

Input material for MESC meeting on prioritisation

MCSC position on prioritisation

10 May 2023



NEMOs and TSOs deliveries and future priorities

Background of the discussion

Background

- Prioritisation exercise was carried out as part of the broader discussion concerning MCSC deliveries and respective implementation timelines running in parallel on local, regional and pan-european level
- The following slides with identified priorities were presented during the last CACM PCG meeting on 28/03 (with ACER, EC, TSOs and NEMOs)

Assumptions

- **Priorities to be applied to Y+2.** This means that:
 - Methodology shall apply to **projects after 2025+**, potentially with prior R&D activities
 - **Current project timeline (until 2025) will remain intact**

Aim of the presentation

- Re-iterate the prioritisation timeline for now, incl. ongoing projects and indicative priority list 2025+
- Present the prioritisation framework proposal by NEMOs and TSOs
- Present the proposal of the iterative prioritisation process

Overview of the determined deliveries and future priorities

Out of scope of prioritisation	In scope of future prioritisation	
“Now” – In scope 23-25/ dev	Later (~2025+)	On Hold / To be Discarded
<p><u>SDAC + SIDC:</u></p> <ul style="list-style-type: none"> Baltic MNA Hansa CCR CC Phase 2 <p><u>SDAC:</u></p> <ul style="list-style-type: none"> 15' MTU (including PUN phase-out) @ Nordic FB * @ Advanced Hybrid Coupling Core * @ MNA Implementations <p><u>SIDC:</u></p> <ul style="list-style-type: none"> Pan-EU Intraday Auctions @ ID Flow-based allocation in XBID: MVP * @ 15' granularity in remaining SIDC BZs and Interconnectors * Core FB IDCC 1 and 2 * @ Non-zero CZC @ 15h D-1 * ETPA integration Baltic cable integration in SIDC 	<p><u>SDAC + SIDC:</u></p> <ul style="list-style-type: none"> Interconnectors integration (DE-SE, PL-LT, ...) Hansa CCR CC Phase 3 and 4 Extension to Energy Community Countries Ireland integration <p><u>SDAC:</u> -</p> <p><u>SIDC:</u></p> <ul style="list-style-type: none"> ID Flow-based allocation in IDC and IDA * @ Nordic Flow Based ID CC * @ Impact of Core ROSC RD&CT on Core ID CC * @ Impact of AHC in ID @ Core Balancing CC after ID Interconnectors integration (NO4-FI) 	<p><u>SDAC + SIDC:</u></p> <ul style="list-style-type: none"> Change of CCR configuration <p><u>SDAC:</u></p> <ul style="list-style-type: none"> Nasdaq integration MRLVC @ * Non-uniform pricing * Co-Optimization * <p><u>SIDC:</u></p> <ul style="list-style-type: none"> Cross-Product Matching in Continuous trading @ Losses in Continuous trading @

* → in line with the view of MPs
 @ → in line with the view of ACER
 ■ → Joint MCSC projects in black
 ■ → Regional projects in blue

Joint SDAC/SIDC Planning activities

Activity	2023			2024				2025			
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
SDAC/SIDC Projects											
15 min MTU Implementation and testing for DA Performance improvements											
IDA Local/regional and central testing Integration, FIT and SIT testing IDA CIP implementation & testing											
Euphemia/PMB improvements Euphemia & PMB releases											
XBID releases In implementation Intended											
ID Flow-based Flow-Based allocation in Continuous Trading and IDAs											
Other SDAC & SIDC R&D projects Future studies 2030 Solver change											
Regional requirements implementation											
SDAC Related											
Nordic FB											
SEC fallback											
MNAs											
HANSA CCR CCM Phase 2 – Impact DA (TBC)											
Core Advanced Hybrid Coupling											
SIDC Related											
Core IDCC v1 & v2											
Nordic resolution 15 min											
ETPA in continuous trading											
ETPA in IDA (TBC)											
SE3A & Baltic Cable (TBC)											

NEMOs and TSOs proposal for prioritisation framework

Introduction

NEMOs and TSOs appreciate that the proposal for prioritisation was taken into account as a tool to provide a **stable framework for mid- to long-term planning**: this will help properly plan resources and deadlines, reducing delays and increasing overall efficiency.

We continue to welcome any initiative to proceed in this joint exercise with all stakeholders including market parties.

In the next slides you can find:

- the proposal for prioritization, which reflects the current legally binding requirements,
- status of implementation and available information.

Other change requests, performance improvements and analysis are included in the full XLS files attached.

The proposal on many points converges with similar proposals advanced by some market participants and by ACER.

NEMOs and TSOs ask for clarification on some general principles underlying ACER's proposal and on some detailed implications.

NEMOs and TSOs proposal for the definition of prioritisation principles

NEMOs and TSOs request that the **prioritisation process to be formalised is included in a methodology**, that will be drafted by NEMOs and TSOs and approved by ACER. This shall provide the legal basis requested by ACER in the proposed step n.3.

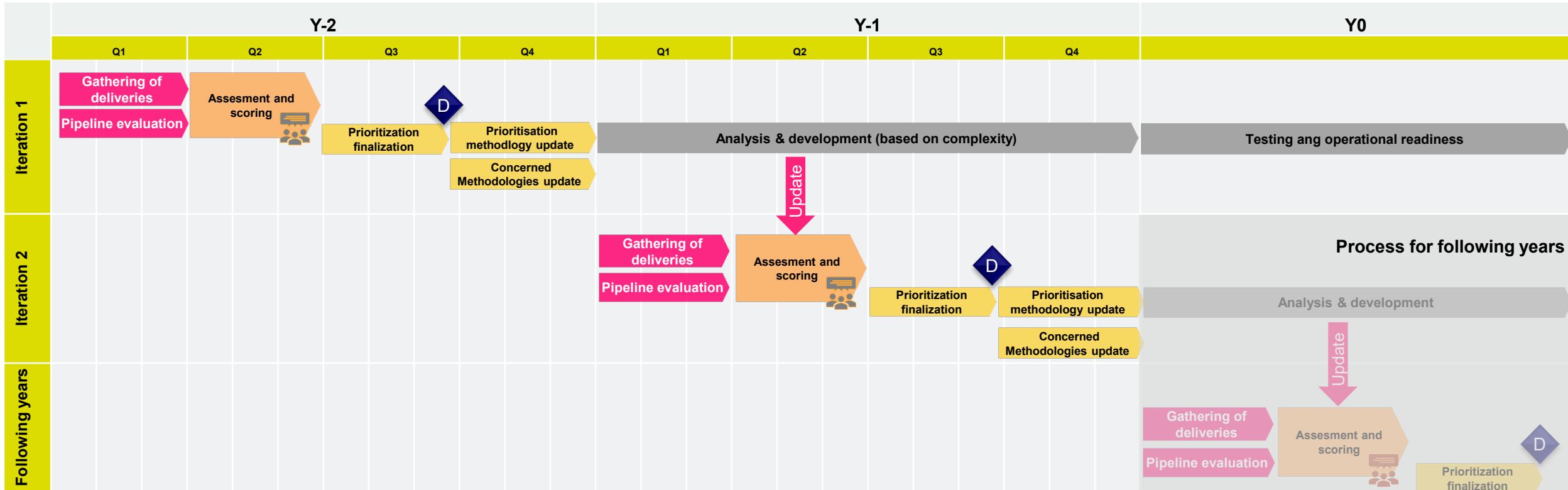
- **The same process shall be applied also to the relevant regional/local methodologies**, which needs to be supported at MCSC level, in order to ensure coordination among all projects with implication to the DA and ID markets.
- Time window until 2025+ should allow for drafting, consulting and approving the requested methodology

The methodology shall include **defined and stable process**:

- Clearly defined and objective criteria to assign priority and related scoring matrix
- The scoring will be included as a technical sub-annex to the methodology
- Process for regular reviews (annual + possible shorter review, if needed)
- Consultation on the methodology and consultation on the yearly revision of the scoring

Minimum lead time for projects with deadlines for Y-0

Process proposal



Scope & notes

- Process scope focused on SIDC/SDAC – for regional projects focus on support by SIDC/SDAC
 - Projects in scope** - Change Requests with delivery time more than one year
 - Out of scope** - internal developments
- For MCSC Change Requests - deadlines mean operational readiness to be used in production (go-live readiness),
- For regional Change Requests - deadline mean technical readiness by joint systems (go-live subject to regional readiness)

ACER/EC, NEMOs, TSOs, MPs

ACER, NEMOs, TSOs

Technical work

NEMOs and TSOs



ACER Decision



Public Consultation

NEMOs and TSOs proposal for updated criteria

1. Effectiveness to enhance market extension	2. Effectiveness to enhance market integration	3. Effectiveness to ensure non-discrimination and increase of competition	4. Effectiveness to enhance the efficient functioning of the market	5. Effectiveness to ensure operational stability	6. Impact on stakeholders	7. Cost efficiency
<ul style="list-style-type: none"> ▪ Inclusion of new borders 	<ul style="list-style-type: none"> ▪ Harmonisation of rules (either across timeframes/ regions) ▪ Coherency with principles/ functioning of other timeframes/ regions/markets 	<ul style="list-style-type: none"> ▪ Allows to treat all players equally ▪ Removes discriminating rule ▪ Allows for competition between new borders/bids of market participants ▪ Removes entry barriers 	<ul style="list-style-type: none"> ▪ Improves welfare 	<ul style="list-style-type: none"> ▪ Improves operational stability 	<ul style="list-style-type: none"> ▪ Flexibility for Market Participants ▪ „No step back“ 	<ul style="list-style-type: none"> ▪ Development and implementation cost
<p>Summary of changes compared to ACER’s proposal:</p>						
<p>ACER proposed those two criteria as one „Effectiveness to enhance market integration“. Category 2 was merged with the ACER’s original criteria n.5</p>		<p>Combines ACER’s original criteria n.2 and n.3</p>	<p>Reference to price signals was removed, operational security was moved into different category</p>	<p>New category</p>	<p>Reconsidered ACER’s original criteria n.6 – now it takes into consideration only the impact on stakeholders; implementation efforts were moved to new category</p>	<p>New category, originally included in ACER’s criteria n.6 „Overall efficiency“</p>

Note: different criteria should be weighted differently in the methodology