SWE Day-ahead market coupling

(Pre- and Post-Coupling project)

12th September 2013

AESAG presentation

Agenda

1. Project overview
2. Regulatory changes
3. Coordination with NWE
4. Project planning

Project status - overview



- **An extension of the Cooperation Agreement for the implementation phase has been sent for signature to all the parties (the first page already signed by all parties and circulated)**
- **The Implementation phase has been launched on the 26th of April:**
  - Operational procedures for the Startup phase are finalized
  - Operational procedures for the Full coupling solution are under drafting
  - SWE testing activities have been organized: a first phase of Integration Testing is scheduled to start on September 23rd
  - A SWE Day Ahead Operational Agreement (SWE DAOA) has been drafted and is under review. Signature of this agreement is foreseen by the startup solution Go-Live in November.
- **Collaboration between SWE and NWE regions is ongoing:**
  - The technical TF in charge of the joint testing phase for the SWE Start-up Solution has successfully entered into the Simulation test phase.
  - The NWE/SWE Task Force performed an impact assessment on a simultaneous Go-Live between NWE and SWE start-up solution with zero capacity and explicit allocation on FR/ES border. The preliminary assessment confirming that a simultaneous Go-Live in November presented low risk, was approved by both SWE and NWE Steering Committees.
  - The legal framework for the Startup Solution has been agreed by NWE and SWE Steering Committees. It consists in relying on the existing agreements and the SC decisions (binding decisions).

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Status of regulatory changes and relevant agreements



- **Spanish Operational Procedures and Market Rules for the change of MIBEL GCT to 12h CET for application on 15th October 2013 already approved**
  - **Change of Gate Closure Time of the Iberian market to 12:00 (CET)** – *ALREADY APPROVED*

- **Implementation of the necessary agreements for the full coupling solution (capacity in the interconnection France-Spain) prior to using the full day ahead capacity in the interconnection France -Spain.**

- **Regulatory changes needed :**
  - In Portugal: Manual de Procedimento da Gestão Global do Sistema and corresponding Avisos – *REQUIRED FOR THE START UP SOLUTION*
  - In Spain: FR-ES Interconnection rules (IFE Rules) & HAR – *SCHEDULED FOR CONSULTATION IN OCTOBER/NOVEMBER, NOT NEED FOR THE STARTUP SOLUTION*
  - **High level regulation (Ministerial Order 4112/2005)** – *REQUIRED FOR THE START UP SOLUTION*
  - **MIBEL Markets Rules (Euphemia Algorithm pending approval)** – *REQUIRED FOR THE START UP SOLUTION*
  - **Operational Procedures in Spain (elimination of daily explicit auctions)** – *NOT NEEDED FOR THE START UP SOLUTION*

- **Other relevant agreements :**
  - Cooperation Agreement RTE-REE for the management of the interconnection (Contract). – Not needed for the start up solution
  - Agreement between REN and OMIE - *TEXT APPROVED READY FOR SIGNATURE*

- **Complete list of regulatory changes and relevant agreements are available in the Monthly Regulatory Report**

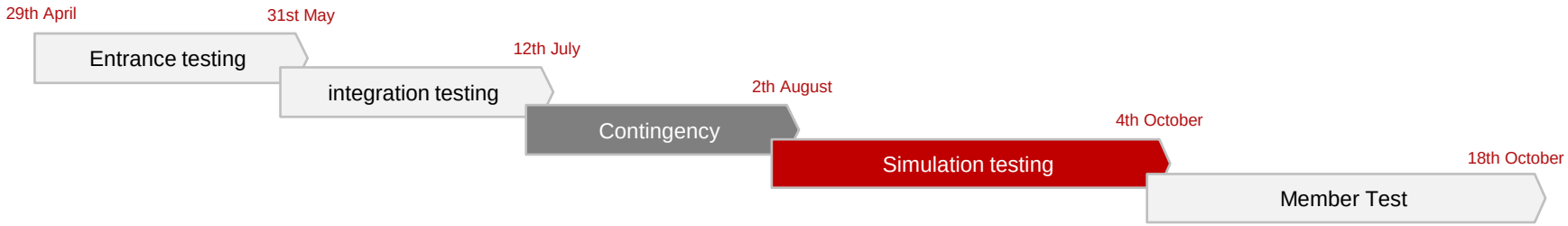
Implementation of the remaining changes is on the critical path for Market Coupling Go Live

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Coordination with NWE

- **The SWE region has started since April 29th the joint SWE/NWE testing activities for the SWE Start Up Solution**



- **The "Entrance tests" phase has been successfully performed by SWE**
  - OMIE and EPEX performed successfully the role of PMB Coordinator for several tests

- **The "Integration tests" started the 3rd of June**
  - Exit criteria for Entrance Test : validation of Normal day and Nordic Decoupling scenarios

- **The "Simulation tests" started on August 5th and are on-going**

- **The impact assessment on the simultaneous Go-Live between NWE and SWE Startup solution showed no issue on the technical and procedural aspects. Legal framework was also agreed upon parties.**

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Project status – sequence of implementation



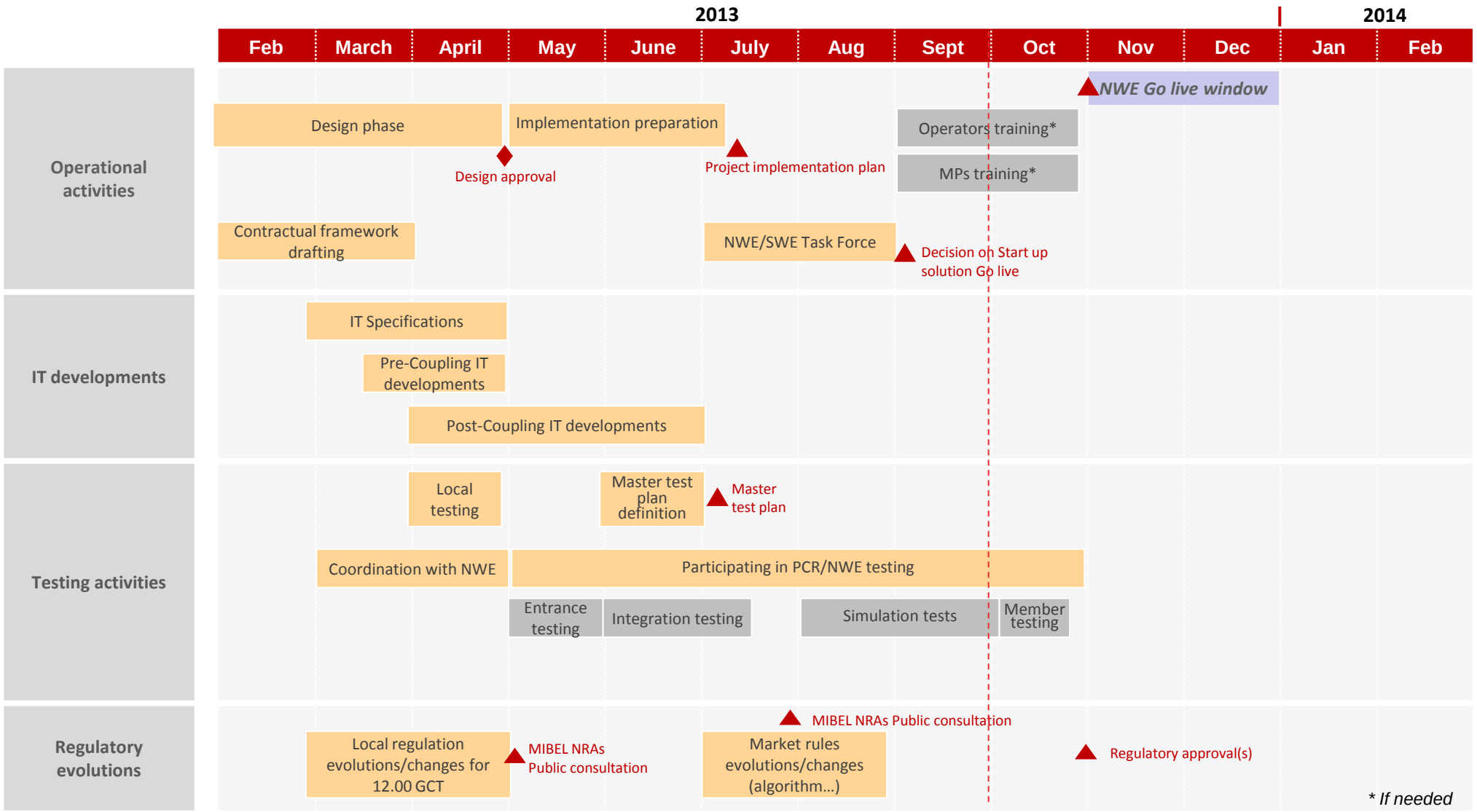
- **The implementation approach, with a start up phase, allows a smooth transition to the target model with efficient risk management. This also allows a period of parallel run between the market coupling and the explicit daily auctions.**

	Start-up solution ***Go live***	**Full coupling step 1** ***interim solution***	**Full coupling step 2 Target solution**
ATC Capacity value	0	Agreed ATC between RTE and REE	
Sending of ATC values	(Capacity set to zero for coupling)	REE → OMIE	REE → OMIE RTE → EPEX via TSO CS
DA Capacity Allocation	Explicit	Implicit	
Congestion rent settlement	TSOs share 50% of explicit auctions	OMIE → REE (50%) EPEX → ECC→ CASC → RTE (50%)	

High level planning
Start up solution

Version
03/07/2013

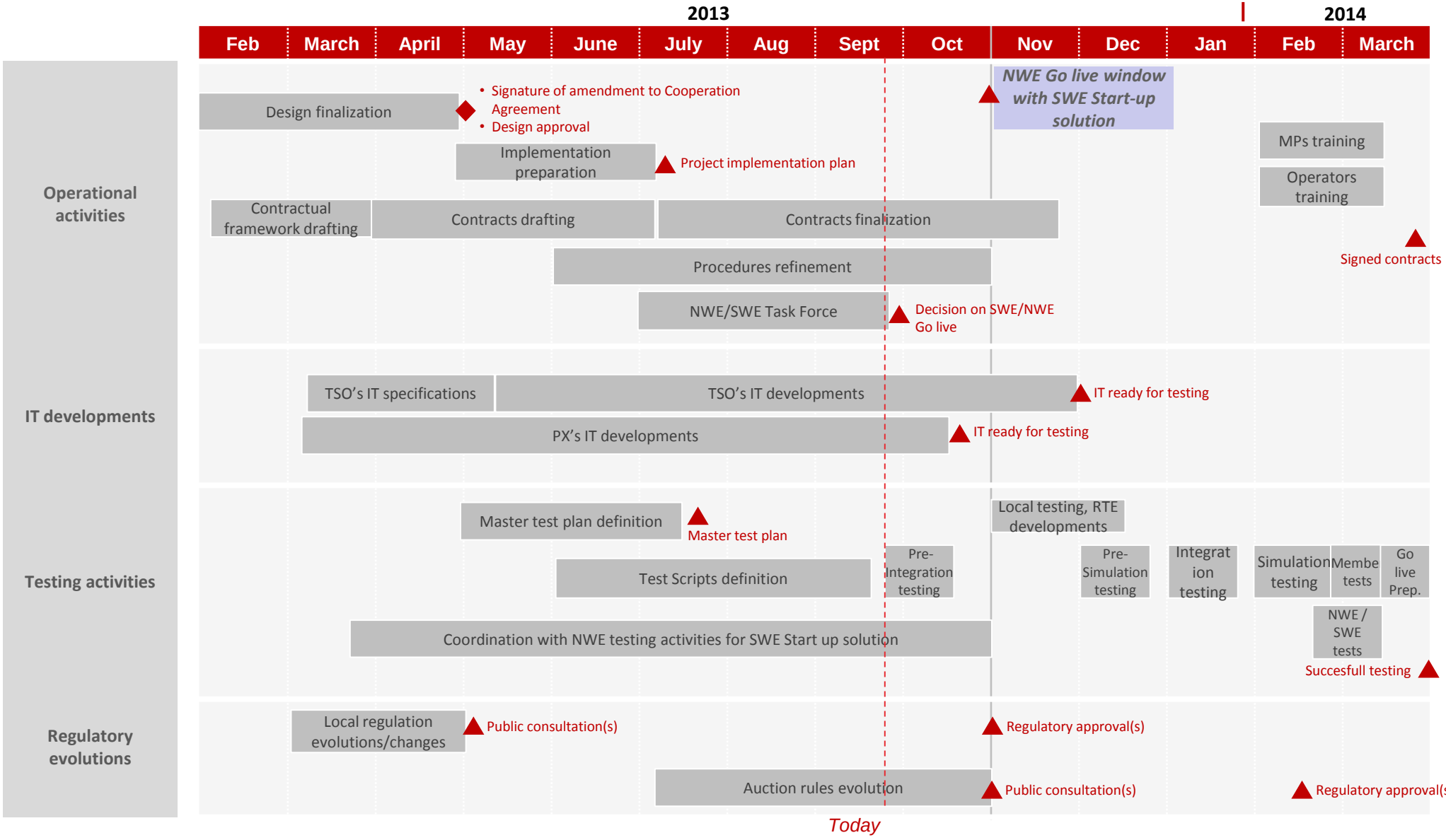




High level planning – SWE
Full coupling

Version
05/09/2013





AOB

- **The project parties asked NRAs to organize a Stakeholder Group meeting in September/October in order to present the SWE roadmap towards full coupling**