**NWE day-ahead price coupling and intraday projects**

**IG meeting – Draft minutes**

28 March 2012 from 10:30 to 16:30 hours

Sheraton Hotel at Schiphol Airport

**DRAFT AGENDA**

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| **Time** | **Agenda Topic** |  |
| 10.30 | *Opening and welcome* | TenneT, NRAs |
| 10.45 | *Intraday* |  |
|  | 1. Present final TSO-PX MoU and governance | TSOs and PXs |
|  | 1. Present final PX-PX MoU and governance | PXs |
|  | 1. Progress with border-by-border implementation projects    1. SOB development    2. Overview    3. NordNed | TSOs and PXs |
|  | 1. Update on cross-regional roadmap | NRAs |
| 13.00 | Lunch |  |
| 14.00 | *Day-ahead* |  |
|  | 1. Status on the cross regional roadmap deliverables | BNetzA |
|  | 1. Status update day-ahead    1. Project status    2. Project plan    3. Budget    4. Answers to open NRA questions sent after October IG | Joint TSO-PX presentation  Discussion |
|  | 1. Regulatory issues    1. Cost recovery    2. Algorithm approval process | BNetzA, Dera |
|  | 1. Way forward and next IG meetings |  |
| 16.30 | Close |  |

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| Participants | | |
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| Name | Country | Organization |
| Olaf Islei | Great Britain | Ofgem |
| Giuseppina Squicciarini | Great Britain | Ofgem |
| Markus Hübner | Denmark | DERA |
| Thomas Müller | Germany | BNetzA |
| Margareta Bergström | Sweden | EI |
| Johan Roupe | Sweden | EI |
| Patrick Luickx | Belgium | CREG |
| Adeline Lassource | France | CRE |
| Rose Sargant | Netherlands | NMa |
| Mathieu Fransen | Netherlands | NMa |
| Robert Jan Maaskant | Netherlands | NMa |
| Annette Scherrer | Switzerland | ElCom |
| Gange Toril Naustvoll | Norway | NVE |
| Vidar Slettehaug | Norway | NVE |
| Annette Scherrer | Switzerland | ElCom |
| Zeljka Koessldörfer | Austria | E-Control |
| Christophe Gence-Creux | Slovenia | ACER |
| Timo Partanen | Finland | EMV |
| Yves Langer | Belgium | Belpex |
| Hans Randen | Norway | Nordpool Spot |
| Andrew Claxton | Netherlands | APXEndex |
| Juan Perez | France | EPEX |
| David Assaad | France | EPEX |
| Hans Vandenbroucke | Belgium | Elia |
| Ritva Hirvonen | Finland | Fingrid |
| Ian Moss | Great Britain | National Grid |
| Ralf Lonsdorfer | Germany | Amprion |
| Jens Mattausch | Germany | 50 Hertz |
| Jens Axmann | Germany | Transnet BW |
| Carsten Pflanz | Germany | TenneT TSO |
| Lucy Sarkisian | Netherlands | TenneT |
| Marie Dufourg | France | RTE |
| Signe Horn Rosted | Denmark | Energient.dk |
| Øystein Mørk | Norway | Stattnet |
| Corné Meeuwis | Luxemburg | CASC |
| Patrick Johnsen | Luxemburg | CASC |

1. ***Opening and welcome***

Corné Meeuwis (CASC) welcomed participants to the joint intraday and day-ahead implementation group meeting at Schiphol Airport.

Giuseppina Squicciarini (Ofgem) welcomed participants on behalf of the regulators and gave a brief overview of the Agenda for today.

1. ***Intraday***
2. Present final ENTSO-E and Europex MoU and governance

NWE TSOs gave an update on the status of the MoU. It was announced that the MoU would be finalised in time for the Florence forum on the 22 May. The original date for finalising the MoU was February 2011. The reason given for the three month delay was the lengthy approval process necessary for all ENTSO-E members and all Europex members to approve and sign the MoU.

NWE TSOs gave a presentation of the content of the MoU which covers both the interim model and the target model: a description of the technical and functional objectives, governance principles, roles and responsibilities, creation of a coordination framework and cost recovery principles.

NWE TSOs noted that one point for concern in relation to the MoU was uncertainty regarding PX planning to develop the Shared Order Book (SOB) function. NWE PXs responded that they were committed to developing the SOB in line with project expectations.

NWE NRAs expressed disappointment that the finalisation of the MoU had been delayed for three months. NWE NRAs asked for clarification regarding the implication of the delay for the NWE project. NWE TSOs commented that the objective of implementing continuous trading on each NWE border by the end of 2012 now seemed ambitious.

1. Present final PX-PX Cooperation Agreement

NWE PXs gave a presentation on the status of the Intraday PX-PX Cooperation Agreement. The Cooperation Agreement is being developed by Europex members. The Cooperation Agreement will be open to any Europex member to sign. The Cooperation Agreement is a project initiation agreement setting the terms and conditions for PXs to cooperate to implement the interim model.

NWE PXs confirmed that for the interim model, the starting point is ELBAS, which will be further developed towards the target model. Selection of ELBAS is subject to technical and contractual conditions. The cooperation agreements will include, decision making principles, cost sharing principles and a project plan to develop the SOB/CMM and coordination between SOB/CMM and the local implementation projects.

The aim is to finalise the Cooperation Agreement by the next Florence Forum on 22 May. NWE NRAs expressed disappointment that the anticipated finalisation of the Cooperation Agreement had been delayed by 2 months. NWE PXs explained that the delay was because Europex members had decided to develop a Cooperation Agreement which is more ambitious than a high level MoU.

NWE PXs are working to finalise a detailed project plan and budget for implementing the interim solution by the next Florence Forum. NWE PXs committed to present a first version of the project plan at the either the next AESAG meeting on 19 April or the next IG meeting which is planned for 9 May. The status of the detailed project plan and budget is that it is likely to become an appendix to the PX-PX Cooperation Agreement or to the ENTSO-E/Europex MOU.

NWE PXs also announced recent progress, that since 14 March some PX are already sharing their order books via ELBAS implementation on NorNed.

1. Progress with border-by-border implementation projects

NWE TSOs and PXs gave a joint presentation on the status of the border-by-border implementation projects.

ELBAS was implemented on the NordNed cable to meet the 14 March objective. This connects the intraday markets operated by APX-ENDEX and Belpex in the Netherlands and Belgium with the intraday market operated by Nord Pool Spot in the Nord Pool area.

NWE TSOs commented that for the other borders, the pre-conditions which have been set to start the implementation projects still have not been met. These pre-conditions include: completing the ENTSO-E and Europex MoU; commitment from PXs to pool local order books; and, a detailed timeline from PXs to develop and introduce the SOB/CMM.

NWE TSOs commented that each border-by-border implementation project is likely to take 9 months – 6 months to build the necessary systems and 3 months for testing and implementation. It seems that the pre-conditions will be met by the Florence Forum on 22 May. The objective of completing implementation of the interim model across the NWE region by the end of 2012 is very challenging.

NWE TSOs asked for an update on the gap analysis PXs are undertaking for the SOB/CMM and for a project plan for the development of the SOB/CMM.

NWE PXs commented that a main challenge was the movement of intraday liquidity in the French and German markets from one platform to another. The main challenge for PXs is to manage this move without having a negative impact on their customers. For example, in the German market 20% of intraday liquidity is traded via PXs and 80% is traded via OTC contracts. A reduction in intraday liquidity traded via PXs would not be in the interest of the NWE project.

NWE TSOs asked whether the experience from the Implementation of an SOB on NorNed may serve as input for the further development. NWE PXs replied that it is a sort of proof of concept.

NWE NRAs summarised that we need more clarity on the what and how. NRAs are not particularly clear about status and content of the MoU and Cooperation Agreement and the relationship between the two. In addition clarity regarding the development of the SOB/CMM and the robustness of ELBAS is needed. On the how, ie process, we are not clear on the impact of the delay on the MoU to the overall process. What are the challenges and is there an approach to address them to achieve the 2012 target is also not clear to NRAs. NRAs committed to circulate these questions.

1. Update on cross-regional roadmap

NWE NRAs gave an update on the cross-regional roadmap for intraday. NWE NRAs requested more information on the outstanding issues (SOB, MoUs) sufficiently ahead of the Florence Forum either at the next AESAG or a dedicated IG meeting.

Current status for explicit access to intraday capacity is fairly clear. Only on the French-Belgian border there has not been reached an agreement between NRAs. The decision on explicit access should hover not be taken as a precondition to start implementation of border-by-border projects. NWE TSOs urged NRAs to decide soon. A project can be started but explicit access is not just a simple on/off decision but has implications for pre- and post matching operations. An update on this from NRAs side shall be given at the AESAG.

1. Actions

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|  | **Actions** | **Date** |
| 1. | NWE TSOs and PXs to respond to NRA questions on what and how | 9 May 2012 (IG meeting) |
| 2. | ENTSO-E and Europex to finalise the intraday TSO-PX MoU | 22 May 2012 (Florence Forum) |
| 3. | Europex to finalise the intraday PX-PX Cooperation Agreement | 22 May 2012 (Florence Forum) |
| 4. | NWE PXs to present an initial version of the detailed project plan and budget for the development of the integrated SOB/CMM | 9 May 2012 (IG meeting) |
| 5. | PXs to conclude and report back on ELBAS gap analysis | 19 April and 9 May 2012 (AESAG and IG meeting) |
| 6. | NRAs to report OTC decisions for France-Belgium and France-Spain borders | 19 April and 9 May 2012 (AESAG and IG meeting) |

1. ***Day-ahead***
2. Status on the cross-regional roadmap deliverables

Thomas Müller (BNetzA) gave a short update on those milestones from the cross-regional roadmap on day-ahead which have already been achieved and those still to be delivered. Open issues concern deliverables both on the side of the TSOs/PXs and on the side of the NRAs.

1. Status update day-ahead

Corné gave a joint TSO/PX presentation on the status of the day-ahead project. The high-level timeline of the project foresees the go-live of NWE price coupling by 1st of January 2013.

Regarding the budget, the combined NWE PX costs are estimated € 10.3 comprising € 3.3 m (60%) of PCR common costs and € 7m local cost; Additionally, NWE common costs of € 0.8m are expected. TSOs do not expect substantial extra cost on their side as the solution will be build as much as possible relying on existing systems. Budgets will be finalised as part of the APCA.

The NWE TSOs proposed to bear 100% of NWE PXs’ share of PCR common cost (design and implementation) and of each PX’s local costs in support of PCR and NWE. For the implementation phase TSO propose to cover 75% of the cost.

TSOs share the reimbursement limited to the approved budget equally with the exception for CREOS to pay half (same principle as in ITVC).

Juan Pérez (EPEX) stated that the same arrangement is found amongst PCR PX to share the costs equally.

Christophe Gence-Creux (ACER) asked whether the agreement to share per party may also be applicable to non-NWE countries and extension towards EPC. Corné replied that cost sharing arrangements, e.g. sharing per party, which are discussed so far only concern the NWE project. A general discussion on this issue between ENTSO-E and Europex has not take place.

Juan explained that a potential way of sharing between PX could be to link the key to the status of any additional PX: PXs which become full members of the PCR solution may pay equal share while others could contract a service for service fee. A PX workshop is planned for 2nd of April to discuss these issues and all PCR agreements so far.

As regards TSO requirements to the algorithm, Corné indicated that a two-step approach to implementation could be envisaged in which to implement the most essential ones first and the others later. It was discussed during the meeting that in particular any new requirements, i.e. currently not in production, would need to be approved. NRAs were asked to provide guidance on which aspects need approval and how much time is required for approval.

It was agreed that TSOs/PXs should foresee a time/process also for the approval of the algorithm requirments in particular the new requirements. In that respect TSOs/PXs asked NRAs to be more specific about their approval needs and time needed for that.

Juan gave an update on the status of PCR. PCR agreements have progressed with a target to be signed end of April. No major issues remain to finalise PCR agreement.

1. Regulatory issues

Thomas stated that according to the cross-regional roadmap NRAs/ ACER are supposed to send a letter of comfort to TSOs/PXs as regards the interim governance arrangements, algorithm approval and cost issues. NRAs have worked intensively on these aspects during recent months and aim to finalise the letter of comfort in April. However, in order to achieve this further information from TSOs/PX is needed.

On the governance issue Thomas pointed out to the work on the Commissions’ Governance Guideline and that NRAs need a description from PX and TSOs on the interim high-level governance arrangements for NWE before being able to give comfort on that.

1. Cost recovery

Thomas gave a presentation on cost recovery and cost sharing whose content will serve as input to the letter of comfort.

Thomas emphasised that TSOs and PXs are requested to provide ACER and NRAs as soon as possible with a detailed budget regarding the design, implementation and operational costs of the NWE/PCR market coupling project which includes common and local cost.

1. Algorithm approval process

Markus Hübner (Dera) gave a presentation on algorithm approval issues and an assessment from the newly formed NRA Task Force on the issue.

Regarding the approval process of the algorithm and in particular as regards TSOs requirements to the algorithm and time needed, NRAs are asked to provide more clarity.

1. Way forward and next IG meetings

Thomas concluded the day-ahead session and summarized the following action points as a result of the meeting:

* **NRAs**: Provide more information as regards approval needs and time needed for approval processes.
* **NRAs**: Clarify approval process of the algorithm and in particular as regards TSOs requirements to the algorithm.
* **TSOs/PXs**: NRAs request more detailed information on budget. Preferably, this should be sent together with TSOs’/PXs’ request for regulatory approval of sharing arrangements and validation of common and local costs.
* **TSOs/PXs**: NRAs request to provide a proposal for cost sharing between NWE and non-NWE countries.
* **TSOs/PXs**: NRAs request a clear proposal on high level flexible high-level interim governance arrangements for the NWE project.
* **PX**: Report back to the IG on the results of the PX workshop 2nd of April and in particular on the issue of cost sharing between PX (PCR / non-PCR PX; NWE / non-NWE PX).
* **For information**: All documents from the day-ahead part of the IG meeting can be downloaded from the ACER website.

The next joined NWE day-ahead and intraday meeting will be determined for the beginning of May.