



This document aims at answering the questions raised by market participants during or shortly after the 8 June 2010 CWE Market Coupling Forum held in Dusseldorf.

1-TSO related questions

1.1 What are the arguments for ATC publication at 10h30 instead of 08h30?

In order to improve the security of supply in the region, and as a first step towards flow-based implementation, the CWE TSOs have implemented a new methodology for a coordinated ATC calculation, based on a centralised grid model.

This new methodology has been experimented in real operational timings during several months and it appears, from the results of this experimentation, that the provision of coordinated ATCs, due to the additional steps of coordination between the participating TSOs to secure the grid, cannot reliably be provided before 10h30. As from launch of CWE MC, the TSOs commit to deliver the ATCs at that fixed target time, which is actually 1h30 before the future gate closure of the power exchanges.

1.2 Please move generation nomination time lines to 15h00 for DE, NL & BE

Due to upholding grid security measures and regulatory arrangements the generation deadlines cannot be moved in The Netherlands and Germany.

Elia has agreed to shift the generation deadline in Belgium to 15h00, and has such modification proposed in a new version of the ARP-contract. However please note that this proposal is still subject to approval by the Belgian regulator CREG.

1.3 What is the improvement of the new coordinated ATC calculation?

The coordinated methodology for ATC calculation implemented by the CWE TSOs aims at improving the security of supply in the region.

Today, the ATCs are calculated on each border on a bilateral basis between neighbouring TSOs.



Tomorrow, the TSOs will build a common grid model (which step is the funding of flow-based methodology), and conduct daily grid security studies with this common model: the impact of exchanges on all CWE borders (loopflows) will then better be taken into account thus improving the security of supply. The creation of this common grid model will enable TSOs to have a shared, detailed and clear view on the transmission grid topology, the consumption pattern and the injection of production on the grid for the whole region. This improvement is particularly important for the latter in the context of development of new production units (renewable energy and combined cycle gas turbines) leading to more volatility on bilateral exchanges.

The coordinated methodology will enable the TSOs to assess security of supply on a regional basis and for a variety of scenarios which will be built to take into account these deep modifications of the energy landscape.

These security analyses might lead to capacity reductions in some particularly stressed situations, but could also lead the TSOs to increase the absolute values of ATCs, since they will have a more accurate view of the impacts of (and then would be more confident in) such increases.

Moreover the CWE coupling project leads to implicit auctioning of cross border capacity, which yields as benefit that the electricity flow over cross border capacities is always consisted with market prices in areas concerned. This leads to a better usage of cross border capacity and therefore implicit auctioning has a clear advantage over explicit auctions.

2- Power Exchanges related questions

2.2 In case of roll back, could you consider reverting to the Exchange Gate Closures of pre-CWE coupling era?

The Exchange Gate Closure Times (GCT) will not revert to 11h00 in case of roll back, the GCT of 12h00 is embedded in regulatory agreements and operational procedures, should roll back be applied it is expected to last for a limited period of time, changing regulatory and operational agreements in this short time frame is not feasible. We would like to stress that the chance of the roll back scenario occurring is extremely remote.



2.2 In case of roll back will negative prices be allowed in the individual CWE markets.

In case of roll back, we will revert to the price parameters as these were configured in the pre-CWE era, implying:

- APX, maximum price Euro 3.000,00 minimum price Euro 0,01
- Belpex, maximum price Euro 3.000,00 minimum price Euro 0,01
- EPEX France, maximum price Euro 3.000,00 minimum price Euro 0,01
- EPEX Germany, maximum price Euro 3.000,00 minimum price Euro - 3000,00

The reason for this is that for the Belgian, French and Dutch market the TLC coupling algorithm will be used, this algorithm does not support the use of negative prices. The German market will become a stand alone market again, utilising the local EPEX Germany matching algorithm which does support negative prices. We would like to stress that the chance of the roll back scenario occurring is extremely remote.

3- Procedures related questions

3.1 When will rollback be applied and what is different, concerning roll-back for period < 3 months after launch versus period > 3 months after launch?

The decision to implement the roll back solutions for TLC and for the German borders will be a Steering Committee decision. The extraordinary situation in which roll back will be applied:

- When the Incident Committee has decided for full decoupling due to an incident regarding the Market Coupling System or due to non-functioning or malfunctioning of the Market Coupling Algorithm (e.g. no market results or unacceptable market results) and the capacity is auctioned via the Shadow Auction.
- During the investigation it becomes apparent:
 - that the incident is found but cannot be resolved instantly or within an acceptable period of time or
 - that the incident is not found / cannot be reproduced and therefore the period to solve the issue is unknown and
 - that the risk to continue with the Market Coupling algorithm with the possibility to regularly having to decouple is estimated too high
- The Steering Committee decides based on the above arguments to resort to roll back.



Should a decoupling situation persist for a longer period of time the CWE Steering Committee may decide to revert to roll back, implying that for Belgium, France and Netherlands the TLC matching algorithm will be used, effectively coupling the Belgian, French and Dutch market as is now the case, for Germany an isolated market using the local EPEX DE matching algorithm will be implemented with explicit auctioning of cross border capacity, also similar to current situation.

If the Steering Committee, in a situation of persisting decoupling, decides not to utilize the roll back scenario, in such cases the fall back arrangements will be implemented, implying isolated markets using local exchange algorithms and utilising the shadow auction facility of CASC to allocate cross border capacity.

We would like to stress that the chance of the roll back scenario occurring or having to implement fall back arrangements is quite remote.

The CWE Steering Committee is a body consisting of senior officials of all CWE partners involved, over seeing and governing all joint CWE related matters.

The CWE Incident Committee is a body consisting of operational officials of all CWE partners involved, over seeing and governing day to day operational incidents.

3.2 Please detail all (TSO&PX) operational timelines of regular business process

Please see below schedule:

08h00: Belgian deadline for submission of Long Term nominations by Market Participants at the TSO

08h15: German deadline for submission of Long Term nominations by Market Participants at the TSOs

08h15: French deadline for submission of Long Term nominations by Market Participants at the TSO

09h00: Dutch deadline for submission of Long Term nominations by Market Participants at the TSO

Start calculation coordinated CWE ATCs



10h30: Integration of ATC values in MC System & Publication on CASC website

+ **CWE ATCs transfer to EMCC**

10h30: Publication of the ATCs for the cables DK1, DK2, Baltic Cable and NorNed on EMCC Website

12h00: PXs' Gate Closure Time

+ **CWE order books transfer to EMCC**

12h05: Start Calculation by EMCC

12h25: Normal completion time of EMCC calculation and transfer of EMCC results to CWE

12h25: **EMCC Bids** (=MCOs) transfer to PXs

12h30: Sending of order book from CWE PXs (with MCOs integrated) to CWE MC System

12h53: Normal time for publication of the results on the CWE PXs' Trading Systems

+ **Transfer of the Trade Confirmation to EMCC**

13h05 PM: Latest time for publication of results on the CWE PXs' Trading Systems in normal business run

13h25 (approximately): usual time NPS price publication

14h00: Latest time for publication of the CWE market coupling results in case of exceptional procedures

Nomination deadlines in case of normal business run :

14h00: Hub and cross-border nominations gate closure France

14h00: Nomination gate closure Netherlands

14h30: Hub and cross-border nomination gate closure Belgium

14h30: Nomination gate closure Germany

15h00: Generation nomination gate closure in Belgium

3.3 Please disclose details of EMCC decoupling processes.

Reason to decouple: EMCC will be decoupled if the EMCC bids are not sent to CWE PXs System before 13.00.



4-Miscellaneous Questions

4.1 Are the French VPP capacity declaration deadlines moved?

The French VPP capacity declaration deadlines are governed by EDF, the CWE partners cannot give any comment concerning EDF's view regarding this deadline in the CWE era. It's a sole EDF decision whether this deadline is moved or not. Please refer to EDF bilaterally to obtain an answer to this question.

4.2 Will Nord Pool, after coupling to CWE, also have a +/- 3000 Euro price floor?

The CWE partners are not aware of any planned changes to Nord Pool Spot's current negative price floor. Please refer to Nord Pool Spot for a firm answer on this question.