

Minutes

Project Title	XBID Market
Title of Meeting	User Group Meeting, Brussels
Date / Place	25/11/2014, 10:00 – 16:00 CET
Author	Susanne Dornick

Status	Version	Date	Comment
Draft	1	26/11/14	Provided to Project Parties for review
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PRESENT MARKET PARTIES

Name	Company	Present
Guadalupe Vazquez Gonzalez	Acciona	by phone
Christophe Cesson	ACER	X
Patrick Luickx	CREG	X
Bo Palmgren	Danske Commodities	X
Sonia Saly	EFET	by phone
Nicolas Barbannaud	EFET	X
Javier Alonso	EFET	X
Paul-Erik Vermeulen	EFET	X
Marta Krajewska	Energy UK	X
Francisco García Lendínez	ENÉRGYA VM	X
Charlotte Renaud	Eurelectric	X
Pierre Castagné	Eurelectric	X
Ruud Otter	Eurelectric	X
Geert Meynckens	Ineos ChlorVinyls	X
Andrea Stengel	Energy/Norway	X
Michael Beienburg	RWE Supply and Trading	X
Catherine Lillo	Svensk Energi	X
José Salmerón	Wind to Market	X

PRESENT PROJECT PARTIES

Name	Company	Present
Peter van Dorp	APX	X
Susanne Dornick	E-Bridge	X
Martine Verelst	Elia	X
Katja Birr-Pedersen	Energinet.dk	X
David Assaad	EPEX Spot	X
Mark Pickles	National Grid	X
Hans Randen	Nord Pool Spot	X
Isidora Micic	Nord Pool Spot	X
Jose Javier Gonzalez	OMIE	X
Chris Kleinpenning	TenneT B.V.	X
Oscar Tessensohn	TenneT B.V.	X

AGENDA

TIME	AGENDA ITEM	PRESENTER
10:00 – 10:30	Registration, coffee	
10:30 – 10:50	Welcome, Introduction a) Vision b) Complexity and challenges c) Progress to date	Mark Pickles
10:50 – 11:05	Terms of Reference for User Group	Mark Pickles
11:05 – 11:35	Project Context a) Governance structure b) Three-layers project approach c) Overall plan (high-level plan) d) Local Implementation Projects (LIPs) e) Q&A	Katja Birr-Pedersen
11:35 – 12:30	XBID Solution, Part 1 a. Overview b. SOB and CMM incl. explicit MP	Peter van Dorp, Martine Verelst
12:30 – 13:30	Lunch Break	
13:30 – 14:50	XBID Solution, Part 2 c. Shipping and nomination d. System performance e. Q&A	Katja Birr-Pedersen, Peter van Dorp
14:50 – 15:00	Coffee Break	
15:00-15:40	Feedback Session a) Questionnaire b) Open Q&A c) Expectations for future User Group meetings	Oscar Tessensohn
15:40 – 16:00	Closing Remarks a) Reflections on the day b) Outlook	Mark Pickles

1. Welcome, Introduction

The participants of the User Group meeting are welcomed and the present Project Parties (PP) are briefly introduced. The PP's intention, aim and goal of this and future User Group meetings is highlighted. The User Group meetings shall facilitate the interaction between the XBID project and a representative group of market participants during the project duration with the aim of explaining the status of the XBID project and planning, building knowledge and confidence in the proposed solution and providing stakeholders with the opportunity to provide feedback on key aspects of the project. Subsequently the agenda of the meeting is explained and a high level introduction to the XBID project presented.

No questions are asked and comments are made to this part of the presentation.

2. Terms of Reference for User Group

It is highlighted that the agenda of future User Group meetings will be sent in advance and Market Parties (MP) are welcome to propose topics that shall be covered from their perspective.

Minutes will be drafted and published. Rather than individual names it will be referred to “Project Parties” in the minutes. The MP are asked if the same approach should be applied for them. Some MP respond that they do not object being mentioned with names and suggested that PP do the same in case there is no alignment among them. It is confirmed that in case of diverging views the company’s names of the respective parties will be used.

The PP confirmed that if questions cannot be answered during the User Group meeting they will be taken away and answers will be provided afterwards to all MP.

3. Project Context

Subsequently the questions (Q) received from the MP and the respective answers (A) given by the PP during and after the presentation are listed:

Slide 23

Q: Does the XBID project foresee besides internal tests also a testing period with market participants (i.e. users)?

A: For the explicit access to the CMM testing with market participants will certainly take place. With regard to the PX systems the PP were not sure if this has been planned already, however, MP can expect that testing with market participants will take place. Potentially the same procedure as in the past will be applicable (1-2 week period where participants can access and “play” with the system).

Q: Is the 8 month internal testing period really needed? Isn’t that too long?

A: The PP did not have an IT expert with them to fully justify it. Yet, it should be regarded that the XBID system is a very complex solution that will be spread across many markets and that will require many interfaces to local trading systems which all will connect from a different baseline. It is therefore very important that the solution is tested thoroughly.

Slide 20

Q: What happens, if the PP disagree?

A: Within the XBID project structure there are boards at different working and management levels in place. If at the task force level no compromise can be found the issue is escalated to the next higher level (Joint Coordination Team) and finally to the Steering Committee level that has to come up with a compromise solution. If no agreement can be reached at Steering Committee issues can be escalated to NRA’s. Further the User Group, now that it has been established, provides the PP with another channel to test converging views within the XBID project and receive feedback from the market participants.

4. XBID Solution

Subsequently the questions (Q) received from the MP and the respective answers (A) given by the PP during and after the presentation are listed:

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Q: What will be the back-up solutions in case of a down-time of the SOB and/or CMM?

A: There will be a back-up for both, SOB and CMM. The primary and the back-up solution are separated physically. Currently it is too early to answer concretely this question as it will be dealt by the XBID project at a later stage.

Q: If the SOB is down, is it expected that it can be still traded via explicit access at the borders where explicit access is allowed? If so, wouldn’t this be contrary to equal treatment?

A: Yes, in this case capacity trading via the explicit access should be possible (depending however on the root-cause of the system failure). The PP don’t see an issue with equal treatment as at the bor-

ders where explicit access is allowed, all market participants have equally access to cross-zonal capacity.

Q: Will the local intraday trading system still operate when the SOB is down?

A: Yes, it will - at least to match the local products.

Q: Was it already decided at which borders explicit access will be allowed? When will it be decided to remove the explicit access?

A: The NRAs still haven't decided at which borders explicit access will be allowed. With regard to removing the explicit access Christophe Cesson from ACER added, that according to CACM all relevant NRAs will have to discuss and agree if the products offered by the XBID system are regarded as sophisticated to satisfy market participant's needs so that the explicit access can be removed.

Q: Does the capacity routing have to do something with real physics or is it just a calculation?

A: The capacity routing will function similarly to what is used in day-ahead and the XBID system replicates the different interconnections that exist.

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Q: Do you think local products will take liquidity from the XBID solution?

A: No, local products rather complement it as they answer local needs.

Q: Can the system handle different gate closure times?

A: Yes, it can.

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Q: What is the "shortest path" in the meaning of this slide?

A: The steps it takes to get from one hub to the other hub are counted and the path with the lowest amount of steps is chosen as the "shortest".

Slide 45

Q: If two delivery areas are in one market area – shouldn't there be an interconnector between them? (For example the FR/DE border where in market area DE there are two delivery areas, Amprion and TransnetBW.)

A: No, it is anticipated that the capacity between both delivery areas in one market area is infinite.

Q: What is a virtual delivery area?

A: Between multiple delivery areas you may have a virtual delivery area to allow putting a global constraint to all delivery areas (i.e. "group constraint"). Virtual areas are a modelling trick only and are not visible to the market. It is basically a help to configure the system.

Q: Could it happen that due to the applicable ramping constraint orders won't be matched, even though there is cross-zonal capacity available?

A: The ramping constraints are already incorporated in the published available cross-zonal capacity.

Q: With regard to product trading – will, as an example, a three hours block be tradable against three single hours?

A: This would be cross-product matching, which is not supported by the XBID system. Only the same products can be matched. We envisage that this functionality would be made available in a future release of the system.

Q: Which orders will be matched first, i.e. does it make a difference from which trading system they come?

A: All orders will get a time stamp from the SOB and matched according to this.

Q: Do the TSOs/PXs discuss the alignment of different products and lead times with the different stakeholders? Market participants prefer harmonised lead times and products.

A: With regard to harmonised products this should be directly addressed to the PXs as they may change products only after discussion and consultation with their members. If at both sides of a border market participant request different products (which they may need to due to specific market conditions) it will be difficult for the PXs to harmonise products. Yet, the PP point out that the XBID system as such should not be an excuse to only offer the minimum of harmonised products or of harmonised TSOs scheduling rules. With regard to harmonising lead times it is the TSOs who have to make a proposal that must be approved in the end by the relevant NRAs.

Slide 56

Q: Depending on the Shipping and Nomination solution chosen is it true that for the market it doesn't change anything in the way it works today?

A: Indeed, the market does not see anything of the shipping functionality. But there might be several local improvements like, for example, 24-hours nomination gate closures for the shipping which should be then also available for market participants.

Performance

By The MP a request was made for the LIPs reporting to include redundancy of trading and pre-coupling systems.

Slide 68

Q: How often is the screen updated and how deep is the order depth?

A: After implementation of the improvement DBAG proposed for at go-live, the screen is refreshed every time something changes but not more often than every 0.5-1 seconds (obviously it does not make sense to refresh more than twice per second as this cannot be recognized by the human eye). With regards to the order book depth: orders that are remote from the best price may not be shown.

Slide 69

Q: How far off are we currently from satisfying performance test results?

A: To answer "how far" is difficult, but the response time in the 2 second peak shows that we are still some way away. PP are confident that during the next User Group meeting meaningful test results can be presented.

Q: How many hubs do you expect at go-live?

A: PP do not possess any information on this topic but the guess is approx. 21 (i.e. 50% of the number used for the performance test) – just to give an upper bound of what is realistic.

Q: Realistic test scenario – what is meant by that as some hubs trade 5 trades per day, others 50.000?

A: We took a look at the figures that we see today and have chosen the busiest hours/days to create the realistic test scenario. This means that the variety mentioned has been taken into account.

Q: If for intraday shipping a hub to hub solution will be chosen – will this also be implemented for day-ahead shipping?

A: This hasn't been discussed so far. It would be potentially possible to do so.

5. Feedback Session

The MP are kindly asked to fill in and return the provided questionnaires to provide feedback on today's User Group meeting and their suggestions for future User Group meetings.

EFET provided the PP with their questions prior to the User Group meeting. Some of the questions were answered during the presentations the remaining are answered during the feedback session together with the questions that were put on hold during the meeting. Subsequently these questions (Q) and the respective answers (A) given by the PP are listed:

Q: Project communication: We would also like to highlight that the communication from the Project and from individual Project Parties seems to be quite confused (if not absent or dispersed), and as a consequence market participants find it hard to clearly understand what is going on: Is there a "Communication plan" and "Communication standards" as part of the project to ensure that all market participants receive reliable information on a regular basis?

A: As explained at the beginning of the meeting this meeting shall be seen as the starting point for active market information and discussion. The meeting slides, minutes and the Q&A list will be published at a dedicated XBID project section on the web pages of the involved PXs. The PP will regularly arrange for User Group meetings.

Further the MP remarked that PP must ensure that the content of the project is communicated consistently over hubs (same level of information). This was confirmed by the PP.

Q: Performance: Performance of the platform is key, but more on the robustness of the solution instead of number of trades per second. Meaning: no downtimes due to SOB failure and if so a solid back-up solution by, for instance manual CMM activation. Let's first have a platform and market that builds trust.

A: The PP expect to be able to provide MP with some concrete figures on performance which will be shown together with the results from the refined RTS during the next User Group meeting.

Q: Does the performance of the XBID solution interfere with the performance of the local system?

A: No; these are two different entities that should not interfere each other.

Q: How will future power exchanges join the XBID: as shareholders, with a contract for services...?

A: They will join as Project Parties, i.e. members.

Q: What are the implications on the project of some of the TSOs (the southern ones) who are not full members of the project?

A: This time PXs/TSOs are observers and therefore for joining the PP do not expect the same delays as faced in day-ahead.

Q: What does exactly Code Base Separation aim to do? What parts of the solution are susceptible to be locally replaced? Is it the SOB from the CMM? But on the other hand it was supposed to be a one-to-one CMM-SOB solution?

A: DBAG are providing M7 (which is a standard solution from DBAG that is used as a basis for development of XBID) to several clients. It can be upgraded but it has its limits, for example when architectural changes are required. To get full flexibility to change the architecture, to implement upgrades and special features it would be necessary to separate the code base. Once this is done it gives more freedom with regard to system changes. However this means that a separate team at DBAG is needed to support the system which increases in particular the annual maintenance cost.

Q: Explain border by border what the proposed solution for shipping are?

A: There should not be much change for the Market Parties. During the next User Group meeting PP will report on the status of the LIPs and will also take up potential changes of shipping solutions at each border.

Q: Although this is not directly part of tomorrow's meeting, it will be important to keep the gap analysis (2012) in mind when addressing the questions of "Local Implementation Plans – LIPs", and when looking at the improvements the platform can concretely bring to facilitate the development of intraday markets (i.e. where and when?). This also means that it is important for the project to provide to TSOs as soon as the necessary "technical requirements for implementation", so that they can start their LIPs and set up their projects aiming at solving the "2012 Gap Analysis" issues on a border per border basis. This should aim to bring the benefits of an efficient regional coupling of intraday markets as soon as possible...

Further to this the MP suggested that the PP shall prepare for the next User Group meeting a structure of what a LIP must contain. This must include among others contractual arrangements, market rules changes, required regulatory approval and IT developments/changes to be made.

- Ensure that LIPs will be fulfilled and PP commit to deliver
- PP shall start with what should happen/what needs to be done
- Set priorities of the time line – a kind of collaboration between PP and MP
- At a certain time a link between the XBID Project and the LIPS must be made to align

A: PP will tackle the LIPs in detail at the next User Group meeting

Q: How is the XBID Project related to CACM deadlines?

A: The XBID project is a multiparty project working on the implementation of the XBID Model being a continuous Intraday market, based on a single capacity management module and a shared order book within a one-to-one relationship. The Framework Guidelines on Capacity Allocation and Congestion Management (FG CACM) endorse this XBID Model. The FG CACM set out, amongst others, the methods for allocating capacity in intraday timescales, rules for operating Intraday markets and the basis for the implementation of a single electricity market across Europe. The XBID Model will be in line with the provisions of the upcoming CACM guideline and the parties in the project will fulfil the future requirements of CACM through their involvement. However, until the CACM guideline enters into force the participation in the European XBID market project is voluntary. Parties that are not participating in the current XBID project have the opportunity to join in the future.

Q: With regard to the shared order book: In Germany there exist currently two trading platforms. Is it correct that by establishing a shared order book it will be only necessary to connect to one trading platform, because the liquidity will be pooled?

A: Yes, one can access to the same market via different local platforms. Therefore the market participants can chose the local platform through which they want to plug to the shared order book. In future it is still expected that different local platforms will exists as these offer besides the common also local products and differ in their tariff structures, local functionality etc... In Day-Ahead Coupling, a precedent exists with the "Virtual Hub" established in the UK.

Patrick Luickx, CREG who attended the User Group meeting on behalf of all NRAs addressed towards the MP the questions that have been prepared by the NRAs. He pointed out that some of these questions may be difficult to answer immediately and MP are welcome to provide him with their views after the meeting. The NRA questions (Q) and initial answers (A) provided by the MP are listed below:

Q: What to your feeling will be missing once the XBID solution is implemented?

A: Cross-product matching is missing. However, better to get started with the XBID system and develop/improve that after go live.

Leave the market its flexibility and do not constrain now already whether it will be explicit or implicit only.

Have a broad range of functionalities from the start and let the market evolve.

Q: How much do MP think PXs should invest into a system that will be ready for go live and how much can be done after go live (with regard to performance/functionalities)?

A: It's important to get started.

Robustness is more important than speed in the beginning.

Q: Which are the areas where 30 min and/or 15 min product (locally and cross-border) are needed?

A: Everywhere where the markets can be coupled on the currently existing measurement periods: In FR measurement is for 10 min – thus 30 min makes only sense, however in BE, DE and NL it is 15 min – thus it makes sense to implement 15 min products.

Q: NRAs will consult the market before the XBID solution can go live – what is the minimum speed for response time for matching bids when using CMM and SOB?

A: Minimum requirements: today intraday trading is often stopped without prior notice and without informing when it will be re-opened. The PP should, at latest with go live of the XBID solution, improve the communication towards the market. It is important to know when the intraday market will re-open again to decide when and if an open position can be closed?

With regard to response time: 10 seconds response time is too long; it should be 1-2 seconds maximum as otherwise traders will hit the button again.

In some market fostering liquidity is more important than response time. If it takes 2 hours to find someone to trade with after an order was entered, response time is a minor concern. *(It was suggested to implement market makers for these markets which is up to the discretion of each PX to do so. NPS has in every hub market makers.)*

6. Closing Remarks

The PP thanked the MP for attendance and their active contribution. MP thanked for the information transparently shared with them.

For the next User Group meeting the following topics/suggestions were made:

- PP will share the status and progress on LIPs – border per border – MP are also interested in the changes of PX systems
- Give MP the floor – for example to present their suggestions on gate closure/lead time harmonisation and product harmonisation.
- PP to provide information on when market participants will be included into testing and how
- PP shall provide more detailed planning for the project (which should be possible once the timeline/cost is provided by the vendor)