



Iberia/Spain-France-Germany Cross-border
Intraday: Technical feasibility study
EPEX-OMIE

Draft document – Work in progress

Agenda


- Background
- Summary
- High level requirements
- IT requirements
- Clearing and Financial settlement

Background

- **Current France-Spain Cross-border Intraday trading solution:** TSOs (REE-RTE) are currently running two explicit intraday auctions to allocate the XB transmission capacity rights of the available capacity after the Day Ahead Market/Nominations and the previous Intraday Markets/Nominations. The Intraday explicit auctions of rights , as the Day-Ahead explicit auctions of rights, use the Use-it-or-lose-It principle
- **Current Spanish/Iberian and France-Germany intraday markets**

Spanish/Iberian intraday market	French – Germany intraday market
6 Intraday Implicit auctions : <ul style="list-style-type: none">• 2 auctions in D-1• 4 auctions in D	Intraday Implicit Continuous trading

- **Target model** on cross-borders Intraday trading according to ACER's Framework Guidelines on Capacity Allocation and Congestion Management
 - Cross-border implicit continuous trading
 - Embedding a criteria for the pricing of the XB ID allocated capacity

 EPEX Spot and OMIE are carrying a study to analyze possible solutions and features to connect France-Germany and Iberian/Spanish ID markets with an Implicit continuous trading market

Agenda

- Background
- Summary
- High level requirements
- IT requirements
- Clearing and Financial settlement

Summary

- The proposal for integrating the Iberian/Spanish Intraday Implicit Auctions and the France-Germany Implicit continuous ID market is very similar (except the number of IM Auctions) to the solution presented by EPEX and GME in the CS IG back in May 2012
- The solution can be applied with either the French-Germany Implicit continuous ID Market or with the future European-wide SOB/CMM interim or enduring Implicit ID trading system.
- The local part of the processes will have to be dealt locally – main points related to these processes are also presented in the following slides

Agenda

- Background
- Summary
- High level requirements
- IT requirements
- Clearing and Financial settlement

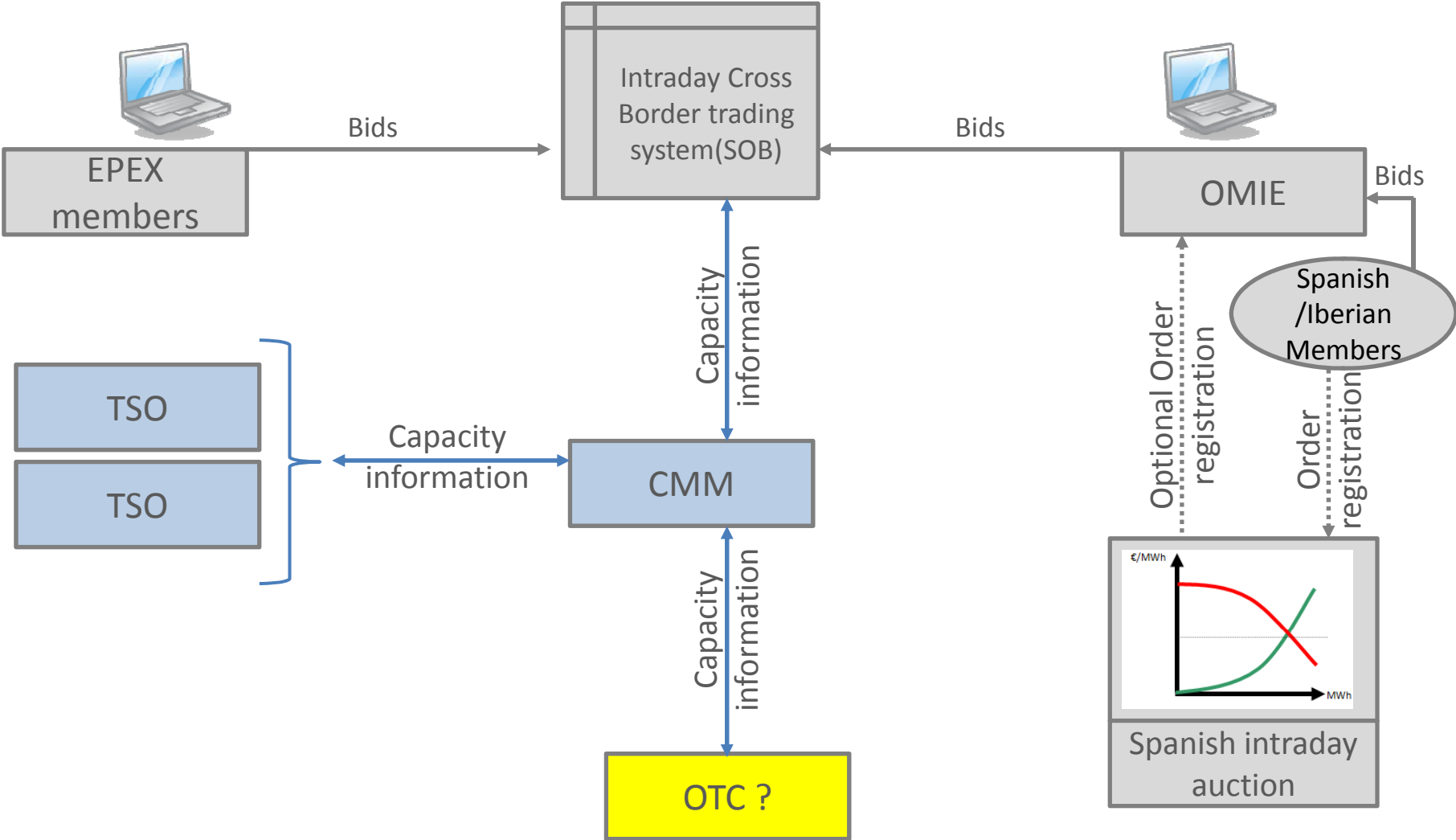
High level requirements

Spanish/Iberian intraday market	French – Germany intraday market
<p>6 Implicit IM auctions: It is the only possibility for Iberian Market participants to balance themselves, prior to real time Markets. No OTC bilateral contracts are permitted after Day-Ahead timeframe</p>	<p>Continuous Implicit trading Possibility for French and German market participants to balance themselves on the PX market or OTC, locally or cross-border</p>
<p>Continuous Implicit trading, taking into account available cross border capacities at any moment for international trades</p>	

- **Before gate closure of each Iberian IM Auctions,**
 - Participants open positions from the Implicit continuous trading Market are transferred by the participants to the IM auctions when they decide to do so selecting the IM auction that they decide
 - Spanish/Iberian order book in the continuous Implicit Market is closed for hours which cannot be traded in a later Spanish IM auction, therefore the France-Spain capacity is not tradable in this hours
- OMIE Market parties are counterparts for Spanish bids (as in the Day-ahead Market) with 100% Banking collaterals ; ECC (EPEX CCP) is counterpart for French and German bids; OMIE and ECC manage the settlement of the XB trades
- **Explicit cross-border access to the capacity** subject to a common position from the concerned Regulators
- The way of dealing with the Portuguese area in ID is subject to Regulators decision

Continuous Implicit XB platform

linked with Iberian implicit auctions



Process: Transfer of Spanish/Iberian bids matched in the Continuous Market into bids in the IM auctions

- Net open position of bids matched in the cross-border Implicit intraday market for delivery to or from the Spanish/Iberian area are transferred into the Spanish/Iberian IM Implicit auctions as bids and offers according to the following criteria:
 - Purchasing bids in the cross border market are transferred into the IM auction as selling offers (and vice versa)
 - Bids and offers are located in the Spanish zone of the Spanish IM auction
 - Bid price at which the matched order in the cross border market is transferred to the IM auction is freely set by the market participant:
 - *set as market price (zero for selling offers and maximum price for purchasing bids)*
 - *set equal to the price of the matched order in the cross-border market*
 - *Any value decided by the participant*
 - *Optionally, OMIE could do it in the name of the participant according to their instructions*
- In case the bids/offers transferred to the Spanish IM auction are not matched (lack of liquidity or not competitive price on the bids) the Spanish market participant is unbalanced in the Spanish area
- **Firmness** of the cross border nomination is independent from the local nomination/matching process and in any case ensured

Different Price limits in the different Markets

- Iberian IM auction and in the French ID market have different price limits:
 - 0 €/MWh; 180,03 €/MWh in the Iberian IM market
 - -9.999 €/MWh; +9.999 €/MWh in the French-Germany ID market
- Suggestions:
 1. **Less restrictive:** Not to consider the issue and participants will act accordingly in the Markets, knowing the rules and the different price limits. Spanish/Iberian participants can be **allowed** to buy at negative price and to sell at prices over 180,03 €/MWh in the XB ID market
 - Price limits of Spanish IM auctions would not be changed
 - Bids in the Spanish ID market need to respect the price limits
 2. **Restrictive:** Not allowing cross-border matching, in case prices on French side exceed Iberia/Spanish price limits (Iberian/Spanish participants are **prohibited** to buy and sell at negative price and at prices over 180,03 €/MWh in the XB Continuous ID market)

Timeframe issues

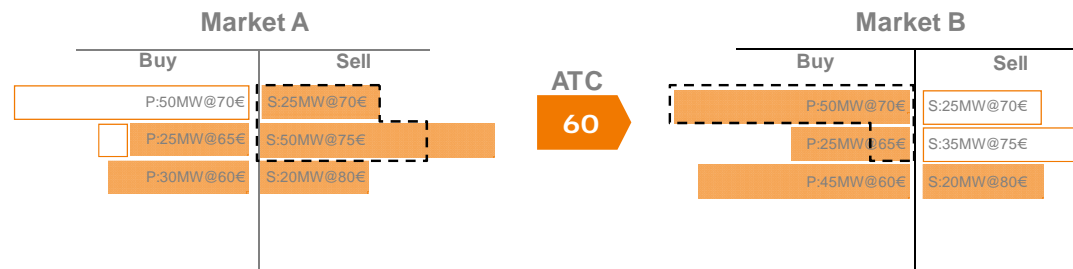
- **Negotiation in multiple IM Implicit auctions of the same delivery hours.** For example, IM3 negotiating delivery hours from the 5th to the 24th hour, and IM4 negotiating delivery hours from the 8th to the 24th hour.
- Participants are free to integrate their matched net trades in the continuous trading Market in the Spanish IM auction of their choice, but if they do not do it they are subject to deviations costs.
- TSOs need to provide cross-border capacity by a certain time (3pm) in order to allow that all 24 hours are tradable on the XB ID Continuous market on the French-Spanish border

Agenda

- Background
- High level requirements
- IT requirements
- Clearing and Financial settlement

IT requirements

- Shared Order Books /Congestion Management Module System (SOB/CMM) in order to allow that, provided that there is available capacity:
 - Order books have to be updated simultaneously according to the capacity values sent to the SOB/CMM
 - Bids submitted to one local order book are simultaneously shown on the other order books provided they are compatible with the updated values of XB capacity
 - There is a perfect synchronization of all order books
 - Cross matching of bids submitted to different order books is supported
 - Time stamp of the bids is similar (crucial to correctly manage priority of bids with same price)
- Both order books would be hosted in the same platform:

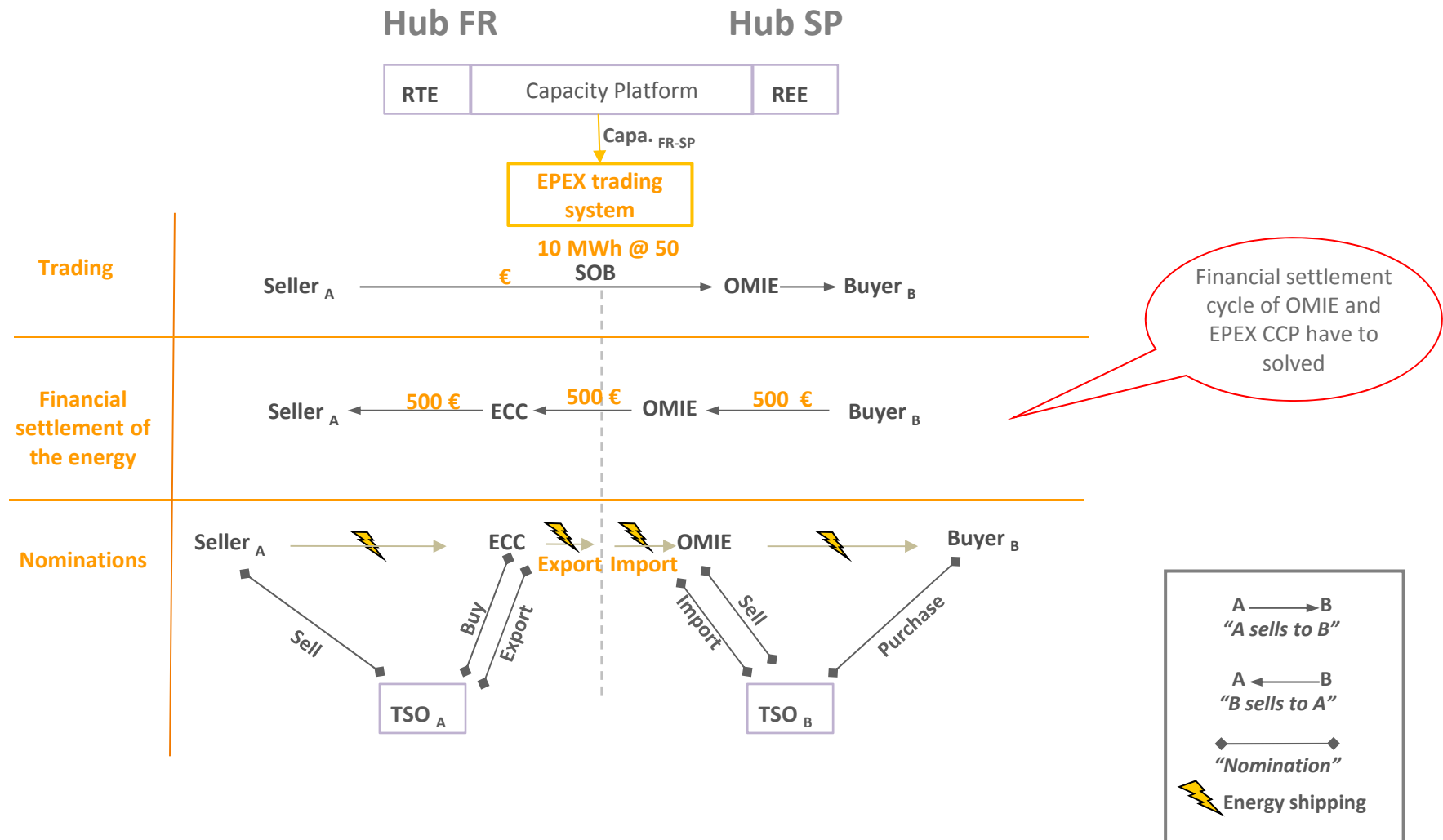


- With 60 MW capacity from A to B
 - 60 MW cheapest sell orders in A are shown in B
 - 60 MW most expensive buy orders in B are shown in A

Agenda

- Background
- Summary
- High level requirements
- IT requirements
- Clearing and Financial settlement

Hypothesis: OMIE is connected to the SOB through an API



* To be made consistent with the Day-Ahead solution under discussion between EPEX(ECC) and OMIE

Thank you for your attention