

SIDC (XBID) Update

20th MESC Meeting

CEER, Brussels

11.03.2020



SIDC – Headlines on Progress

2nd Wave Go-Live successfully delivered

- 7 additional countries coupled with 14 already live.
- Interim solution implemented for Transit Shipping.
- Significantly increased traded Intraday volumes- see further below- as well as record numbers in trades registered while system is performing well and running stable.

Research & Development

- Several significant regulatory changes are subject to R&D:
 - Cross product matching
 - Flow based capacity allocation
 - Enduring shipping solution
 - European Intraday auctions (IDAs)

**SIDC couples
21 European
countries**

Future Development progresses

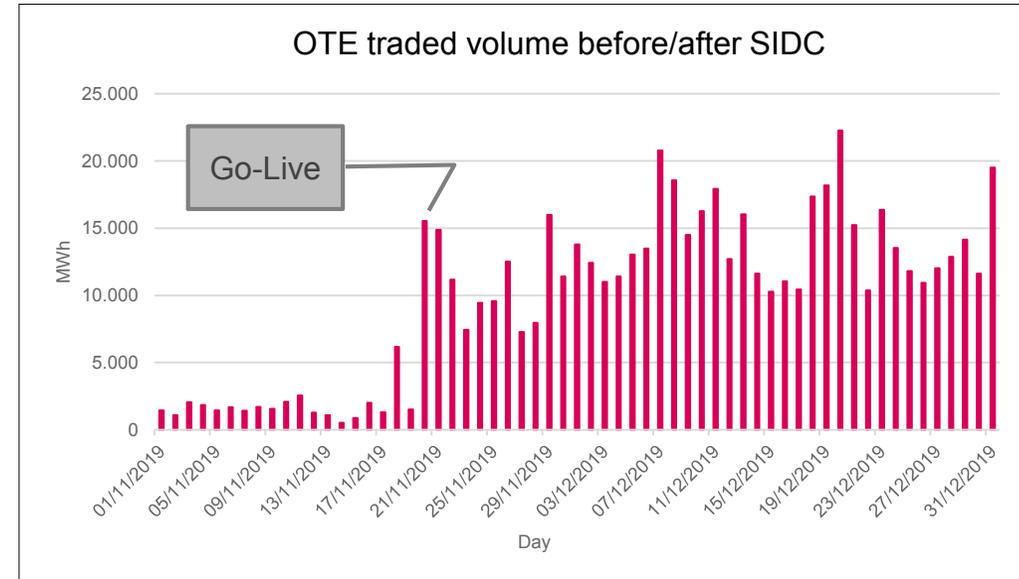
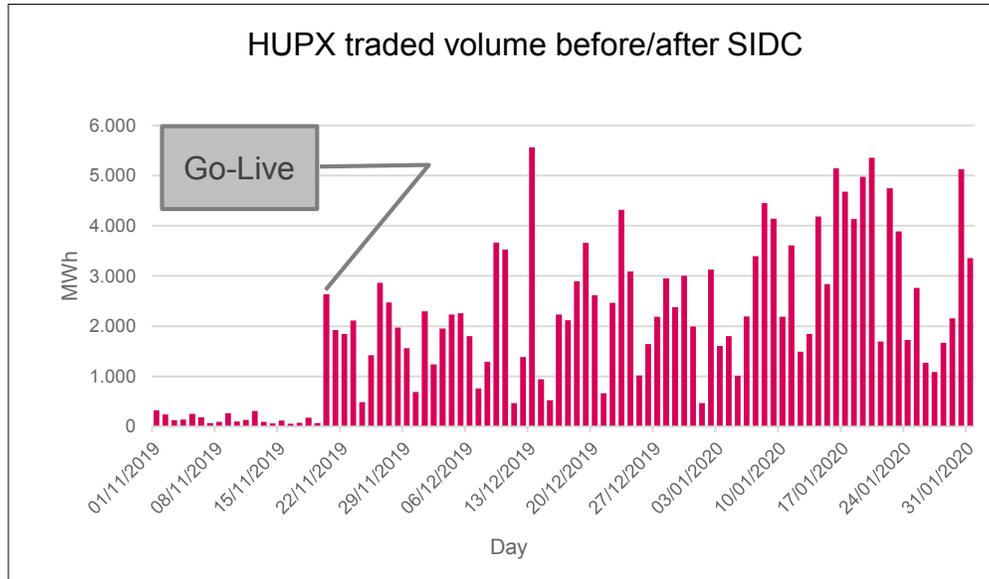
- Package of 11 change requests currently under analysis (expected completion end of April).
- Development under Agile pilot will continue until 19th March, then SIDC will decide whether waterfall or agile methodology will be used in the future.
- Scoping of Release 3.0 ongoing – list to be aligned with 2020 Budget and priorities.

Geographic expansion

- 3rd wave Go-live is planned in Q4 2020* including Italy, the Italian Northern Borders, Greece and Greece-Bulgaria.
- Slovak parties SEPS and OKTE are about to complete the steps required for accession to SIDC.

* The roadmap in LIP 14 is currently under review.

Integration of 2nd Wave countries has led to a surge in Intraday volumes- some examples



- Other countries show similar patterns, eg. Slovenia
 - Period 20th Nov 2018- 31st Jan 2019: average daily intraday volume around 400 MWh
 - Period 20th Nov 2019- 31st Jan 2020: average daily intraday volume around 2700 MWh

SIDC Update

Operations

- January 2020 was a record month since SIDC was launched in June 2018.
- 2,78 million trades were recorded resulting in an average of almost 90k trades per day. These numbers are almost 10% up compared to the previous high in December 2019. The highest number of trades on a single day was achieved on 9th December with over 112k trades. Approaching 34 million trades have been completed since go-live (counting until end of January).
- Despite this high level of activity the system continues to perform well. The last unplanned outage happened on 13th November during go-live preparation (as of 24th Feb).

Current activity

- SIDC is about to initiate the work on the implementation of Intraday auctions to enable capacity pricing. Handover from working group under NEMO committee took place in February.
- Alignment with NRAs on transit shipping is ongoing. Extension of the rotational scheme for the period after 19th May 2020 remains as the only option given the timeline.
- Prioritisation of changes entering development ongoing.

Transit shipping- a significant risk

- In order to enable the 2nd Wave Go-Live EPEX/ECC and EMCO have committed to perform the transit shipping function through MNA Areas for a duration of three months each (rotational transit shipping). This period comes to an end on the 19th May 2020.
- Transit shipping leads to additional costs for the entities performing it. These costs cannot be covered by charging fees as the transit shipper is not involved in the transactions it is supposed to ship. As a consequence full recovery of these costs remains a pre-condition for the extension of the rotational transit shipping approach.
- In recent exchanges NRAs have stated that the process laid down in CACM Art. 76(2) needs to be followed regarding TSO contributions to NEMO costs.
 - The NRAs will decide on cost recovery on national level following the receipt of TSO letters where applicable. Cost recovery is not guaranteed in this process.
- This represents a significant risk of decoupling for the period following 19th May 2020 as some NRAs could reject the request for cost recovery. This is an external risk and can therefore not be mitigated by the SIDC project.
- NEMOs have formally requested a decision from all NRAs on the shipping arrangement in all bidding zones and associated cost-recovery scheme to be implemented as of the 19th May 2020 as per Art. 68 (6) and Art. 77 of the CACM Regulation.

Transit shipping- Informal NRA communication to SIDC 26th February

- Decoupling is „no option“ for NRAs, NEMOs shall extend the rotational scheme by another 6 months.
- All NEMOs to propose a roadmap for implementation of the enduring shipping solution which shall be operational by 19th May 2021. This roadmap should be prepared by 19th November 2020 at the latest and serves as a basis for the NRA decision on another extension of the rotational scheme. If NEMOs fail to submit this roadmap, NRAs will decide on one.
- In practice this means that the roadmap needs to be ready well in advance of 19th November 2020 because the NRAs need to decide on an extension before this date.
- For the elaboration of the enduring solution at least the following options should be analysed:
 - Central counter party for financial shipping
 - Disentangling H2H financial clearing and physical shipping
 - H2H financial and physical shipping (each NEMO or a designated entity)
- The decision on TSO cost contribution will be taken at national level. Transit shipping costs will be classified as “NEMO common operational costs”, to be shared according to CACM sharing keys.

Concerns of the NEMOs regarding the informal note of the NRAs:

- The informal note gives no clarity on the cost recovery on the rotational scheme before the enduring solution is implemented, applicable for both for the period before 19/05/2020 and after.
- The note contains a statement on the nature of the cost which implies that Transit Shipping costs are considered as NEMO only common cost whereas so far this was considered a Joint NEMO/TSO common cost. It shall be remembered that the current design of the Shipping Module including transit shipping is based on the design jointly developed by NEMOs and TSOs.
- Proposed timing for an enduring solution, as stipulated by NRAs in the note, seems to be more than challenging (practically unfeasible).
- NEMOs are concerned about the options for enduring solutions as listed by NRAs. NEMOs consider that there are also other options which may be more cost efficient and therefore part of the cost benefit analysis.