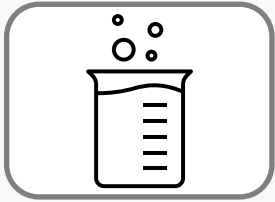


MESC

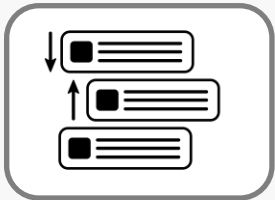
3.1 Update on SDAC & SIDC

07 December 2023



Co-optimisation

- Final alignment of NEMOs and TSOs on relevant Algorithm Methodology updates was successful
- During 2024 initial R&D in MCSC on bid linking shall be initiated



MCO Integration Plan & SDAC/SIDC extension

- MCO Integration Plan drafted by NEMOs
- NEMOs and TSOs will jointly assess operational aspects related to go-live process in Q1 2024 namely planning and criteria for RfCs to be accepted in 2024.

Next steps: Provision of MCO Integration Plan by NEMOs until 15/12



CACM Cost Report 2022 by all NEMOs and all TSOs according to Article 80 of CACM (prepared by the MCSC in 2023)

- Minor update to be released by end of 2023 (eg CCR Core cost table)
- NRA webinar as an option in January 2024 (no feedback received so far)

Next steps: Feedback of NRAs on the CACM Cost Report 2022 by 15/12 (if any)

BRM in SDAC and SIDC

- BRM (new NEMO in Romania), requested accession to SDAC and SIDC
- Formal steps are ongoing (e.g. provision of DAOA/IDOA)
- MCSC has granted an Observership to BRM
- BRM requested accession to IDA, to be able to GL with other parties
- Discussion about the technical steps of the accession ongoing

ETPA in SDAC

- ETPA was granted an observer status in SDAC
- Next steps (if any) under discussion

Nasdaq leaving SDAC

- Nasdaq informed MCSC TSOs and All NEMO Committee about the voluntary exit from the cooperation
- The formal application of exit plan is ongoing



MCCG

Involvement of market participants

Background

- The constructive discussions in MCCG #4 helped both TSOs & NEMOs as well as MPs forward in better understanding each other's issues and concerns with regards to the implementation of market coupling projects.
- There is still a need to keep the engagement with MPs (especially with regards to the implementation of 15 min MTU and IDA go-live).

MCCG proposes an improved way forward on stakeholder engagement via MCCG:

Number of sessions:

- MCCG sessions: Full-day sessions (at least) **3 per year** similar to today's set-up.
- Technical discussion should be part of the MCCG.
- Ad hoc pre-alignment/after-alignment should be used for an efficient preparation and follow-up of the meetings and clarifications where needed in between the MCCG sessions.

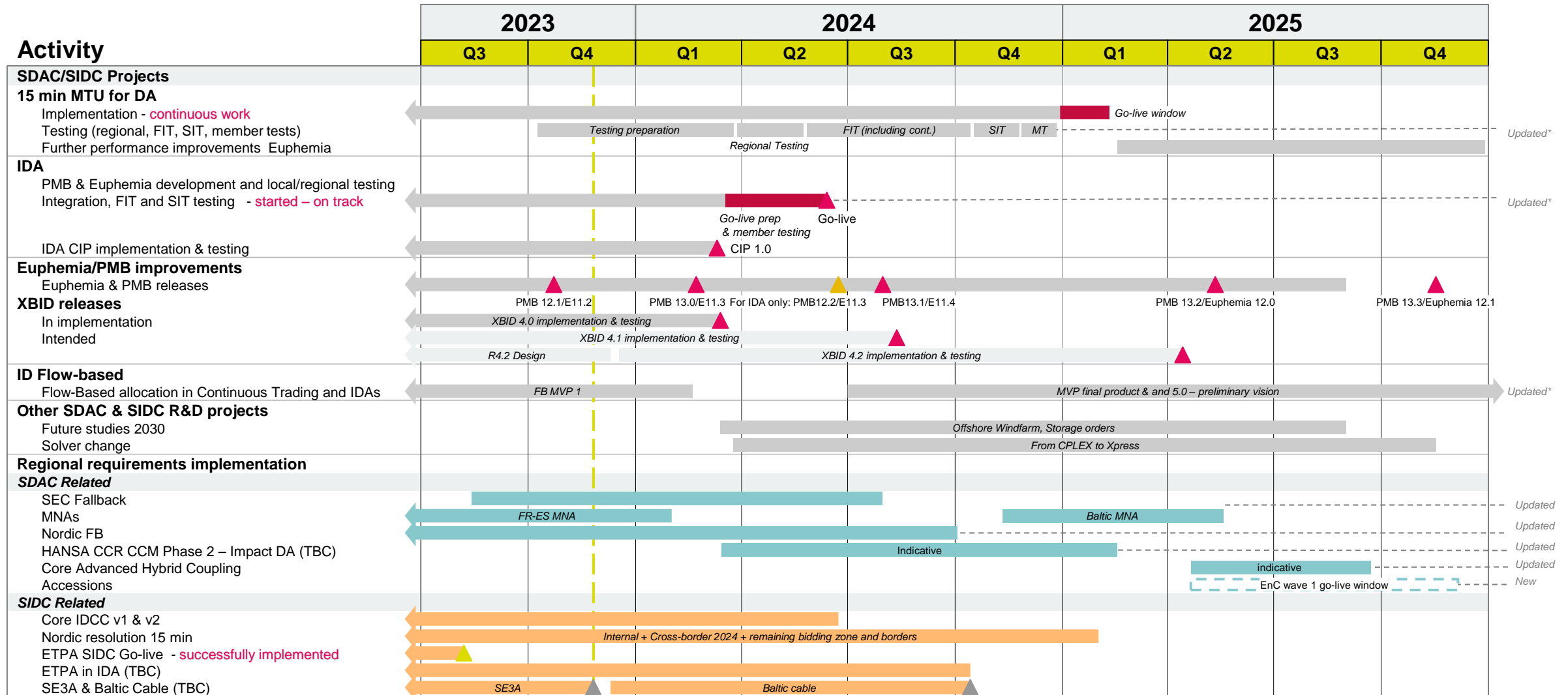
Change content orientation

- In addition to project progress, include topics which impact members' products/timings/organization of the settlements
- Project progress reporting is reduced, only flagging success and challenges.

Improvement of MCSC/MCCG organizational set-up for stakeholder engagement:

- Timely preparation of input material, sharing of notes and follow-up on action points,
- Smoother organization of engagement meetings.

Joint SDAC/SIDC Planning



TODAY

* Changes are described in the updates for SIDC/SDAC respectively



Computation time

- SDAC algorithm Euphemia computation time in a normal process needs to be extended in order to enable 15 min MTU implementation in SDAC (with the planned go-live in Jan 2025).
- New computation time of **30 minutes** (today 17 minutes) was approved by MCSC.



15 MTU implementation

- Final portfolio of products to be offered was approved by MCSC - **the multi-MTU as of 15 MTU Go-live** (15'/30'/60' products).
- Ongoing: SDAC currently plans the **go live in January 2025**.
- Regional testing should start in Q2 2024 and central testing in June 2024.

Planning update

- The new Nordic FB planning has been added to the SDAC roadmap.
- The go-live windows of Baltic MNA, Hansa Phase 2 and Core AHC have been made more precise.
- 15 min MTU testing phases have been added.

SDAC status updates

15 MTU implementation

Products

- The current products offered to market participants will continue to be available with the following exceptions as earlier communicated:
 - PUN in Italian Bidding Zones will be removed from SDAC calculation process as 01/01/2025
 - Complex Orders in Iberian Bidding Zones will be replaced by Scalable Complex Orders
- Both are subject to local NEMO confirmations

Key message

SDAC is finalising the change of granularity on every border and preparing the detailed content of testing with NEMOs and TSOs.

Background

- ❑ In JET-A NRAs requested that SDAC and SIDC report regularly on type 1 & 2 incidents*

Updates and points of attention

- ❑ **[28/10]: Partial decoupling of HEnEx, while running the SDAC process for the Long clock change day (type 1 incident) [LINK]**
 - HEnEx was having trouble in validating their offer in their Local Trading System (LTS). A first postponement in the Gate Closure Time (GCT) was requested by HEnEx. The GCT postponement procedure was therefore activated: all NEMOs were allowed to postpone the Gate Closure of their order book at 12:20 due to the issues at HEnEx. HEnEx was not able to solve the issue at 13:05 (deadline for the partial decoupling) and therefore the partial decoupling was declared.
 - Affected borders: BG-GR and IT-GR. On those interconnectors, shadow auctions were run by JAO.
 - Order books were reopened in the remaining countries and the calculation was performed. Results were made available at 13:55 and finally confirmed at 14:05 (15 minutes before Full Decoupling deadline).
 - **Issue was isolated in terms of perimeter**
 - Capacity allocation could be secured on all SDAC borders: Explicitly (shadow auctions) on GR-IT and GR-BG borders; Implicitly on all other SDAC borders
 - **Operational process was successfully followed**
 - Market participants were properly informed in live.
 - Application of a proper partial decoupling allowed NEMOs and TSOs to not trigger any Full Decoupling
 - **Issue was a one-off**
 - Market situation turned back to normal the next SDAC coupling session

* Type 1 incident means partial or full decoupling. Type 2 incident means that the message that there is a risk of partial or full decoupling was sent (but eventually the decoupling did not materialize).



IDA procedures and IDA testing

- Functional tests of majority of central and local/regional assets completed.
 - 3 phases of Functional Integration Tests (FIT) are completed (further improvements and retesting needed therefore a small extension of FIT testing in December 2024 is foreseen). Mitigation of the extension, so that Go Live takes place by mid-June 2024, is designed considering regional developments e.g. a delay in Nordic Flow Based (October 2024, after IDA go-live) and Polish Balancing Market Reform launch scheduled on 14 June 2024.
 - IDA operational procedures were finalised for testing in Simulation Integration Tests with NEMOs and TSOs operators which is expected to start in the 2nd week of December in parallel with FITs

IDA1 interaction with DA

- TSOs and NEMOs intend to give the maximum opportunity to DA process to be completed successfully, therefore the situation at go-live foresees IDA 1 to be cancelled if SDAC results are not available at 14:10. This approach for IDA go-live may be further reconsidered in the future when IDA processes robustness is proven in operation

Planning update

- For IDA, more precise FIT/SITs planning was added, incl. go-live date set to 13/06

SIDC status updates

IDA implementation

- ❑ Functional Integration Tests (FIT) focused on various happy scenarios (e.g. normal processing, use of backup functions or backup systems, ...) and unhappy scenarios (e.g. cancellation of IDA, rejection of IDA results, partial decoupling due to various reasons, ...), addressing pre coupling, coupling and post coupling phases.
- ❑ The testing resulted so far in **150+ findings** from which **125+ were corrected**.
- ❑ The outstanding findings are either corrected or being in the process of correction with expectation to be retested in December 2023 which will result, considering also external changes as described in the previous slide, in the **optimisation of the testing activities so that Go Live in June 2024 is considered a priority**.
- ❑ The focus for the future period is on finalization of FIT testing, among others finalization of nomination & matching (for many borders the testing has been already completed), and on Simulation Integration Tests. In parallel a detailed preparatory activities for Trial Period, such a definition of scenarios etc. is ongoing.

Key message

Despite the complexity of IDAs and changing environment (delay in Nordic Flow Based, Polish Balancing Market Reform), Go Live in June 2024 stays as our goal.

Recent Relevant Updates on SIDC Operational Incidents

Background

- ❑ In JET-A NRAs requested that SDAC and SIDC report regularly on type 1 & 2 incidents*

Updates and points of attention

- ❑ There has been no new major incident to report since September 2023.

