

Minutes - Market Coupling Consultative Group meeting

Date / Place 19/06/2023, 9:00 – 15:00 CET, GoToWebinar call

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Final	1	07/08/2023	Final minutes to publish

Present staff (chairs, speakers, experts, convenors)

Thomas Van Den Broucke, Pierre Milon, Lorenzo Biglia – MCCG Co-convenors
Cosimo Campidoglio, Andre Estermann, Ondřej Maca – MCSC Co-chairs
Mario Pession – SDAC OPSCOM Chair
Marja Eronen – SDAC MSD Co-leader
Hilde Rosenblad, Christoforos Zoumas – NEMO Technical TF Co-leader
Jaime Ponz Garcia – SIDC OPSCOM Chair
David Myska, Lara Visone – SIDC MSD leader
Vladimir Satek – SIDC QARM leader
Patricia Brhlíková – MCSC Secretary

Number of attendees :159



0. Meeting agenda

TOPICS

MORNING SESSION (9:00 – 12:15)

Welcome, review of the action points logged in the last meeting

MCSC: Status of the prioritization exercise until 2026 and beyond

MCSC: Status of SDAC/SIDC operational process review

SDAC: Non-Uniform Pricing (NUP) study
Publication, R&D freeze, and its consequences

SDAC: 15 min Market Time Unit (MTU)
Status, next steps, high-level technical insights

SDAC: Market situation April/May 2023
Overview of processes, 2nd Auction (and its impact), lessons learnt

LUNCH BREAK (12:15 – 13:00)

AFTERNOON SESSION (13:00 – 15:00)

SIDC: 15 min Market Time Unit (MTU)
Map of time resolutions in Europe in SIDC continuous as well as future SIDC IDAs

SIDC: Intraday Auctions (IDA)
Implementation status and progress made in the last 6 months;
Block order types offering by the NEMOs;
Timings of the Normal Day scenario;
Publication of block execution status for IDAs;
Timeline, focus member testing window;
Mapping of expected capacity calculation methods (recalculation vs leftovers vs "0") per border

AOB
Update on MRLVC: information on ongoing technical assessment;
Impact of the introduction of FB CC in ID;
Planned update of Euphemia document following the 15min MTU and corresponding document for IDAs

Closure

List of action points

No	Date	Responsible	Description
11	19/06/2023	MCSC TSOs & NEMOs	TSOs & NEMOs to clarify the impact of the changes in operation timings, especially the extension and shift of the final publication of the results and the link with local deadlines for BRPs on the nomination processes.
12	19/06/2023	SDAC MSD	SDAC MSD to check whether the limitation in the mutual exclusive block orders will be increased from 24 or 96
13	19/06/2023	Market Participants	Market parties to provide MCCG conveners a list of open questions related to changes of operation timings and processes.
14	19/06/2023	SIDC OP-SCOM	To add an overview in the presentation of 15 MTU implementations incl. legal deadlines and derogations to the next MCCG presentation.
15	19/06/2023	NEMO Tech TF	NEMOs to check the potential need to complement the Euphemia documentation in the context of new implementations (IDA, 15 MTU).
16	19/06/2023	MCSC NEMOs and TSOs	NEMOs and TSOs to consult market participants on the SDAC future operational timings as well as on the different 15 MTU options of products implementation



1. Welcome and Introduction

The session file is available under the following links:

[NEMO Committee MCSC page](#)

[ENTSO-E MCSC page](#)

It is reminded that MCCG must be well prepared and shall be interactive sessions. The agenda and the session organisation were introduced and clarified. The action points were added to the session file and the status was clarified at the beginning of the session.

It is acknowledged that the material needs to be shared with market participants in advance allowing a better preparation and thus a better interaction during the session itself.

2. MCSC: Status of the prioritization exercise until 2026 and beyond

MCSC Co-chairs introduce the status of the prioritization exercise. It is reminded that the content of the prioritization proposal has been presented to market participants on several occasions. The prioritization exercise is focused on the development and implementation after 2025. As a next step, parties shall agree on the process of formalization of the prioritization procedure, metrics and the over-all set-up.

Market participants are informed that the time over the summer and until the next MCCG (October 2023) shall be used to have the dialogue regarding the concerns and open points to form a joint position to ensure that implementation after 2026 reflects market needs. MESC 05/07 shall be the first occasion to continue with the discussion on the prioritization incl. formal organization of the process. The follow-up will be done after the summer.

3. MCSC: Status of SDAC/SIDC operational process review

MCCG TSO Co-convenor presents a high-level introduction regarding the currently ongoing activities with major impact on the SIDC and SDAC operational timings – SDAC 15 MTU and IDA. MCSC NEMOs and TSOs are working on improvements of processes which will impact the current processes and timings (leading to extension of the SDAC operational timings) of market results publication, impacts on exceptional processes such as Partial decoupling, Full decoupling, Second auction. For IDA the main area of investigation is the interaction between IDA 1 and SDAC – impacts on the fall-back mechanism in case of SDAC delays.

TSOs and NEMOs are in the process of clarification of open points and more clarity and information will be presented in the next MCCG. The section 5 of the present meeting minutes is also elaborating on those aspects.

Market participants request more substance on this with different options to be consulted with them before October 2023.

Q&A

Q: Does the delay of publication results for SDAC lead to a delay in the nomination deadlines? Shifting the publication without shifting the next deadlines is very problematic. (H. Robaye)

A: At the moment the nomination deadline are not the subject of the discussion and the shift in nomination deadlines is per se not foreseen.

4. SDAC – Non Uniform Pricing Study

In 2021, 2022 and 2023, MCSC has been running several studies, and for the NUP study it has been published in May 2023 : <https://www.nemo-committee.eu/assets/files/sdac-non-uniform-pricing-explanatory-note.pdf>

The main KPIs were presented by SDAC MSD Co-convenor. The batches used for the NUP study were the same as for the simulation of algorithm performance for 15 MTU. The average Time To First Solution has improved by 10% and the number of Paradoxically Rejected Blocks was improved from 11.9 to 7.4. However, the social welfare improvement was rather limited in case of the NUP computation.



While the expected promising results had placed NUP as a good set-up to relieve the Algorithm in case of performance issues and in the context of 15 MTU introduction in SDAC, the decision of MCSC is to put the NUP on hold because the performance gains do not show any game changer, and the market acceptance is still perceived as challenging (compensation payments are necessary) . It was also confirmed that NUP cannot be implemented before the go-live of 15 MTU in SDAC. The topic will not be presented in the next MCCG.

5. SDAC 15 MTU implementation

MCSC has run several simulations with multiple scenarios and the results were presented. SDAC Market System Design is at the moment analyzing the results and the comprehensive summary shall be presented in October 2023.

Technical readiness for the go-live in Q1 2025 is on track and TSOs and NEMOs are working on the main aspects enabling the timely go-live of 15 MTU – Distributed computing, removal of PUN, SCOs (local NRA response is pending), extension of calculation time.

Regarding the product offering, the simulation results demonstrate several tolerable options for go-live. Continuous use of linked and exclusive blocks and SCO as today, as well as a combination of 15 and 60 min curve orders. NEMOs hereby took well into account the feedbacks received from Market Participants (2022 MCCGs, consultation on SDAC product methodology : <https://www.nemo-committee.eu/publication-detail/result-of-the-sdac-product-consultation->) to still consider as a solid scenario the co-existence of 15 and 60 minutes products in SDAC in 2025.

In theory, a combination of 15/60 can be envisaged by Q1 2025, however in case Market participants use in a vast majority (>80%) the 60' granularity, the performance of the algorithm significantly deteriorates . Solutions supporting this timeline shall be found, supported by the discussion with market parties, .

The extension of algorithm calculation time is mandatory compared to the current 17 min. Two options were identified and are being discussed by SDAC NEMOs and TSOs in MCSC – 30 and 40/45 min computation time. This computation time is then solely dedicated for the algorithm to find a solution during the daily operational process of SDAC. Both will trigger modification of SDAC timings for key operational milestone, such as the publication of the market results, but will also guarantee that more complexity in terms of product mix can be offered.

Q&A

Q: *Can you clarify what do you mean by "complex orders to be replaced with scalable complex orders"? (J. Michel)*

A: *Complex order in this presentation is referred to as MIC and low gradient orders. NEMOs are aware that this practice deviates from the Algorithm methodology, and will make sure that external presentations are aligned with the regulatory framework.*

Q: *Is there any drawback compared to today? (J. Michel)*

A: *More complex product offering will have impacts on the operation processes and deadlines as part of the SDAC operational timings. However, the key is to educate market parties to use adequately the available 15 min products, even if the 60' is still available.*

Q: *Did you simulate an increase of scenarios in the mutual exclusive blocks for instance? (to properly optimize with a 15 min MTU, it is likely that more scenarios are necessary) At the moment the limitation in the mutual exclusive block orders is 24 – is this limit increased with 15 MTU? (H. Robaye)*

A: *NEMOs simulated the block orders and the relation between block and curve orders were defined by each NEMOs. SDAC MSD needs to check the limits in the mutual exclusive block orders NEMOs will check all assumptions made during simulations.*



Q: Can you please elaborate on the LTA concept and its impact on performance and envisaged mitigation measures (E. Lopez)?

A: Long-term allocation inclusion is used in Core region by which it is ensured that the provided capacity domain for a FB region is always at least the size of the allocated Long term rights (FTRs or non-nominated PTRs) or larger if the FB domain itself is larger in “volume”. The LTA inclusion concept provides challenges to the algorithm when within a FB region several BZs are not harmonized on the MTU. For the target solution where all BZs will be harmonized to the 15 min MTU is foreseen, this impact on performance is negligible.

Q: What if none of the solutions are satisfying (J. Michel)?

A: The decision shall be taken in fall 2023 however the solution is dependent also on the behavior of market participants. Last resort measures already are foreseen in the algorithm methodology: corrective measures and product simplification. NEMOs and TSOs have invested significantly in the algorithm over the last years in order to avoid any application of corrective, and to implement the regulatory requirement while securing greater trading opportunities.

Q: could this be delayed?

A: no because of the Clean Energy Package legislation and the ACER decision on SDAC mandatory products.

6. SDAC: Market situation April/May 2023

Incidents:

During the last 6 months, SDAC witnessed smooth operations. However, during the last 2 months – 4 events of second auction occurred in the NL triggered by negative prices in the area.

Market Participants requested more substantial discussion on the second auction, process and timings in the past, the market parties would still appreciate having a transparent view of the second auction processes and recent events, incl. transparent communication on the changes. NEMO MCCG Co-convenor stated that the discussion shall also take into consideration the ACER survey on the second auction.

Market participants will be consulted before October 2023 in order to discuss the future SDAC operational timings as well as the fallback (decoupling) and exceptional (second auctions) processes.

Following the approval of the HMMCP the monitoring period started and NEMOS are monitoring if a second time unit experiences another extreme prices exceeding the threshold. It was reported during the meeting that so far the price cap was not impacted. If a second event would have been triggered the minimum prices need to be adjusted within the 4 weeks after the event – from -500 EUR to -600 EUR (ex post note this was not applied).

MCSC is aware that second auction process in its current form will have to be designed again in case the extended calculation time does not allow the status quo.



Operation timings discussion

Three processes were analysed in the context of the extension of operational timings – the focus being done on the time window between 12:00 and 14:20, namely normal process, partial decoupling, and full decoupling. SDAC OPSCOM Co-chair presented the alternative options for computation time incl. the first indication of pros and cons for normal process in combination with 30, 45 and 60 min computation time. The 60' calculation time option however was recently put aside and only the 30 and (40) 45 timelines are kept for further discussion and investigation. A similar presentation was provided for exceptional processes. It was noted that SDAC OPSCOM will analyse all the partial processes in more detail to be able to optimise timing (of confirmation for instance) further. Any changes in the computation time will have an impact on the operational timings. MPs express concern about the change in computation time without changing the subsequent deadlines. They require a more global discussion covering all deadlines/processes.

Q&A

Q: Could you clarify what is the governance for the further decisions on this? (J. Michel)

A: MCSC focused on the optimisation of trading opportunities and product mix offering, in order to size the magnitude of the change of the calculation time. Interaction with NEMOs and TSOs and market participants is requested by the Market Participants. The governance and the set-up of the discussion to engage the Market Participants during the summer months already will be discussed to have a clear path towards an acceptable solution for fall 2023 (October).

7. SIDC: 15 min Market Time Unit

SIDC OPSCOM Co-chair presented the status of 15 min MTU implementation for SIDC continuous. Stepwise approach for 15 MTU switch in intraday was chosen for the implementation. the following initiatives are expected to be implemented in the coming 2 years: the go-live for Nordic area 15 MTU on cross-border instead of the intrazonal is anticipated 2024 H1, Norway included. Poland intrazonal in H1 2024 and Croatia cross-border (HR-SI and HR-HU)

Market parties see the major benefit in 15 MTU implementation for SIDC compared to SDAC.

For the next MCCG Market Parties suggest adding a slide with the 2025 outlook regarding the 15 MTU switch in intraday continuous, incl. legal deadlines and derogations.

8. SIDC: Intraday Auctions

Planning:

Project progress was presented by the SIDC Quality Assurance and Release Management Co-Convener. Related to the future extension of the SIDC solution the 5th wave focused on the inclusion of ETPA in Netherlands was postponed due to technical issues encountered during the planned go-live on 14th June. The investigation is ongoing and more precise planning shall be available in the coming weeks.

Related to IDA implementation, the planning takes into consideration the readiness of central, local, and regional systems and processes. Several testing phases are planned while one risk connected to the delay of PMB is being addressed. From the external dependency perspective, the impacts of Nordic FB implementation are being monitored while also the Polish balancing reform is reflected in the timeline.

Functional tests shall serve to test the whole chain of processes and the correct functioning of systems. The Functional Integration Testing started in Q2 2023 will be followed by Simulation tests targeting the testing of procedures which is currently planned for fall 2023. The go-live window is currently planned to start in mid-February 2024.

Besides IDA implementation the continuous development of SIDC systems and implementation of ID flow-based (minimum viable product implementation is ongoing in parallel.



More detailed information on the IDA implementation was presented with a focus on the trial period/member tests in Q1 and Q2 2024 (2 stages to allow for fixes) with market participants in order to validate the market participant systems. The prelaunch event will be organised in March 2024.

In case of delays beyond mid-June 2024, the go-live would be shifted to September 2024

IDA – process description:

The process sequence of IDA in line with the Algorithm methodology and solution design was presented. The standard length of cross border allocation halting in XBID shall be [-20 min ; +20 min].. SIDC MSD Co-convenor covers several irregular cases having an impact on the standard IDA process.

With regards to the capacity calculation for IDA the capacity, TSOs reported that the implementation and external communication is handled by regions and coordinated within each of the Capacity Calculation Region. It was noted that the terminology (recalculation vs. leftovers) shall be clarified to discuss correct concepts.

Market parties were sceptical concerning the usefulness of IDAs since the very beginning, however, the market parties see the benefit of having the XB capacities recalculated. Especially, Market parties advocated having the go-live of one IDA with the proper capacity method in place (potentially skipping IDA1 and only implementing IDA2). The mapping of capacity calculation approaches (best before October) will be much appreciated by market participants highlighting the setup for go-live and the outlook.

Q&A

Q: Why not implement only one IDA at the moment (IDA2) to make sure the operational process works well, and then implement IDA1 and IDA3 once we are sure the process is robust? (J. Michel)

A: Limitations to going live with all 3 IDAs were not identified. However, the process in case of delays of IDAs shall be discussed further in alignment with the Market parties. The question remains valid in case of complete absence of cross border capacity.

Q: Is there no recalculation of capacity for the IDA2 at go live?

A: The recalculation of capacities is planned in the subsequent steps a few months after go-live. A more detailed overview will be provided in the upcoming months.

Q: What is the status of trading within Bidding Zones during the freeze of x-zonal continuous trading?

A: The assumed solution is that during IDA halt of cross border trades, the trading will be possible within the bidding zone and using the SIDC XBID solution (applicable for all bidding zones).

Q: Could you indicate what will be used in terms of capacities at go live? (for each IDA)

A: Available capacities are being dealt with at the regional level, providing preliminary results (e.g Core Consultative group).. For the impacts on the allocations, MCSC shall be involved – an overview of IDA capacity and TSO approaches shall be prepared in the MCSC. Market parties will be able to witness some realistic values in order to manage expectations during the Member testing.

Products

Simulations were conducted to investigate the performance of systems for IDAs. Three performance test phases were organised.

Based on the simulations complemented in May 2023 the setup for IDA go-live is as follows:

- Simple orders of only one-time resolution will be allowed in each BZ for IDAs Go-Live
- Additional order types to be supported as of Go-Live by NEMOs are simple block order and Merit Order (PUN excluded)
- Order types to be supported upon NEMO individual readiness are Linked block order, Exclusive group block order, and Scalable complex orders.

Q&A

Q: Can you please clarify if Exclusive and Linked blocks order will be available at go live ? It has to be available.

A: Both will be supported at go-live and it will be up to NEMOs which type will be offered. NEMOs took into account messages received through the consultations or 2022 MCCGs.



Q: Will the CPM be available as a general functionality for the ID timeframe?

A: a cross-border CPM functionality will be available for IDA and not for the continuous trading

9. AOBs

MRLVC

MCCG TSO Co-Convenor presented the background and status of work on MRLVC topic.

TCA prescribed the implementation MRLVC as a substitute for the explicit auctions on UK borders. The list of technical questions was provided to EU and UK TSOs with the aim to have the answers elaborated on as part of the joint report in 5 months. It is a continuation of the original CBA exercise from 2021. The final report shall be provided to EC, UK government by 10/07. MCSC TSOs and NEMOs shared their concerns regarding the MRLVC market model also in the context of the future scalability of MRLVC (e.g. on offshore ambitions, impact on operational timings SDAC).

Flow-based in SIDC

The distinction between the introduction of ID FB CC in Core region and the flow-based allocation has been addressed. An overview of process steps and differences related to cc and allocation were covered in more detail. In case the allocation layer is not ready to handle FB capacity constraints the ATC extraction needs to be performed on the CC side prior to the provision of XB capacities to the allocation process. As a target model, with FB capacity allocation in intraday, the systems will directly use the FB models in the allocation phase. The current planning for the flow-based capacity calculation was provided, noting that the allocation implementation is planned for 2026.

Q&A

Q: For flow-based status: It was not easy to understand what exactly is being studied and what the next steps are.

A: The study performed on the MVP is targeting how the FB approach can be matched with the allocation algorithm.

Planned update of Euphemia document following the 15 min MTU and corresponding document for IDAs & Transparency

Market parties request to have a better overview of what is published on the NEMO Committee website – on the map the aggregated curve orders can be found leading to individual NEMO websites. As a solution and to make the data easily accessible for MPs the list of NEMOs which published the particular data and links to the publication location. MCSC shall discuss and agree on the proposal after summer 2023. On the IDA data publication, the NEMO Committee will be discuss the way forward.

Remarks from the audience:

The publication of data for IDA is required to be ready and available for the IDA go-live. For the DA data, to view the NEMO data, parties need to be member of the platform.

Q&A

Q: Will there be a requirement for NEMOs to publish block and complex orders?

A: NEMOs are considering publishing the information as it is done for Day-ahead. Final decision will be reported during next MCCG in October 2023.

10. Closure

The next MCCG will be organised in October 2023.

