

New Sharing of the Auctioning Activities on IFE

Madrid, November 3 rd 2011

Lasts meetings and recent developments in SWE and EU

➤ 8th IG Meeting (12/04/2011):

- ❖ CNE and CRE support TSOs' proposal to transfer the IFE long term PTRs auctions to CASC.EU but foreseeing the evolution towards financial treatment (linked to market coupling in IFE)

➤ FWGL CACM:

- ❖ For the long term timeframes, draft FWGL CACM establish that the harmonization of the long-term auctions will be reached through the integration of the auctioning process in a single auction office

Towards a LT auction platform for IFE

■ Scenario decided by RTE and REE:

- Transfer of the Yearly and Monthly auctions to CASC-EU,
with at the same time
- Transfer of the Daily auctions to REE

Current situation in IFE

PTR Annual auction: *REE*

PTR Monthly auction: *RTE*

PTR Daily auction: *RTE*

PTR ID auction: *REE*



Situation in IFE in 2012

PTR Annual auction: *CASC.EU*

PTR Monthly auction: *CASC.EU*

PTR Daily auction : *REE*

PTR ID auction: *REE*

- Daily Auction will be replaced by Market Coupling MIBEL-CWE/NW
- PTRs + UIOSI may be replaced by FTRs after Market Coupling MIBEL-CWE/NW

Pending issues (I)

- Transferring the long term auctioning to CASC.EU and the Daily auction to REE requires:

- Regulatory changes:

- ❖ New IFE Rules

- ✓ IFE Rules for long term auctions and secondary market signed by CASC.EU with market participants (LT IFE Rules)
 - ✓ IFE Rules for Daily and Intraday auctions signed by RTE and REE with market participants (ST IFE Rules)

- ❖ Spanish Operational Procedure 4.1 modification

- ❖ High level Spanish regulation may also need to be modified (under analysis)

- ❖ French Import/Export Rules modification for the nomination in France

- Organizational modifications

- ❖ New Perimeter of activities for CASC.EU, RTE and REE

- ❖ Impacts on the organization of the TSOs

Pending issues (II)

- **Transferring the long term auctioning to CASC.EU and the daily auction to REE requires:**
 - **Contractual agreements**
 - ❖ New agreement between RTE and REE with CASC.EU (Service Provision Agreement SPA LT)
 - ❖ New agreement between RTE and REE for the operation of the Daily and ID Auctions (Service Provision Agreement SPA ST)
 - ❖ Revision of the current IFE Cooperation Agreement (CA) between REE-RTE
 - **IT modifications:**
 - ❖ Related to CASC.EU auctioning tool (EXAU) to take into account the IFE border
 - ❖ Daily auctions to be implemented in REE's IT tool
 - ❖ New IT exchanges between RTE and REE with CASC.EU to be implemented

Project Status (I)

■ IT impacts:

- CASC.EU, RTE and REE are currently working on two Implementation Guides to define the IT flows and mapping of the files:
 - ❖ Finalization of these Implementation Guides foreseen by mid November
- Features of the LT IFE Rules have to be defined to evaluate the potential impacts on CASC.EU IT systems

■ Organizational impacts and fees for outsourcing the activities:

- Agreement on the perimeter of activities reached during summer 2011
- Agreement between TSOs and CASC.EU regarding the amount and sharing of the fees

■ A MoU between REE, RTE and CASC.EU is under analysis

- Will enable each Party to officially launch the implementation phase

Project Status (II)

■ IFE Rules:

➤ Two set of Auction Rules are necessary:

- ❖ Workshop foreseen on the 16th / 17th of November in Paris
- ❖ Possible option under analysis: Use the Harmonized Auction Rules (HAR) (CWE-CSE-Switzerland)
- ❖ Target: Finalization of the ST and LT Auction Rules before the end of 2011
- ❖ Consultation of MPs and Forum in January
- ❖ Regulatory approval would be necessary at the end of March 2012 to reach the target of May 2012

■ Implementation phase:

- On RTE and REE sides, the implementation starts in November
- In February, TSOs would confirm the original target date (May 2012), taking into account the approval process of new regulation. Otherwise, the projects “go-live” would be postponed until October 2012.
- Any delay in the regulatory approval would have to be studied from a technical point of view

Next steps

- **A first estimated schedule for the “ go-live” could be:**
 - **Beginning of June 2012:** IFE daily auction to be performed by REE
 - **At the end of May 2012:** IFE monthly auctions to be performed by CASC.EU
 - ❖ First provisional planning
- **Potential Risks on the project**
 - **Possible delays on the approval of the IFE Rules and Operational Procedure 4.1**
 - **Other projects at TSOs and CASC.EU level are currently on-going**
- **Market Participants will be deeply involved in the process:**
 - **Q4 2011:** Information regarding the IT evolutions (impacts on the mapping) and on the new Business process
 - **Forum in January:** For the consultation of the MPs on the IFE Rules proposals
 - **Training:** CASC.EU will organize training sessions for MPs
 - **Registration of MPs in the new auctions system from beginning of April 2012**