



# Joint CEE NRAs & ACER presentation on the implementation of the target model

27th Meeting of the Implementation Group  
on Congestion Management  
Vienna, 16. April 2012

# Agenda

---

- **A short history and main findings up to now**
  - Roles and tasks in the next phase
  - Requirements to the roadmap
  - Tracking of the project progress
  - Summary

# Efforts have been made over the last months

---

- September ..November 2011 – CEE TSOs and NRAs were unable to reach a unanimous decision on implementation of one of the analyzed daily explicit FBA options and the possible way forward
- 05 December 2011 – Meeting ACER/CEE NRAs/EC
- 23 December 2011 – First Strategy Paper prepared by HEO
- 18 January 2012 – ACER, CWE CEE FB TSOs and CAO Meeting on Flow Based
- 2 and 21 March 2012 - meetings between ACER, CEE NRAs and EC aiming at an agreement on the way towards the target model implementation
- 26 March 2012 - Joint Declaration of CEE NRAs and ACER published

# Joint declaration defines clearly the way forward

---

After a thorough discussion with the

TSOs

Stakeholders

and the European Commission

**CEE NRAs and ACER have one common position  
on the way forward for the CEE Region**

towards the implementation of the target model for the  
day-ahead timeframe

# CEE Target Model is Flow-Based Market Coupling

---

The Target Model for electricity in CEE is  
**Flow-Based Market Coupling**  
(i.e. Implicit Flow-Based Capacity Allocation), where

flow-based capacity calculation  
and a single NWE-CEE day-ahead price coupling

**shall be implemented in CEE region by the end of 2013  
in one single step**

# Agenda

---

- A short history and main findings up to now

-  **Roles and tasks in the next phase**

- Requirements to the roadmap
- Tracking of the project progress
- Summary

# Clear roles and tasks are precondition for reaching the goal (I)

---

- CEE TSOs and Power Exchanges shall develop the CEE Target Model Implementation Roadmap by June 2012
  - in close collaboration with market participants
  - in close collaboration with CWE/NWE TSOs
  - in close collaboration with CWE/NWE Power Exchanges

# Clear roles and tasks are a precondition for reaching the goal (II)

---

- ACER and CEE NRAs shall
  - govern this task
  - provide needed support
  - closely collaborate with CWE/NWE NRAs and EC

# The accompanying roles and tasks (I)

---

- ACER and the European Commission (DG ENER) recognize that the problem of increasing unscheduled and loop flows is a serious one that needs to be addressed in a proper way.
- European Commission (DG ENER) with the assistance from ACER shall initiate a wider continental-Europe study on the efficient management of unscheduled and loop flows and
  - involve properly the relevant NRAs and TSOs
  - be guided by the principle of overall market efficiency. This includes all economic, technical and legal aspects of relevance, such as, socio economic welfare, liquidity, competition, network structure and topology, planned network reinforcement and redispatching costs

## The accompanying roles and tasks (II)

---

- Conclusions and recommendations shall be available within one year.

The common understanding of the CEE NRAs and ACER is, that price zone considerations run in parallel to the flow-based market coupling preparation. They are not a condition for the actual implementation by the end of 2013. Overall the consideration may support resolving problematic loop-flow issues in the CEE region.

# Agenda

---

- A short history and main findings up to now
- Roles and tasks in the next phase
- **Requirements to the roadmap**
- Tracking of the project progress
- Summary

# Roadmap and relevant documentation shall...

---

- ...be as detailed as possible
- ...include definition of implementation framework needed for reaching of the Flow-Based Market Coupling target
  - Project structure description
  - Project requirements and deliveries
  - Related time plan with milestones
  - Project steps needed for the implementation of FB MC

# Roadmap and relevant documentation shall...

---

- ...contain all relevant issues related to cooperation with CWE/NWE region (NRAs, TSOs and Power Exchanges)
- ...schedule relevant intermediate steps (for example, in connection to existing or planned market coupling initiatives)
- ...if necessary, introduce other important and relevant intermediate steps

# Roadmap shall assure...

---

- ...compatibility of CEE and CWE flow-based method and with a common NWE+CEE Market Coupling
- ...smooth transition of existing market coupling projects in CEE region or with impact to CEE region into common NWE+CEE Market Coupling
- ...a well-designed flow-based method able to fulfil all the necessary requirements defined in the cross-regional roadmap for capacity calculation, FG CACM and the associated draft NC and to ensure a positive benefit for each individual CEE country

# Finalized and agreed project plan is basis for commitment

---

- CEE NRAs and ACER shall facilitate the signing of a joint Memorandum of Understanding by July 2012 among all involved parties in CEE
- This joint MoU shall also seek the support from the European Commission

# Agenda

---

- A short history and main findings up to now
- Roles and tasks in the next phase
- Requirements to the roadmap
- **Tracking of the project progress**
- Summary

# Regulatory checkpoints and milestones

DATE	DELIVERY
16.04.2012	27th IG Meeting, Kick-Off
B5/2012	1 <sup>st</sup> progress report
M5/2012	2 <sup>nd</sup> progress report
E5/2012	3 <sup>rd</sup> progress report (meeting): presentation of preliminary roadmap and project specification draft (for finalization and agreement)
M6/2012	4 <sup>th</sup> progress report (28th IG Meeting): presentation of roadmap and project specification (final, agreed) and presentation of MoU (to be delivered by ACER & CEE NRAs)
B7/2012	<ul style="list-style-type: none"><li>• SG Meeting, final presentation (final, agreed roadmap)</li><li>• Signing of MoU</li></ul>

# Agenda

---

- A short history and main findings up to now
- Roles and tasks in the next phase
- Requirements to the roadmap
- Tracking of the project progress

## **Summary**

# Who has a “hat on”?

---

- From NRAs’ point of view, for the preparation of Roadmap for Flow-Based Market Coupling in CEE should be well coordinated, by external company/organization or by own TSOs/PXs governance structure; with active participation and input from TSOs and PXs
- Drafting of Memorandum of Understanding will be coordinated by ACER and CEE NRAs, with input from involved project parties

# Summary

---

The CEE Target Model is  
Flow-Based Market Coupling.  
(i.e. in one step coupling with NWE on FBA-Basis)

Flow-Based capacity calculation  
and day-ahead, region-wide Market Coupling are both essential  
for a successful Target Model.

The Roadmap for Flow-Based Market Coupling in CEE  
shall be ready in June 2012.

Memorandum of Understanding among all involved parties  
shall be signed in July 2012.

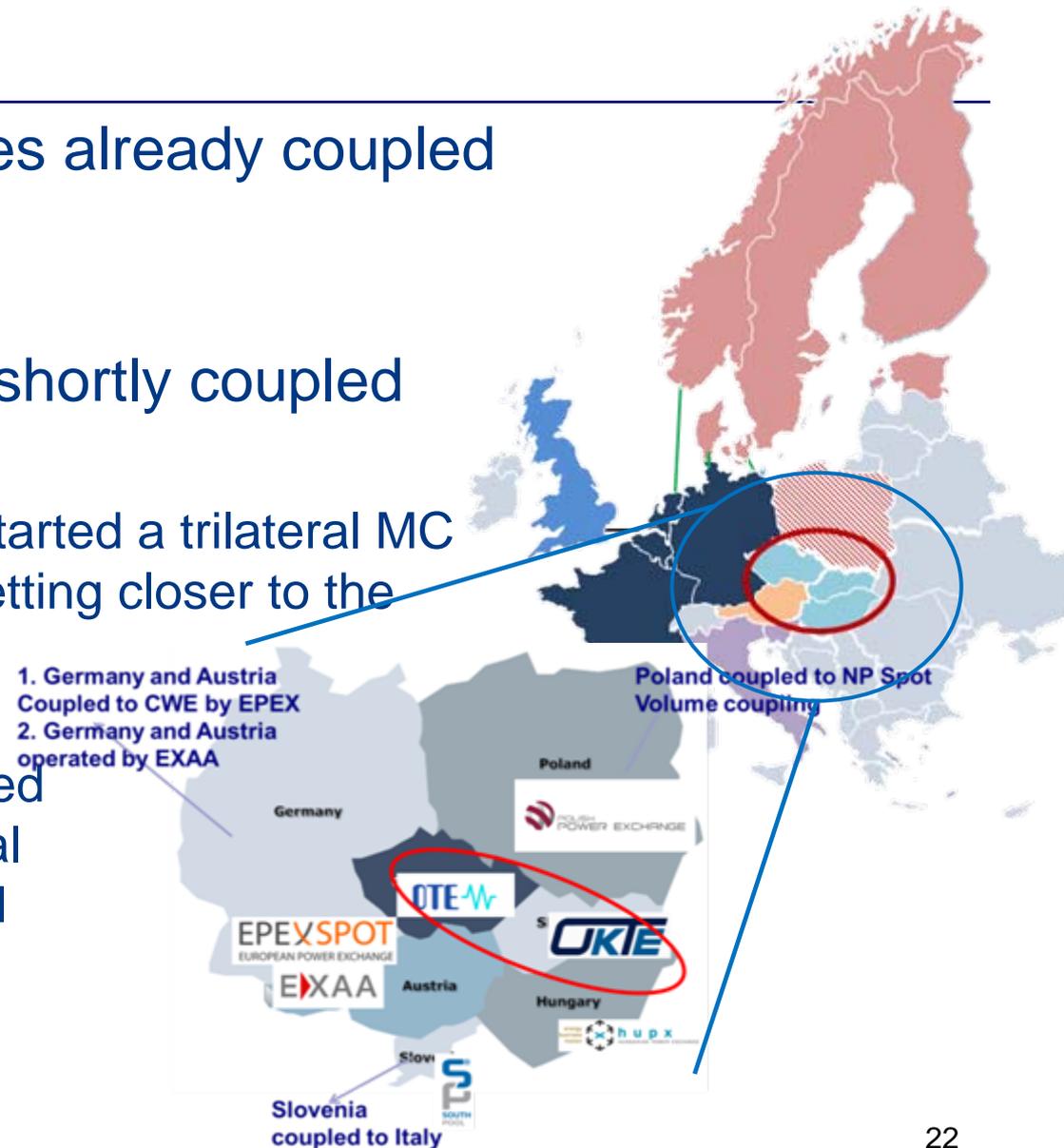
CEE Flow-Based Market Coupling  
shall be implemented by the end of 2013.



# Annex

# Current context of market coupling in CEE

- 4 out of 7 CEE countries already coupled outside of CEE region
  - DE/AT, PL, and SI
- CZ, SK, and HU to be shortly coupled within the CEE region
  - CZ, SK, and HU have started a trilateral MC project with a view to getting closer to the Target Model
  - The CZ-SK-HU market coupling is acknowledged as part of Cross-regional roadmap for Day-Ahead Market Coupling



# Some issues relating to day-ahead market coupling

---

- Need to start focusing on day-ahead market coupling issues at the level of PXs (e.g. price ranges, value formats, gate closures, central algorithm, cross-border settlement rules etc.)
- **Other issues to be tackled**
  - Selection of participating PXs (will there be a designated PX for each Market?)
    - Need to consider the Governance Guidelines (currently being prepared by EC) => designation of „NEMOs“
  - How to treat already coupled markets (Number of auctions and their schedule)?
  - How to treat markets with multiple PXs



**Thank you!**