



SWE Day-ahead market coupling

(Pre- and Post-Coupling project)

Madrid 8th July 2013

13th IG meeting - SWE ERI

Agenda

1 Project overview

2 Regulatory changes

3 Coordination with NWE

4 Project planning



- **A Cooperation Agreement for the design phase and an amendment for the implementation phase has been signed by all parties.**
- **The High Level Functional Architecture describing the Full coupling was sent to NRAs at the beginning of May 2013**
- **The Implementation phase has been launched the 26th of April:**
 - Operational procedures are under drafting
 - SWE testing activities have been organized
 - A SWE Day Ahead Operational Agreement (SWE DAOA) has been drafted and is under review
- **Collaboration between SWE and NWE regions is ongoing:**
 - A technical TF in charge of the joint testing phase for the SWE Start-up Solution has started the 29th April with the Entrance Test.
 - A NWE/SWE Task Force has started an impact assessment on a possible simultaneous Go-Live between NWE and SWE start-up solution with zero capacity and explicit allocation on FR/ES border.

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 <i>Go live</i>	Full coupling step 1 <i>interim solution</i>	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%)	



- **An analysis of the MIBEL market timings for Market Coupling showed that the SWE region is fully compliant with the agreed NWE timings (including the worst cases)**
 - There are no differences between the timings to be applied for the SWE Startup solution and the SWE full coupling.
 - The fallback solutions (Shadow auctions or Intraday allocation) specific timings and associated costs are still under investigation in SWE. However, both solutions are compatible with NWE timings.
 - In scenarios where Intraday allocation is the fallback solution, there are no delays in MIBEL even in the worst cases. For Shadow auctions scenarios, MIBEL specific induced delays for example in the first intraday market in the MIBEL market should not exceed 30 minutes in any of the identified cases.
- **Fall back operation:**
 - In case of Shadow Auctions being the chosen fallback solution, Intraday Allocation will remain as a back up solution for those cases where Shadow Auctions don't provide with results in due time
 - The fallback solution requires the approval of the needed regulatory changes and cost recovery principles:
 - A first estimate for the FR/ES border both directions (based on 2013 costs for Shadow Auctions in CWE) is around 50 KEUR yearly fee

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Status of regulatory changes and relevant agreements



- **Change of Gate Closure Time of the Iberian market to 12:00 (CET) – REQUIRED FOR THE START UP SOLUTION**
- **Regulatory changes needed in Spain:**
 - High level regulation (Ministerial Order 4112/2005) – REQUIRED FOR THE START UP SOLUTION
 - MIBEL Markets Rules – REQUIRED FOR THE START UP SOLUTION
 - Operational Procedures in Spain – REQUIRED FOR THE START UP SOLUTION
 - FR-ES Interconnection rules (IFE Rules) & HAR - scheduled for consultation in October/November
- **Regulatory changes needed in Portugal:**
 - Manual de Procedimento da Gestão Global do Sistema and corresponding Avisos; – REQUIRED FOR THE START UP SOLUTION
- **Other relevant agreements :**
 - Cooperation Agreement RTE-REE for the management of the interconnection (Contract)
 - Agreement between REN and OMIE.
- **Complete list of regulatory changes and relevant agreements are available in the Monthly Regulatory Report**

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

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1 Project overview

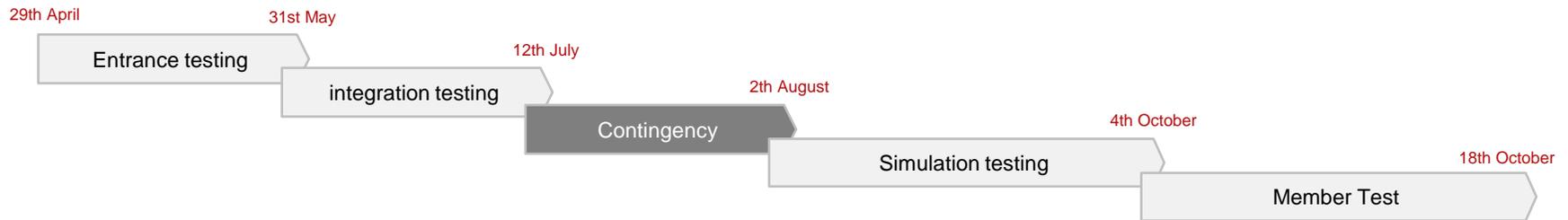
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- **The SWE region has started since April 29th the joint SWE/NWE testing activities for the SWE Start Up Solution**



- **The “Entrance tests” phase has been successfully performed by SWE**
 - Scenario of a “happy day” has raised no issues but PMB calculation time is still beyond expected performance in production some days
 - 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
- **A NWE/SWE Task Force has been created with an approved ToR by both NEW and SWE Steering Committees**
 - The objective is to prepare the launch of the full coupling and a startup simultaneous Go-Live between NWE and SWE

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1 Project overview

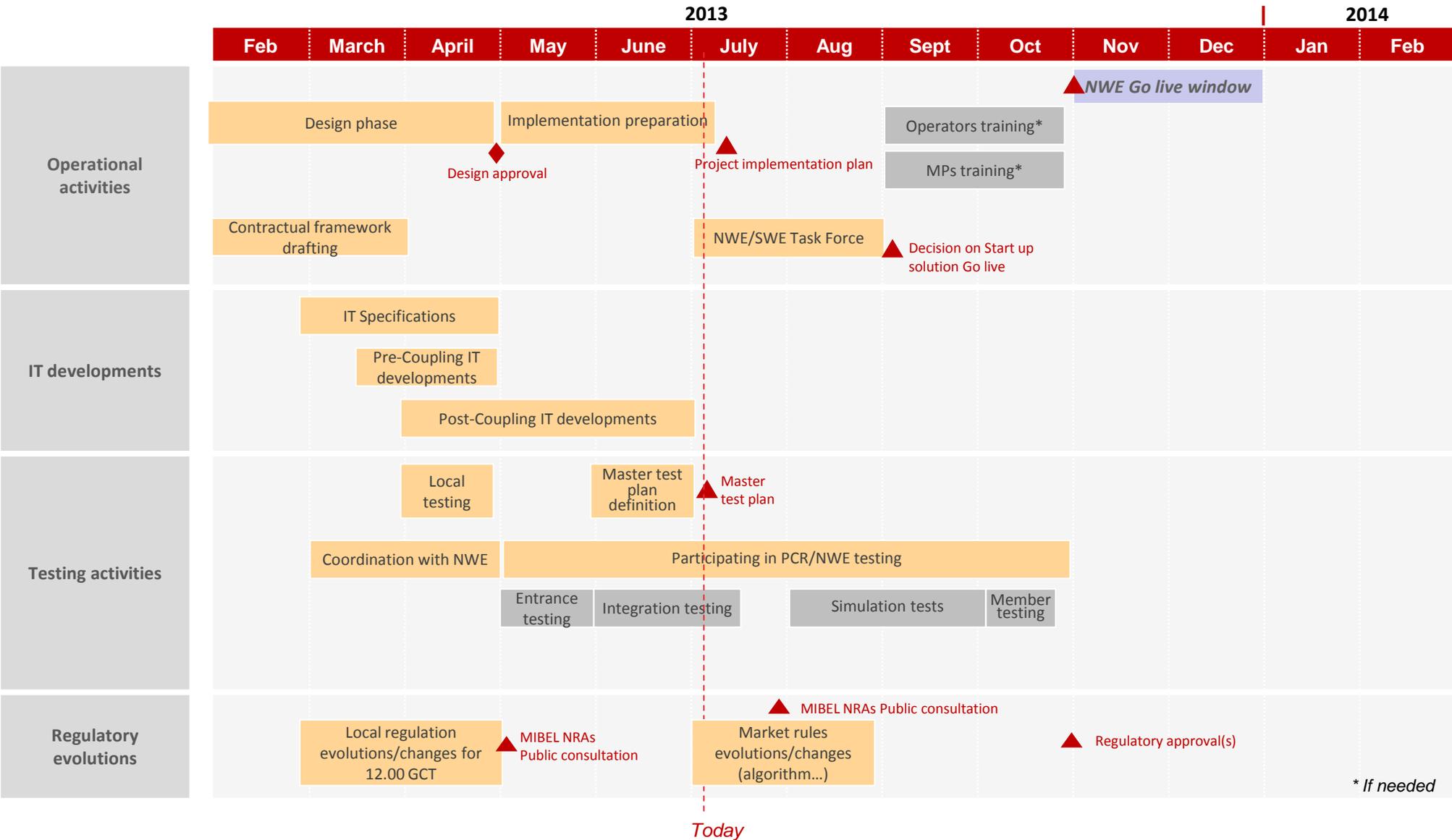
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High level planning Start up solution

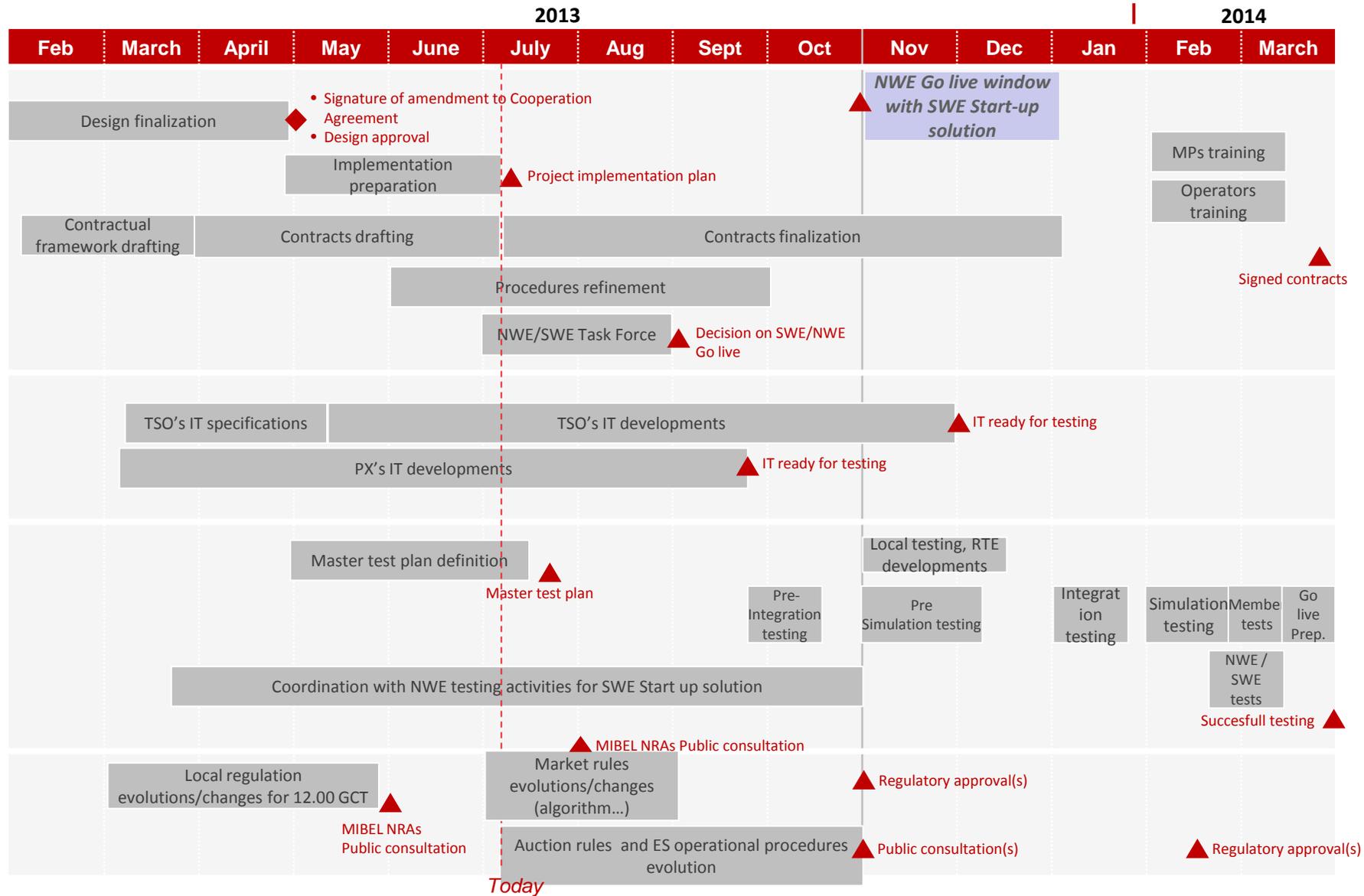
Version
03/07/2013



High level planning

Full coupling

Version
03/07/2013





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