

To: The European Commission, European and National Regulatory Authorities, TSOs, Generators, Traders, Customers and all with an interest in electricity markets.

Dear Colleagues,

Stakeholder Advisory Groups for the Forwards and Balancing Network Codes

ENTSO-E is currently in the process of undertaking scoping work on two network codes which will, once developed, define legally binding rules for aspects of the European electricity market. These are for the design of forward markets and for the design of balancing markets. In light of ENTSO-E's obligation and desire to pursue a comprehensive, open and transparent process of engaging with interested parties on all network codes, this letter discusses our intention to create two stakeholder advisory groups on these issues and invites expressions of interest.

Timings

The current version of the three year plan, which has been jointly developed by the European Commission, ACER and ENTSO-E and ENTSG, is shown below.

EC / ACER / ENTSG 3-year work plan ELECTRICITY 8 May 2012

Deliverable	Scoping Phase		ACER FG draft		ENTSO-E code drafting		ACER evaluation	Comitology Start
	Start	End	Start	End	Start	End		
Products/legislation relevant for effective implementation of the IEM								
FG on capacity allocation and congestion management			Q1/11	Q2/11				
NC on capacity allocation and congestion management ¹					Q3/11	Q3/12	Q4/12	Q1/13
NC on forward markets					Q4/12	Q3/13	Q4/13	Q1/14
Regional progress, setup and testing (incl. AESAG process and Regional Initiatives Work Program)								
EC comitology guideline on governance								Q1/13
FG on grid connection			Q2/11	Q2/11				
NC on grid connection					Q3/11	Q2/12	Q3/12	Q4/12
NC on DSO and industrial load connection					Q1/12	Q4/12	Q1/13	Q2/13
NC on HVDC connection					Q1/13	Q1/13	Q1/14	Q1/14
FG on system operation ²			Q2/11	Q4/11				
NC on operational security					Q1/12	Q1/13	Q2/13	Q3/13
NC on operational planning and scheduling					Q2/12	Q1/13	Q2/13	Q3/13
NC on load-frequency control and reserves					Q3/12	Q2/13	Q3/13	Q4/13
NC on operational training								
NC on requirements and operational procedures in emergency								
FG on balancing	Q3/11	Q4/11	Q1/12	Q3/12				
NC on balancing ³					Q4/12	Q3/13	Q4/13	Q1/14
EC comitology guideline on transparency								Q3/12
FG on Third Party Access								
NC on third party access								
NC on data exchange and settlement								
Possible Guidelines/FG on incentives to TSOs to increase cross-border	Q3/12	Q4/12						
Possible Guidelines on investment incentives to TSOs	Q3/12	Q4/12						
EC Comitology Guideline on tariffs	Q3/12	Q4/12						



It can be seen that a network code on forward markets, which will meet the requirements related to forwards contained in the Framework Guidelines on Capacity Allocation and Congestion Management, will be developed by ENTSO-E between [October 2012] and [September 2013]. It can also be seen that ACER is currently finalising the Framework Guidelines on Electricity Balancing which will be submitted to the European Commission in September 2012. As such, ENTSO-E also expects to begin developing a network code in October 2012. This network code has a very close interrelationship with the network code on load frequency control and reserves (LFC & R) which is being developed in parallel. We are consequently considering the best way to engage with interested parties during these processes.

Proposed Approach

As we have done on previous network codes, we intend to use a variety of means to seek the views of interested parties. This will include bilateral meetings, open workshops and a stakeholder advisory group for each code. The stakeholder advisory group proved particular effective for the network code on Capacity Allocation and Congestion Management (CACM) and we intend, if market participants consider that it would be beneficial, to follow a similar approach.

We would expect the stakeholder advisory groups to meet throughout the process of developing the network codes (with the frequency of meetings determined by participants). The participants, who would have expert skills in the relevant areas, would provide advice on the content of the codes, critique drafts and communicate the views of their members to ENTSO-E (and vice versa). We consider that the groups would need to contain a relatively small number of participants who can participate on a regular basis in order to facilitate open, two-way discussions. Indicative terms of reference are included as an annex to this letter.

The stakeholder group on forwards

The stakeholder group on forwards would discuss all issues related to the design of forward markets. This would include, for example, the features of transmission rights products, the volume of rights made available, the “use it or sell it” arrangements and firmness rules. Participants in the group should have a comprehensive understanding of the issues contained in the CACM Framework Guidelines (FG) and an ability to advise on the drafting of obligation to meet these requirements. We would expect the group to begin work in circa end of September/ beginning of October 2012.

The stakeholder group on balancing

The stakeholder group on balancing would discuss all issues related to the design of balancing markets. This would include, for example, cross border capacity reservation, imbalance settlement and procurement of balancing services. Participants in the group should have a comprehensive understanding of the issues contained in the FG on balancing, an ability to advise on the drafting of obligation to meet these requirements and in recognition of the significant synergies between balancing and LFC & R, they should also be familiar with the FG on system operation. We expect the first meeting to take place in circa end of September/ beginning of October 2012.

Registering Interest



If you are interested in attending one or both groups, please express your interest by sending an email to Ana.Pravica@entsoe.eu by 20 August 2012 at the latest. Please indicate clearly in which group you would like to participate.

ENTSO-E's intention is that the group can include members who can represent and communicate with all relevant parts of the industry and consumers alike. We also consider that it is important that group members have a detailed understanding of issues relating to the respective network code. We also note that the workshops we are proposing to hold in respect of each code, will aim to provide information to a wider range of stakeholders.

We will consider all expressions of interest and decide on the composition of groups in light of them. While we will ensure that groups are representative of a wide range of industry interests, places will be limited and we cannot guarantee that all parties that express an interest will be able to participate.

We will publish the final stakeholder group compositions on our website by early September. Moreover, information related to meetings will be made publically available via the dedicated network code section of the ENTSO-E website.

We welcome ideas and proposals for improving our approach to stakeholder engagement on these issues.

Should you wish to discuss the issues raised in this letter, please contact Peter.Campbell@entsoe.eu for issues related with the balancing network code or Marco.Foresti@entsoe.eu for issues related with the forwards network code.

Yours Sincerely

A handwritten signature in blue ink, appearing to read "Antonio Lopez-Nicolas".

Antonio Lopez-Nicolas

Manager, Markets