

Minutes

Project Title XBID Market

Title of Meeting 2nd User Group Meeting, Brussels

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Status	Version	Date	Comment
Draft	1	04/05/15	Provided to Project Parties for review
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PRESENT MARKET PARTIES

Name	Company
Lars Kristensen	Danske Commodities
Julien Haure	EDF Trading
Javier Alonso	EFET
Nicolas Barbannaud	EFET
Paul-Erik Vermeulen	EFET
Torsten Kowalski	EICom, representing NWE+ NRAs
Andrea Stengel	Energy Norway
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Francisco García Lendínez	ENÉRGYA VM
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Ruud Otter	Eurelectric
Matti Supponen	European Commission
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Johan Hagsten	Svensk Energi
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PRESENT PROJECT PARTIES

Name	Company
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Eeva Harjukoski	PX Testing WG leader
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Mark Pickles	TSO Project Manager
Jens Axmann	TransnetBW
Bhavesh Suthar	National Grid Interconnectors

AGENDA

TIME	AGENDA ITEM	PRESENTER
10:00 – 10:30	Registration, Coffee	
10:30 – 10:35	Welcome, Agenda	Mark Pickles
10:35 – 10:50	Project Status	Mark Pickles
10:50 – 11:30	Update on key aspects of the XBID Solution	Peter van Dorp
11:30 – 12:00	Detailed Project Planning	Mark Pickles Matthieu Neauport/ Eeva Harjukoski
12:00 – 13:00	Market Parties Perspectives	André Estermann
13:00 – 13:45	Lunch Break	
13:45 – 14:10	Local Implementation Projects – Overview	Martine Verelst
14:10 – 15:00	Local Implementation Projects – Details a) LIP Kontek b) LIP BE-NL c) LIP Nordic	André Estermann Martine Verelst Tore Granli
15:00 – 15:15	Coffee Break	
15:15 – 15:50	Local Implementation Projects – Details d) LIP IFA e) LIP FR/DE/AT/CH	Bhavesh Suthar Jens Axmann
15:50 – 16:00	Closing remarks, Reflections on the day	Mark Pickles

1. Welcome, Agenda

The participants of the User Group meeting are welcomed. A brief round-the-table introduction round is made and the agenda of the meeting is introduced.

2. Project Status

The progress made since the last User Group meeting is presented. It is pointed out that the project is now on a very firm footing since all five PXs have confirmed their readiness to sign the Development contract with the supplier (DBAG) and the NRAs have granted cost comfort until go-live.

3. Update on key aspects of the XBID Solution

In the course of the blueprint process, 58 gaps have been identified between the original Request for Offer (RFO) and the blueprint documentation delivered by DBAG. These gaps resulted in 32 change requests ranging from minor to major project impact. These are included in the XBID project plan and budget for go-live. The most significant sets of changes are described in detail. Further the performance commitments and measures to achieve them are presented.

Subsequently the questions (Q) received from the MP and the respective answers (A) given by the PP during and after the presentation are listed:

Q: What type of system will be delivered?

A: Everything that has been part of the Request for Offer (RfO) and the additions/changes agreed during the last year.

Q: If one area is down will the whole XBID system be down (referring to slide 15, “*automatic system halt when TSO interface is down*”)?

A: No, not the whole system will be down. If one interconnector is down the remaining interconnectors can be traded.

Q: On slide 18 the realistic test scenario is described. Did you undertake stress tests with a very extreme day in the future with a significant amount of renewable generation?

A: Yes, these tests have been made and performance improvements for implementation after go-live are being analysed by the project.

Q: What does this mean: “*DBAG proposed three sets of performance improvement measures, for implementation at go-live, after go-live and in the more distant future respectively*” (slide 22)?

A: The PP will go-live with a slightly oversized system. Further the PP intend to look already now into further performance improvements to be implemented after the go-live of the XBID solution. The usage of the system will be closely tracked as the market develops. The fulfillment of performance requirements for go-live and the implementation of further performance improvements is seen as crucial and this area has been intensively discussed amongst the PXs and with DBAG.

Q: What does this mean time-wise (referring to previous question)?

A: Approximately for two years after go-live the current performance measurement are considered to be fully sufficient. PP will continue to track the market and PP will continue to look into further performance improvements.

Q: The on slide 24 mentioned reduction of order book depth – how does it work in detail?

A: As soon as an order exceeds the limit it will not be seen in the local order book anymore. However, it will be visible again when below the limit.

Q: Are all PP committed to the performance criteria?

A: Yes, this is a common PP commitment.

Q: At different occasions an intraday auction was mentioned. What is the concept of the auction and how do they phase in?

A: This is one of the post go-live measures. The concept still needs to be worked out in detail. The basic idea is that if an excess of orders occurs with which the XBID system cannot cope anymore, these orders shall be matched in an auction to manage the excess of orders.

Q: How many trades does the system allow in a second or minute?

A: The system boundaries are currently 200 order events per second. This is far more than the number of orders that is currently received per second across Europe.

Q: With regard to order matching – can a block be matched with individual hours?

A: No, a block can only be matched with a block (i.e. 2-hour block with 2 hour block). However, cross-product matching is on the list of the desirable enhancement for the future.

4. Detailed Project Planning

The high level project delivery plan is presented. Further an overview on the testing phase is provided.

With regard to the project time line until go-live the NRA representative points out that the cost recovery principles set out by the NRAs – amongst other criteria – are linked to the timely achievement of the different milestones, i.e. the timely finalisation of a project phase and the timely go-live of the XBID solution.

Subsequently the questions (Q) received from the MP and the respective answers (A) given by the PP during and after the presentation are listed:

Q: The high level plan shows that the functional specifications are still to be defined by DBAG (slide 30). How does this relate to the statement made that the description of the system requirements has been finalized?

A: It is true that the description of the system requirements has been finalized including all change requests (CRs). With Functional specifications the actual implementation of the CRs into the solution is meant. The limits to introduce any new CR have been set very high: any new CR has to be approved by the most senior level of the project governance and the CR has to be a requirement for a successful go-live of XBID.

Q: Since the XBID system is redundant, does this mean that maintenance will take place without the market noticing it?

A: Not fully as there are some maintenance windows agreed that will have an effect on the market participants. The aim is to minimize their duration.

Q: Is it correct that if the shipping module fails also the SOB will stop working?

A: This is correct. If the shipping module does not work the XBID solution has to wait for the shipping module to be back. To mitigate the risk also the shipping module is redundant. In case of an outage of the shipping module the CMM will be still available for explicit capacity bookings (in case such access has been approved for a border by the respective NRAs). An outage of the shipping module does not affect explicit capacity booking as MPs have to “ship” the power and undertake the respective cross-zonal nominations themselves.

Torsten Kowalski requested that the PP shall present the NWE+ NRAs not only with the high-level plan shown (slide 30) but with the specific milestones i.e. a day to day planning.

Further the NRAs wanted to know how much contingency is in the plan time-wise. The PP answered that they presented the NRAs with a realistic plan. The plan had been looked at phase by phase and what needs to be done within a phase. The presented plan is a robust plan and the PP will be pragmatic in how to handle any issues and delays coming up. Hence, the PP did not plan any explicit contingency.

The NRAs heard last week about the merger of APX/Belpex and EPEX and want to know what the impact on the project will be. EPEX answered that the integration of APX and EPEX has been arranged in a way that it does not impact the progress of the XBID project and they will carry on with this project as planned, i.e. both PXs will sign the contract. The NRAs expect some efficiency gains reducing overall costs for the project (i.e. less headcount for the project) and wonder if the merger may have an impact on the voting rights. EPEX answered that the XBID project governance will be adapted together with CACM GL implementation from July on, as requested by the NRAs, taking into account the actual project parties' structure. The NRAs expect a common answer from all PXs involved in the XBID project on what the impact of the CACM on the XBID project will be (resources, budget, governance, voting rights).

5. Market Parties Perspectives

As a follow up from last AESAG meeting EFET presented their view on the XBID project and the Local Implementation Projects (LIPs), five principles for efficient cross-border ID trading and a summary as well as details for improvements at the NWE+ LIP borders.

EFET stated that the User Group concentrated during the morning session a lot on what the XBID system will look like. This level of transparency is welcomed by EFET. Besides this, one of the important components is the access to the interconnection. Explicit access to capacity is needed to be able to transit as long as the XBID solution is not rolled out all over Europe. There is currently a patchwork of intraday trading solutions available. Looking at the NWE+ region the area of highest interest for EFET is the CWE region as it interconnects with all other regions.

The PP asked which of the five principles stated has the highest priority for EFET? EFET responded that there is no simple answer to this as this differs border by border. To have a concrete impact on markets the most impacting obstacle at one border should be abolished which should increase liquidity.

Eurelectric stated that their main point comes down to clever planning and make most use of the two years until the go-live of the XBID solution. For example, if the XBID CMM is the same as the DBAG capacity platform which is operating at some borders it should be made use of and the DBAG capacity platform to be rolled out at other borders. The PP said that the DBAG CMM and the existing DBAG capacity platform are different systems, but that in any case, the XBID Project can only commit to deliver the XBID solution; the rest is the responsibility of the local/LIP PP.

Eurelectric asked if the XBID CMM could get priority in the project, i.e. be rolled out earlier to be used for explicit access? The PP state that an earlier rollout of the CMM would most likely have a negative impact on the SOB time line and also on the overall project budget and planning. Splitting SOB and CMM comes with a lot of other different issues. The PP promised however to provide further information and come back to the MP.

With regard to clever planning the PP emphasized that the XBID project can only deliver the XBID solution and the LIPs are responsible for the local implementation and to tackle the quick wins/clever planning issues raised by the MP.

MP would expect more coordination and see the XBID User Group as an interface between the MP and the LIPs as well. This is seen as much more efficient than attending each LIP User Group or even visiting each PX, TSO and NRA to collect information and exchange views.

PP underlined the scope of the XBID project is to implement a solution based on design described in the RFO and the offer from the vendor. Therefore the User Group cannot tackle market design issues centrally. This will have to be done either in the framework of the CACM GL or locally by the respective LIPs. Yet it shall be possible to present individual LIP status during the next User Group meetings as it is also foreseen for five LIPs for the afternoon session and it is recognized that this dual role of the User Group is an efficient approach.

As the question was raised PP clarified that capacity pricing is not part of the XBID project scope to be delivered at go-live, but this is a CACM requirement and there is an agreement with the NRAs that this will be looked at later and implemented after go-live. MPs agree that the principle of capacity pricing shall not delay the go-live of the XBID solution.

6. Local Implementation Projects – Overview

An overview of Local Implementation Projects (LIPs), their responsibilities and their interaction with the XBID project is presented.

Subsequently the questions (Q) received from the MP and the respective answers (A) given by the PP during and after the presentation are listed:

Q: Will we stay with 12 LIPs until go-live?

A: 12 LIPs are the starting point. If in future efficiency and synergy gains can be realized LIPs can be merged.

Q: What governance will be applied and how will the coordination be in forced between the different LIPs and between the LIPs and the XBID Project?

A: The LIPs will be monitored via the Joint XBID Steering Committee and the Joint Coordination Team where individual LIP's progress will be reported to. Further each LIP has or will set up a formal governance structure within the LIP (i.e. project manager, Steering Committee, etc.), but there is no formal governance between the LIPs as the LIPs do not see such necessity. Yet, informal exchange takes place between LIPs. The LIPs will be responsible for adopting contracts, designing fallback and roll back; however, this will be centrally coordinated and overviewed by the XBID project.

Q: Will only one LIP go-live first?

A: Within the XBID governance structure the LIPs have to report on their readiness for go-live. On one hand it is prudent that one LIP goes live first to reduce the risk. On the other hand, the feedback of MP will be taken into account which LIP this should be (i.e. the earlier expressed importance of CWE is noted down). This will be all taken into account when making the detailed planning for this including competition issues. The other LIPs shall follow closely.

With regard to cost recovery for the LIPs it is pointed out by the NRA representative that this needs to be addressed by the LIPs in time.

Subsequently five different LIPs are presented in today's User Group meeting.

6.1. Kontek LIP

The following questions (Q) were received from the MP and the respective answers (A) were given by the LIP representative during and after the presentation:

Q: Can the shipping contract mentioned on slide 61 also be used by other LIPs?

A: The general principle applied in XBID is to use the setup (incl. contracts) of the day-ahead market coupling (as much as possible). Therefore contracts of one LIP etc. are not expected to be reused by another LIP, but rather existing DA contracts are expected to be extended.

Q: Why no consultation on changes is planned to take place?

A: This is the current status of discussion with the NRAs. Since there was no dedicated Kontek LIP consultation for day-ahead market coupling the same logic may be followed for XBID. Further the Kontek LIP does not expect any additional changes to those coming with the XBID solution.

6.2. LIP BE/NL

The following questions (Q) were received from the MP and the respective answers (A) were given by the LIP representative during and after the presentation:

Q: Is there a fall back foreseen in case the SOB is down?

A: Elia received different feedback on this from MP and one suggestion is to allow for explicit access in case of fallback. As the XBID solution provides for such explicit access this will be looked at.

Q: The concept of a shipping agent and how this interacts with the explicit access is not fully clear. Can you please explain?

A: In case of explicit access to capacity the trader respectively the Balance Responsible Party is responsible for shipping. The shipping agent is by nature only shipping implicit trades.

With regard to quick wins:

LIP BE/NL: Elia and TenneT recognize that improvement is needed before the XBID solution's go-live. Elia and TenneT are working on this and want to implement 24 gates and one hour neutralization time. First discussions with APX/Belpex on this took already place.

LIP FR/BE: This LIP has been set up as well. From TSO side it is recognized that the improved pro rata system is not efficient. RTE and Elia want to implement 24 gates and one hour neutralization time. The discussion with the NRAs is ongoing. As soon as the time line is available the MP will be informed. EFET requested to be invited to the discussion on both Belgian borders which will be looked at internally by Elia.

6.3. Nordic LIP

The following questions (Q) were received from the MP and the respective answers (A) were given by the LIP representative during and after the presentation:

Q: Will the available capacity between the Nordic hubs be published in future as well?

A: Yes, this will be continued. Process wise the TSOs will send the available capacity to the NOI system which collects and sends the available capacity to the XBID CMM.

Q: Will a stakeholder consultation on changes take place?

A: Since there was not any consultation for DA the same logic may be followed. However, the Nordic LIP is happy to inform and discuss with stakeholders. Same as for Kontek the consultation will take place in the framework of the CACM GL.

Q: With regard to capacity booking – there are different routes through the Nordic region possible. How will this be handled in future?

A: This will be handled same as today in Elbas: the shortest path will be chosen and if two routes have the same length a random choice will be made between them.

6.4. LIP IFA

The following questions (Q) were received from the MP and the respective answers (A) were given by the LIP representative during and after the presentation:

Q: Why is National Grid not part of the LIP – as they will have to implement changes? Shouldn't National Grid be part of the project with regard to grid security issues and capacity restrictions?

A: National Grid is not directly involved in the project. There will be bilateral discussions between National Grid and National Grid Interconnectors especially with regard to the move to 24 gate closures. National Grid is seen as a stakeholder and not as a project party.

Q: An explicit access to capacity is needed to be able to deliver into the UK capacity market. Is this foreseen?

A: Explicit access is being looked at on IFA however before a final decision is made we will need to understand what changes are required to the local IT Systems and continue dialogue between ourselves and the local NRAs. A full market consultation will also be carried out followed by a recommendation on behalf of IFA to the local NRAs.

With regard to quick wins:

IFA is currently looking into reducing the nomination lead time from 3 hours to 1 hour however due to constraints on National Grid's systems it is unlikely that this will be in place prior to the timelines set out in CACM. The other quick win requested by MPs is the change from the current auction platform supplier to the DBAG capacity platform, however this will require significant changes to IT systems, contracts, etc. and will require a minimum of 1.5 years of development prior to implementation while also binding resources working on XBID.

6.5. LIP FR/DE/AT/CH

The following questions (Q) were received from the MP and the respective answers (A) were given by the LIP representative during and after the presentation:

Q: On slide 91 is stated that "*Major adjustments with regards to CMM functionality and interfaces are not expected.*" How does this relate to the previous statements made on this?

A: The formats and interfaces will have to be changed. TSOs in this area are familiar with the way the DBAG solution works and the expected changes could be seen as more limited by the TSOs.

Q: Why is TenneT DE not involved in the LIP even though they have a border with Austria?

A: The border between Austria and Germany is not congested and both countries form one trading hub. In the current process EPEX Spot and its clearing house ECC are using for shipping electricity in the intraday timeframe between Germany and its neighboring countries always the same balancing area on the German side of the border. German TSOs decided that this is Amprion for the exchange with Austria and France; TransnetBW for the exchange with Switzerland.

Q: Why is the NL/DE border not part of this LIP as it operates on the same capacity platform as this LIP?

A: TenneT DE made the decision to group the NL/DE border together with the DE/DK border to one LIP.

Q: How will nomination be managed within Germany?

A: The LIP is working on a solution, but more with regard to shipping amongst PXs, not for OTC nomination.

With regard to quick wins:

This is not a LIP quick win, but with regard to the FR/DE and FR/CH borders the respective parties are working on the introduction of 30 min products. A reduction of the 75 minutes lead time has been asked for already several times by the market parties and this is also looked at.

7. Closing remarks, Reflections on the day

The PP thanked the MP for attendance and their active contribution. MP thanked for the information transparently shared with them.

The question is raised for when the PP shall plan the next User Group meeting and for when the bigger User Forum. It is suggested to organize the next User Group meeting for autumn 2015. The PP will contact the MP for topics to be addressed during this next meeting. With regard to the User Forum it is suggested to organize the first one in Q1 2016 and a second one in the run-up for go-live in 2017.

The following requests and open points will be picked up by the PP respectively feedback will be provided:

- Providing at the XBID User Group meeting in Q3/2015 a general project update of all LIPs. During this meeting more detailed information on LIP planning shall be provided.
- Description of the XBID solution with all “selling facts” that are important for MP such as the type of products and orders that are supported by the system, the matching rules of orders, performance figures
- Description of the difference between the XBID CMM and existing DBAG capacity platform
- Analysis of an earlier delivery of the CMM