

Impact of EU Target Model on GB Electricity Trading Arrangements



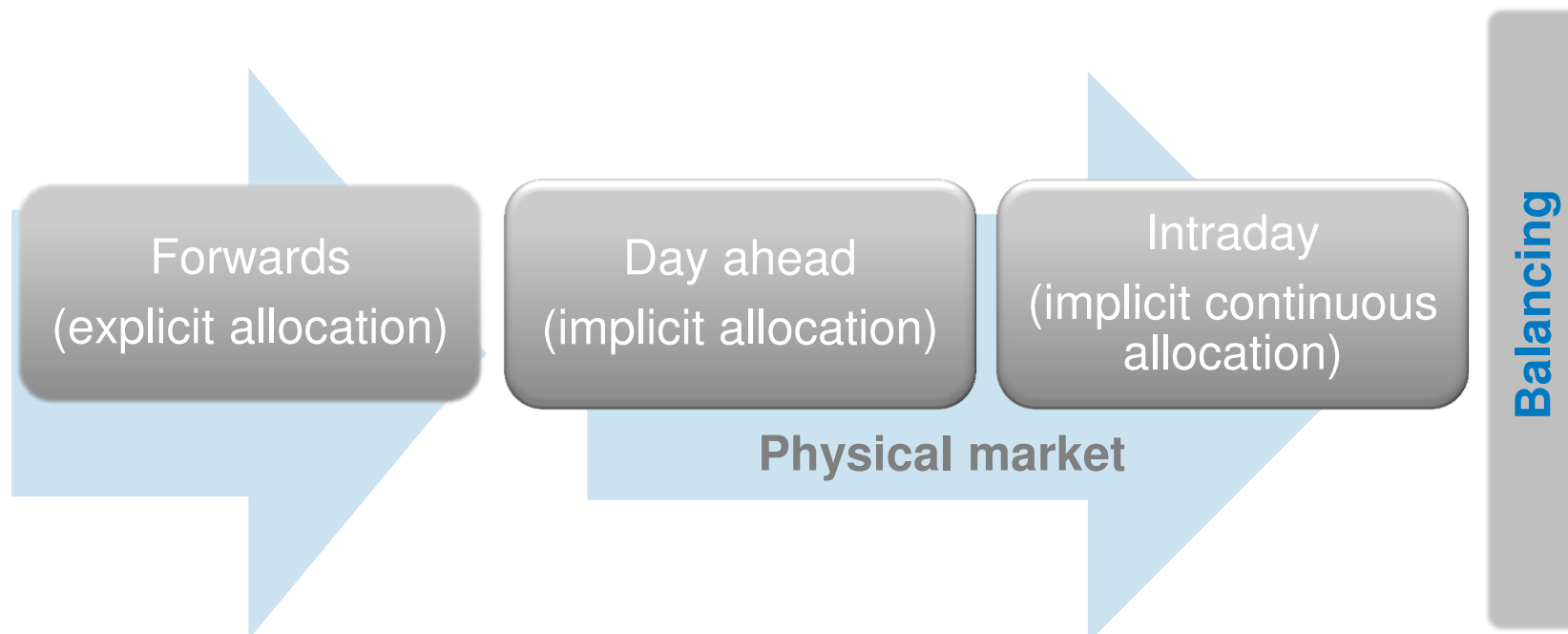
FTA Forum, 2nd July 2013
Ian Pashley

Agenda

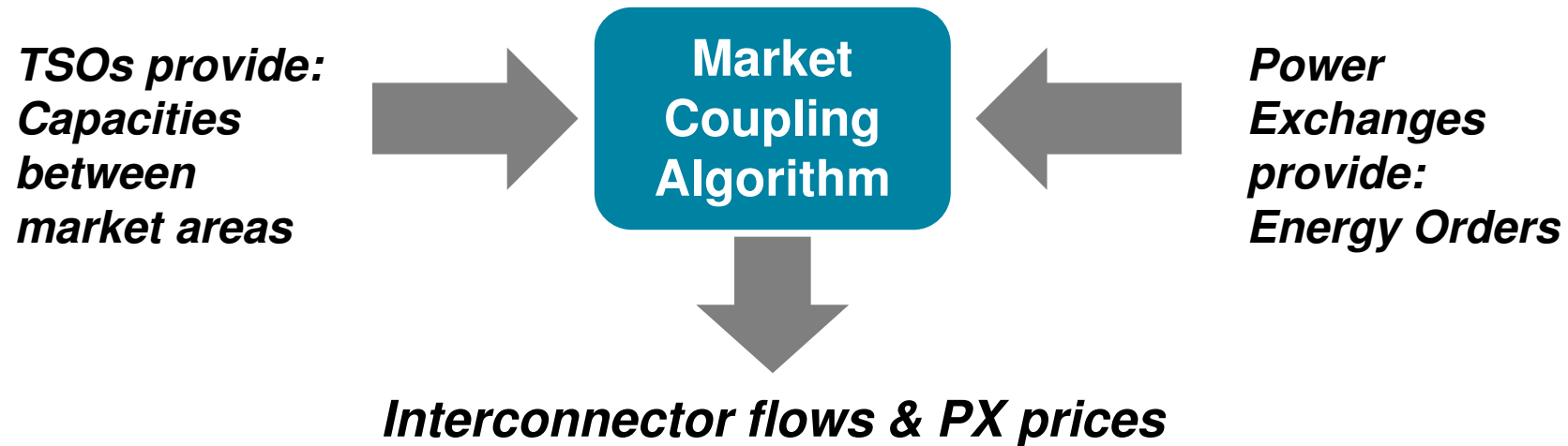
- Overview of EU Target Model
- Market Coupling
- Harmonisation of Balancing Regimes
- Issues the FTA Forum could consider

Overview of EU Target model

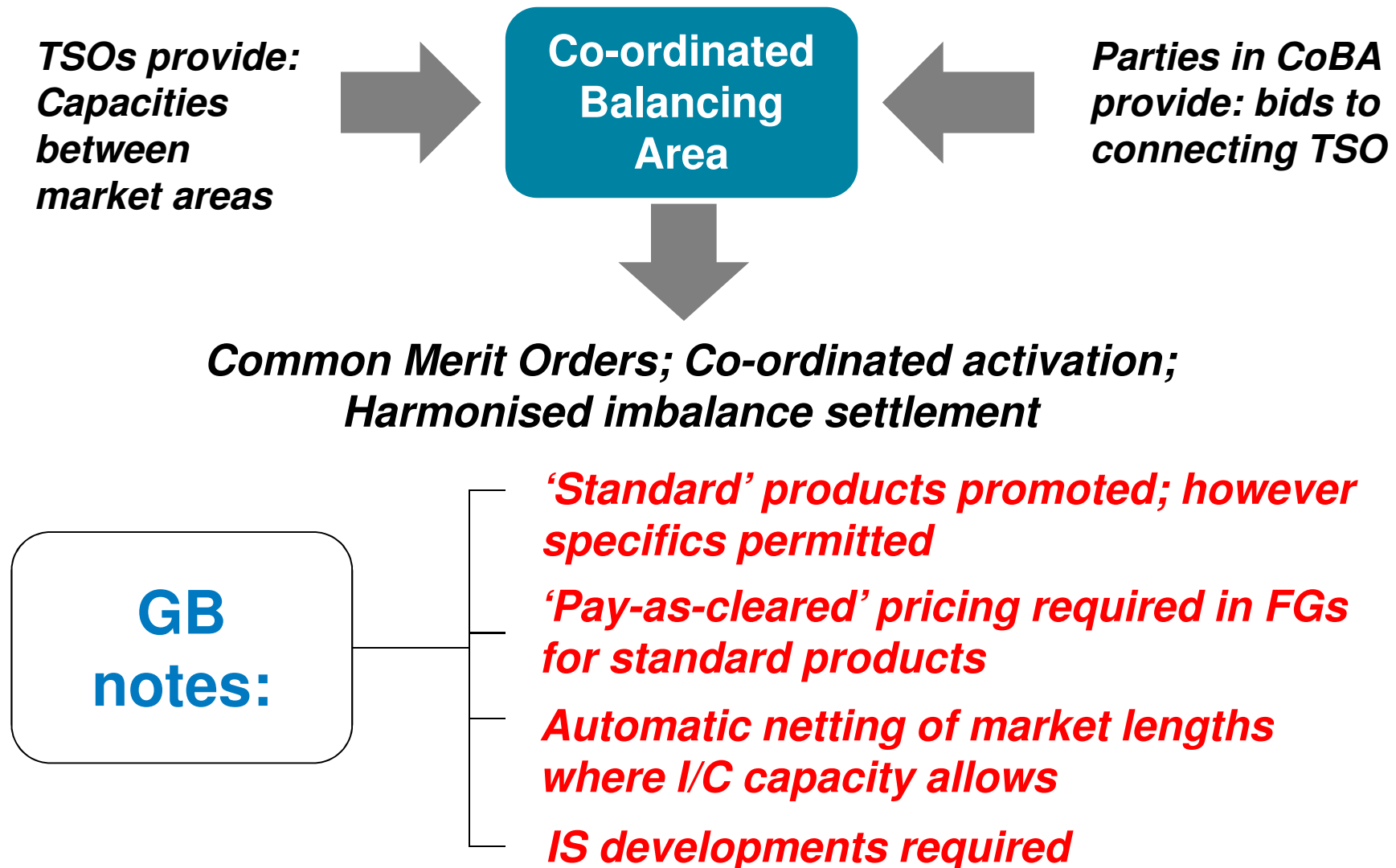
- Relates to making efficient use of cross-border capacity
- Creates pan-European electricity market by removing barriers for cross border trading subject to network constraints
- Targeted to become law 2014; detailed implementation thereafter



Market Coupling



Harmonisation of Balancing regimes



Issues the FTA Forum could consider

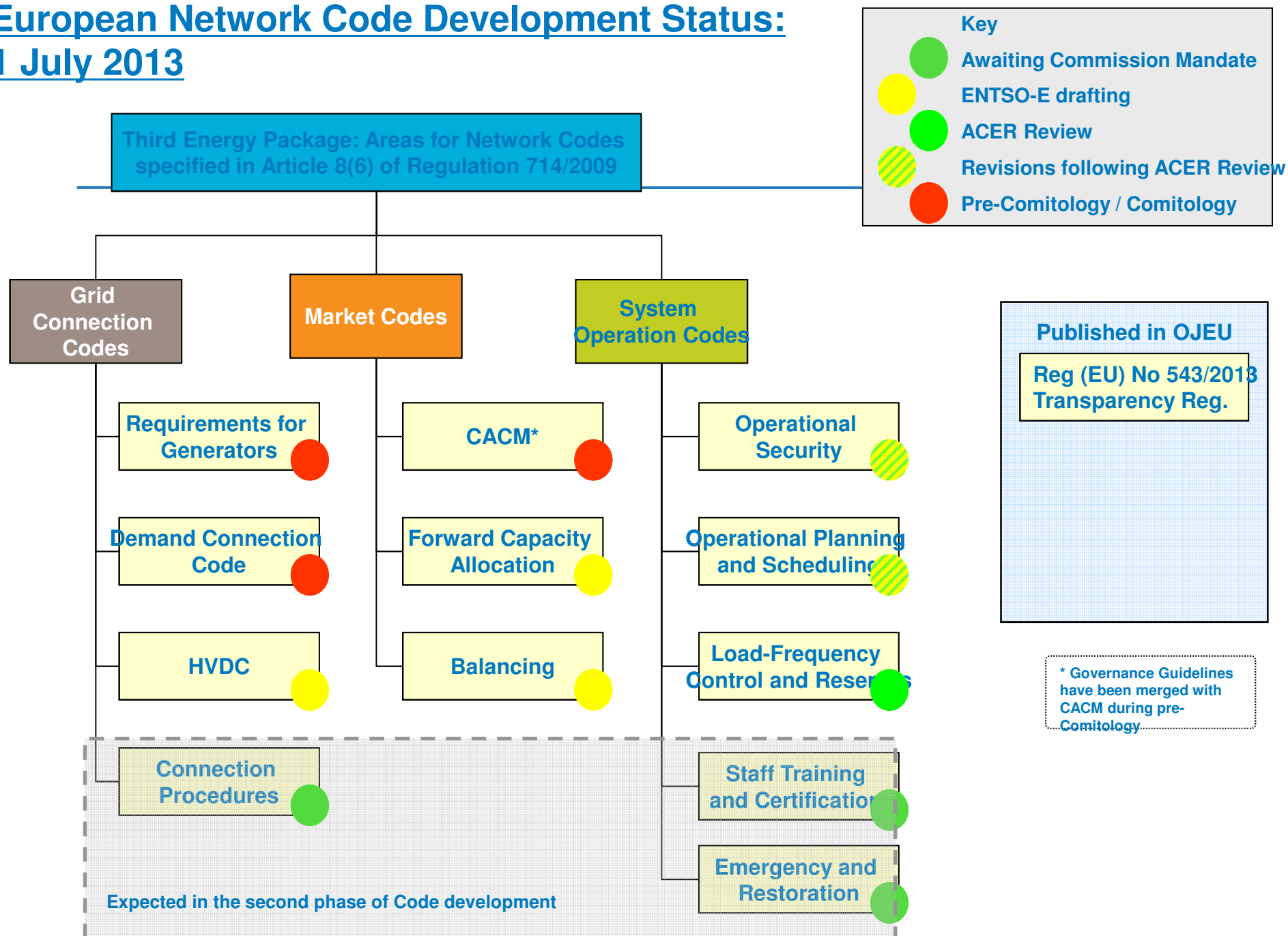
- Target Model should deliver benefits on a pan-European basis – a progressive approach to delivery is being taken, using regional initiatives and pilots
- What might the FTA Forum want to consider?
 - To what extent do our arrangements need to change?
 - What will be the implications of a bidding zone review?
 - Investments; transmission charges, etc
 - How to promote liquidity through the timescales?
 - How to ensure consistency between ongoing GB and European developments (e.g. imbalance settlement)?

Appendix: Network Code Timelines



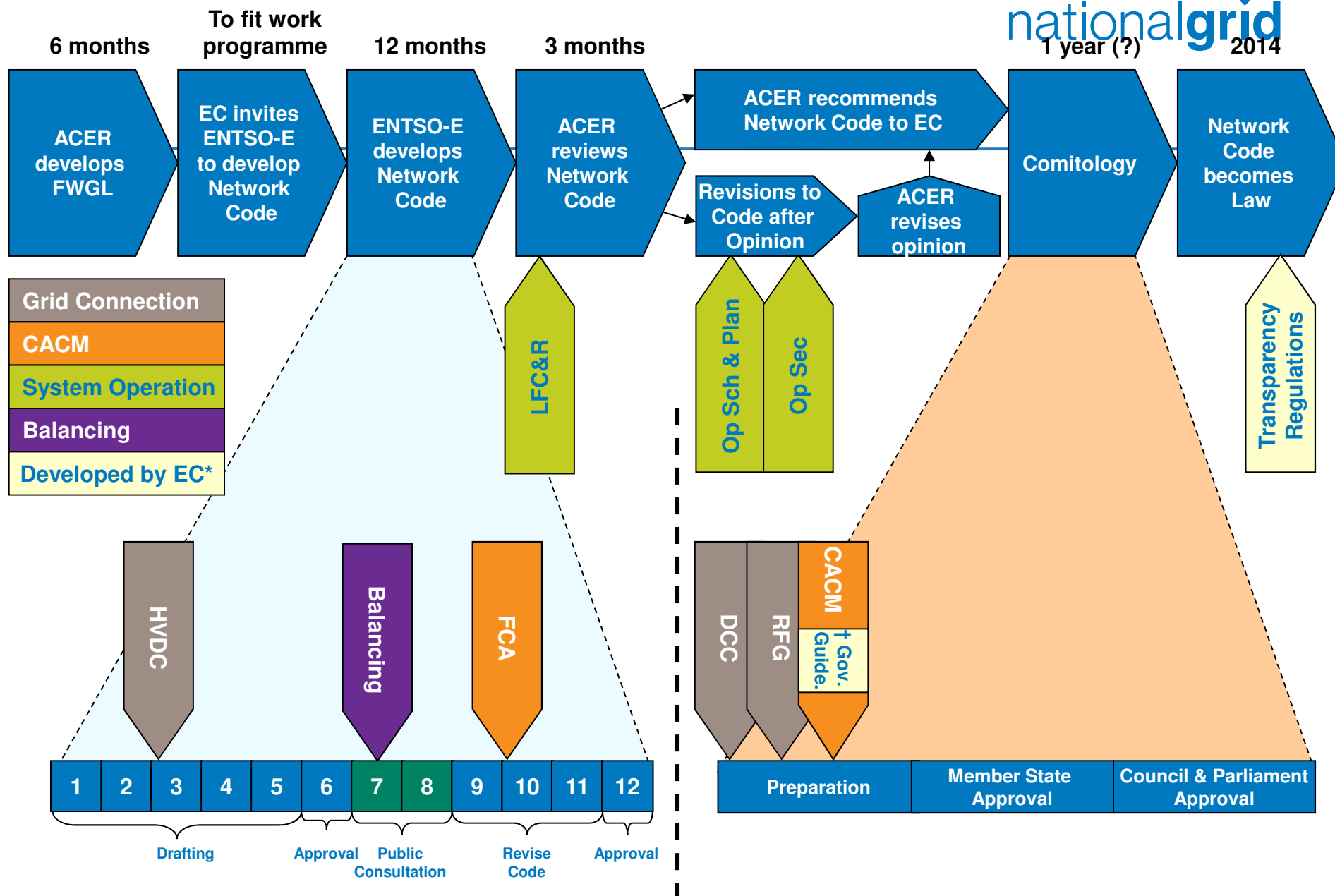
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European Network Code Development Status: 1 July 2013



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nationalgrid
1 year (?) 2014



* Areas developed by EC follow a different development process and there are no Framework Guidelines.

† Governance Guidelines prepared by Commission are being merged with CACM NC.

Status of Development of European Electricity Network Codes

KEY

	Activities undertaken by ACER
	Activities undertaken by ENTSO-E
	Activities undertaken by European Commission
	Comitology process - led by Commission
	Entry into Force / Applicability of Requirements

Future dates are subject to change

Dates shown *in italics* are best approximations based on current understanding.

It has been necessary to 'round' some dates for the benefits of the diagram.

TODAY

Network Code	Framework Guidelines	Next Step	2012						2013						2014												2015																			
			Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun								
Transparency Regulations	N/A	Regulation published in OJEU on 15 June 2013. 18 month implementation period has commenced	Drafting of Regulation (started as an ERGEG document, later become a Commission document)				Member State Approval	Comitology				In Force	18 month implementation period as specified in Regulation												Applies																					
								Parliamentary Approval					Public Consultation on MOP				Finalise MOP		ACER Review		Refinement of MOP																									
Capacity Allocation and Congestion Management	Capacity Allocation and Congestion Management	ACER recommended Network Code to Commission on 14 March. Code is now in Comitology. Code to be merged with Governance Guidelines	ENTSO-E Drafting Finalise		ACER Review		Agree revisions		Review	Comitology																																				
	Governance Guidelines		Commission drafting of Governance Guidelines				Merge CACM and Gov. Guide IA, text review and translations				Political Comitology (duration estimated)																																			
Requirements for Generators	Grid Connections	ACER recommended Network Code to Commission on 25 March. Code is now in Comitology	ENTSO-E Drafting Finalise	ACER Review		Revision of Code based on ACER Opinion		ACER Review		Comitology																																				
										Impact Assessment, text review and translations				Political Comitology (duration estimated)																																
Demand Connection Code	Grid Connections	ACER recommended Network Code to Commission on 25 March. Code is now in Comitology	ENTSO-E Drafting		Consultation		Finalise drafting		ACER Review		Comitology																Following their ACER opinions, OS and OP&S are now subject to revision by ENTSO-E. Timescales are not yet known for this process.																			
											Impact Assessment, text review and translations				Political Comitology (duration estimated)																															
Operational Security	System Operation	ACER opinion received which requests ENTSO-E redrafting in a number of areas of the Network Code	ENTSO-E Drafting		Initial drafting		Consultation		Finalise drafting		ACER Review		ENTSO-E Revisions		ACER Review	Impact Assessment, text review and translations		Comitology																												
																		Political Comitology (duration estimated)																												
Operational Planning & Scheduling	System Operation	ACER opinion received which requests ENTSO-E redrafting in a number of areas of the Network Code	ENTSO-E Drafting		Initial drafting		Consultation		Finalise drafting		ACER Review		ENTSO-E Revisions		ACER Review	Impact Assessment, text review and translations		Comitology																												
																		Political Comitology (duration estimated)																												
Load Frequency Control & Reserves	System Operation	Code due to be submitted to ACER by 30 June 2013.	ENTSO-E Drafting		Initial drafting		Consultation		Finalise drafting		ACER Review		IA, text review & translations		Comitology																															
															Political Comitology (duration estimated)																															
Forward Capacity Allocation	Capacity Allocation and Congestion Management	ENTSO-E revising Network Code following public consultation	ENTSO-E Drafting		Initial drafting		Consultation		Finalise drafting		ACER Review		IA, text review & translations		Comitology																															
															Political Comitology (duration estimated)																															
Electricity Balancing	Balancing	Network Code is in Public Consultation until mid-August	Framework Guidelines on Balancing		ENTSO-E Drafting				Initial Drafting		Consultation		Finalise drafting		ACER Review		IA, text review & translations		Comitology																											
																			Political Comitology (duration estimated)																											
HVDC	Grid Connections	Commission mandate received. Code due to be completed by 1 May 2014.	ENTSO-E Drafting				Initial Drafting		Consultation		Finalise drafting		ACER Review		IA, text review & translations		Comitology																													
																			Political Comitology (duration estimated)																											

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