

Cross-regional roadmap for Long-Term Transmission Rights

XXI Florence Forum
Florence 5 December 2011

Background

- Purpose of cross-regional roadmaps:
 - to identify key milestones, both at EU and regional level, and accountabilities
 - to increase consistency between and across the regions and thus efficiently pave the way for the completion of the Internal Electricity Market by 2014
- Draft cross-regional roadmap based on:
 - regional consultation and contribution to the European energy work plan;
 - Input from AESAG;
 - Stakeholder comments to earlier drafts;
 - Discussion at ACER coordination group for ERI;
 - FG on CACM.

Harmonisation of the allocation rules (1/4)

- CWE-CSE
 - Q4 2011: Approval procedures and entry into force of the HAR rules (NRAs + TSOs); firmness in line with the CACM FG at least in CWE
- FUI+Britned (no common rules), CEE
 - Q4 2011: first step harmonisation - Firmness not yet addressed (NRAs+ TSOs)
- SWE
 - Q2 2012: IFE will implement the HAR with CASC
 - Q4 2012: IPE - FTRs options by CASC (TBC Q1 2012)
- NRAs' decision on the type of products (TRs or CfDs)
 - » At the latest Q2 2012: Nordic region, between Nordic and Continent (See the project plan in annex)
 - » At the latest Q4 2012: Baltic

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Harmonisation of the allocation rules (2/4)

- All regions: Q1-Q3 2012
 - » Comparison of the auction rules with the HAR CWE-CSE rules and CACM FG (ACER)
 - » Elaboration of a common wish list for a single European set of allocation rules (e.g. buybacks of TRs to be considered) (ACER+ENTSO-E in close consultation with stakeholders)
 - » Elaboration of a workplan with clear milestones for each region (ACER+ENTSO-E in close consultation with stakeholders) with a focus on how to implement firmness

è **An ad-hoc ACER TF * + ENTSO-E TF to be created**

è **Regular meetings ** between ENTSO-E and ACER TF**

* ToR and organisation of the TF will be defined in January 2012

** The timetable will be defined at the January meeting

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Harmonisation of the allocation rules (3/4)

- Toward a common set of allocation rules: All regions

» **Q4 2012-Q2 2013**: Drafting* of the common rules
 è ENTSO-E, in close co-operation with stakeholders

» **Q3-Q4 2013**: Approval procedures and entry into force of the rules (NRAs + TSOs);

* Decision to move towards FTRs is necessary

* Overlaps between the drafting of NC and the drafting of the common rules should be tackled by ACER/NRAs

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Harmonisation of the allocation rules (4/4)

	2011				2012				2013			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
CWE				F								
CSE												
CEE												
SWE												
FUI												

N.B.

- Q1 2014: compliance with NC adopted by comitology
- Nordic, Baltic: pending of NRAs decision (Q2 2012, Q4 2012 respectively)
- SWE: IFE in CASC with HAR mid 2012

	Elaboration of wishlist + workplan on rules harmonisation
	Drafting of the rules
	NRAs approval procedure

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Harmonisation of the allocation platforms

- CWE, CSE, SWE (IFE, from mid 2012, IPE TBC): CASC
- NE, NE – Continent, Baltic joining existing platform depending on the decision of **Q2 2012 and Q4 2012 (resp.)**
- CEE: CAO
- FUI + Britned: not a common allocation platform but same IT provider
- **At the latest by mid 2013**: decision (NRAs+TSOs) to merge or not the existing allocation platforms based on a CBA performed by ENTSO-E.*

* CBA shall especially take into account the foreseen phase-out of daily explicit auctions (replaced by market coupling), the wish list for a single European set of allocation rules (Q3 2012) and the agreed regional workplans for implementation

Harmonisation of the nomination process

- **Q1-Q2 2012:**
 - » Comparison of the current LT nomination procedures (ENTSO-E), taking into account existing rules & standards
- **Q3-Q4 2012:**
 - » Definition of a wish list for harmonisation based on the decision to move towards FTRs (ACER+ENTSO-E)
 - » Agreement on an implementation schedule (ACER+ENTSO-E)
- **By 2014:**
 - » Implementation and compliance with the CACM FG

Possible implementation of FTRs (1/2)

- **Q4 2011:**
 - » EC study on long term TRs
 - » Assessment of the legal consequences to move towards FTRs (would MiFID legislation be applicable and if so which impacts on the allocation platforms?)
 - è ACER deliverable, in coordination with ENTSO-E and stakeholders.
- **Q1-Q2 2012:**
 - » Analysis on the possible design and implementation of FTRs (e.g. day-ahead processes, financial issues and SoS) based on EC study on TRs
 - è ENTSO-E deliverable, in co-operation with ACER
 - è Stakeholders consultation on potential FTRs design

Possible implementation of FTRs (2/2)

- **Q3-Q4 2012:**
 - » Elaboration of a pan-European implementation planning to move to FTRs*
 - è ENTSO-E and ACER, in close consultation with stakeholders

* subject to the conclusions of the legal analysis and impact assessment

* if necessary, the work on common allocation rules should be adapted accordingly

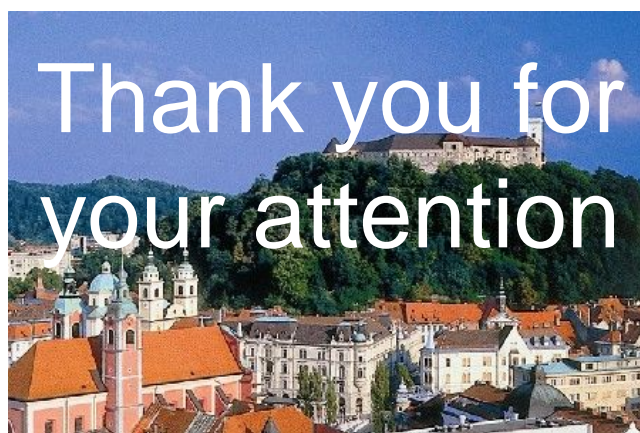
Disclaimer

ACER and the Electricity Regional Initiative coordination group have completed the elaboration of a European Energy Workplan 2011-2014. The European Energy Workplan consists of four cross-regional roadmaps which identify milestones and responsibilities for implementation of a common European approach to cross-border electricity trading by 2014.

To agree the four cross-regional roadmaps, the seven electricity regions developed a regional input to the European Energy Workplan. The seven regional inputs were developed in discussion with TSOs and member states and consulted on with regional stakeholders. The regional inputs explain each regions contribution to completing the internal electricity market. The four cross-regional roadmaps have been developed and agreed on the basis of the regional inputs.

As a result of this process the cross-regional roadmaps and regional inputs may not be completely consistent. However, **ACER and the National Regulatory Authorities have agreed that the European Energy Workplan consists of only the four cross-regional roadmaps. This means that, if any inconsistency remains between the seven regional inputs and the four cross-regional roadmaps, stakeholders should consider that the cross-regional roadmaps prevail.**

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Annex

Long term transmission rights and
long term hedging
between the Nordic Region and
Europe and internal NE borders

Project plan – October 2011

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Objective for borders between Nordic and continent

- Decision on what type of Long Term Transmission rights products to be allocated and the allocation platform to be used
- Relevant borders: NordNed, DK1-DE, Kontek, Baltic Cable, SwePol link, Estlink (and future connections from the Nordic market and other areas).
- Bilateral decision on each border, though based on
 - » General assessment (end 2011)
 - » Common criteria, to evaluate different options at a given border (end 2011)
 - » Stakeholder feedback (Q1 2012)
- Information to ACER on future products (TR or CfDs) in Q2 2012
- Write note/memo to describe current situation and
- Consult stakeholders
- Inform ACER on decisions made.

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Objective for borders within Nordic

- Current market setup gives market participants the opportunity to hedge their positions via CfDs
- Compliant with CACM FGs
- Task Force within NordREG will analyse possibilities of supplementing the system with FTRs
- Challenge of 4 Swedish price zones
- Work within first half of 2012

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Milestones

Number	Description	Comments	Date
M1	Project plan approved	Approved at meeting in Brussels	9/11-2011
M2	Note/Document finalized	Note describing principals for decisions on the cables.	16/12-2011
M3	Design of public consultation/questions		January 2012
M4	Public consultation and/or workshop		February-March 2012
M5	Evaluation of stakeholders' feedback		April 2012
M6	Final decision within TF		May 2012
M7	Decision of RCC on letter to ACER		June 2012

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Detailed Work Plan Nov – Dec 2011

Task	Date
Project plan distributed to members	3/11
Drafting team submit contribution – 1st draft of note distributed	8/11
Meeting in Brussels	9/11
Drafting team – submit contribution to 2nd draft of note	18/11
2nd draft of note distributed	25/11
Phone conference	2/12 – 2012 (11 am – 1 pm)
3rd draft of note distributed	7/12
Deadline for comments	12/12
Phone conference	14/12
Report finalized	16 /12
Project plan distributed to members	3/11
Drafting team submit contribution – 1st draft of note distributed	8/11

Detailed Work Plan November – December 2011 (cont.)

Task	Date
Meeting	16/01 – 2012 (Stockholm)
Workshop	14-15/02 2012 (Stockholm ?)
Public consultation	February-March 2012
Conclusions/Decisions communicated to e.g. ACER	June 2012

Drafting team and Working group

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