation schemes based on market price differential
- » The ongoing EC's consultant study on LT transmission rights
- » NRAs/ACER to develop a vision to address these challenges

A more specific and detailed roadmap will be submitted by end of June and discussed with all stakeholders

● Next steps

1/2

● Results so far

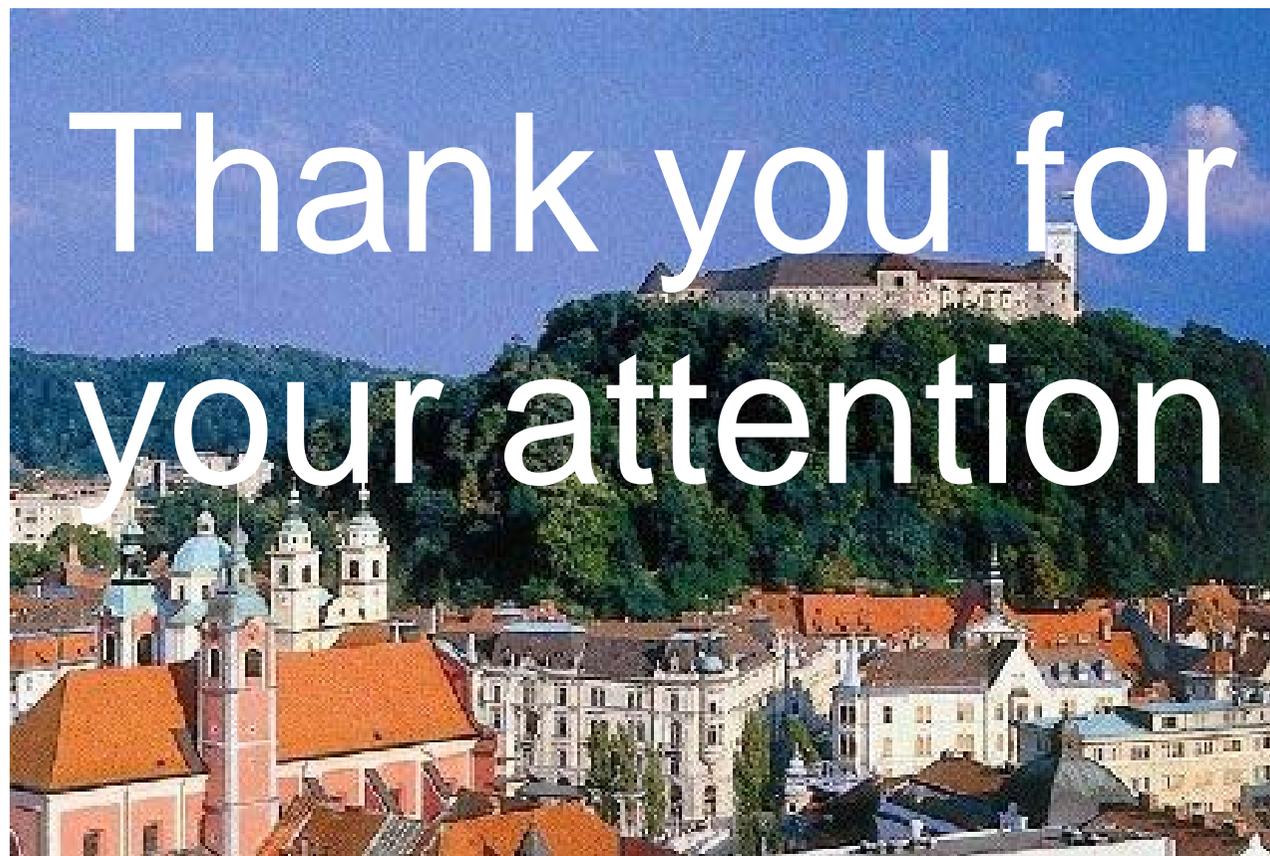
- » Very challenging task in a very limited period of time (only 3 meetings before FF)
- » Different levels of maturity in each area
- » Focus on practical implementation → *‘the devil is in the details’*
- » Need for consistency between regional/European priorities

- A very valuable input for NRAs in the elaboration of the “EU Energy Work Plan for 2011-2014” requested by EC by end of June

● Next steps

2/2

- ACER offered its support to NRAs to coordinate this work:
 - » Focus on projects with a strong Pan-European dimension
 - » A more cross-regional project-oriented approach on top of the traditional regional layer
 - » Designation of a specific project lead-regulator to lead and report on each identified project and to involve Member States where relevant
 - » Importance of a continued Stakeholders' involvement to follow through on more detailed planning and implementation



www.acer.europa.eu