

## Minutes

**Title of Meeting** 9<sup>th</sup> XBID User Group Meeting

**Date / Place** 21/11/18, 12:30 – 16:00 CET, Brussels

Status	Version	Date	Comment
Draft	1	21/11/18	Draft provided to PP for review
Draft	2	27/11/18	Draft provided to MP for review
Final	3	04/12/18	Final

### PRESENT MARKET PARTIES (MP)

Name	Company
Jérémie Mourot	DXT Commodities SA
Jonathan Halimi	EDF Trading
Francisco García Lendínez	ENÉRGYA VM
Bert van Cleemput	Engie
Pierre Castagné	Eurelectric
Jean Rodriguez	Gazprom Marketing & Trading Limited
Michaël van Bossuyt	IFIEC Europe
Petri Evasoja	NAET
Frank Gerkmann	Vattenfall
Carlos Valverde	Wind to Market

### PRESENT PROJECT PARTIES (PP) AND LIP REPRESENTATIVES

Name	Company
Timo Suhonen	Nord Pool EMCO
Karol Nicia	Nord Pool EMCO
Katharina Niciejewska	EPEX Spot
Tjitske Kramer	EPEX Spot
Mark Pickles	National Grid
Nuria Trancho	OMIE
Zuzana Vackova	OTE
Javier Barrantes Egaña	REE
Bruno Lemetayer	RTE
Chris Kleinpenning	TenneT BV
Susanne Dornick	E-Bridge

### AGENDA

TIME	AGENDA ITEM	PRESENTER
12:30 – 13:15	<b>Lunch</b>	
13:15 – 13:25	<b>1. Welcome, agenda</b>	Mark Pickles
13:25 – 13:50	<b>2. Feedback Market Parties on XBID operation</b>	Mark Pickles (moderation)
13:50 – 14:20	<b>3. Improvements of XBID Solution</b> a) Tick-size analysis outcome b) Order book depth	Katharina Niciejewska, EPEX Karol Nicia, EMCO
14:20 – 15:05	<b>4. Regulatory changes and foreseen impact on XBID</b> a) Information about the implementation of the final model (model B) in Iberian market b) Timing Gate Opening Time (GOT) as of 2019 c) Concept for implementation of losses	Nuria Trancho, OMIE (Iberian market representative) Bruno Lemetayer, RTE Chris Kleinpenning, TTN & Timo Suhonen, EMCO
15:05 – 15:20	<b>Coffee break</b>	
15:20 – 15:35	<b>5. Project status update</b>	Mark Pickles
15:35 – 15:50	<b>6. 2<sup>nd</sup> wave LIPs and high level planning</b>	Zuzana Vackova, OTE
15:50 – 16:00	<b>7. Wrap up</b>	Mark Pickles

Some of the questions (Q) received from the market parties (MP) and the respective answers (A) given by the project parties (PP) during and after the presentation are listed in the minutes.

## 1. Welcome, agenda

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

## 2. Feedback Market Parties on XBID Operation

Following a brief introduction on the successful go-live and operation since, the MPs are asked for their feedback. Overall positive feedback is provided and the MPs are satisfied with the stability and performance of the system. A few points are mentioned that could be improved by respective NEMO(s) individually like availability of LTS and products after XBID is closed.

Further the following topics are discussed:

- Iceberg order: is now at 5 MW for first step, some MPs request to go back to 25 MW (note: was in the past at 25 MW and changed to 5 MW based on other members requests)
- Each NEMO has a local ticker on trades made. MPs request a global ticker on XBID trades made.
- MPs request for a joint procedure for trade recall (i.e. recall of trades matched which were entered through different LTSs)
- Harmonisation of market phases, i.e. the point in time when to switch from XBID to Local system

**Q:** With the experience we have got now after the release of XBID we see differences in the interpretation of the market phases (XBID / Local) and the handling of the market phase switch from the participating NEMO's. This difference leads, on the trading software vendor's side, into problems to steer the trading activities in the different market phases:

1. Market switch local to XBID and reverse. The market phase switch is handled from the Nemo's in two steps. The steps are
  - the deleting of the orders and afterwards closing the market phase, or
  - the closing of the market phase and then deleting the orders.
2. Time of the market phase switch from XBID to Local varies

**A by Nord Pool EMCO:** Concern is understood. Nord Pool have developed a solution where first the market phase is closed and afterwards orders are deleted. This solution is currently being tested and provided all going well could be deployed in January 2019.

With regards to the 2nd concern, Nord Pool EMCO highlights that there is a different interpretation amongst NEMOs on applying the intra-market area closing times communicated before go-live. Nord Pool EMCO's approach is to switch to local trading 30 min before delivery as they have understood from their member's feedback that the usage of SOB and XBID trading times should be maximised.

**Q:** Due to ACER rules, self-trades are seen as wash trades independent if they are happening within or cross bidding zones / markets. It is seen as a possibility by the authorities that NEMOs could mark self-trades so that they are not seen in general as wash trades. This comes with the risk for market participants that trades within the XBID system are seen by the authorities as not market compliant. In addition to self-trades on one exchange as explained before self-trades could happen also between orders on different exchanges matched by XBID. Neither the XBID system nor exchanges are currently supporting a flagging of self-trades in this case. Due to the high risk of being suspected of market manipulation in the XBID market phase, we expect the XBID project and NEMOs improve this situation as soon as possible.

**A:** Problem is understood. Flagging trades as self-trade is possible when both orders were entered via the same platform. However, as XBID is an anonymous platform, there is no technical possibility for NEMOs to flag trades when coming from different trading platforms. As ACER collects trades from all NEMOs, they are in a position to check and flag these trades.

The PP will inform ACER about this worry in the market, explain the technicalities and suggest that ACER could perform this check as XBID is an anonymous platform.

### **3. Improvements of XBID Solution**

#### **a) Tick-size analysis outcome**

- Following Member Associations letter, the EC decided that “*XBID will undertake an interim assessment by mid-August to see if there are any significant detrimental impacts of the tick size on the single intraday market. In this case, the concerned NEMOs will take the necessary operational measures to mitigate those negative impacts*”.
- The outcome of analysis performed by NEMOs based on first months of operations shows that the majority of the monitored parameters are within the agreed systems boundaries (performance is good) and the analysis did not indicate an immediate need for proposing to change the tick size.
- It is highlighted that there is an ongoing activity under the umbrella of ACER which focuses on the harmonization of various market parameters. Tick size is one of the parameters which may be considered as a part of this process and MPs are recommended to provide their views to ACER to be taken into consideration.

#### **b) Order book depth**

- Before XBID go-live the supplier was requested to analyse possible removal of order book depth (OBD) visibility limitations. The results showed that the full removal is not possible, however considerable ‘relaxation’, i.e. a max OBD up to 100 orders can be done which would be connected to additional investment.
- The MPs confirm that the results from the analysis on order book depth relaxation meet their expectations.
- The PP will discuss with the supplier the next steps and will inform MPs once it is known when the ‘relaxation’ can be implemented.

### **4. Regulatory changes and foreseen impact on XBID**

#### **a) Information about the implementation of the final model (model B) in Iberian market**

- The Iberian NRA’s requested from, REE, REN and OMIE the updating of the current Iberian Hybrid Model, defined in the Iberian Market Rules approved in May 2018, from the initial interim solution (implemented at the date of the XBID Go-live), to an enduring and final solution before the end of November, 2018.
- REE, REN and OMIE have been working in the implementation of this enduring hybrid model and OMIE organised three webinar sessions, in order to keep MP informed and updated about the new features and characteristics of the model. During the first three weeks of November, the Iberian MPs were given the possibility to join the testing phase and experience the upcoming model.
- The go-live of the new and enduring Iberian Model will take place 27/11.
- MPs suggest that a manual on how to become an Iberian market participant would help any MPs to gain market access.

#### **b) Timing Gate Opening Time (GOT) as of 2019**

- ACER’s decision of April 2018 defines intraday cross-border gate opening time as 15:00 CET D-1 from 01/01/2019 onwards. This deadline can be postponed until 30 days after approval of intraday capacity calculation methodology for capacity calculation regions (CCRs) where such approval isn’t made before 30/11/2018.
- The effective implementation is managed on each relevant border; however, the detailed overview on GOT timings for borders in operation can be taken from the provided material (see meeting slides as published).

#### **c) Concept for implementation of losses**

- In 2016 TSOs and NEMOs started to work on a solution of how losses on DC interconnectors could be implemented for XBID (CACM requirement). Two main models were considered:

- 1) Trade related losses where a fixed loss factor is applied to each trade regardless of the direction.
  - 2) Flow related losses where a fixed loss factor is applied for the total netted allocated capacity which implies that actual loss percentage included in each trade may vary.
- TSOs and NEMOs agreed on model 2) due to both simplification and that it would be within CACM.
  - The implementation of losses will have an impact on local views:
    - Market parties are submitting their order to the NEMO indicating the Quantity (MW) and the Price (€/MWh) and the area where they are located.
    - Presentation of a single order in the shared order book will differ across the local views. The order is presented in all local views with the same trade amount ( $Q * P$ ) but quantity and price in the local view are calculated (corrected for losses).
      - The Quantity presented will be lower and the Price presented will be higher when the path which maximizes economic welfare is a “lossy” path.
      - The Quantity presented will be higher and the Price presented will be lower when the path which maximizes economic welfare is a “gainy” path.
    - Orders which would lead to switch of the direction of the flow on an interconnector, are presented as two orders, one for the part which reducing existing losses and one for the part creating new losses.

**Q:** When do you plan to implement losses?

**A:** Not before 2020-2021.

## 5. Project status update

Since XBID go-live the project continued its work on scoping, testing and implementing new functionalities. A new release had been implemented end of October and the parties are currently working on the next release.

## 6. 2nd wave LIPs and high level planning

The 2nd wave parties and the respective borders (12 in total) that are foreseen to be part of the 2nd wave are presented.

The preparation and coordination work is organised within two LIPs, LIP 15 (Austria, Bulgaria, Croatia, Czech Republic, Germany, Hungary, Poland, Romania, Slovenia) and LIP 16 (Lithuania, Poland, Sweden).

So far all Parties of the LIP 15 and LIP 16 are tentatively confident to go-live and be connected to the XBID platform by the Q3 of the 2019 latest.

## 7. Wrap up

The PP suggest to not continue to proactively arrange further User Group meetings but use the Market European Stakeholder Committee (MESC) as the primary interface between XBID and the MPs. This is acceptable to MPs as long XBID is running smoothly. If there is a need to discuss certain topics in detail, the MPs may flag this through MESC or to the XBID communication leads directly and a specific User Group meeting could be convened if needed.

The following follow-up actions are agreed:

- Flagging trades as self-trade when coming from different trading platforms: the PP will inform ACER about this worry in the market, explain the technicalities and suggest that ACER could perform this check as XBID is an anonymous platform.
- PP to inform MPs once it is known when the ‘relaxation’ of the order book depth can be implemented.
- Iberian PP will look into whether a manual on how to become an Iberian market participant could be compiled.