

Conclusions of the 12th IG meeting

ERI South-West region

Madrid, 8 July 2013

The 12th IG meeting of the ERI SW region gathered representatives from the TSOs, PXs and NRAs of the three countries involved as well as the Spanish Ministry of Industry, Energy and Tourism.

1. SWE Day-ahead market coupling project

The PCR project status report was presented, including an updated planning for delivery of PMB (price matcher broker) and Euphemia (algorithm). There are insufficient resources for the Simulation Facility design and development. The decision to allocate additional resources for this purpose is pending in SWE depending on cost.

The TSOs and PXs justified the impossibility to launch full coupling at the same time that NWE (November 2013), according to the IT developments (assuming all the Regulatory changes were ready for November). For that reason, a start-up phase has been planned with zero capacity allocated in the implicit auction in IFE between November 2013 and March 2014, while maintaining the current explicit daily auctions to allocate the capacity.

The RCC accepts the launch of the start-up solution in November 2013 but the NRAs require the project team to make its best effort to get an effective coupling as early as possible, ideally by the very beginning of 2014.

As for the SWE coupling project, there are two possibilities for fallback solutions: shadow auctions¹ or intraday allocation. Both solutions are compatible with NWE timings. CRE expressed a preference for shadow auctions and proposed a public consultation on the fallback solution to adopt in FR/ES border (the project should consult either on this point and on the firmness of non-nominated long-term PTRs). The proposed solution will have to be justified.

The administrative procedure for changing the day-ahead GCT in MIBEL has been completed and the only pending point is the Spanish Ministry approval and publication, which should happen in the next weeks. ERSE asked the Spanish Ministry to announce this change at least two weeks in advance in order to arrange national procedures.

The RCC accepts that shadow auctions may be necessary but they are only needed in the full coupling stage, i.e. they are not a prerequisite for the start-up phase. CRE confirmed that having an efficient fallback procedure is important just after the Go-live of full coupling where the problems are more likely to happen.

The RCC proposed that contracts related to the projects of the SWE region are forwarded, after signature, to the NRAs for information.

¹ Yearly cost for shadow auctions in the FR/ES border in both directions around 50 k€

CNE asked REE and OMIE to submit as early as possible (ideally by end July) a first proposal of changes needed in the Spanish Ministerial Order 4112/2005 for day-ahead coupling and the other regional projects.

2. Continuous cross-border intraday trade

The PXs updated on the continuous XBID solution procurement. Given the substantial costs of this project, the issue of cost recovery by the participating PXs is important. OMIE and EPEX SPOT are involved in this initiative. ACER is coordinating a collective letter of comfort from those NRAs who are ready to support the participation of the corresponding PXs and TSOs in this continuous XBID solution.

Furthermore, ENTSO-E requested the formal expressions of interest from non-NWE TSOs to participate in the initial set of systems that will form part of the European cross-border intraday continuous trading solution. REE is waiting for additional information in order to ask for regulatory comfort. REN informed that has asked to become an observer of the project and has already signed the necessary NDA to have access to the information presented on the tender for the continuous XBID platform. REN also stated that only after the commitment from REE to participate on the project can REN assume a more active role on the project.

After the discussion, there was consensus on the convenience to enter the project from the beginning. Implementing continuous intraday trading will be mandatory pursuant to the NC CACM and SWE will only be able to significantly influence this model if we are in this project.

The RCC urged all the TSOs and PXs of the region to enter in this European project (design and implementation) from the beginning as an utmost priority. For that purpose, the NRAs of the region will sign the collective letter of comfort coordinated by ACER after the relevant details of the project are made available. The SWE TSOs and PXs are invited to prepare a cooperation agreement for this issue as appropriate and to participate, as was done in Day Ahead PCR, in the European-wide Cooperation agreements as needed for this European project to succeed.

3. Long term capacity allocation

- IFE:

A Confidentiality Declaration does not allow REE to share information regarding participation in CASC. RTE explained that following the letters of comfort issued by CNE and the Spanish Ministry, and as foreseen by the corresponding MoU, CASC is currently studying the REE participation in CASC. This issue should be solved as early as possible in order not to delay the project.

The go live date for auctioning IFE long term capacity in CASC is November 2013. In June, two public consultations were carried out on the new versions of IFE rules² and HAR. Both will be submitted afterwards for regulatory approval. As far as the Spanish Operational Procedures are concerned, REE has prepared the changes needed.

² A second consultation on a further version of the IFE rules and HAR will take place in autumn in order to switch from day-ahead explicit to implicit auctions (in order to implement full day-ahead market coupling).

The RCC expects that REE can become a member of CASC as early as possible.

The RCC urges the parties involved to make progress with regard to regulatory changes and contractual framework at the same time that the day-ahead market coupling project, including the changes in the Spanish Ministerial Order 4112/2005.

According to RTE, the CASC project is a prerequisite for the full day-ahead coupling (for IT and regulatory reason). Delays on this project may have thus an impact on the day-ahead market coupling project (full coupling phase). In any case, this project will not delay the start up solution of day-ahead market coupling.

- IPE:

OMIP will organise the auctions for a coordinated long term FTR (Options) in IPE as transitory regional solution. The first auction will allocate FTRs with delivery in 2014. In the future, this product could be transferred to CASC as part of an enduring European solution.

Besides the changes in the Spanish Ministerial Order 4112/2005, CNE will issue a “circular” establishing terms and conditions for long-term cross-border exchanges in IPE.

REN explained that, as agreed by REN and REE in the scope of the project for the implementation of long term IPE auctions in CASC, a request for comfort must be sent to NRAs in order to advance with the project and the submission of the referred request is still pending. REN also remembered that becoming a shareholder of CASC isn't a prerequisite to have the IPE long term auctions on this platform as CASC is available to provide these services to non-shareholders.

4. BALIT project

The MoU of the BALIT project signed in April 2013 foresaw go live by December 2013, now the updated timing for go live is February 2014, as the scope of the project is now more ambitious and IT developments require this updated timing.

The BALIT project consists of bilateral exchanges between RTE-REE and REE-REN. A multilateral more sophisticated solution is the purpose of project TERRE: Trans-European RR (Replacement Reserve) exchange where RTE, National Grid, TERNA and REN have confirmed participation. REE is not involved yet but is interested. Before entering the project, REE would like to know more about it and to have conformity from the regulator. RTE informed that some of this information should already be available, as the TERRE project is just a continuation of solutions already being developed by the TSOs in the framework of the BALIT project over the past two years. RTE (and REN) informed that it may be unpractical to ask for comfort letters on these aspects (too long delays, impossible of having all information before the end of the design phase, bad project management).

The RCC requested REE to participate in TERRE as it will be the next step after the BALIT project is accomplished and as a preparation for implementing the coming NC Balancing.

5. NC CACM, Governance Guideline and FCA NC

CRE presented the status of the draft FCA NC and the preliminary evaluation made within ACER.

The NC CACM and Governance Guideline are being negotiated by the EC, ACER and ENTSO-E. ACER is analysing whether the EC can introduce substantial changes on its own without violating 3rd Package provisions. The RCC is not aware yet of future comitology meetings for the NC CACM and Governance Guideline.

Summary of milestones:

Action	Deadline
Launch of start-up solution for SWE coupling.	Nov 2013
Consultation on fallback solutions for coupling (included in a wider consultation of HAR evolution).	Sep-Oct 2013
Spanish Ministry to publish change of GCT.	Summer 2013
REE and OMIE to submit a first proposal of changes needed in the Spanish Ministerial Order 4112/2005.	ASAP, ideally by end of July 2013
TSOs and PXs to submit contracts related to the projects of the SWE region, after signature, to the NRAs for information.	Ongoing
NRAs of the region to sign the collective letter of comfort for the continuous intraday project, coordinated by ACER.	Sep 2013 (already announced to ACER)
REE to confirm participation in the continuous intraday project (and TERRE) and, accordingly, report to CNE.	Sep 2013
TSOs and PXs to prepare a clear roadmap identifying blocking points and time needed for evolutions to adapt the pan-European ID solution to SWE specificities, looking in details at the way to make a hybrid solution work.	Autumn 2013
REE to become member of CASC.	ASAP
CNE to issue a "circular" establishing terms and conditions for long-term cross-border exchanges in IPE.	Autumn 2013
OMIP to auction coordinated long term FTRs in IPE.	Dec 2013
BALIT go-live.	Feb 2014
HAR evolution approval by NRAs.	Sept-Oct 2013
IFE-CASC Go-live.	Nov 2013