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## TERMS OF REFERENCE

### ACER ELECTRICITY STAKEHOLDER ADVISORY GROUP (AESAG)

#### Context

With the establishment of ACER, the coming publication by ACER of the Framework Guidelines on Capacity Allocation and Congestion Management<sup>1</sup> and the creation by ENTSO-E of Stakeholders' groups to follow and support the elaboration of the relevant Network Codes, there is a need to re-assess the role of a structure like AHAG.

Given the ambitious deadline set by the European Council to implement the target models throughout Europe<sup>2</sup>, it becomes highly critical to define and agree, as soon as possible, a detailed roadmap to meet the expectations.

ACER considers that a structure like AHAG could be very helpful, not only to generate consensus for a concrete roadmap to implement these target models across Europe, but also to assist ACER in the follow-up of this roadmap<sup>3</sup>. The proposed name for this new version of AHAG is AESAG - ACER Electricity Stakeholders Advisory Group.

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<sup>1</sup> By way of a reminder, one of the main tasks originally assigned to AHAG (i.e., "to advise, on an ad hoc basis, ERGEG in the development of the Framework Guidelines on electricity CACM") automatically disappears with the publication of these Framework Guidelines.

<sup>2</sup> Cf. the European Council's conclusions on energy, 4 February 2011.

<sup>3</sup> Indeed, AHAG has proven to be not only a suitable place to generate consensus (cf. the agreement on the target models proposed by the PCG), but also a very valuable way to get informed input from stakeholders in a way that is certainly more efficient than typical consultation processes.

## Scope of work for 2011

For 2011, AESAG will undertake the following tasks:

- 1- Elaborate, based on the existing implementation projects, a concrete, ambitious but realistic, roadmap to be proposed and endorsed at the next Florence Forum (23<sup>rd</sup>-24<sup>th</sup> of May), in the five areas below:
  - Implementation of a **single European price market coupling (ENTSO-E, in close collaboration with EuroPEX)**,
  - Facilitation of cross-border intraday trade through the implementation of a **European Intraday Capacity Management Module** allowing multiple accesses (**ENTSO-E**) and of a European Shared Order Book (**EuroPEX**),
  - Implementation of a **single European platform for the allocation and nomination of long term transmission rights (ENTSO-E)**,
  - Implementation of a **flow-based allocation method in highly meshed networks (ENTSO-E)**,
  - Implementation of pilot projects for the integration of balancing markets (**ENTSO-E**).<sup>4</sup>

The associations in brackets in red color are meant to be the entity(ies) that will be responsible for making a first roadmap proposal to be discussed at the next AESAG meeting (3 May 2011) and approved at the last AESAG meeting (10 May 2011) before the Florence Forum (23<sup>rd</sup> and 24<sup>th</sup> May 2011).

These roadmaps will have to identify the main milestones (including the initial geographical scope of the project and its likely future extensions, public consultations and regulatory steps) and deadlines. Where relevant, the roadmap shall clearly indicate those TSOs/PXs/countries/regions that probably won't be able to participate, from the very beginning, in the different projects.

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<sup>4</sup> As regards the Framework Guidelines on Balancing, ACER will probably create a specific dedicated expert group where the all the associations involved in AESAG may be represented.

The objective here is twofold:

- to determine as soon as possible the initial geographical scope of the project (which should then be easier to follow up);
- to understand, explain or ask for information on why some TSOs/PXs/countries/regions won't be part of the initial geographical scope and how they intend to join the project at a later stage.

2- Follow-up of this roadmap/action plan

AESAG will be a platform for ACER:

- to support the implementation of concrete projects to pave the way to the internal energy market (IEM);
- to ensure the consistency of these projects with the coming Framework Guidelines on Capacity Allocation and Congestion Management and the related Network Codes that will be developed by ENTSO-E;
- to take stock of and assess progress against the roadmap;
- to discuss the main features of the projects from a European perspective with all the stakeholders and give guidance to these projects where relevant.

Thus, AESAG will share information and concerns about the implementation of these projects and provide relevant feedback. This feedback may also be beneficial for the ongoing work led by ENTSO-E on the related Network Codes.

3- Follow-up of the governance workstream and the EC consultant study on long-term transmission rights

AESAG will continue to follow-up the developments and provide guidance on these two workstreams.

### **Composition of AESAG**

AESAG will comprise representatives of the European Commission, CEER and of the relevant stakeholder organisations of the European electricity sector including the transmission system operators, power exchanges and market participants (consumers, traders, electricity companies). These will be represented through the following organisations: ENTSO-E, EuroPEX, Eurelectric, EFET, IFIEC, CEFIC, CEDEC and GEODE.

All the involved stakeholder organisations will nominate representatives. Additionally, a mailing list consisting of additional representatives of the stakeholder organisations will be established to ensure good flow of information on the work of the AESAG.

### **Chair**

ACER will chair the AESAG.

### **Mode of Working**

AESAG should provide advice to ACER following a specific request of the latter and provides a forum for discussion of the issues specified in the “Scope of the Work”. No unanimity is required as AESAG is not making any binding decisions on the issues that it addresses. Nonetheless, according to its mandate and if a particular issue requires top-down guidance, ACER may take the initiative to issue an opinion or recommendation.

### **Transparency**

The list of members of AESAG will be made public. Its operation will ensure a high level of transparency including publication on ACER’s website of the following documents of AESAG: the composition of AESAG; its terms of reference; and meeting draft agendas and minutes in a summary form. Additionally, all documents that are agreed by AESAG to be made public will be published on ACER’s website.

### **Organisation of work**

The draft agenda for the meeting is to be circulated to the members of AESAG two weeks in advance. The meeting documents are circulated to the members at least one week before the meeting to allow for proper reading and comments by the members.

The AESAG will meet in Brussels or Ljubljana. However, location of the meetings can vary between the member organisations’ offices. If necessary and appropriate, virtual meetings (video, phone) can also be used.

ACER will provide the secretariat services to AESAG.

**Reimbursement**

The members should bear their own costs.