

Conclusions of the 17th IG meeting¹

ERI South-West Europe

Madrid, 6th October 2014

The 17th IG meeting was attended by the TSOs, PXs and NRAs of the SWE region.

1. Long term auction platform

- **IFE (Interconnection France-Spain)**

REE and RTE will formally submit the HAR v2 early October together with the IFE rules v4. CRE and CNMC as well as other concerned NRAs intend to formally approve the HAR v2 of CASC in their own jurisdictions. It is expected that the rules will be approved by mid-November. These rules will be applicable to the 2015 annual auction and subsequent monthly auctions. According to TSOs, the annual auction will probably take place early December.

- **IPE (Interconnection Portugal-Spain)**

RTE was asked to report on possible steps towards the implementation of FTRs in CASC. RTE stated that there is no technical issue for auctioning FTRs in CASC but it would be more efficient if REE and REN directly approach CASC in order to clarify other aspects. REE and REN agreed to ask CASC about the possibility to offer FTRs in IPE that are compliant with MiFID and the estimated cost.

2. Day-ahead market coupling

CNMC informed of MRC NRAs' common request for a periodic monitoring on the MRC functioning. To that end a template has already been sent by DERA.

¹ Slides available at: <http://www.acer.europa.eu/Events/17th-SWE-IG-Meeting/default.aspx>

Regarding the implementation of shadow auctions as fallback procedure for day-ahead market coupling in IFE, it was highlighted that an update of O.P. 3.1 and new IT developments to be started in November are necessary in order to implement shadow auctions in IFE by March 2015. Thus,, a soon reception of the required comfort from Spanish Ministry is needed to ensure the foreseen go-live date.

CRE reminded that during the public consultation on HAR 2.0, market participants insisted that shadow auctions need to be implemented as soon as possible to provide a robust fallback solution in case of decoupling.

In this context, the **Implementation Group calls on the Spanish Ministry to swiftly respond to REE's request for comfort.**

3. Intraday

OMIE updated the IG on the recent developments in the XBID project. It was stressed that Local Implementation Projects (LIPs) have not started yet. In principle, there would be in the future a LIP covering the SWE region. Currently, three options for shipping and nominations are on the table. Finally the key risks were outlined. REE participates in the XBID project as observer until the reception of the comfort from the Spanish Ministry for becoming a full member of the project.

OMIE provided some clarifications regarding the proposal to combine continuous intraday trade and intraday auctions. In OMIE's proposal, there would be 24 auctions a day, each of them taking place before H-1 and covering hour H (for which continuous trade is closed) and all following hours H+1, H+2, etc (for which continuous trade is still open and ongoing). According to OMIE it is up to NRAs to decide whether this auction should be local only (Spain and/or Portugal in isolation) or allow for cross-border capacity allocation for the hour in which the continuous allocation for capacity is closed (as regards IPE).

CRE and REN highlighted that cross border participation to the auctions for the following hours H+1, H+2, etc. would require an interruption of the continuous trade more than one hour before the ID GCT. This is not in line with CACM guidelines and should thus not be allowed. OMIE clarified that for hours H+1, H+2, etc... no capacity allocation is considered and therefore it is not necessary that the continuous trading is

stopped and the proposal is completely in line with the CACM guidelines and last known CACM draft.

OMIE also explained that it is in the interest of Spanish market participants to nominate their trades through the implicit auctions because they can use this mechanism to optimise their portfolio open positions nominations. At the auction, market participants may choose to price energy (previously issued from continuous trade) at another price than the one arising from the continuous mechanism. OMIE clarified that the Intraday auction substitute the physical nomination phase by market participants in a transparent and accessible competitive market (using less time and the result respecting the technical constraints previously submitted by TSOs)

REE stated that in application of regulation in force and according to the European Policies, also reflected in the draft Network Code on Operational Planning and Scheduling, market actors have to nominate to the TSO the generation schedule of physical generation units. After the intraday market, REE will need enough time to develop security analysis and solve technical constraints in real time. REN supported the position of REE on the need to nominate the XBID trades to the TSO.

4. Balancing

This point was addressed during the SG meeting.