



July 2011

**To: All with an interest in the Capacity Allocation and Congestion Management Network Code**

Dear Stakeholder,

**Update on the development of the CACM network code – July 2011**

This short note has been developed by ENTSO-E in order to provide interested parties with an overview of current issues related to the development of the Capacity Allocation and Congestion Management (CACM) network code. It is the first in a series of updates which will be provided on a regular basis. It covers: the development of the framework guideline and timescales for code development, the scope of the CACM network code and the steps ENTSO-E is taking to both develop the code and to begin the important process of engaging with stakeholders.

***Process and development of the Framework Guideline***

The Agency for the Coordination of Energy Regulators (ACER) recently concluded their formal consultation process on the Framework Guideline. The FG is the document which provides the baseline against which the network code will be assessed and which will guide ENTSO-E's work. We understand that ACER is in the process of analysing comments and expects to provide the Framework Guideline to the European Commission shortly. The Commission will then review the document and, in due course, formally invite ENTSO-E to develop a network code. While timing is uncertain, ENTSO-E is working on the assumption that this letter will be received around September. From the point of receipt ENTSO-E will have 12 months to develop and consult on the CACM network code.

***Scope of the CACM code***

Once a letter is received, ENTSO-E will develop a single network code covering issues related to Capacity Allocation and Congestion Management. This includes the operation of Day Ahead and Intra Day markets and the way in which capacity is calculated and zones are defined. Forward markets will be addressed at a later stage and balancing will be the subject of a separate network code.

***ENTSO-E internal process***

While ENTSO-E has not yet been formally asked to develop the CACM code, we have sought to put in place structures which allow us to start development work and to effectively use the "scoping" phase to make progress.

***Stakeholder engagement***

ENTSO-E recognises the importance of wide engagement and has kicked off a process of engaging with stakeholders.

On July the 6th, ENTSO-E hosted a stakeholder group meeting. This group was attended by a series of invited European stakeholders which represent large parts of the sector (on both the demand and generation side).

Those organisations are:

- Eurelectric;
- The European Federation of Energy Traders (EFET);
- The European Association of Energy Exchanges (Europex);
- The European Wind Energy Association (EWEA);
- The European Chemical Industry Council (CEFIC).

The International Federation of Industrial Energy Consumers (IFIEC) accepted our invitation to participate but was unable to attend the first meeting. The meeting was also attended by the European Commission, representatives of National Regulators and ACER; who participated as observers.

ENTSO-E has created this group in order to provide advice on all aspects of the CACM code. Agreement was reached at the first meeting that the attendees will actively contribute and the organizations in attendance recognised the need to facilitate two-way communication with their members. As such, we urge interested parties to engage with the trade association which is relevant to their activities. Please contact us if you feel a further European stakeholder organisation should also be included in the group.

At the meeting ENTSO-E outlined that this group will be used to coordinate stakeholder engagement activities, but will not be the sole route through which engagement takes place. ENTSO-E will also:

- Engage with parties bilaterally where required;
- Hold technical workshops where detailed issues need fuller consideration (as took place on the 7th July concerning capacity calculation);
- Hold workshops to communicate progress to a wider range of stakeholders;
- Issue regular updates via the ENTSO-E website;
- Formally consult once a draft network code has been developed.

In addition, in many cases national TSOs are seeking to facilitate a process through which stakeholders can follow the progress of network code development.

#### ***Further information and next steps***

ENTSO-E is committed to following an open and transparent process. Information presented at various stakeholder meetings will be made available via the ENTSO-E website. Parties are asked to note that documents should be treated as work in progress and should not be viewed as necessarily representing the final views of either ENTSO-E or attendees.

We hope that this information is useful. Should you wish to discuss or respond to this letter, please do not hesitate to contact Mark Copley via email at ([mark.copley@entsoe.eu](mailto:mark.copley@entsoe.eu)) or on +32 2 741 8629.

Yours Sincerely

**The ENTSO-E Secretariat.**