CACM Network Code

European Market Design

Working Group

feedback to Users Group

Sep 27th 2012

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Context

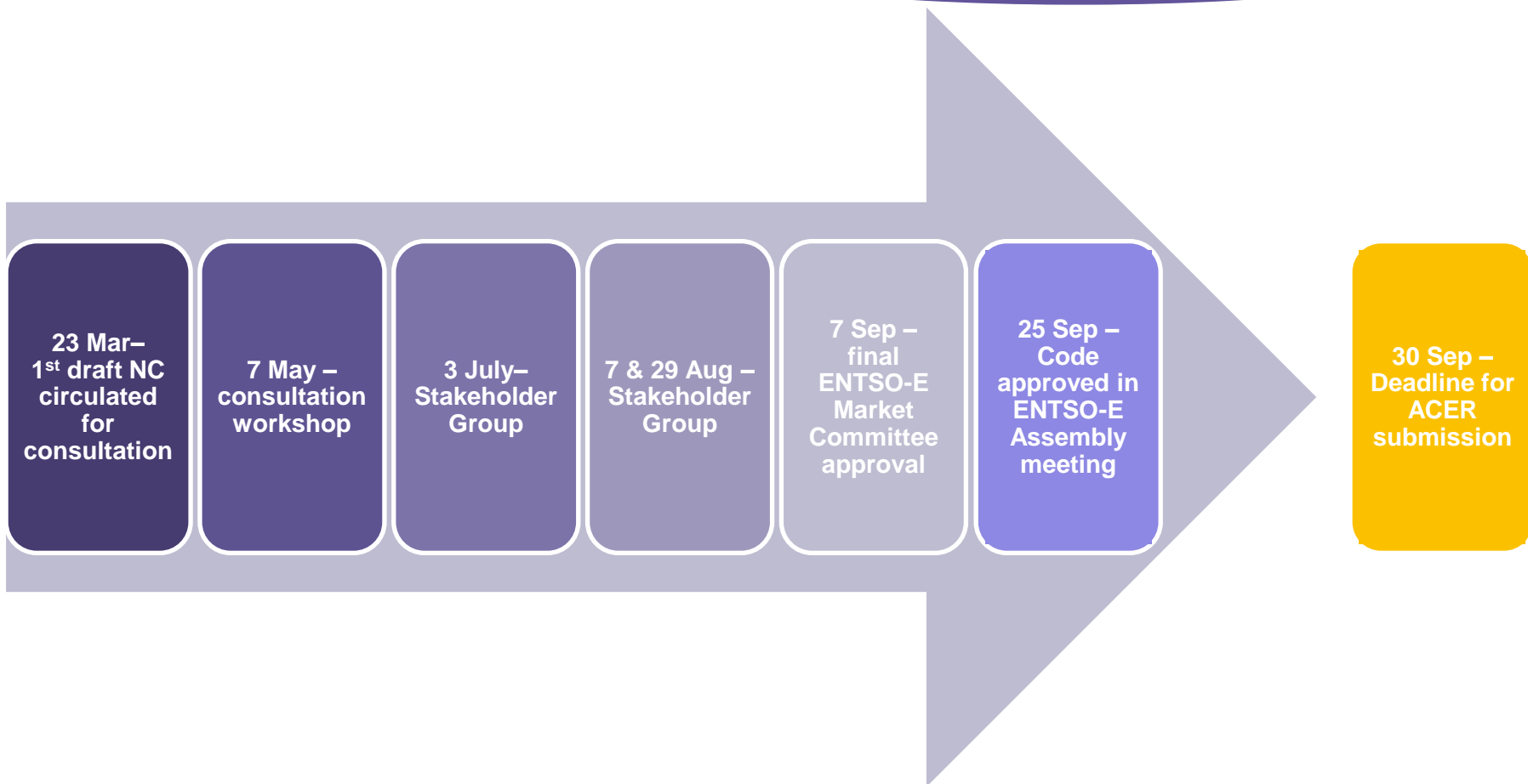**The Network Code on CACM will set out**

- **the methods for allocating capacity in day-ahead and intra-day timescales, and**

- **the way in which capacity is calculated across the different zones.**

These rules will provide the basis for the implementation of a single energy market across Europe.
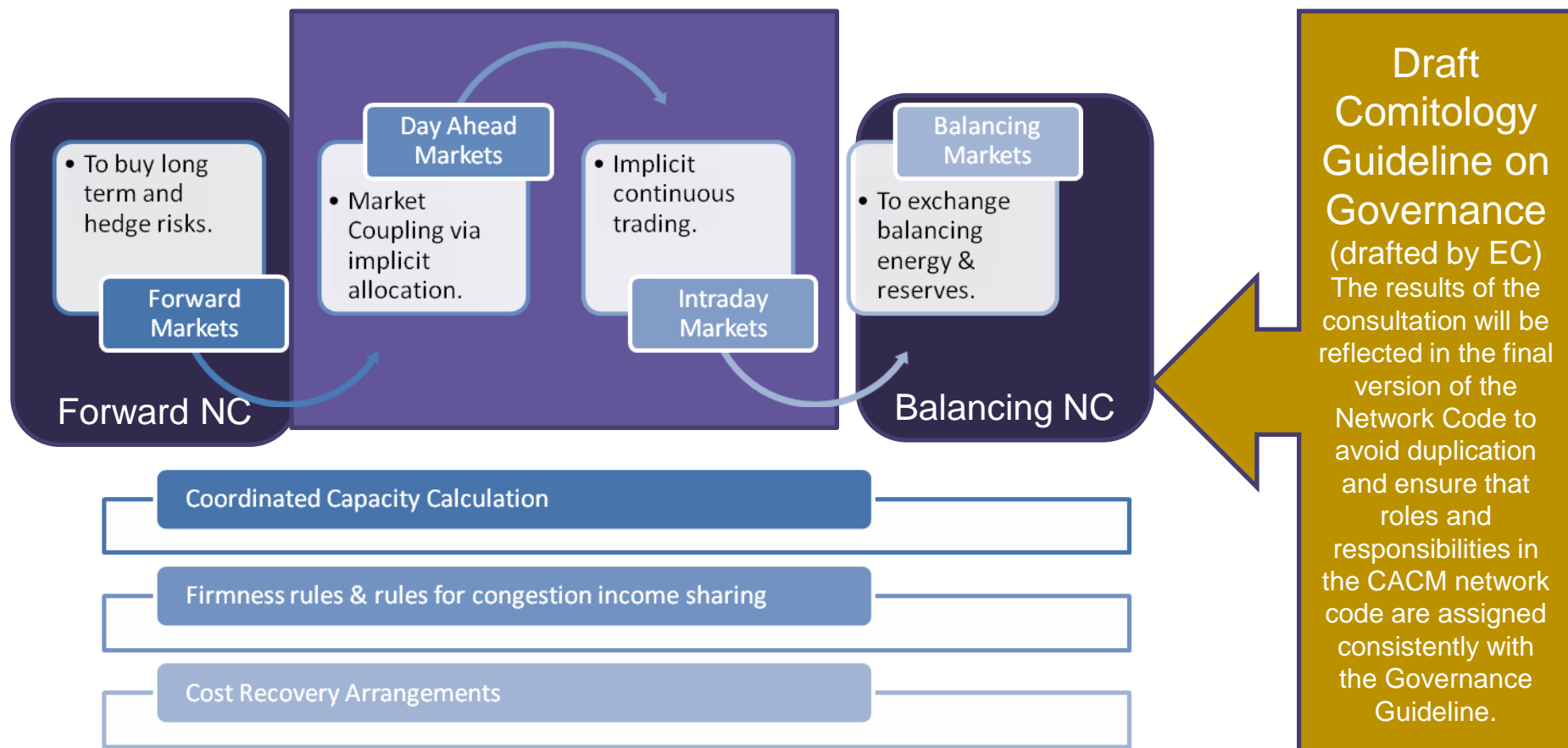
→ **On July 29th 2011, ACER has released its "*Framework Guidelines on Capacity Allocation and Congestion Management for Electricity*"**

→ **On Sep 19th 2011, ENTSO-E was requested by the European Commission to draft the CACM network code and submit it to ACER by no later than 30 September 2012.**

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Progress to date

| 23 Mar–1st draft NC circulated for consultation | 7 May – consultation workshop | 3 July– Stakeholder Group | 7 & 29 Aug – Stakeholder Group | 7 Sep – final ENTSO-E Market Committee approval | 25 Sep – Code approved in ENTSO-E Assembly meeting | 30 Sep – Deadline for ACER submission |

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Scope of the CACM Network Code

Forward NC
- To buy long term and hedge risks.
- Forward Markets

Day Ahead Markets
- Market Coupling via implicit allocation.

- Implicit continuous trading.
- Intraday Markets

Balancing NC
- Balancing Markets
- To exchange balancing energy & reserves.

Coordinated Capacity Calculation

Firmness rules & rules for congestion income sharing

Cost Recovery Arrangements

Draft Comitology Guideline on Governance (drafted by EC) The results of the consultation will be reflected in the final version of the Network Code to avoid duplication and ensure that roles and responsibilities in the CACM network code are assigned consistently with the Governance Guideline.

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Responses to the March 23rd consultation

Count of Comments

Legend:
- Entry into Force
- Transitional Arrangements
- Cost Recovery
- Congestion Rent
- Firmness
- Clearing and Settlement
- Intraday Market
- Day Ahead Market
- Bidding Zones
- Capacity Calculation
- Regulatory Aspects
- Definitions
- Whereas

X-axis: 0, 200, 400, 600, 800
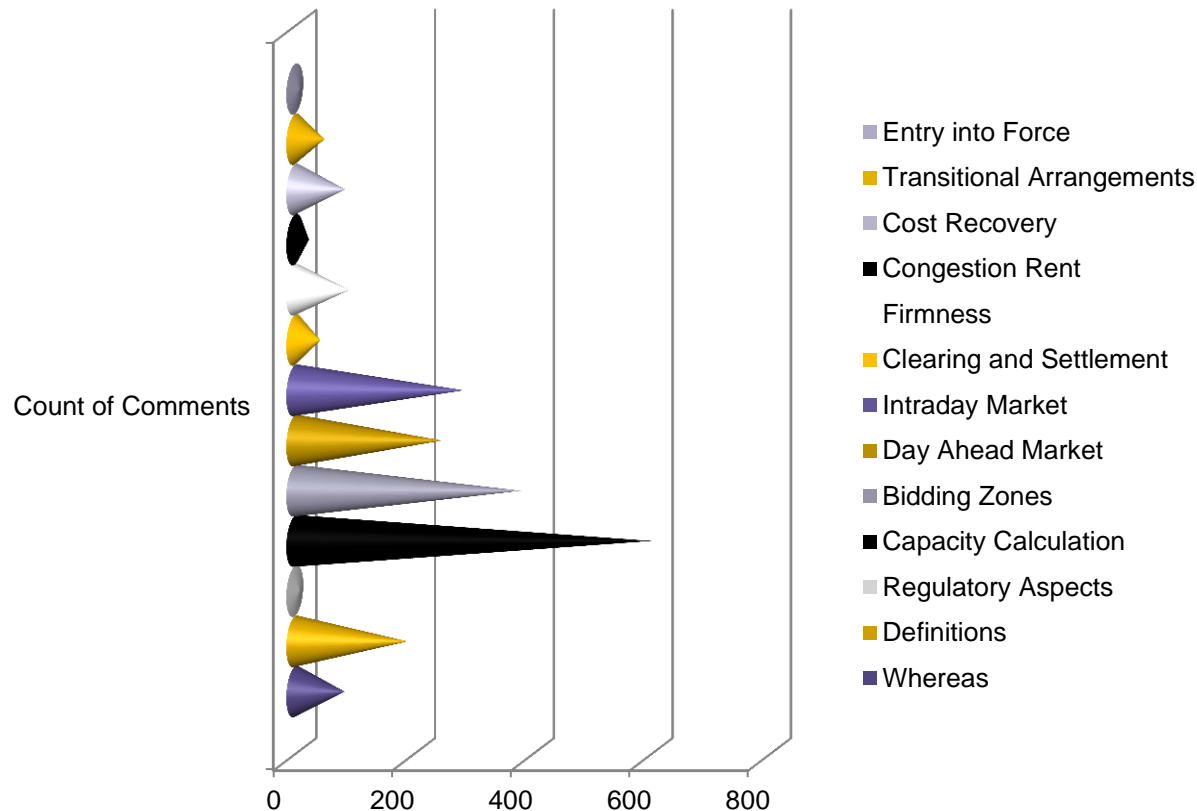
2098 comments received.

Covering all elements of the code…

but focused on capacity calculation, bidding zones & firmness.

Significant challenge in addressing & including comments…

and in showing how we've considered the comments.

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Functional Approach – Integration of GovGL

The Network Code has been drafted using what we call a „*functional approach*":

→ we have defined a series of **functions/roles** which need to exist within each market or process.

→ we have then specified the rights and obligations which the **entity** performing the function must meet.

→ In developing the network code, ENTSO-E has indicated where we consider that text from the current draft of the **Comitology Guideline on Governance could be inserted into the network code in order to allow stakeholders to more clearly understand the interaction**. In doing this, ENTSO-E has sought to:

- include parts of the governance guideline not covered in the network code;
- not include parts of the governance guideline already covered by the network code
- **in total, ensured that all aspects of the draft governance guideline are considered**

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Functional Approach – Integration of GovGL

→ However, in ENTSO-E's view, the decision on how to amalgamate the documents is an issue for the European Commission alone; given ENTSO-E's mandate to deliver a Network Code and ACER's mandate to assess the compliance of that Network Code with the framework guideline. As such, this text cannot formally be considered as part of the CACM network code. Hence, the information on **how the integration of the Governance Guideline is suggested to be done is provided in an appendix in the submission to ACER** *for information purposes.*

→ Main articles coming from draft Governance Guideline:

- Designation of **Nominated Electricity Market Operators** (NEMOs)

- Establishment of **Market Coupling Operators** (MCOs)

- Establishment of **Operational Committee**, **NEMO Coordination Committee**, **Stakeholder Committee**

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What happens next ?

- **ENTSO-E submits CACM NC to ACER** for compliancy review against ACERs' "Framework Guidelines on CACM"

- When ACER has evaluated the CACM NC, **ACER will submit it to EC with a recommendation for adoption.**

- **After EC adoption**, the CACM NC will pass through **the EC Comitology process** after which it will become legally binding for all market participants.

__For your information:__

- **CACM Network Code** available on www.entsoe.eu

- **The Supporting Document** explains how comments received through consultation and in stakeholder meetings have been treated

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Thank you for your attention!

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