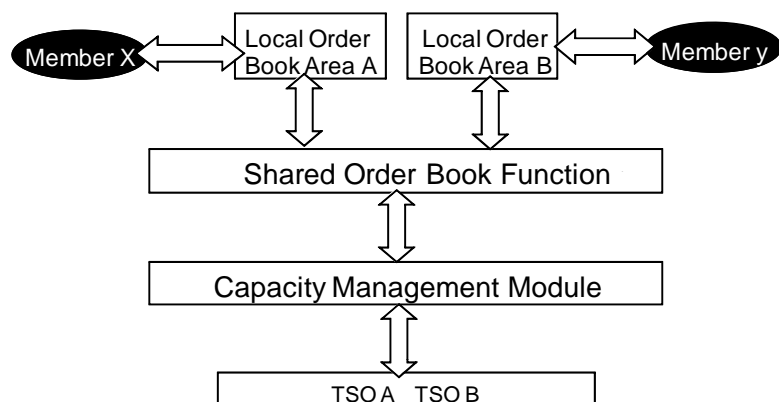


AHAG Intraday Working Group

Status report
June 2010

**Part I:
Further development of the PCG Target
Model**

Further developing the PCG Target Model (TM*)



European intraday target model for Inter-Regional cross-border intraday (XBID) capacity allocation and energy trading based on implicit continuous allocation (continuous trading)

Based on Shared Order Book Function (SOB) to be implemented by PXs and Capacity Management Module (CMM) to be implemented by TSOs

Where appropriate, specific National/Regional ID trading solutions may be developed

- **It is agreed that the requirements of the model to be implemented hold that market parties shall have continuously real time information on:**
 1. ***All bids of all participating local order book ID platforms to the extent these bids can be matched using the available cross-border capacity.***
 2. ***Updated (**) available trading capacities between all price/delivery areas in a transparent and direct way.***
- **TSOs and PXs to set up the necessary tools and interfacing links between SOB and CMM to meet the previous requirements, based on a one-to-one relationship between SOB function and CMM.**

(*) The Project Coordination Group (PCG) Target model as presented to the Florence Forum of Dec 20009

(**) Updates following matched trades and/or updated capacity calculation

Integration of block bids in the Target Model

- **Target Model must allow block bids (*)**
 - Users will therefore be able to execute through the platform deals which would otherwise be concluded on a bilateral basis

- There is a consensus to understand the above provision as part of the target model in order to centralize the liquidity
- The above clause expresses the intention to fulfill via the PX platform, the needs of market parties which are partially today met by cross-border OTC trade and partially met by ID implicit markets.
 - These block orders would be matched following 3 options:
 - 1 Block bids exclusively matched with block bids
 - 2 In addition to matching of block bids with block bids, block bids can be matched with a succession of hourly bids and block bids
 - 3 Market parties can introduce block bids and choose whether they are matched according to 1) or 2) above
- For a pragmatic and quick implementation EURELECTRIC believes we should start with option 1 and later evolve to option 2 or 3 once further study prove feasibility.
- EFET agrees on number 1 but thinks that more work is needed in order completely understand and agree, especially on the proposed matching functionality.
- In order to increase the transparency and the liquidity of the ID markets EuroPEX and IFIEC propose option number 2 and do not agree to consider option 1 and 3 in the target model.
- No consensus can be reached. Further studies in the matching rules to seek a consensus and to meet market needs will be carried out

(*) PCG agreement. As presented at the Florence Forum in December 2009

Other functional requirements

- **When significant additional capacity becomes available this capacity should be allocated using a market based mechanism (*)**
 - The definition of significant additional capacity will have to be developed
 - There are several possible market based mechanisms to allocate significant additional capacity (e.g. auctions)

It is agreed that in a first stage, the functionalities of the SOB are in line with the requirements of the target model: automatic matching can be performed when additional capacity becomes available. The details need further development.

The one-to-one relationship between SOB and CMM allows for further coordinated developments, such as (e.g.) flow-based intraday in close coordination with DA.

Pricing of additional ID capacity is an issue which needs further examination in the next project stage.

(*) PCG agreement. As presented at the Florence Forum in December 2009

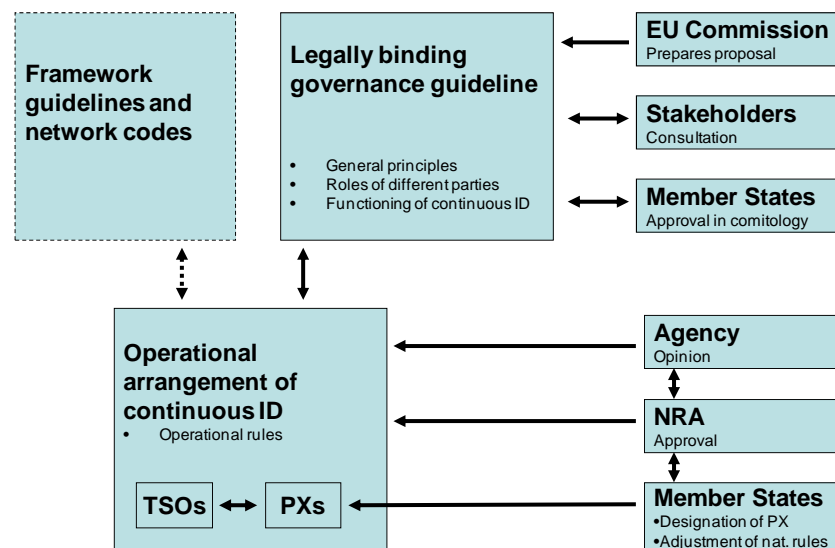
How the ID Target Model would be implemented in practice?

The governance regime for intraday must be consistent with the day-ahead one but duly taking into account the specific features of the intraday timeframe.

TSOs are ultimately responsible and accountable for the effectiveness of capacity calculation and allocation

PXs provide transparent and equal opportunity markets for implicit XB trading of electricity

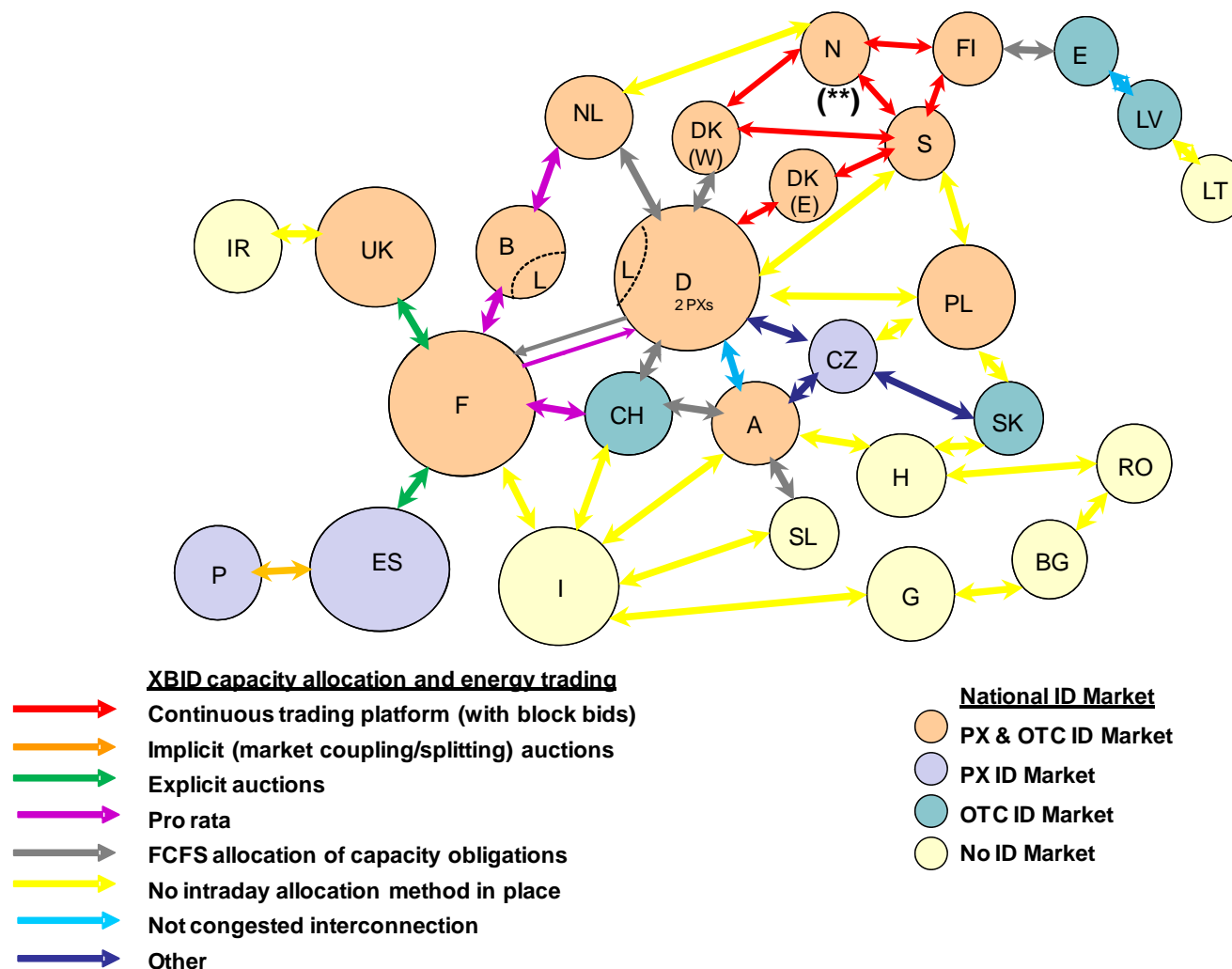
- A two-tier approach is preferred for Intraday.
 - Legislative tier/ European Rules
 - Legally binding governance guideline (covering DA & ID)
 - Legally binding Intraday Network Code covering capacity-allocation and congestion-management rules as well as rules for trading related to technical and operational provision of network access services and system balancing
 - Operational tier
 - To be further develop in a compatible way with Day-Ahead timeframe



Part II:
Summary of preliminary roadmap elements

AHAG Intraday Project

ID trading & ID capacity allocation as of June 2010 (*)

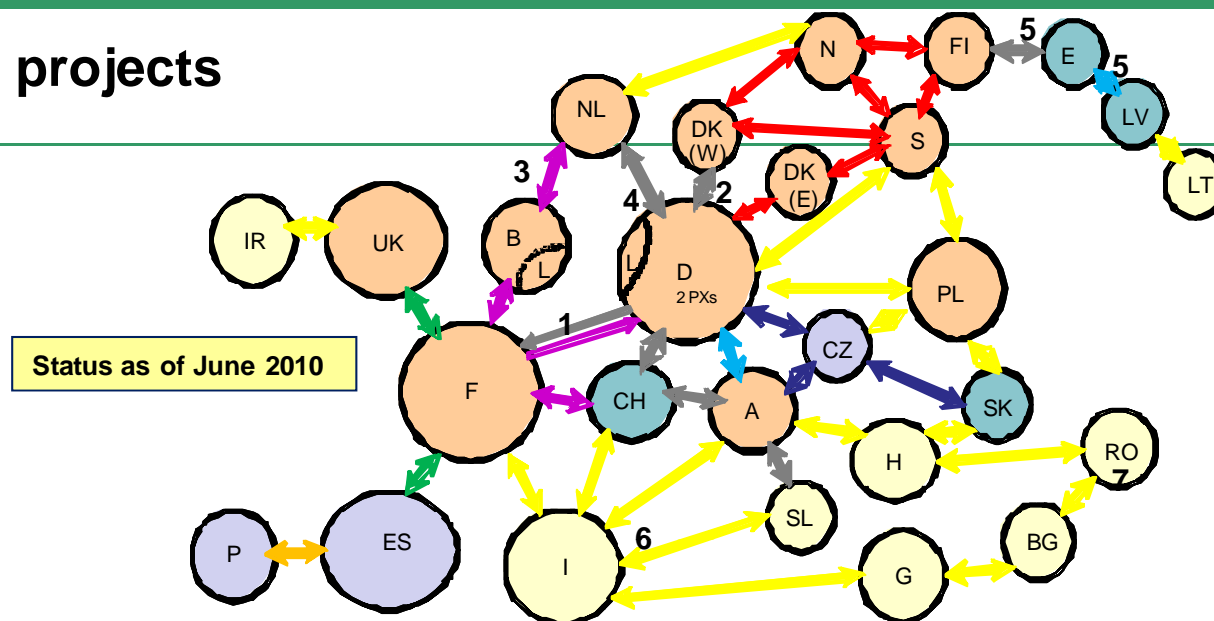


(*) Disclaimer: The above graph represents a snapshot of the current Intraday situation as known by AHAG Intraday Trade project

(**) Nordic Area: PX Based Implicit Continuous Trading CB (incl. Blocks), within countries also OTC

AHAG Intraday Project

Ongoing projects



N°	borders	Type of trade/allocation mode	Indicative expected launch (*)
1	F-D	Continuous implicit trade (building on existing capacity platform & the PX)	2010
2	DK W- D	Continuous implicit trade	2010
3	B-NL	Continuous implicit trade	2010
4	NL-D	Continuous implicit trade	2010
5	FI-E FI-E-LV-(LT?)	FCFS on Estlink (in operation 05/2010) Continuous implicit trade	2010 2011
6	IT	National ID market development X border extension	2011 Under study
7	RO	1st phase: ID market with auction sessions 2nd phase: evolve towards continous trade	Under study
8	All internal NWE borders (CWE+Nordic+ GB)	In May 2010, ENTSO-E NWE TSOs launched a "NWE regional XBID market development" project as a pilot project within the AHAG framework, aiming at NWE-wide consistent ID trade compliant with PCG model	Project plan to be set up in H2 2010

(*) Subject to confirmation

AHAG Intraday Project

Roadmap: status as a result of mentioned ongoing projects

