



Italian Borders Market Design Project

Market Participants Forum

July 16th, 2014

Rome

AGENDA

10.00 - 10.30	<i>Registration</i>
10.30 - 12.30	Welcome speech
	1 - Project overview
	2 - Normal days procedures & timings
	3 - Delay and Decoupling Scenarios (including Shadow Auctions)
12.30 - 13.30	<i>Lunch</i>
13.30 - 16.00	4 - Project status
	5 - Tests involving the MPs
	6 - Harmonized Auctions Rules / Consultation in progress
	7 - Impacts regarding procedure timings involving MPs
	8 - Next steps / Project communication on Go-Live (parties & date)
	Plenary discussion - Q&A
	End speech
From 16.00	<i>Reception</i>

AGENDA

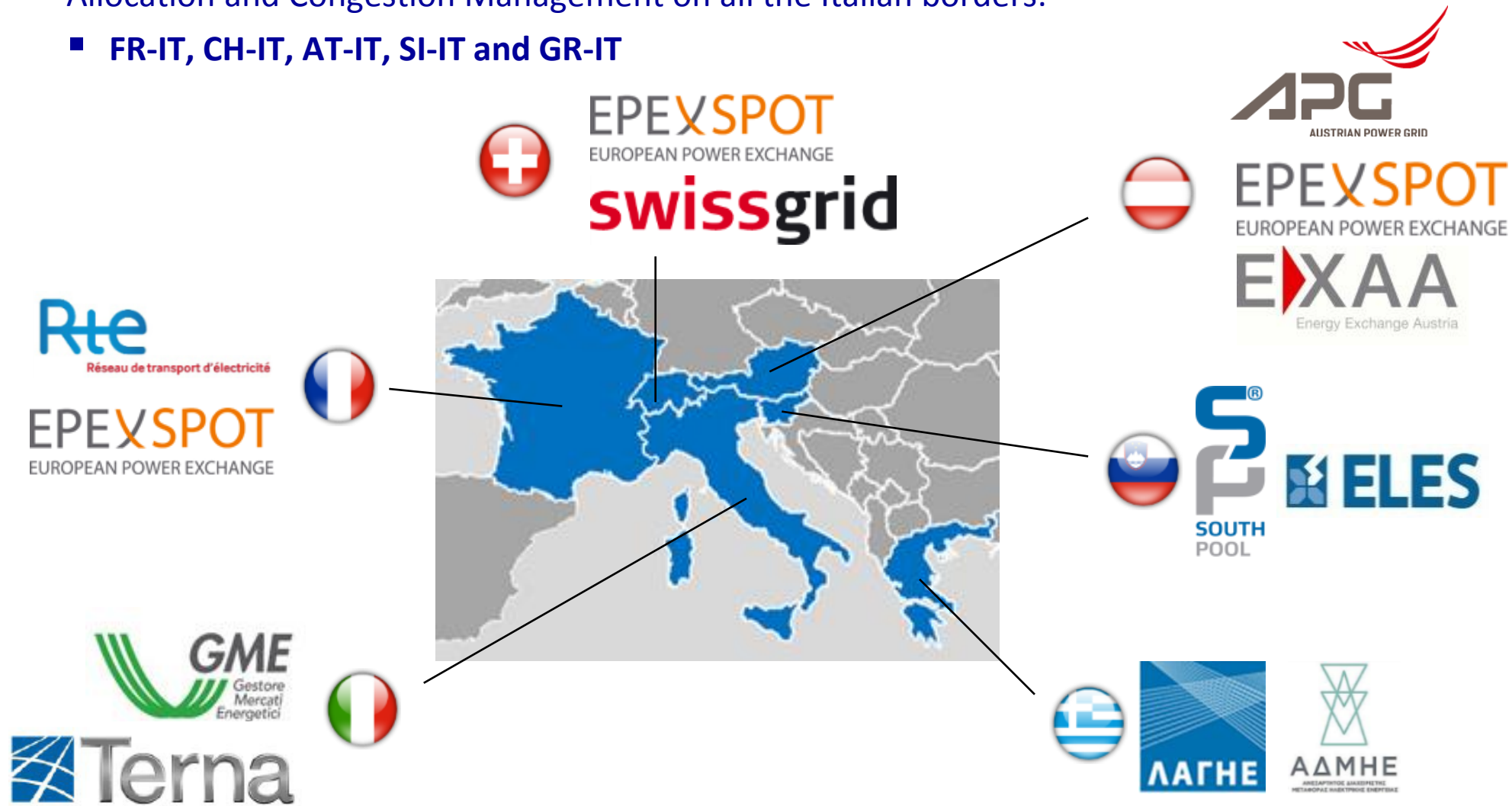
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Parties involved in the project phase



Project launched to implement the European target model for the day ahead Capacity Allocation and Congestion Management on all the Italian borders:

- FR-IT, CH-IT, AT-IT, SI-IT and GR-IT





- The IB Market Coupling Project **implements the PXs solution called PCR** (Price Coupling of Region) which is already in production in the NWE and SWE regions
- The high level processes and timings **fit into the Multiregional Coupling (MRC*)** architecture
- A **per border decentralized** architecture
- The clearing and settlement processes are managed at a local level
- CASC has been chosen as Congestion Income Distributor
- The Italian Borders parties agreed to implement the shadow auctions mechanism as Market Coupling Fallback (executed by CASC)

* MRC covers for the moment NWE and SWE

Parties which will be involved in the operational phase



Some of the main stakeholders are still currently in the process of being designated

	Italy	France	Switzerland	Austria	Slovenia	Greece
TSO	TERNA	RTE	Swissgrid	APG	ELES	ADMIE
PX	GME	EPEX		<i>Austrian NEMO</i>	BSP	LAGIE
CCP	GME	ECC		<i>To be defined</i>	BSP	LAGIE
Shipping Agent	TERNA	ECC		<i>To be defined</i>	ELES	ADMIE
Fallback Operator (shadow/explicit auctions)	CASC - entity performing shadow auctions					
Congestion Income Distributor	CASC					



- Italian Borders parties have successfully **closed the design phase in December 2013** by delivering the high level business process and the implementation plan supported by the NRAs of the region.
- During the Implementation phase Italian Borders parties **have successfully finished to write a first draft of the detailed IBWT procedures** to define IBWT MC operational rules. The procedures can still evolve before the Go-Live window.

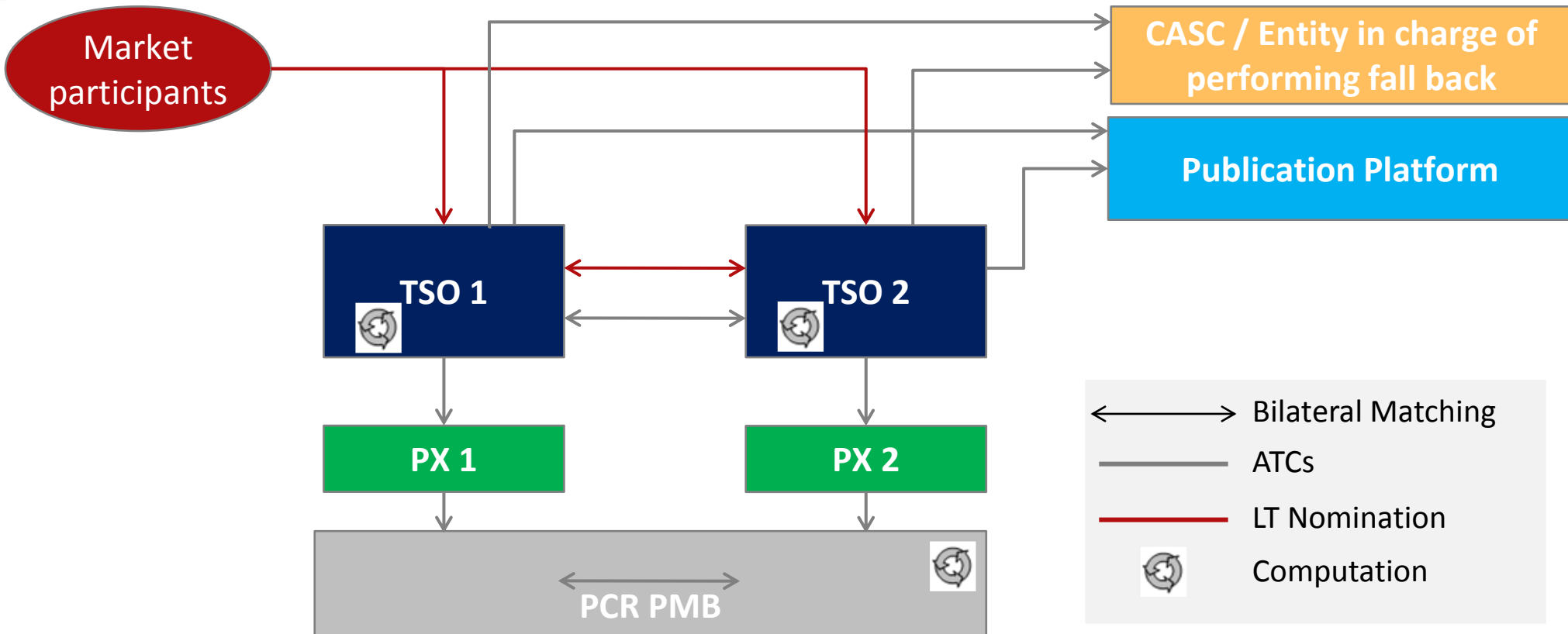


- **The start of the Go live window is currently foreseen mid-February 2015:**
 - Some parties will be technically ready in December 2014 (Italy, Slovenia)
 - However project parties wish to offer a simultaneous launch with as many borders as possible
 - Therefore the common go-live window is foreseen to start mid-February 2015
 - The concerned borders will be communicated in October 2014
 - The effective Go live date will be confirmed after the positive finalization of market participants test currently scheduled mid-November 2014
 - Assured operational continuity of the coupling process on SI-IT border when switching from the already existing bilateral market coupling project to the regional one, avoiding decoupling of this border



- The IB Market Coupling project has **started a closer coordination with MRC** to make sure that the designed architecture and relative procedures are compatible in order to achieve, consequentially, a wider European market coupling.
- The process of **alignment of the GCT at 12.00 CET**, including accompanying regulatory changes foreseen where necessary, has been going on for the past 6 months.
- Pre-Coupling, Coupling and Post-Coupling activities timings (available ATCs values, Publication of Market Coupling results, Clearing and Settlement) are aligned with MRC procedures

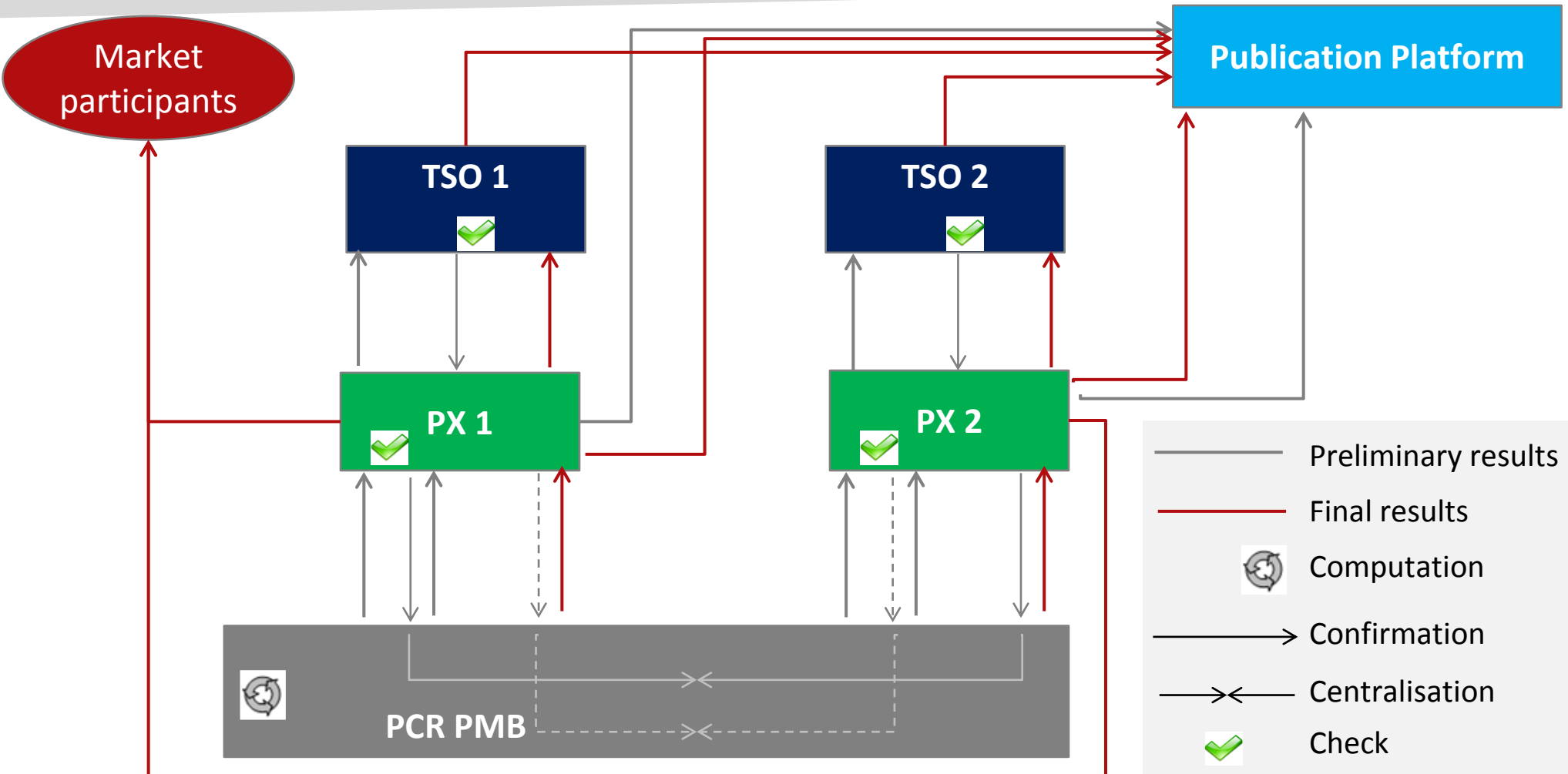
High Level Business Process Pre Coupling Phase



- TSOs compute per border in both directions the ATCs and then match between them; each TSO sends ATCs in both directions to its PX
- PXs send the ATCs to PMB; ATCs values on each border are automatically matched by PMB (second checking at PX level)
- ATCs values are sent by TSOs to the Publication platform and to the entity responsible for fall back (CASC)

High Level Business Process

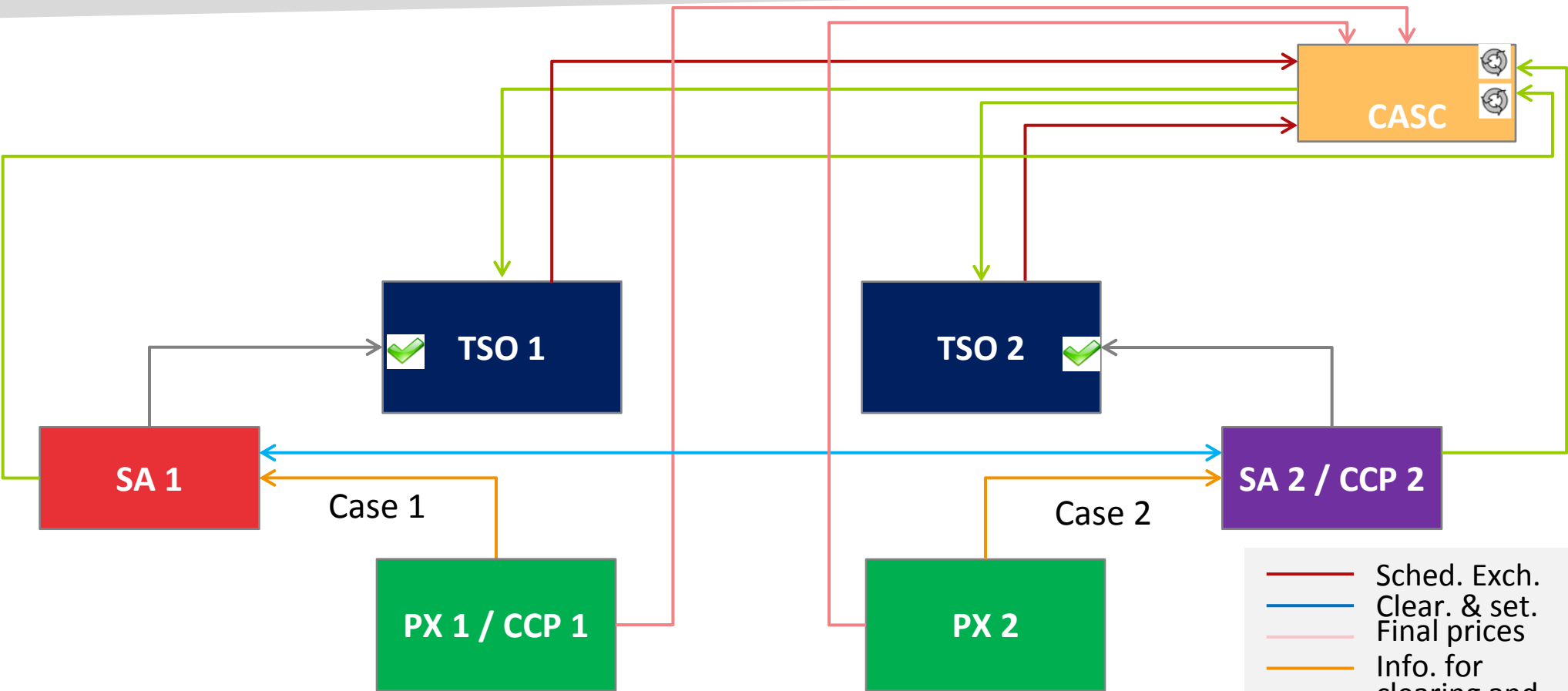
Coupling phase



- Computation of Market Coupling results (Net Positions of PXs, prices) based on PCR procedures
- Check of preliminary Market Coupling results are performed by the PXs and the TSOs (TSOs check that results in terms of Scheduled exchanges are compliant with the ATCs)

High Level Business Process

Post coupling phase

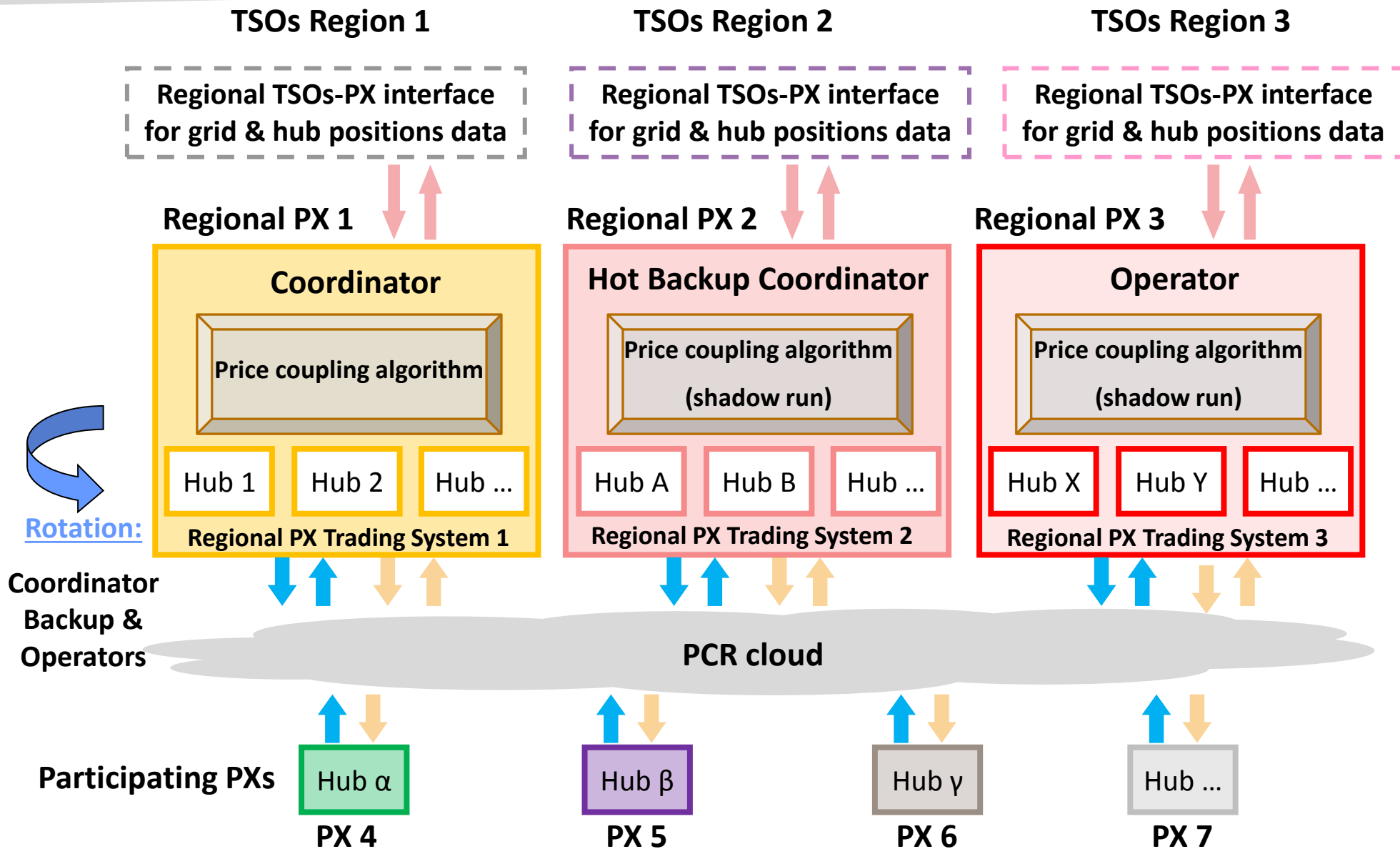


	Sched. Exch.
	Clear. & set.
	Final prices
	Info. for clearing and settlement
	Congestion Income
	Nomination
	Computation
	Check

- Computation of Scheduled Exchanges
- 2 different cases: CCP is the same entity than either the SA or the PX
- TSOs remain responsible for the validation of exchange schedules nominations
- Collection and Distribution to the TSOs of the congestion income will be handled by CASC

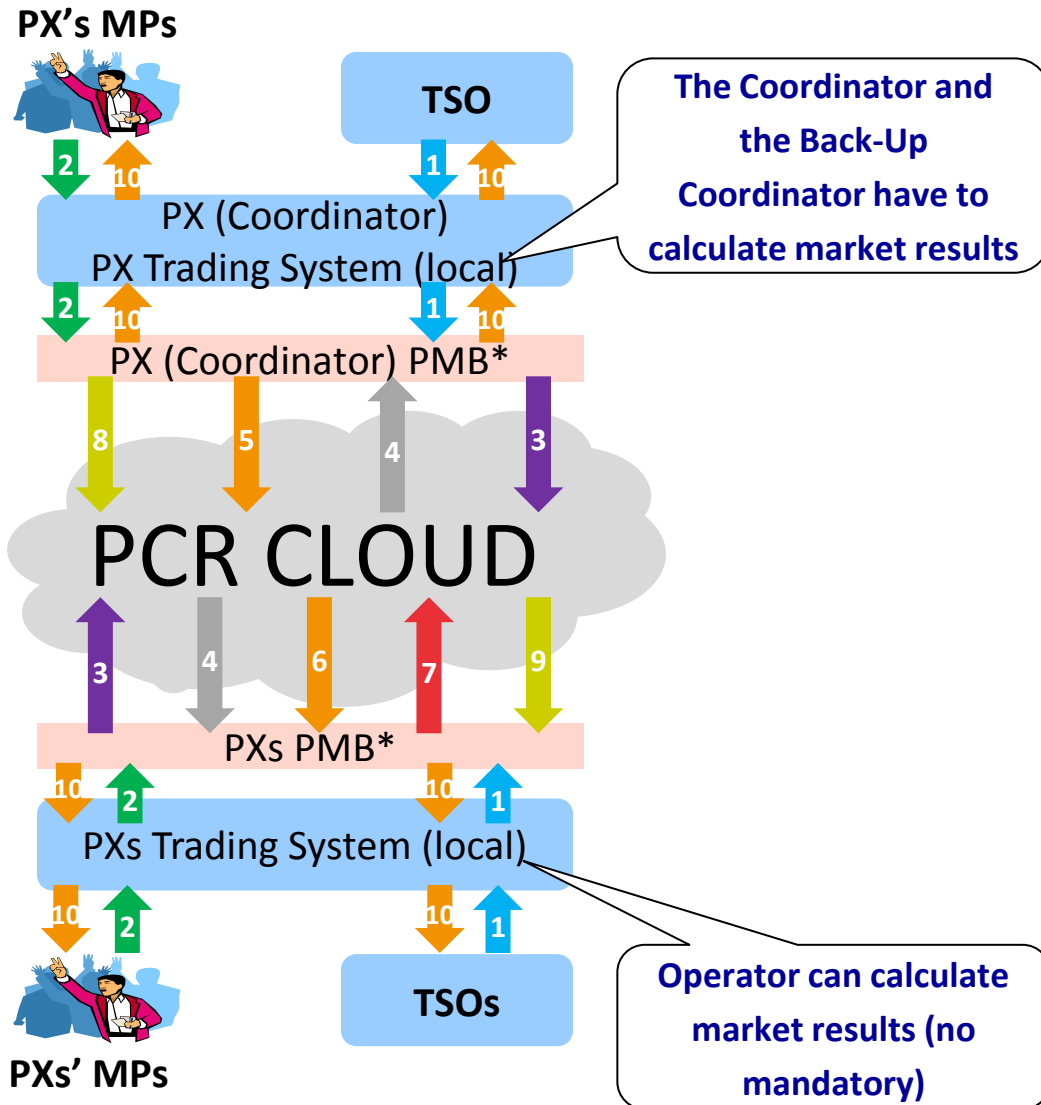
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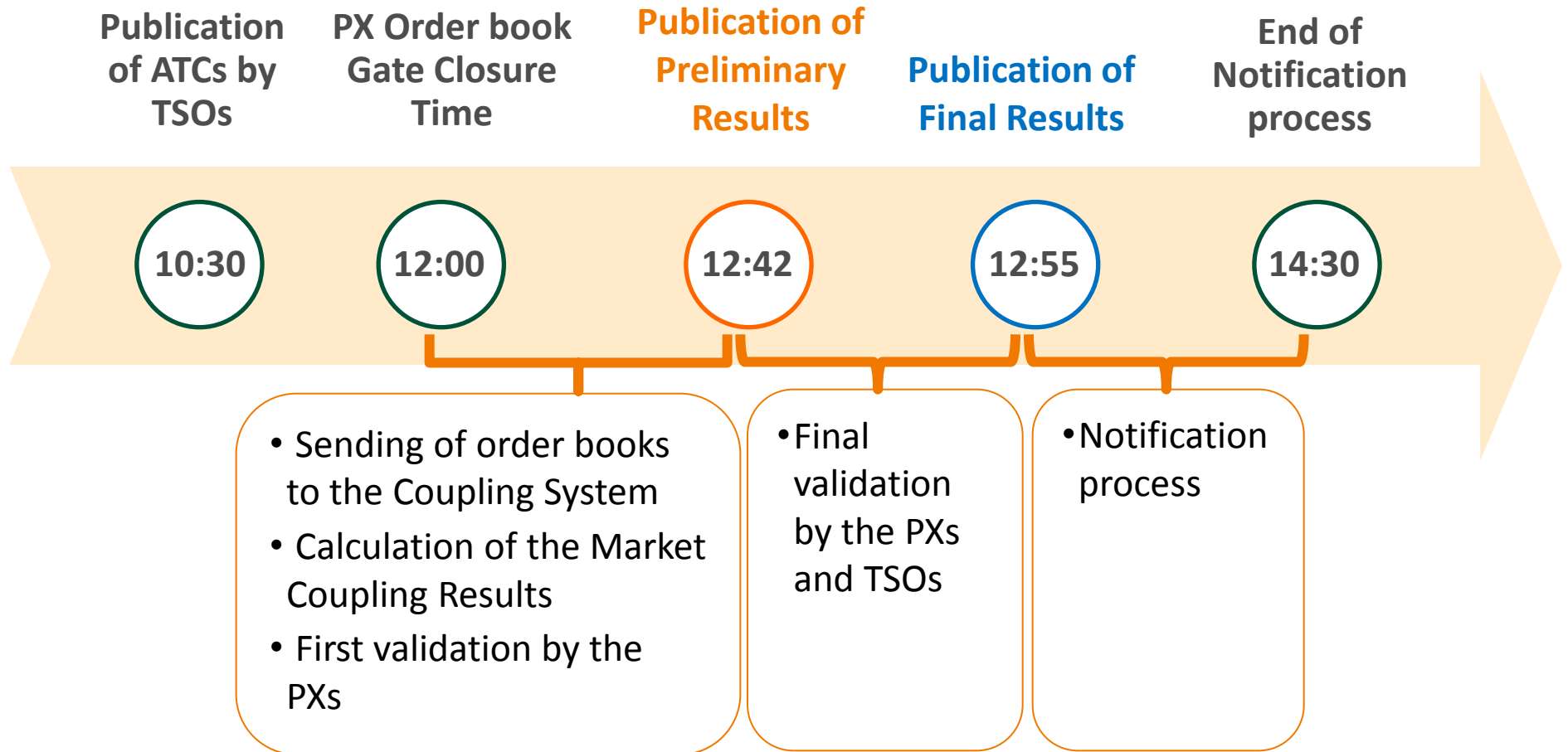


- **All PXs are connected to each other through MPLS using secure channels.**
- **Each PXs is connected to the related TSOs for receiving capacity information and sending the required information (nominations, clearing info,...) as today.**
 - This is responsibility of each particular/regional PX
- **A data sharing solution is created based on the implementation at each PX of a PMB (PCR Matcher Broker) which is responsible of interfacing the PX systems with the rest of the PXs.**
 - Together, all the PXs' PCR PMBs form the PCR Cloud.
- **Each PMB is in continuous connection to the other PMBs, access to the internal PX market information, validates it, and publishes it to the PCR Cloud.**
- **The PCR ensures that each PX runs the same common algorithm (Euphemia) with the same data and the same configuration parameters.**
- **PCR results are provided by the Coordinator PX. Operator PXs may verify results through a shadow matching for internal and validation purposes.**
- **Hot Backup Coordinator takes over the operations in case of failure of the Coordinator.**



1	Network Data
2	Bids/Offers
3	Own local Market Data (Network Data+Bids/offers)
4	Other Local Market Data (Network Data+Bids/Offers)
5/6	Results (Preliminary)
7	Results Confirmation
8/9	Global Confirmation
10	Results (Final)

*coupling system





In a Normal day scenario, the Preliminary Market Coupling Results are published at **12:42**.

Time	Market Coupling Results publication	Remarks
12:42	Regular publication time of the Preliminary Market Coupling Results	<p>The publication will never be prior to 12:42. If the Preliminary Market Coupling Results are not available at 12:42, a delay message will be sent out.</p> <p>The Preliminary Market Coupling Results are subject to a final round of validation by the coupling parties and could be cancelled if one party rejects the Preliminary Results.</p>
12:55	Regular publication time of the Final Market Coupling Results	<p>Under normal circumstances, 12:55 is the expected time for publishing the Final Market Coupling Results. However, as the final round of validations could take longer, the Market Participants are advised to consider this time only as an estimated one.</p>
13:50	Deadline for publishing the Final Market Coupling Results	<p>In case of severe delays in the Market Coupling process, the publication of the Final Market Coupling Results may be delayed until the Full Decoupling deadline (13:50).</p>



ATC

- **Regular time for publishing the Cross-Zonal Capacities is 10:30.**
- ATCs provided by the TSOs to the relevant PXs.

Orders

- Market Participants send their orders (bids and offers) to the relevant PX trading platform.
- **Order book Gate Closure Time for all PXs is 12:00.**

Preliminary Results

- **Regular time for publishing the Preliminary Market Coupling Results is 12:42.**

Final Results

- **Regular time for publishing the Final Market Coupling Results is 12:55.**

Notification

- Notification process starts after the publication of the Final Market Coupling Results (*see the deadlines in the relevant slide*).

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If the **Market Coupling session is delayed** and the Preliminary Market Coupling Results are not published at 12:42, PXs will inform the Market Participants about the delay.

The delay will be communicated on a regular basis, as follows:

Message Time	Remarks
12:42	If the Preliminary Market Coupling Results are not available at 12:42, PXs will send the first delay message. This message is not sent if the declaration of a Partial Decoupling or the triggering of a Second Auction has already been communicated (see related slides for more details).
13:00	If the Final Market Coupling Results are still not available at 13:00, PXs will send another delay message.
13:20	If the Final Market Coupling Results are still not available at 13:20, PXs will send another delay message.
13:50	If the Final Market Results are still not available at 13:50, a Full Decoupling is be declared (see related slide).



A Second Auction routine is triggered if the predefined price thresholds are reached in one of the following bidding areas: France, Switzerland and Austria*.

This routine consists in the reopening of the PX order books for 10 minutes so that the market participants have the opportunity to adjust their bids in order to improve the market situation.

✓ The predefined thresholds to trigger a Second Auction in the above-mentioned bidding areas are:

- **High threshold: +500 EUR/MWh**
- **Low threshold: -150 EUR/MWh**

✓ PXs inform their market participants about the reopening of their **order books for 10 minutes**.

✓ A second Market Coupling calculation will take place and the results publication will be considerably delayed.

✓ If prices still reach the predefined thresholds after the Second Auction calculation, no further reopening of the order books will take place.

✓ Since the publication of the Market Coupling Results will be severely delayed, Market Participants will be regularly kept informed about the delay.

**if applicable to Austrian NEMO*



A **Partial Decoupling** is a situation where **one or more bidding areas and/or interconnectors** are temporary not participating in the Market Coupling while the remaining bidding areas/interconnectors still participate.

A **Full Decoupling** is a situation where **all the bidding areas and interconnectors** that are implicitly coupled are not participating in the Market Coupling for delivery on the next day.



A **Partial Decoupling** is a situation where **one or more bidding areas and/or interconnectors** are temporary not participating in the Market Coupling while the remaining bidding areas/interconnectors still participate.

- The Cross-Zonal Capacities for the decoupled interconnectors are allocated via the available fallback allocation solutions: Shadow Auctions via CASC.
- If the Partial Decoupling is declared after the order book GCT, **PXs are entitled to reopen their order books for 10 minutes**.
- The Market Coupling continues as normal for the interconnectors and bidding areas remained coupled.
- A local auction will be run by the relevant PXs for the decoupled bidding areas.

IBWT supports 3 different types of Partial Decoupling situations, depending on the reason leading to the decoupling:

- 1. Partial Decoupling during the Pre-Coupling process (11:45 deadline)**
- 2. Partial Decoupling during the Coupling process (12:40 deadline)**
- 3. Partial Decoupling known in advance (10:30 deadline)**



A **Full Decoupling** is a situation where **all the bidding areas and interconnectors** that are implicitly coupled are not participating in the Market Coupling for delivery on the next day.

- The Cross-Zonal Capacities for all the decoupled interconnectors are allocated via the available fallback allocation solutions: Shadow Auctions via CASC.
- If the Full Decoupling is declared after the order book GCT, PXs are entitled to reopen their order books for 20 minutes.
- A local auction will be run by each IBWT PX for its own bidding area(s).

IBWT supports 2 different types of Full Decoupling situations, depending on the reason leading to the decoupling:

- 1. Full Decoupling known during the current Market Coupling Session (13:50 deadline)**
- 2. Full Decoupling known in advance (10:30 deadline)**



- **An explicit allocation of the capacities is organized: Shadow Auctions operated by CASC**
 - Market Participants (MPs) submit Shadow Auction default bids
 - ATCs are submitted by TSOs to CASC on a daily basis
 - In case of technical problem in the pre-coupling or coupling process, decoupling risk is announced. This message should enable MPs to update their bids.
 - Shadow Auctions are run in parallel with the Market Coupling session, starting 10 minutes before the decoupling deadline. During this process the bids can no longer be updated.
 - After (partial/full) decoupling is announced, Shadow Auction results publishing starts.
 - Each PX re-opens its order book to enable MPs to adapt their bids based on the Shadow Auction Results (10' in case of partial decoupling and 20' in case of full decoupling).



- CASC.EU runs Shadow Auctions as an explicit auction fallback to the Price Coupling for the decoupled borders
- Shadow Auctions work on the principle of default bids
- **Registration**
 - Participants willing to participate in the fallback mechanism have to be registered with CASC
 - Participants submit **Declaration of Acceptance** to CASC.EU, appendix 1 of the Rules for Capacity Allocation by Explicit Auctions (V2.0 under consultation)
 - Possibility to be registered as **“participant to Shadow Auctions only”**
 - No business account
 - No deposit
 - Selection of border entitlements for Shadow Auctions
 - Same requirements as for Daily Auctions
 - Participation agreements with TSOs → Auction Rules



■ Process

- Market Participants submit shadow bids through a web-based User Interface
- The EXAU (Explicit Auction System) creates shadow auctions on a daily basis
- ATC is submitted by TSOs
- Decoupling is suspected on a shadow auction
- Shadow auctions are run but no results are published
- Decoupling is announced and results are published and Programming Authorizations are provided to TSOs and Market Participants

■ Bids

- Shadow bids are submitted for a given directional border and are applicable until they are updated
- The maximum number of bids is configurable (Currently limited to 20)
- Different prices and quantities available for all 24 hours
- Quantities have to be whole MWs
- Prices are limited to 2 decimal places (EUR/MW)

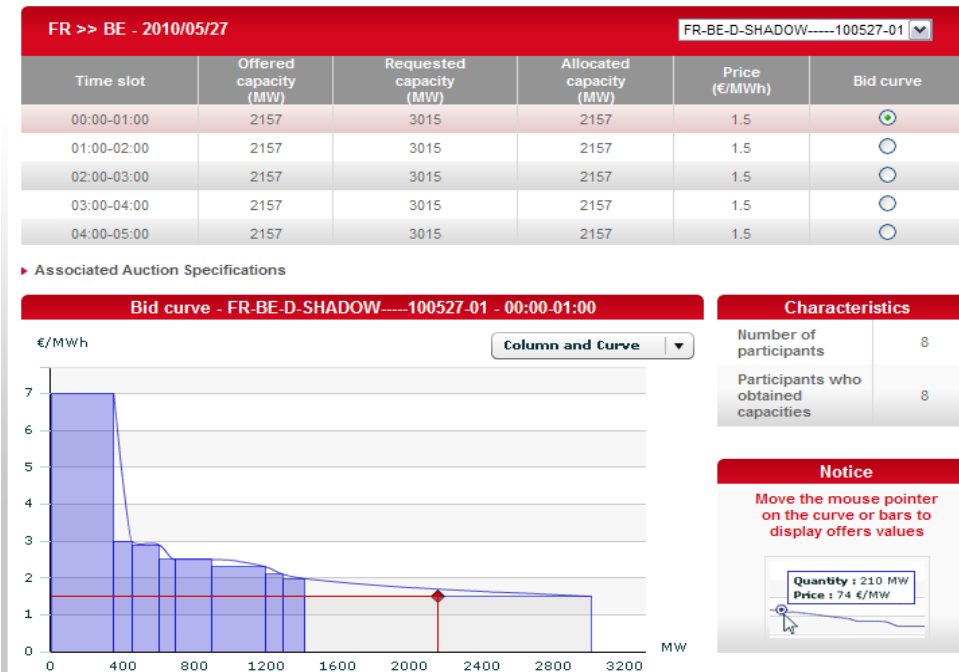
Shadow Auction ATC Submission & OC and Results Publication



■ ATC Submission

- TSOs submit ATCs on a daily basis in the event a shadow auction has to be run
- The Offered Capacity is published on the CASC.EU website and the Entsoe.net website

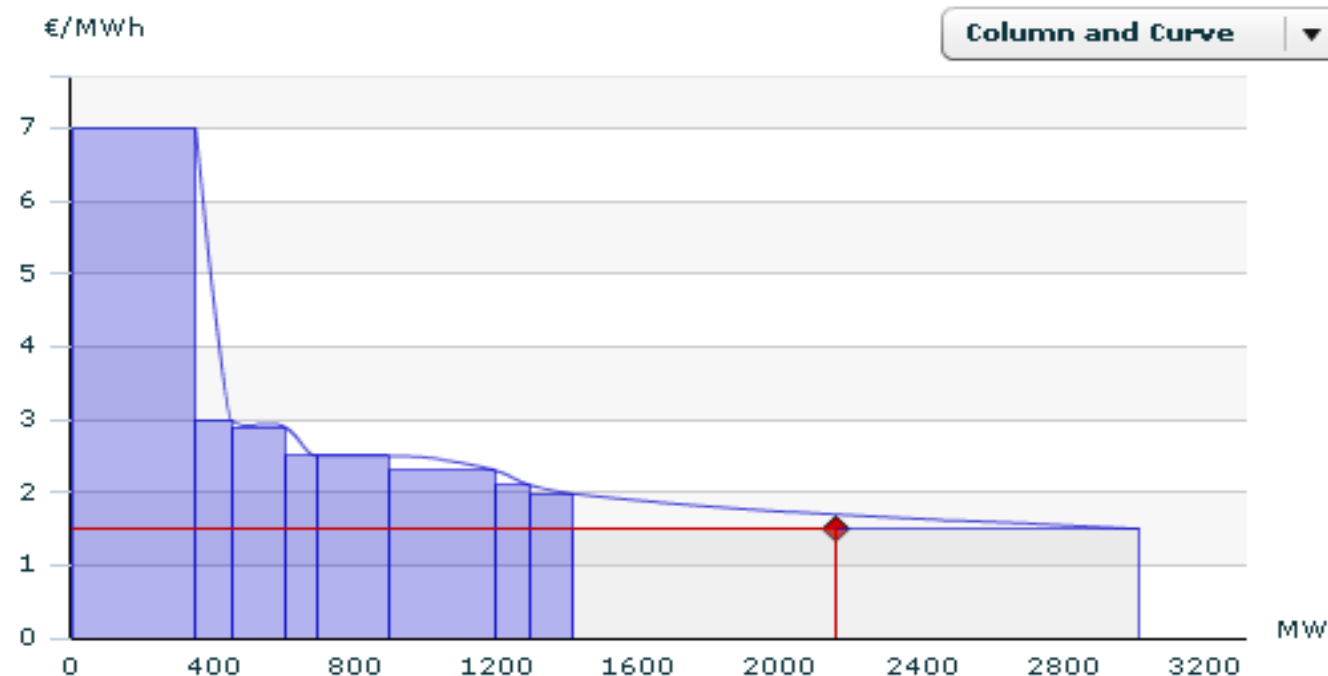
■ OC and Results Publication



Time slot	Offered capacity (MW)	Requested capacity (MW)	Allocated capacity (MW)	Price (€/MWh)	Bid curve
00:00-01:00	2157	3015	2157	1.5	<input checked="" type="radio"/>
01:00-02:00	2157	3015	2157	1.5	<input type="radio"/>
02:00-03:00	2157	3015	2157	1.5	<input type="radio"/>
03:00-04:00	2157	3015	2157	1.5	<input type="radio"/>
04:00-05:00	2157	3015	2157	1.5	<input type="radio"/>

► Associated Auction Specifications

Bid curve - FR-BE-D-SHADOW-----100527-01 - 00:00-01:00



Characteristics

Number of participants	8
Participants who obtained capacities	8

Notice

Move the mouse pointer on the curve or bars to display offers values





■ Running Shadow Auctions

- CASC.EU has separated the running of the shadow auctions and the publication of the auction results
- When shadow auctions are run:
 - Default bids are imported
 - No Financial Guarantees are checked
 - Bids exceeding the ATC are not rejected
 - Results are calculated using a merit order calculation
 - Pro-rata principle applies to equally priced bids for remaining capacity

■ Publishing Results

- If a decoupling has been confirmed, shadow auction results are published on the CASC.EU website
- Results are also sent to TSOs and Market Participants



If there are no Cross-Zonal Capacities available for running the Market Coupling, a Partial Decoupling will be declared at 11:45. Consequently, one or more interconnectors will be removed from the Market Coupling Session.

For the interconnectors that are decoupled, the fallback allocation mechanism consists in Shadow Auctions via CASC. The results of the Shadow Auctions are published once the decoupling is declared. Market Participants can still update their orders on the PX trading platform until 12:00 (order book GCT).

For the interconnectors that remain coupled, the Market Coupling session continues and the Regular Publication time of the Market Coupling Results is maintained.

In the IBWT region, any of the interconnectors may be decoupled independently of one another without impacting the remaining IBWT interconnectors that remain coupled.

Decoupled IBWT interconnector(s)	IBWT Interconnectors that remain coupled
IT-AT	IT-CH, IT-FR, IT-GR and IT-SI
IT-CH	IT-AT, IT-FR, IT-GR and IT-SI
IT-FR	IT-AT, IT-CH, IT-GR and IT-SI
IT-GR	IT-AT, IT-CH, IT-FR and IT-SI
IT-SI*	IT-AT, IT-CH, IT-FR and IT-GR

**Shadow auctions will be triggered on the IT-SI border only if ATCs cannot be sent to GME or BSP but can be sent to CASC*



If the Market Coupling is delayed due to a missing PX order book or other technical/market issues related to one particular PX, a Partial Decoupling will be declared at 12:40.

Consequently, all the interconnectors and bidding areas related to that PX are removed from the Market Coupling session.

For the interconnectors that are decoupled, the fallback allocation mechanism consists in Shadow Auctions via CASC. The results of the Shadow Auctions are published once the decoupling is declared. For the decoupled bidding areas, a local auction will be run by the relevant PXs.

For the bidding areas that remain coupled, the Market Coupling session continues as usual but the publication of the Market Coupling Results is delayed. PXs are entitled to reopen their order books towards the Market Participants for **10 minutes**.

In case one of the IBWT PXs is decoupled, the consequences at the interconnector level are the following (for the Italian Borders only):

Decoupled IBWT PX	Decoupled IBWT interconnector(s)	IBWT interconnectors that remain coupled
EPEX SPOT*	IT-CH, IT-AT, IT-FR	IT-SI, IT-GR
EXAA*	IT-AT	IT-SI, IT-FR, IT-CH, IT-GR
GME**	IT-SI, IT-FR, IT-CH, IT-AT, IT-GR	NONE
LAGIE	IT-GR	IT-SI, IT-FR, IT-CH, IT-AT

*Depending on Austrian NEMO

**Depending on the problem, GME may remain coupled with BSP



If the Final Market Coupling Results are not available at 13:50, a Full Decoupling will be declared. Consequently, all the interconnectors and bidding areas are decoupled and the fallback DAM allocation mechanism will be used (Shadow Auctions via CASC).

As a result, **all PXs will reopen their order books for 20 minutes and will run local auctions for their own bidding areas.**

The Local Market Results will be published so as to allow the completion of the nomination process within the deadlines (see related slides).

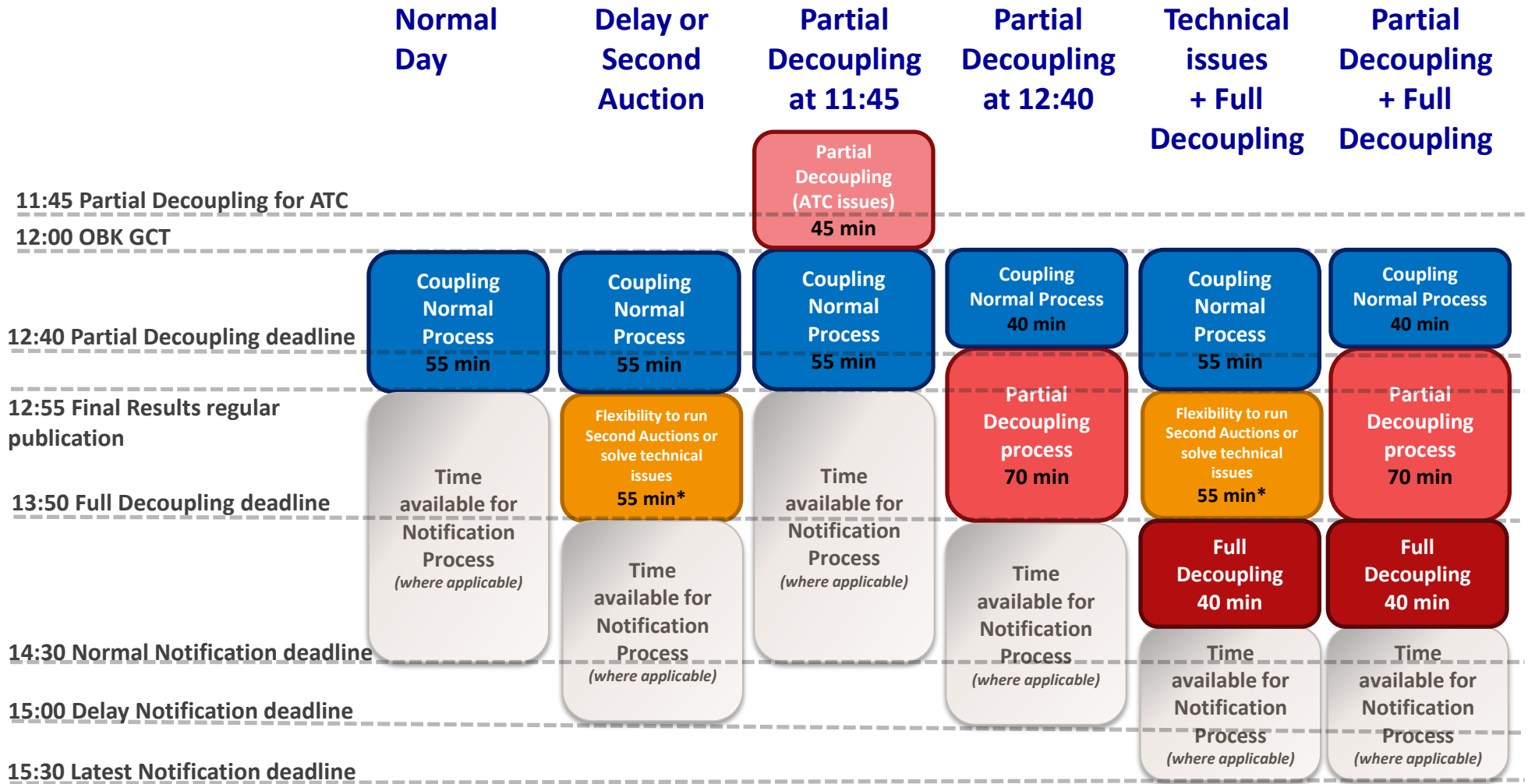
Partial/ Full Decoupling known in advance (10:30)

The Partial/ Full Decoupling known in advance may be declared at 10:30 if the previous Market Coupling Session has resulted in a Partial/ Full Decoupling and the technical issue that caused it is considered to be too complex to be solved within the day.

In this case, the Market Participants will have more time to place orders for the Shadow Auctions. The results of the Shadow Auctions will be published as of 11:25.

The PX order book GCT is maintained at 12:00. PXs will run Local Auctions for the decoupled bidding areas.

Timing Overview for the main coupling scenarios



* This is the **maximum** time which could be used to solve a technical issue in order to avoid a decoupling. If the technical problem is solved in less than 55 min, the next processes will start earlier.

Overview of the IBWT Notification Deadlines



Scenario	Notification type	Notification deadlines depending on the IBWT bidding areas					
		AT	CH	FR	GR	IT	SI
Normal day → Market Results published between 12:42 and 13:20	Hub	14:30	14:30	14:30	14:30	14:30	14:30
Market Results published between 13:20 and 13:50	Hub	15:00	15:00	15:00	N/A	N/A	15:00
	Cross-border	15:00	15:00	15:00	15:00	15:00	15:00
Market Results published between 13:50 and 14:30	Hub	15:30	15:30	15:30	N/A	N/A	15:30
	Cross-border	15:30	15:30	15:30	15:30	15:30	15:30



Delay and Decoupling scenarios

Detailed timings

Detailed process and timings

Scenario: Full Decoupling (13:50) - 1/2



Deadline	Communication
...	<ul style="list-style-type: none">• CASC Market Participants (MPs) submit Shadow Auctions default bids through a web-based User Interface, anticipating a possible decoupling.
12:42 and 13:00	<ul style="list-style-type: none">• Market Participants receive a message concerning the delay in the publication of the Market Coupling Results.• CASC Market Participants (MPs) submit Shadow Auctions default bids through a web-based User Interface, anticipating a possible decoupling.
13:20	<ul style="list-style-type: none">• If the Final Market Coupling Results are not available yet, the PXs declare the risk of Full Decoupling to the Market Participants. CASC also informs its members.• This message reminds the MPs to update their Shadow Auctions bids, knowing that there are 20 minutes left until the Shadow Auctions gate closure time.
13:40	<ul style="list-style-type: none">• The Shadow Auction bids can no longer be updated.• CASC starts the Shadow Auction calculation without publishing any results yet.

Detailed process and timings

Scenario: Full Decoupling (13:50) - 2/2



Deadline	Communication
13:50	<ul style="list-style-type: none">• Full Decoupling is declared and communicated to the MPs.• CASC starts the publication of the Shadow Auction results and the sending of the Programming Authorizations to TSOs and MPs.
~14:00	<ul style="list-style-type: none">• CASC finalizes the publication of the Shadow Auctions results.
14:00 - 14:20	<ul style="list-style-type: none">• PXs re-open their order books for 20 minutes to enable the MPs to adapt their orders based on the Shadow Auction results.
14:30	<ul style="list-style-type: none">• Publication of Local Market Results results.
15:30	<ul style="list-style-type: none">• TSOs receive local nominations from CCPs/ Sas.



Deadline	Communication
...	<ul style="list-style-type: none">• CASC Market Participants (MPs) submit Shadow Auctions default bids through a web-based User Interface, anticipating a possible decoupling.
10:00	<ul style="list-style-type: none">• If the technical issue having caused the Full Decoupling on the day before has not been solved yet, the PXs declare the risk of Full Decoupling known in advance to the Market Participants. CASC also informs its members.• This message reminds the MPs to update their Shadow Auctions bids.



Deadline	Communication
10:30	<ul style="list-style-type: none">• Full Decoupling is declared and communicated to the MPs.• CASC MPs still have 45 min more for updating the bids on the Shadow Auctions.
11:15	<ul style="list-style-type: none">• The Shadow Auction bids can no longer be updated.• CASC starts the Shadow Auction calculation without publishing any results yet.
11:25	<ul style="list-style-type: none">• CASC starts the publication of the Shadow Auction results and the sending of the Programming Authorizations to TSOs and MPs.
11:35	<ul style="list-style-type: none">• CASC finalizes the publication of the Shadow Auctions results.
11:35 - 12:00	<ul style="list-style-type: none">• PXs leave their order books open until 12:00 (the regular GCT) so the MPs may adapt their orders based on the Shadow Auction results.
as of 12:00	<ul style="list-style-type: none">• Local Auctions are run according to local market rules and Local Market Results are published.
14:30	<ul style="list-style-type: none">• TSOs receive local nominations from CCPs/ Sas.



Deadline	Communication
...	<ul style="list-style-type: none">• CASC Market Participants (MPs) submit Shadow Auctions default bids through a web-based User Interface, anticipating a possible decoupling.
11:15	<ul style="list-style-type: none">• If there are no valid ATCs for running the Market Coupling for a certain interconnector, the PXs declare the risk of Partial Decoupling to the Market Participants. CASC also informs its members.• This message reminds the MPs to update their Shadow Auctions bids, knowing that there are 20 minutes left until the Shadow Auctions gate closure time.
11:35	<ul style="list-style-type: none">• The Shadow Auction bids can no longer be updated.• CASC starts the Shadow Auction calculation without publishing any results yet.



Deadline	Communication
11:45	<ul style="list-style-type: none">• If the issue has not been solved, PXs declare the decoupling of the concerned interconnector(s).• The Partial Decoupling is communicated to the MPs.• CASC starts the publication of the Shadow Auction results for the concerned interconnector(s) and the sending of the Programming Authorizations to TSOs and MPs.
11:50	<ul style="list-style-type: none">• CASC finalizes the publication of the Shadow Auctions results.
11:50 - 12:00	<ul style="list-style-type: none">• PXs leave their order books open until 12:00 (the regular GCT) so the MPs may adapt their orders based on the Shadow Auction results.
as of 12:00	<ul style="list-style-type: none">• For the decoupled bidding areas -> PXs run Local Auctions and publish Local Market Results.• For the bidding areas remained coupled -> The Market Coupling Session continues as normal and the publication of the Market Coupling Results is expected at 12:42 (the regular publication time).
14:30	<ul style="list-style-type: none">• TSOs receive local and cross-border nominations from CCPs/ SAs.



Deadline	Communication
...	<ul style="list-style-type: none">• CASC Market Participants (MPs) submit Shadow Auctions default bids through a web-based User Interface, anticipating a possible decoupling.
12:20	<ul style="list-style-type: none">• In case of technical or market issues related to one or more bidding areas, the PXs declare the risk of Partial Decoupling to the Market Participants. CASC also informs its members.• This message reminds the MPs to update their Shadow Auctions bids, knowing that there are 10 minutes left until the Shadow Auctions gate closure time.
12:30	<ul style="list-style-type: none">• The Shadow Auction bids can no longer be updated.• CASC starts the Shadow Auction calculation without publishing any results yet.



Deadline	Communication
12:40	<ul style="list-style-type: none">• If the issue has not been solved, the Partial Decoupling is declared and communicated to the MPs.• CASC starts the publication of the Shadow Auction results for the concerned interconnector(s) and the sending of the Programming Authorizations to TSOs and MPs.
12:45	<ul style="list-style-type: none">• CASC finalizes the publication of the Shadow Auctions results.
12:50 - 13:00	<ul style="list-style-type: none">• For the bidding areas remained coupled, the relevant PXs re-open their order books for 10 min to enable the MPs to adapt their orders based on the Shadow Auction results.• For the decoupled bidding areas, relevant PX re-open their order books to allow the MPs to adjust their orders for the Local Auction.
as of 13:00	<ul style="list-style-type: none">• For the bidding areas remained coupled -> The Market Coupling Session continues and the publication of the Market Coupling Results is expected towards 13:50.• For the decoupled bidding areas -> PXs run Local Auctions and publish Local Market Results.
15:30	<ul style="list-style-type: none">• TSOs receive local and cross-border nominations from CCPs/ SAs.



Deadline	Communication
...	<ul style="list-style-type: none">• CASC Market Participants (MPs) submit Shadow Auctions default bids through a web-based User Interface, anticipating a possible decoupling.
10:00	<ul style="list-style-type: none">• If the technical issue having caused the Partial Decoupling on the day before has not been solved yet, the PXs declare the risk of Partial Decoupling known in advance to the Market Participants. CASC also informs its members.• This message reminds the MPs to update their Shadow Auctions bids.



Deadline	Communication
10:30	<ul style="list-style-type: none">• Partial Decoupling is declared and communicated to the MPs.• CASC MPs still have 45 min more for updating the bids on the Shadow Auctions.
11:15	<ul style="list-style-type: none">• The Shadow Auction bids can no longer be updated.• CASC starts the Shadow Auction calculation without publishing any results yet.
11:25	<ul style="list-style-type: none">• CASC starts the publication of the Shadow Auction results and the sending of the Programming Authorizations to TSOs and MPs.
11:35	<ul style="list-style-type: none">• CASC finalizes the publication of the Shadow Auctions results.
11:35 - 12:00	<ul style="list-style-type: none">• PXs leave their order books open until 12:00 (the regular GCT) so the MPs may adapt their orders based on the Shadow Auction results.
as of 12:00	<ul style="list-style-type: none">• Local Auctions are run according to local market rules and Local Market Results are published.
14:30	<ul style="list-style-type: none">• TSOs receive local and cross-border nominations from CCPs/ SAs.

AGENDA

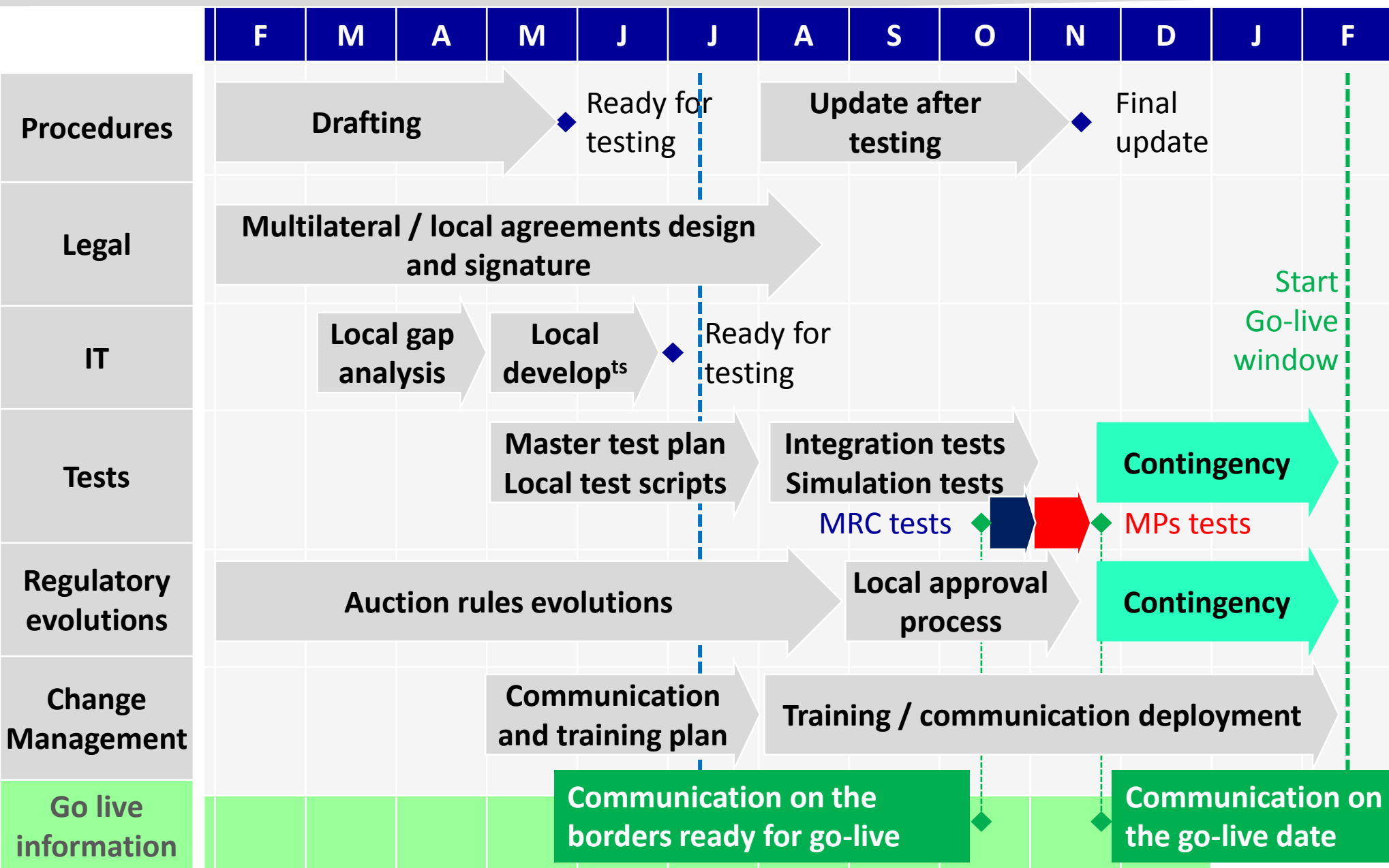
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	1 - Project overview
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	End speech
From 16.00	<i>Reception</i>

High level planning

July 2014 version



Today





	Achievements during last month	Action plan for the next months
Procedure Design	Review of all the procedures	<i>Procedures may evolve during and after the test phase and will be annexed to the Operational Agreement when finalized</i>
IT Development	Development of IT interfaces	Test the IT developments live during the test phase starting in August
Testing	Writing of the Master test plan Extension of the Test Working Group to the Swiss Northern Borders parties	Start the test phase on the 04 th of August
Legal	Drafting of all the agreements necessary to the Market coupling	Finalize the Day Ahead Operational Agreement (DAOA) Draft the (bilateral) contracts: CCP-CCP, for post-coupling settlement, CCP-CASC, for CR management
Regulatory	<i>National Regulators are constantly informed of the progress of the progress</i>	<i>Depending on the countries, regulators might review the final project material</i>
Communication	Preparation of a news release Organization of a Market Participants Forum	Continue the information of the MPs after the test phase

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- **The IBWT partners will organize Member testing sessions that are intended to give market participants an end-to-end overview of the Market Coupling processes.**

- **More precisely, these tests aim to clarify all the following aspects:**
 - What is the normal process and when the Market Coupling Results are regularly published?
 - What are the delay scenarios and what is their impact on the results publication?
 - What are the market messages that a market participant should expect and when?
 - What are the decoupling possibilities and what is their impact on the Price Coupling of the IBWT region?
 - What is the Shadow Auctions process for the interconnectors that are decoupled from IBWT?
 - What is the impact of running a Second Auction if price thresholds are reached on some bidding areas?



- **The Member Testing sessions will cover at least the following scenarios:**
 - Normal Day
 - Market or technical issues creating a delay in the publication of the Market Coupling Results
 - Partial Decoupling of one or more interconnectors and bidding areas*
 - Full Decoupling*
 - Second Auction due to price thresholds reached on one or several bidding areas

*including Shadow Auctions performed by CASC

- Please note that the tests will take place in the afternoon in order to avoid interference with the current market activities. Therefore, the real production timings are not followed but the time intervals between the different steps are respected.

- Also, please be aware that the member testing is not intended to reflect the future prices or volume levels of the IBWT Price Coupling after Go-Live. All the prices and volumes published during the Member Testing sessions are completely fictional and cannot be used as a reference for the price or volume analyses.



- **Market Participants will receive in September 2014 a detailed communication containing all the relevant information regarding the Member Testing sessions, including the following aspects:**
 - Confirmation of the exact testing period (during business days only);
 - Registration process towards the relevant TSOs, PXs, CASC and CCPs;
 - Test scenarios including all the relevant timings and market messages;
 - Test environments to be used for every TSO, PX, CASC and CCPs;
 - Publication methods for: ATCs, Shadow Auction results, Market Coupling Results;
 - Contact details for every TSO, PX, CASC and CCPs.

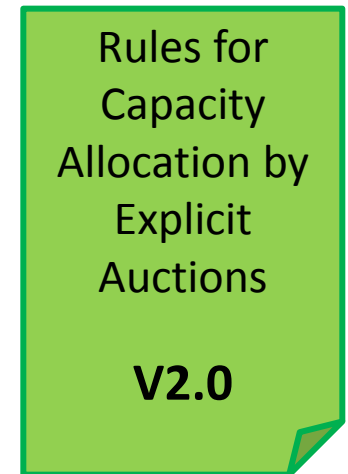
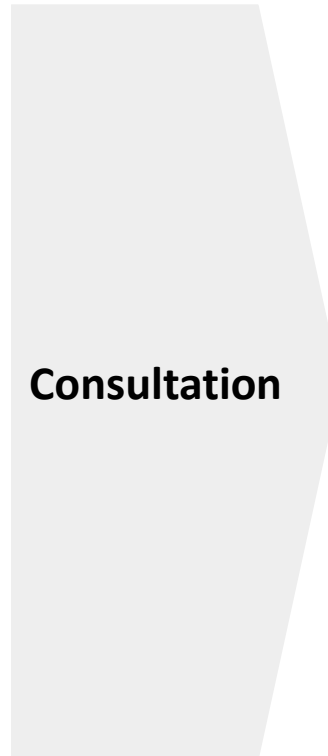
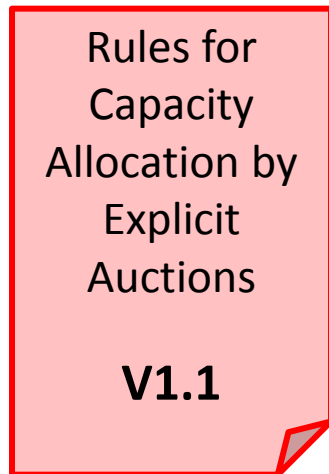
- **A common communication will be released by each party through the usual communication channels.**

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- The Rules for Capacity Allocation by Explicit Auctions (V1.1) will be updated considering the expected **implementation of the Market Coupling on some Italian borders** (rules dealing with Y, M and D allocation)
- This update has been **coordinated to include FR-ES border**.





- The perimeter of the changes:

V1.1	Country Borders	V2.0
Y and M Auctions Shadow auctions (due to D-1 Market coupling)	BE - FR BE - NL DE - NL DE - FR	No change
Y, M and D auctions	FR - IT AT - IT SI - IT	Y and M Auctions Shadow auctions (due to D-1 Market coupling)
	GR - IT CH - IT CH - FR CH - DE CH - AT	No change
Not covered	FR - ES	Y and M Auctions Shadow auctions in the course of 2015

Rules for Capacity Allocation by Explicit Auctions

V1.1

Rules for Capacity Allocation by Explicit Auctions

V2.0



Rules for
Capacity
Allocation by
Explicit
Auctions

V2.0

- **For FR-IT, AT-IT and SI-IT:**
 - UIOSI > valuation at positive market spread
 - Harmonization of principles on Italian Borders (impacts only on FR-IT border):
 - LT Firmness deadline is set at LT nomination gate closure (08:30 in D-1, new timing)
 - Compensation of the curtailment is kept at the original price of the Y and M rights and with a 100% coefficient
 - Shadow auctions performed by CASC is the fall back mechanism of the D-1 Market Coupling
- **For FR-ES:**
 - This set of rules will managed PTRs allocation starting from 1st January 2015
 - Shadow Auctions will be also applied starting from Q2 2015 (exact date communicated before the enter into operation of this service)



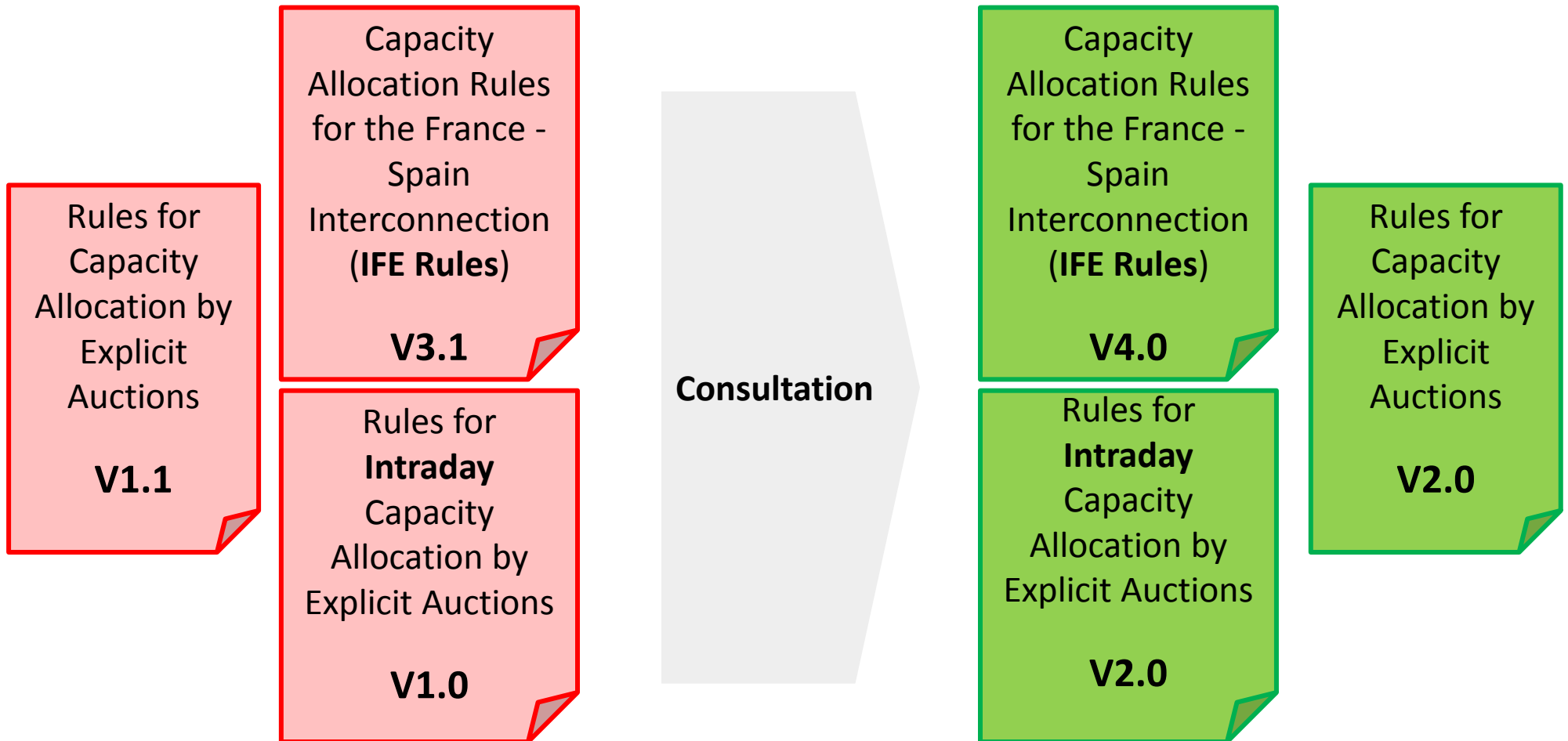
Rules for
Capacity
Allocation by
Explicit
Auctions

V2.0

- To facilitate the reading of the **version for consultation**, only the final configuration where the market coupling is implemented on FR - IT, AT - IT and SI - IT borders simultaneously is described.
- The **version for approval** which will be sent to Regulators will reflect the fact that go-live dates per borders (that can be different) will not be known at that time.
- Consequently for the borders FR - IT, AT - IT and SI - IT borders, both current principles and forthcoming principles will be included, the date(s) for swapping one configuration to the other will be published later on, when known.
- For the Swiss borders and GR-IT border based on coordination with the concerned NRAs the according updates of the Auction Rules will be submitted for consultation at a later stage.



- **Other common sets of allocation rules have to be changed accordingly:**
 - on FR-ES interconnection where **IFE rules** will be limited to intraday framework
 - on Italian borders where **Intraday rules** will be changed in terms of timing





Comments from Market Parties have to be sent to:	For the HAR	HAR.feedback@casc.eu
	For the ID Italian Borders	ID.feedback@casc.eu
	For the IFE rules	laure.lamoureux@rte-france.com

During the following period:

From the
7th of July
2014

Consultation

To the 25th
25th of July
2014

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- One of the **pre-requisite** in **Network Code on Capacity Allocation and Congestion Management** for integrating the Electricity Wholesale Markets in the Europe is the **harmonization** of the **Day-Ahead Market Gate Closure Time (GCT)** to 12:00 CET.
- This change is a **necessary step** towards a single European electricity wholesale market.
- On the **Italian Borders** the markets for which the **GCT need to be harmonized** are those of **Italy, Switzerland and Slovenia**.
- Currently the GCT in **Italy is 9:15, Slovenia is 9:40** a and in **Switzerland is 11:00**.



Harmonization of the Day-Ahead Market: **GCT** at 12:00 D-1 in Italy



Review of
the Italian
Grid Code
and of the
Integrated
Text of the
Electricity
Market Rules

To allow the postponement of the GCT to 12:00, from February 27th to March 19th **Terna consulted a new version of its Grid Code and GME a proposal for changing the timing of the sessions of Italian spot electricity market.**

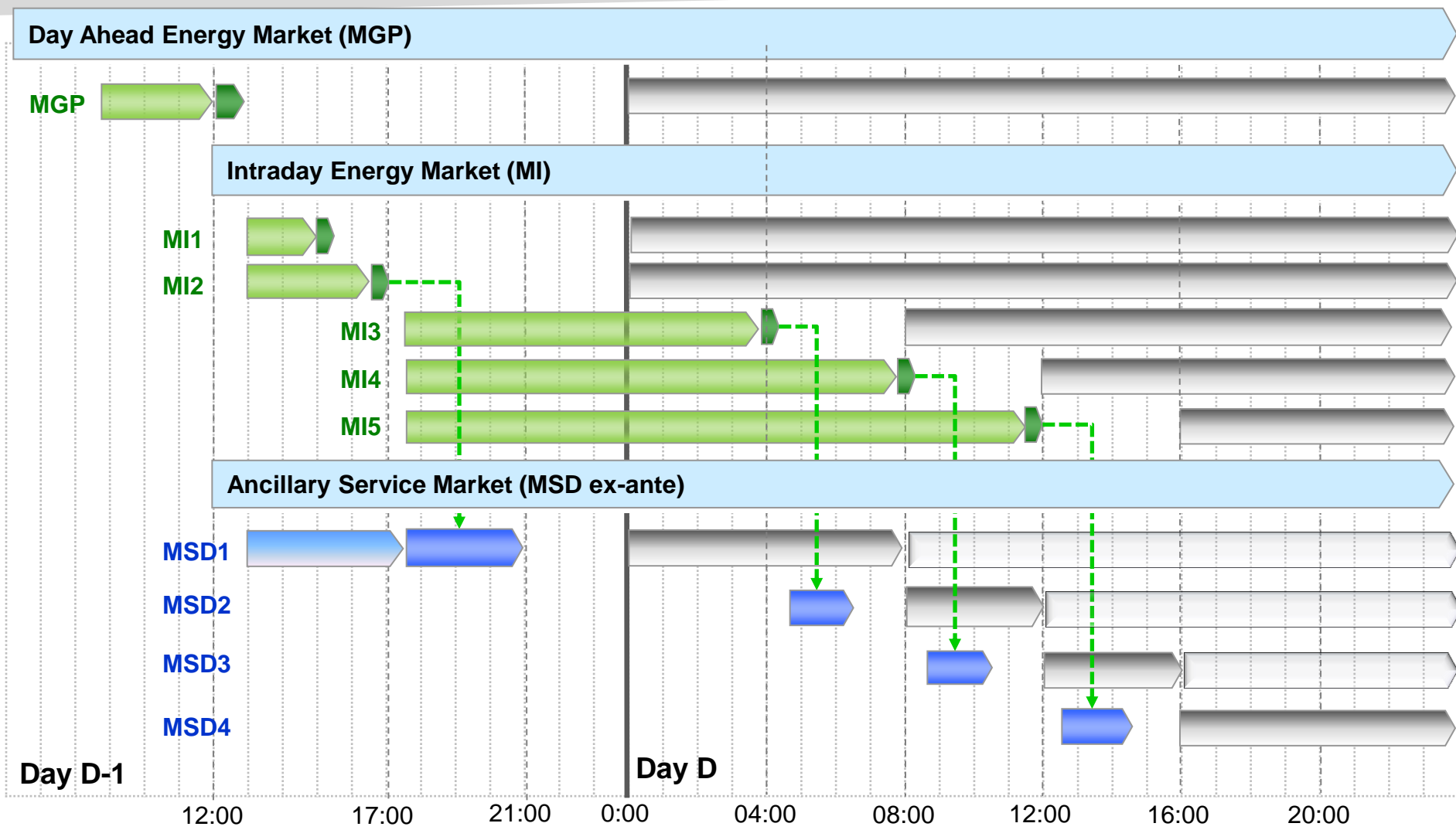
Terna submitted the outcomes of the public consultation to the Italian Regulator, AEEGSI, in the middle of April.

AEEGSI approved on June 6th by the resolution *265/2014/R/eel* **the new Italian Grid Code** taking into account the results of the consultation.

The impacts on the Italian markets of the changes introduced affect the timing of the intra-day and ancillary services market sessions taking place after the closure of the MGP.

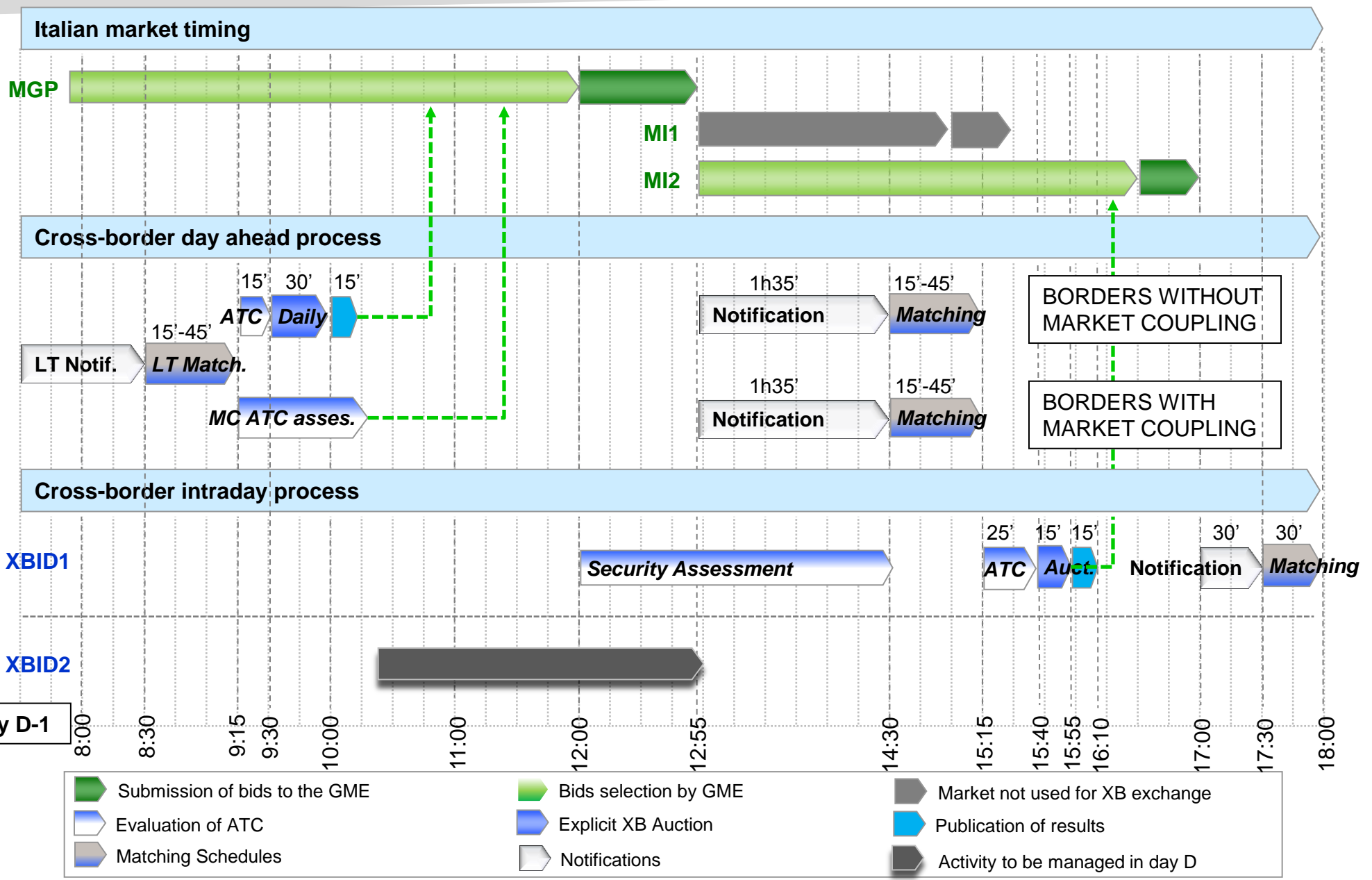
The following slides provide an **overview** of such impacts.

Impacts regarding Italian market timings



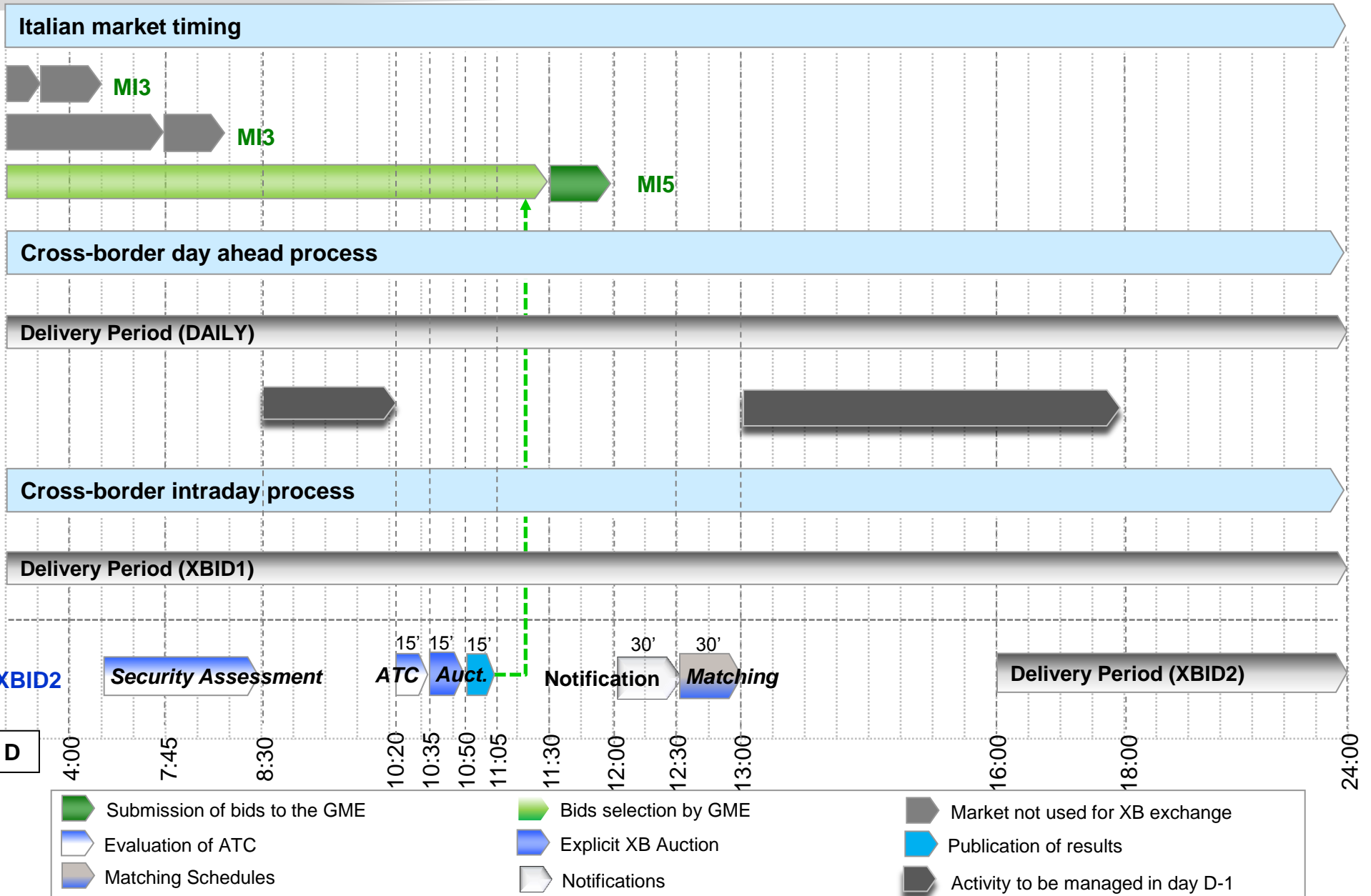
Market Coupling in operation - Normal Conditions

Day-ahead timing



Market Coupling in operation - Normal Conditions

Day D timing



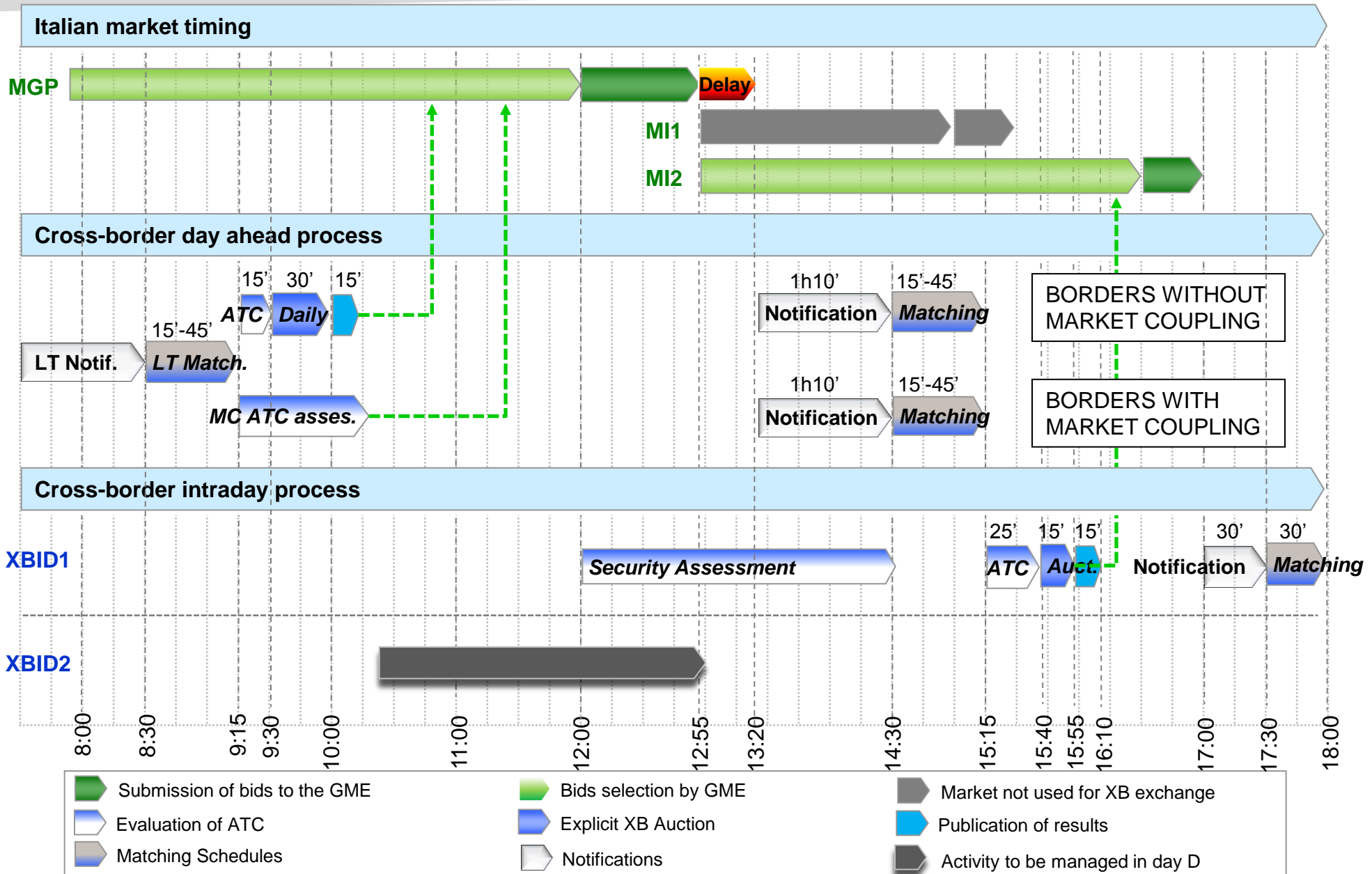
Timing comparison between current situation and Market Coupling in normal conditions



Activity	As Is	To be	Comparison
LT NOMINATIONS GATE CLOSURE	7:00 d-1	8:30 D-1	1h30' later
LT MATCHING	7:00 - 7:30 D-1 (30')	8:30 - 9:15 D-1 (45')	1h30' later (15' longer)
DAILY AUCTION	7:45 - 8:15 D-1 (30')	9:30 - 10:00 D-1 (30')	1h45' later
DAILY NOTIFICATION	10:45 - 12:55 D-1 (2h10')	12:55 - 14:30 D-1 (1h35')	GCT 1h35' later (gate shorter)
DAILY MATCHING	12:55 - 13:40 D-1 (45')	14:30 - 15:15 D-1 (45')	Gate Opening 1h35' later
XBID1 AUCTION	13:55 - 14:10 D-1 (15')	15:40 - 15:55 D-1 (15')	1h45' later
XBID1 NOMINATIONS	15:10 - 15:30 D-1 (20')	17:00 - 17:30 D-1 (30')	GCT 2h later (10' longer)
XBID1 MATCHING	15:30 - 15:45 D-1 (15')	17:30 - 18:00 D-1 (30')	2h later (15' longer)
XBID2 AUCTION	10:25 - 10:40 D (15')	10:35 - 10:50 D (15')	10' later
XBID2 NOMINATIONS	12:15 - 12:35 D (20')	12:00 - 12:30 D (30')	GCT 5' earlier (10' longer)
XBID2 MATCHING	12:35 - 12:50 D (15')	12:30 - 13:00 D (30')	5' earlier (15' longer)

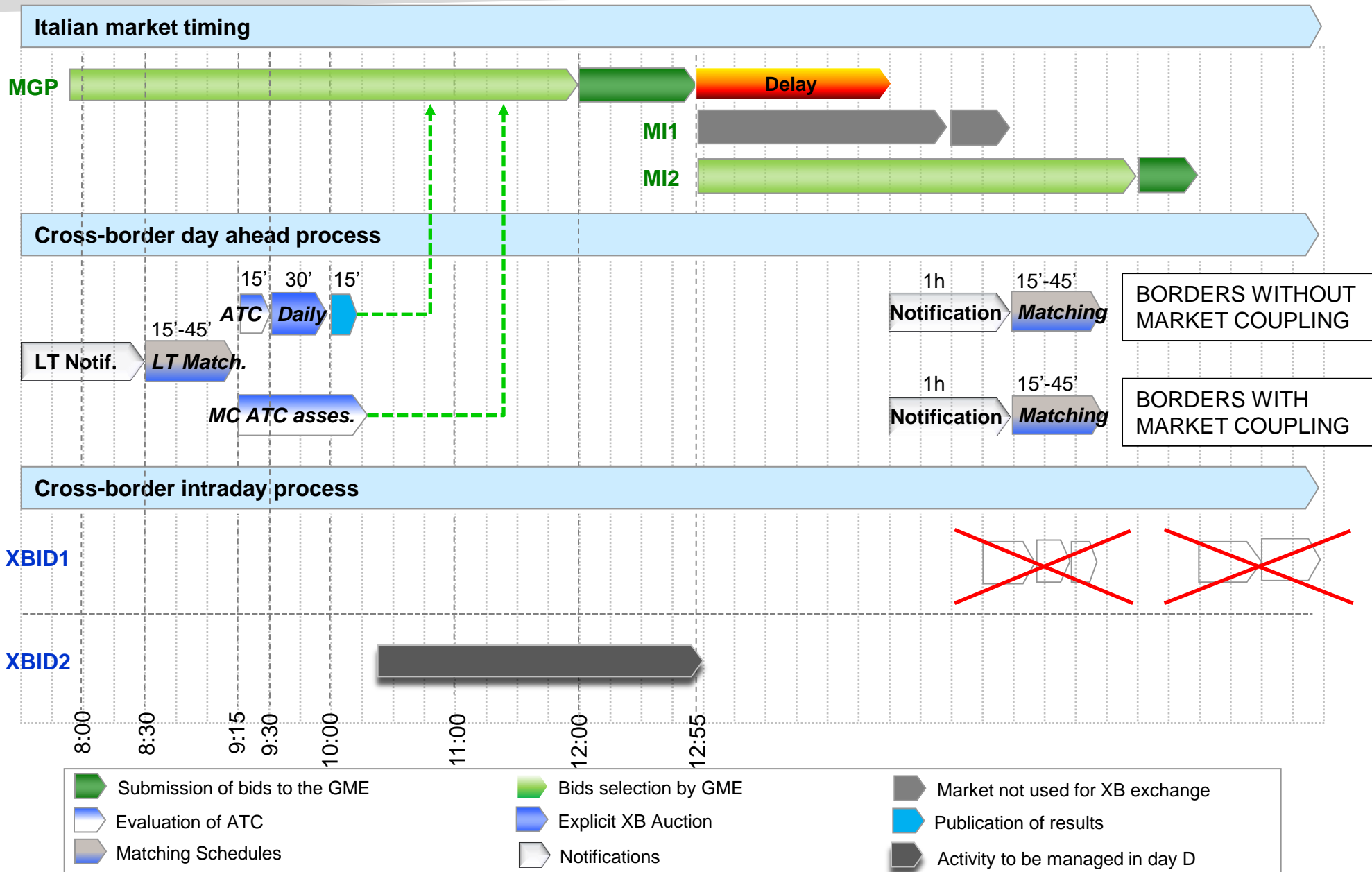
Market Coupling in operation - Delay of 25' of the day-ahead market

Day-ahead



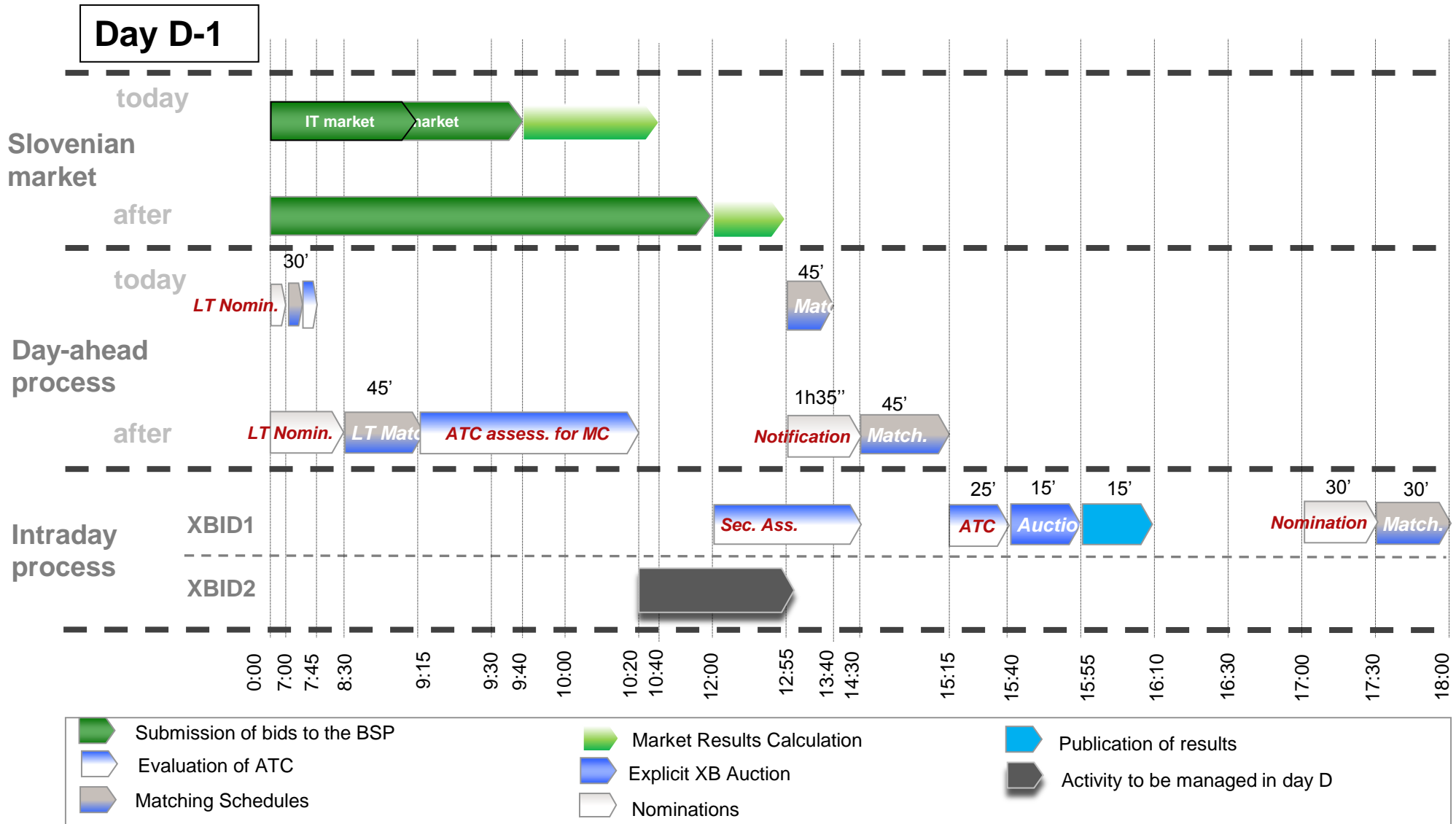
Market Coupling in operation - Longer delay of the day-ahead market

Day-ahead



Market Coupling process in Slovenia - Impact of IBWT MC

Day ahead process



Timing comparison between current situation and IBWT MC in normal conditions - Timing for CH-IT border



Activity	As Is	To be	Comparison
LT NOMINATIONS GATE CLOSURE	7:00 D-1	8:30 D-1	1h30' later
LT MATCHING	12:55 - 13:40 D-1 (45')	14:30 - 15:15 D-1 (45')	1h35' later (45')
GCT FOR SUBMITTING BIDS	11:00 D-1 (SwissIX)	12:00 D-1	1h later
MC RESULTS	11:10 D-1 (SwissIX)	12:55 D-1	1h45' later
DAILY MATCHING	12:55 - 13:40 D-1 (45')	14:30 - 15:15 D-1 (45')	1h35' later
XBID1 AUCTION	13:55 - 14:10 D-1 (15') Results: 14:25	15:40 - 15:55 D-1 (15') Results: 16:10	1h45' later
XBID1 NOMINATIONS	no nominations on Swiss side	17:00 - 17:30 D-1 (30')	Details will be specified in the updated "Technical balance group provisions"
XBID1 MATCHING	15:30 - 15:45 D-1 (15')	17:30 - 18:00 D-1 (30')	2h later (15' longer)
XBID2 AUCTION	10:25 - 10:40 D (15') Results: 10:55 D	10:35 - 10:50 D (15') Results: 11:05 D	10' later
XBID2 NOMINATIONS	no nominations on Swiss side	12:00 - 12:30 D (30')	Details will be specified in the updated "Technical balance group provisions"
XBID2 MATCHING	12:35 - 12:50 D (15')	12:30 - 13:00 D (30')	5' earlier (15' longer)

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Main local issues

- GCT postponement at 12:00
- Update and Consultation of the Grid Code
- Update of the Congestion Management Rules on the Italian Interconnection
- Managing daily payments for market coupling XB flows on all Italian borders (depending on National Competent Institutions)



Impacts

- June 9th, AEEGSI published the resolution 265/2014/R/eel approving the changes to the Italian Grid Code proposed by Terna, including those needed to the postponement of the DA GCT to 12.00: the new GCT will be triggered a couple of weeks before the market coupling go-live.
- Previous problems concerning settlement dates (m+2 to d+2) have been resolved - a proposal to the Ministry is being finalized along the lines of the approach for the coupling of the Italian-Slovenian border



Main local issues



- GCT postponement can become an issue only in case of Italian GCT postponement delay (granted operational market coupling continuity between SI and IT)



- Coordination with CWE region (regarding TSO Common System implementation) : two months are needed after go-live of the FB due to the proper management of the roll-back period.

Impacts

- GCT change process started in beginning of March (MPs meeting 1 May).
 - The GCT will be the same time as Italy because of the already existing MC
 - The GCT change has been confirmed by BSP stakeholders and should be changed maximum 1 week prior to go-live
-
- Mandatory start of the market coupling go-live window in February 2015



Main local issues

- IT-Developments of the scheduling system for essential updates
- Choice of a PX to be finalized
- Coordination with CWE region (regarding TSO Common System implementation) : two months are needed after go-live of the FB due to the proper management of the roll-back period.

Impacts

- Non-participation in the first run of the testing phase and may cause a delay which is currently being assessed
- Well advanced discussions. Target time July 2014
- Mandatory start of the market coupling go-live window in February 2015





Main local issues

- Pending discussion between EC and Swiss government
- Coordination with CWE region (regarding TSO Common System implementation) : two months are needed after go-live of the FB due to the proper management of the roll-back period.

Impacts

- EPEX and Swissgrid position is to implement Market coupling Go live and GCT postponement at the same time
- No leverage for the project parties on the political discussions
- Mandatory start of the market coupling go-live window in February 2015





Main local issues

Impacts



- High Level Market Design for setting-up independent Day-Ahead Energy, Adjustment (Intraday) and Balancing Markets, including Market Gates, Clearing and Settlement arrangements
- Adoption of a PCR compliant option for NEMO (LAGIE)
- Market Reform Consultation with Market Stake-Holders
- Setting-up necessary Legislation and Regulatory framework reform.
- Drafting/Update of Power Exchange Code and Grid Code (specifying the trading arrangements) + Public Consultation
- Specification, Procurement, Installation and Testing of Relevant IT tools for LAGIE and ADMIE (local + PPC related)

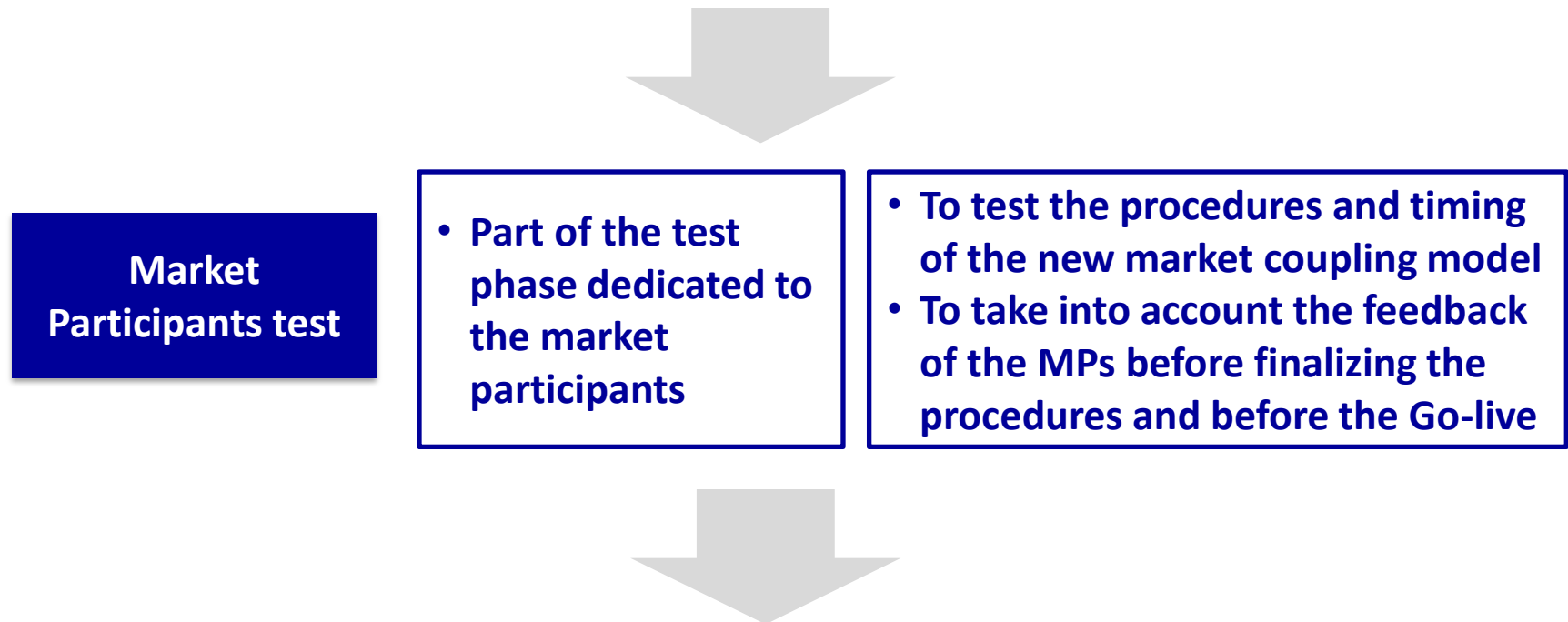
- A consulting firm has been chosen to support LAGIE and ADMIE for the design of the Electricity market. The work is being triggered and the High Level Market Design is expected to be delivered in September 2014



Two public communications are foreseen:

1. First communication in October 2014, as soon as MRC Integration tests are completed:

- Communication on the borders which will be ready for the Go live (readiness assessment)



2. Second communication in the middle of November 2014 (before Yearly Auctions), soon after the conclusion of MPs test phase

- Communication on the Go live date of market coupling on the borders assessed as ready

OCTOBER 2014

NOVEMBER 2014

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