

REPORT FROM THE BOARD

Topic 3

Bente Hagem

Assembly Meeting - 30 June 2016



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Reliable Sustainable Connected

TOPICS

1. Review of strategic goals
2. Status of Network Codes
3. Status of CCRs
4. Launching of TYNDP 2016
5. Role and scope of ENTSO-E adequacy assessment
6. Cross-Border Cost Allocation
7. Regional cooperation - update
8. Strategy Workshop in September

1. REVIEW OF STRATEGIC GOALS SET BY BOARD

ACTIONS

Goal 2: DA market coupling

High level project manager hired for a consistent and timely MRC extension to CEE and SEE

Goal 9: Advisory Council

Representatives of Stakeholders nominated – Kick-off meeting 15 September.

Goal 11: TYNDP as reference for legislative actions and investment support

Key messages of Infrastructure Forum

- 1) Reduce uncertainty for mature PCIs
- 2) Empower One Stop Shop on permissions
- 3) Stable regulatory framework

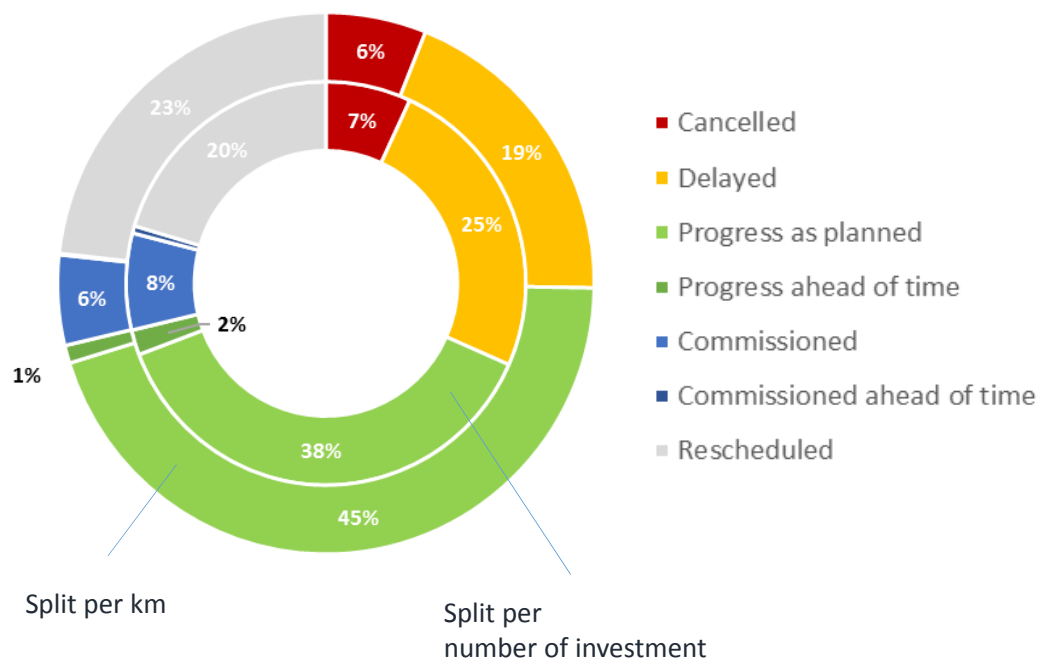
Goal 3: ID market

Lack of TSO resources in the ID project. Call for resources to be brought to the Assembly.

Goal 10: Major projects monitoring

E-mail sent to Committe Chairs on 15 June re-emphasizing the project management approach as an Association's strategic objective.

TSOs are delivering investments



2. STATUS NETWORK CODES (i)



2. STATUS NETWORK CODES (ii)

Main ongoing implementation projects

Connection codes	Operational and market codes		
National implementation processes for all requirements	CACM monitoring plan and list of information to be submitted by ENTSO-E	TSOs-NEMOs cooperation	Common Grid Model
ENTSO-E Implementation guidelines	Bidding zones review	CEE-CWE merger	Harmonised Allocation Rules
	Definition of Capacity Calculation Regions	Congestion Income Distribution	Balancing early implementation

3. STATUS CCRs (CAPACITY CALCULATION REGIONS)

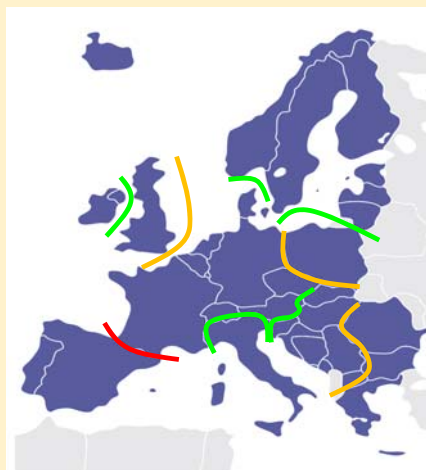
- No joint decision of NRAs
- E-Control requested amendments
- Pending legal interpretation: the request not admissible and not binding for “all TSOs”
- All TSOs decision: no need to answer

- Proposal in ACER`s hand
- May request amedments (e.g. merger of CWE/CEE Region)
- ACER has to consult All TSOs

4. €150 billion of investments in TYNDP 2016

What we gain

- Double the interconnection capacities in 2030
- Integrating 45-60% RES
- 1.5 to 5 €/MWh reduction of power prices



What it takes

- Increase the local acceptance
- Increase the bill 1%
- Stable regulatory framework and proper return on investments

Consultation until 9th September

5. ROLE OF ENTSO-E ADEQUACY METHODOLOGY

In a nutshell

1. Probabilistic market modelling
2. Hourly resolution
3. Cross-border contribution to system adequacy
4. Assess 'need for flexibility'
5. Demand, renewable production varies
6. LOLE/ ENS/ RES curtailment, capacity factors



Scope

- Basis for discussions on market design and security of supply at regional and European level.
- To be used by MS, with their national sensitivities
- Guidance on capacity mechanisms, support schemes, and security of supply.

6A. PREREQUISITES FOR TIMELY IMPLEMENTATION

Freeze the PCIs when mature

- Environment stays stable
- Assessment stays stable
- Negotiated Cost allocation or CBCA (if done) stays

Get agreement of all parties involved

Promoters, Member States, European Commission, National Regulators

Use CBCA only when really needed

CBCA carries the risk of uncertainty and thus risk mitigation is needed

6B. CBCA IMPLEMENTATION - ENTSO-E RECOMMENDATIONS

- Keep it rare!
Use CBCA only to make a project happen
- Keep it simple!
Simplicity is the basis for a robust, long-lasting decision
- Keep it fair!
Ensure all parties buy-in
- Keep it pragmatic!
Look for efficiency... and effectiveness
- Keep it cool!
Enter the CBCA process after agreeing on the principles
- Ensure that national CBCA cost recovery is guaranteed!
No negative impact on Rating etc.

7. REGIONAL COOPERATION

Operations

- 3 RSCs fully established, Coreso, TSC, SCC (Belgrade)
- 3 RSCs with implementation plans in progress, Nordics, Baltics, SEE
- FTI project
 - Reframe the debate and develop new services for “RSC+”
 - Assess impact of alternatives compared ROC
- SOC to approve position end June. To be included in EC’s in upcoming Legislation
- SOC to publish report in October

Policy regions

- ENTSO-E's message conveyed
- Discussions about using the Electricity Coordination Group with regional subgroups as a basis for policy regions

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OBSERVER MEMBER APPLICATIONS

Topic 8 of the Agenda

Bente Hagem, Chair of the Board

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1. Recommendation from the Board on GSE's application

Positive elements



Unbundling concerns



Relevance to IEM concerns



Secretariat analysis and Board assessment

Board recommendation:
no status of
Observer Member

but

but

2. Interim assessment of Ukrenergo's application and next steps

Concerns on unbundling
however legislative changes

and
Concerns on relevance
to IEM

but
Need to reinforce
collaboration

Secretariat
analysis and
Board
interim
assessment

Assembly guidance:
framework of
Observer
Membership
agreement or not?

Next step: Board recommendation

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