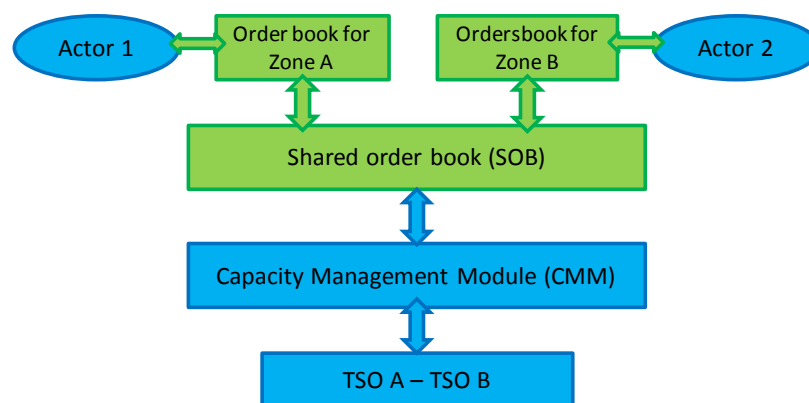


## Public consultation of the French Energy Regulatory Commission (CRE) dated 19 June 2012 on explicit access to intraday cross-border capacity

In recent years, much consideration has been given to defining effective, coordinated and harmonised cross-border capacity allocation mechanisms within the Electricity Regional Initiatives and on a pan-European level. The work of the Project Coordination Group (PCG), and subsequently the Ad Hoc Advisory Group (AHAG) has resulted in a more detailed view of these mechanisms and a significant consensus on “target models” for the calculation and allocation of cross-border capacity at each timeframe: long-term, day-ahead and intraday. These target models were incorporated into the Framework Guidelines on Capacity Allocation and Congestion Management published by the Agency for the Cooperation of Energy Regulators (ACER) on 29 July 2011<sup>1</sup>. These target models are therefore the basis of the corresponding network codes, currently being drawn up by ENTSO-E and which are set to become binding on a European level following the comitology process by 2014.

In February 2011, the European Council set the objective of completing the European single electricity market by 2014. The target models must therefore be implemented across Europe in three years. Against this backdrop, ACER has drawn up, together with national regulators and in consultation with market players, roadmaps defining the main steps to reach this objective and the pilot projects in Europe for each target model.

For the intraday timeframe, the selected model is an implicit cross-border capacity allocation mechanism using continuous exchanges on the electricity markets. This mechanism will incorporate intraday markets operated by the power exchanges in the different Member States and group together the liquidity of these markets in a single “shared order book” (SOB). Subject to the availability of cross-border capacity, any market player can access the least expensive offer. The acknowledgement and allocation of cross-border capacity will be carried out transparently and automatically by a capacity management module (CMM).

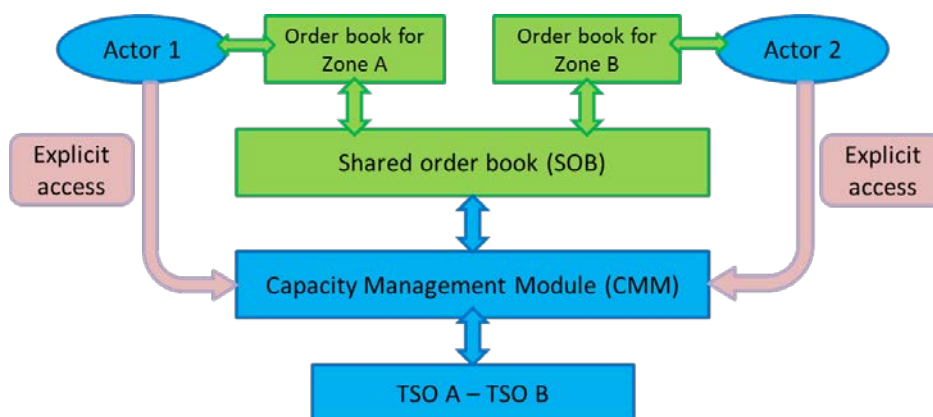


*Operational diagram for the intraday target model*

<sup>1</sup>[http://acernet.acer.europa.eu/portal/page/portal/ACER\\_HOME/Activities/FG\\_code\\_development/Electricity/FG-2011-E-002%20\(Final\).pdf](http://acernet.acer.europa.eu/portal/page/portal/ACER_HOME/Activities/FG_code_development/Electricity/FG-2011-E-002%20(Final).pdf)

This mechanism has been used in Scandinavian countries since the end of the 90s. It was also set up between France and Germany by RTE and EPEX Spot, in cooperation with their German counterparts, on 14 December 2010, following CRE's approval on 28 October 2010. The solution selected for the Franco-German border has the specific feature of giving players, in addition to and at the same time as implicit access to cross-border capacity via EPEX Spot, explicit access to cross-border capacity and therefore over-the-counter exchanges between players in France and players in Germany (often called "OTC access"). The access principle is first come first served.

The Framework Guidelines on Capacity Allocation and Congestion Management provide that: "where applicable, as a transitional arrangement, the capacity management module may provide direct explicit access (e.g. for bilateral supply OTC contracts) to the capacity. [...] On borders where explicit access has been allowed, if sophisticated products meet the needs of market parties, they shall replace direct explicit access to the capacity. The removal of direct explicit access for each border shall be subject to consultation with market parties and then approval of the relevant NRAs."



Operational diagram of the intraday target model with explicit access

For the time being, the other French interconnections are managed for the intraday timeframe via explicit access that is continuous (Switzerland), auction-based (Spain, Great Britain and Italy), or on an improved pro rata basis (Belgium).

As part of considerations on the implementation of the pilot project in the North-West region of Europe<sup>2</sup> and its future extension, the question has been raised as to whether or not explicit continuous access should be authorised on a transitional basis at the same time as the implicit continuous allocation via the intraday market organised by power exchanges. At this point in time, there are various situations for the interconnections under consideration, in the North-West region and on a European level: at some borders continuous explicit access is permitted while at others only implicit access is authorised. Moreover, ACER has asked CRE if it wishes to authorise explicit access on French interconnections.

In addition to considerations and the consultation of players for the North-West project and for its future extensions, CRE would like to obtain the opinions of players active on French interconnections on the issue of explicit access, and on the following two points in particular:

- Are you in favour of the possibility of explicit continuous intraday access alongside continuous implicit allocation? Can you specify the reasons behind your position, and the differences, border by border, where necessary?
- In your opinion, what is the importance of harmonising this practice for all the borders of a given region?

<sup>2</sup> France, Great Britain, Germany, Belgium, Luxemburg, the Netherlands, Denmark, Norway, Sweden, Finland

Please state if you are an active member of the intraday market operated in France by EPEX Spot and at which borders you make cross-border transactions for the intraday timeframe so that we can know more about you and understand your requirements.

All interested parties are invited to provide answers to these questions, **by 23<sup>rd</sup> July 2012 at the latest**, by sending their contribution at the following email address: [dare.cp2@cre.fr](mailto:dare.cp2@cre.fr)