

# Joint European Stakeholder Group



Monday 25<sup>th</sup> May 2017: Meeting 21

Elexon, London

# 1. Welcome & Introductions

Barbra Vest

Independent Chair

# **2. Interconnector projects update**

Caroline Kluyver and John Greasley

# Agenda

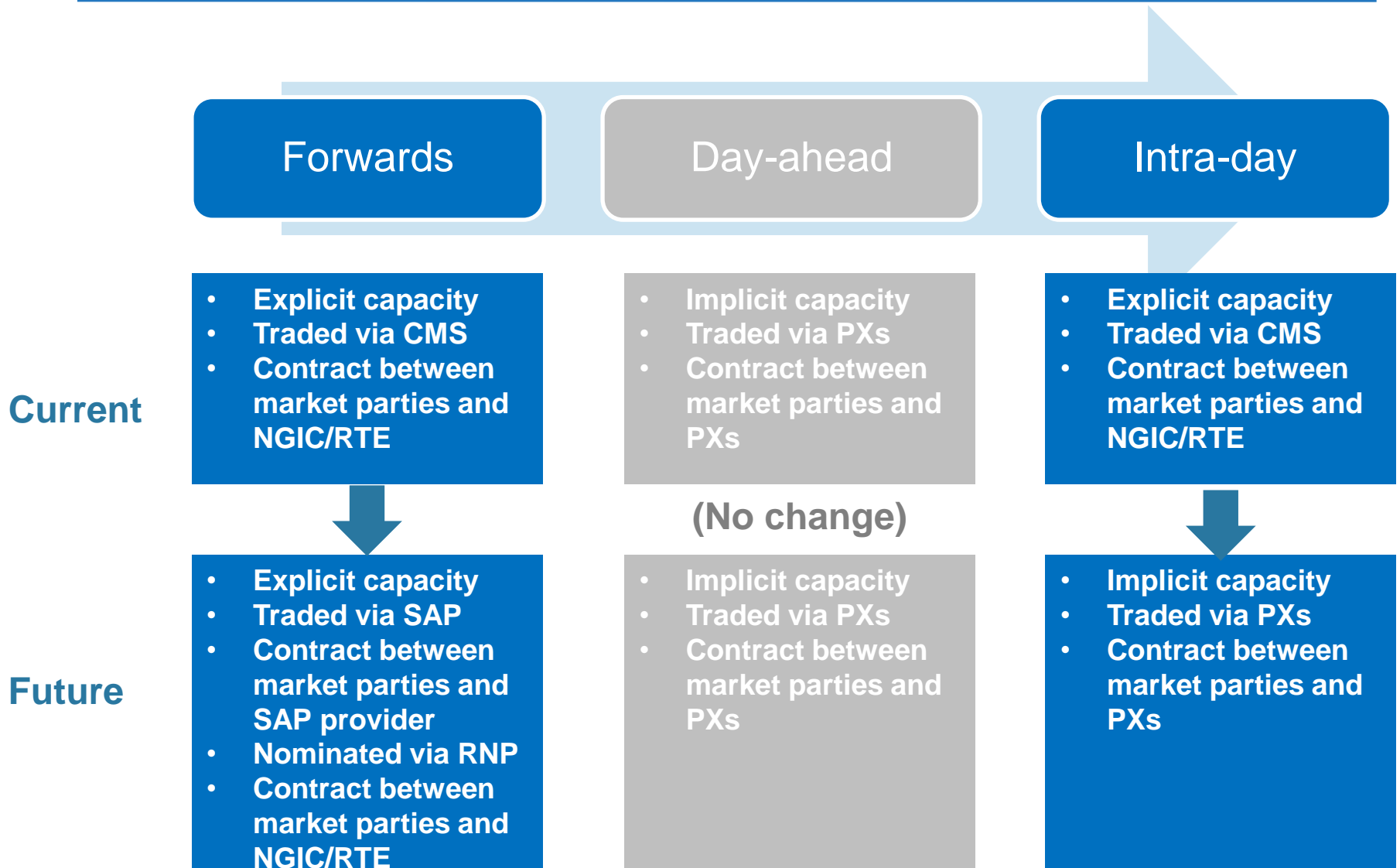
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- How is the market changing?
- XBID overview
- IFA implementation of XBID
- Regional Nomination Platform
- Single Allocation Platform
- Rules roadmap
- Possible future contractual frameworks
- Impacts of Brexit
- Future communication



Project updates not including Brexit

# Market changes



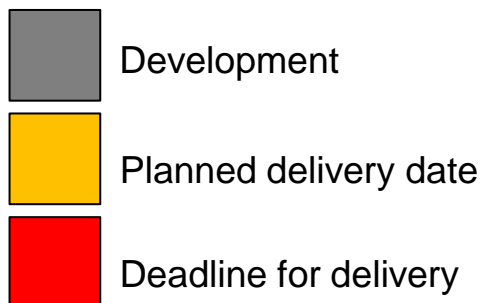
# Combined approach

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- We have set out a combined approach to implementing the key aspects of the European Network Guidelines. This ensures that we
  - provide clarity on exactly what will be done, how and when
  - represent the most efficient route to achieve compliance
  - consider the best outcome for the Market
  
- Our approach supports:
  - the drive towards harmonising arrangements
  - the potential for developing Regional arrangements
  - establishing common platforms with processes for different interconnectors where they are needed
  - the ability to scale for new interconnectors

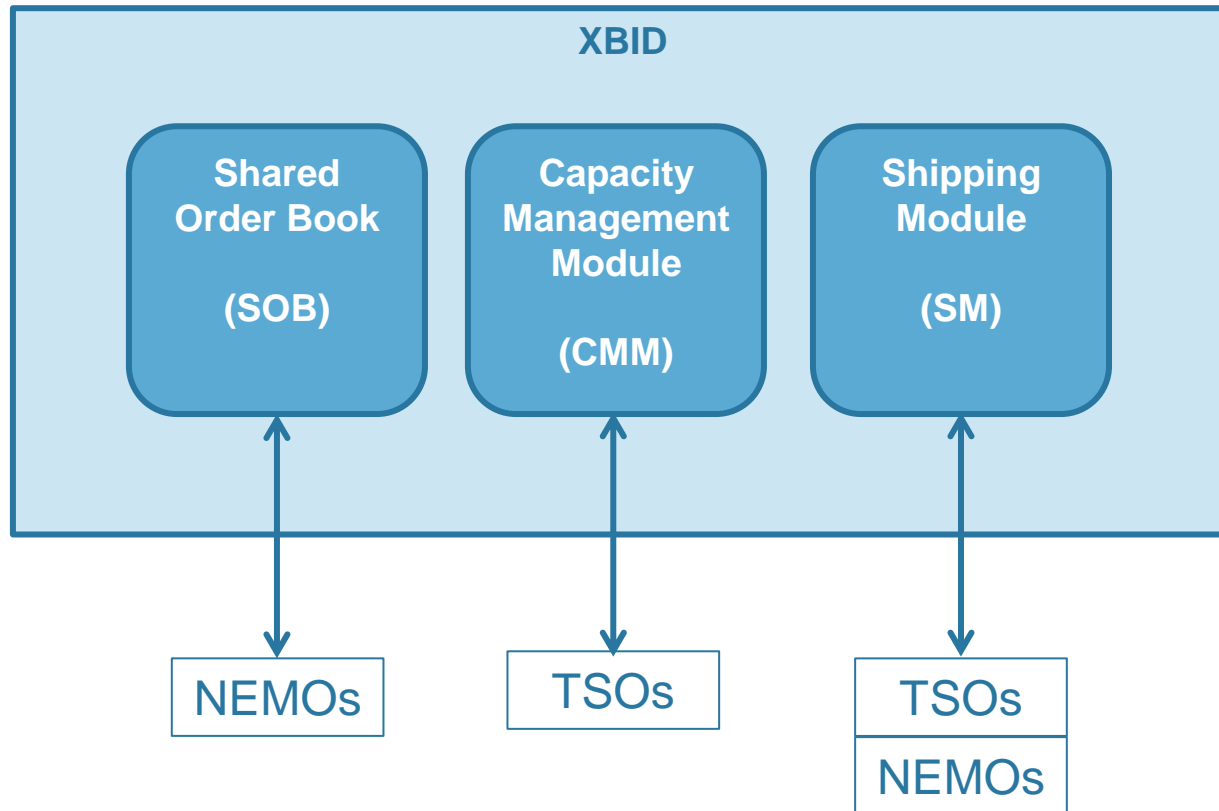
# Combined project timescales

	2017				2018				2019			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
SAP go-live	Development						Planned delivery date	Development			Deadline for delivery	
RNP go-live	Development						Planned delivery date					
HARs v2 implementation	Deadline for delivery											
Final HARs implementation	Development									With FCA implementation		Deadline for delivery
XBID go-live	Development						Planned delivery date					



# XBID overview

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# IFA implementation of XBID

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- IFA is due to join the XBID system in September 2018, in line with RNP go-live
- Implementation activities to be completed over 2017 and 2018:

Requirements gathering

RNP development

Rules changes

Customer comms

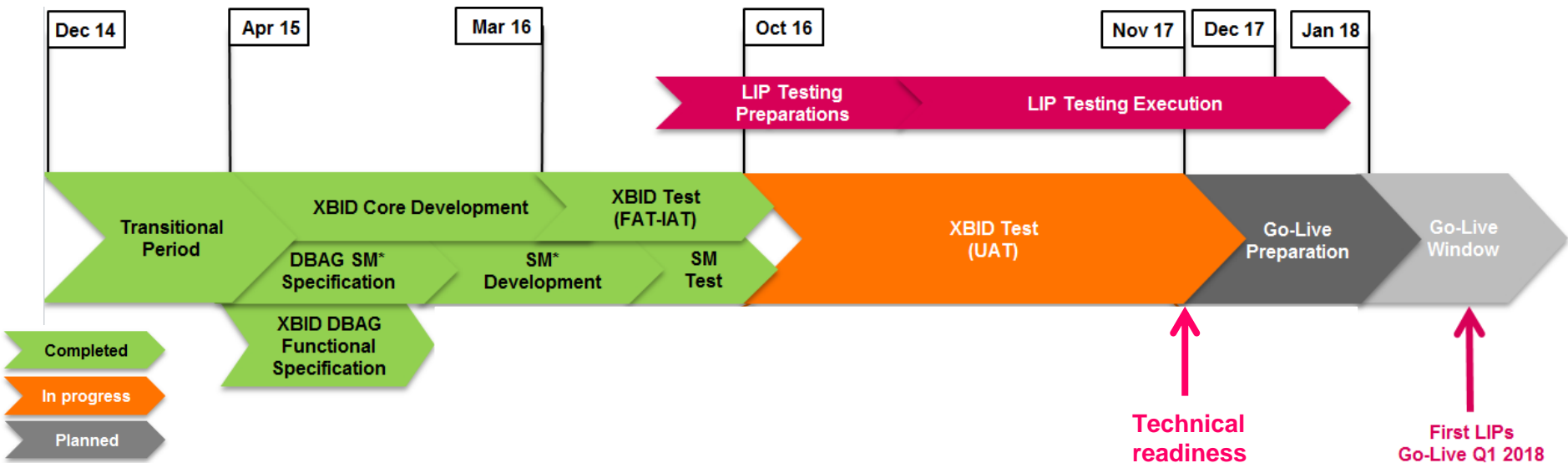
Testing

Go live

- A more detailed timeline will be developed at the end of the RNP specification phase (October 2017)
- Market participants will need to liaise with NEMOs to trade via XBID, as the contractual relationship will no longer be with NGIC/RTE directly

# Implementation of XBID

- The XBID system will commence the go-live phase in Q1 2018
  - All core development has been completed
  - Currently in the testing phase
  - A 7 week delay was experienced in testing, meaning that go-live of the central XBID platform is now planned for Q1 2018. (Individual borders will then go live when ready)
  - Indicative timeline:



# XBID implementation - Focus areas

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## ■ Delivery of the Final Physical Notification (FPN)

- XBID Gate-Closure timings prevent the FPN from being submitted to NGET by the gate closure deadline as set out in the Grid Code
- Currently there is a lack of clarity over the definition on gate closure; whether order matching occurs before or after. A decision is expected soon from Ofgem.
- NGIC are currently working with NGET to enable the development of a new process which enables XBID to be compliant with the Grid Code
- IFA will also be working with RTE, TenneT, Elia and Nemo and the other UJVs to agree one GB solution that works for all borders

## ■ Losses

- Currently the XBID system does not account for DC losses (while the day-ahead coupling system does) and is therefore not maximising possible efficiency, and will result in imbalance positions for DC interconnectors
- An additional module for losses is due to be added to the XBID system
- Current progress: TSOs (via a dedicated working group) have written a proposal requesting analysis and guidance on how to incorporate losses into the solution.
- The aim is to have a functional specification agreed by the end of October 2017, to enable XBID to go live with losses incorporated

# XBID implementation - Focus areas

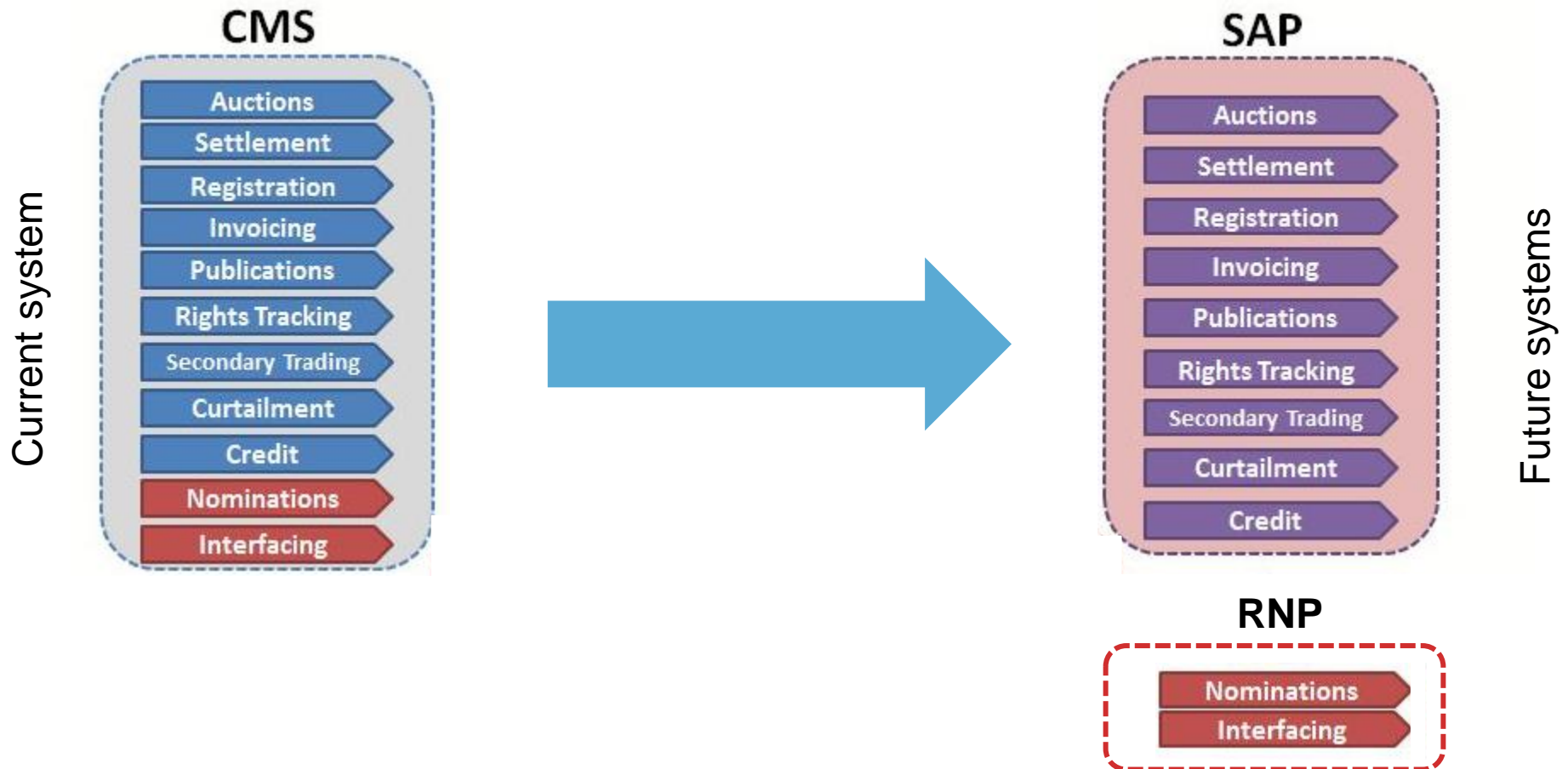
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## ■ Capacity pricing

- CACM requires all TSOs to develop a single methodology for pricing intra-day cross-zonal capacity
- There is a dedicated XBID sub-group investigating options to include intraday capacity pricing
- A capacity pricing methodology was drafted and consulted on. This consultation closed on 12<sup>th</sup> May and responses are now being collated and reviewed.
- The methodology is due to be submitted to NRAs in August

# Systems in development

- For GB-FR, GB-NL borders, the system interfacing with XBID is RNP
- RNP will be replacing some of the functionality currently offered by CMS



# Regional Nomination Platform

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- RNP is a joint project between NGIC, RTE, BritNed and Nemo Link
- It will provide one platform for market parties to nominate capacity, and will interface with XBID, the day-ahead systems and the SAP amongst other systems and TSOs.
- RNP will be a secure, cloud-based system accessed via the internet, or (if customers wish) it can integrate with customer's internal systems
- Subject to the development of a detailed delivery plan, IFA is aiming to go-live with RNP in Q3 2018
- The procurement process has just been completed, and Unicorn Systems have been awarded the supplier contract
- Over the next 6 months the project parties and Unicorn will be working on the detailed design specification
- We will be able to share more detail on the RNP timeline and milestones in Q3 2017

# Single Allocation Platform

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- The Forward Capacity Allocation (FCA) guidelines enforce all TSOs to follow standardised allocation rules and set the scene for the Single Allocation Platform which will facilitate the capacity allocation arrangements of all European borders.
- This will allow IFA customers, or Market Participants, to buy explicit long-term capacity through auctions hosted by the SAP.
- The proposal covering SAP functionalities, its establishment and governance has been submitted by TSOs to the NRAs, with a decision due in October 2017.
- The submitted proposal is available on the ENTSO website\*.
- For DC Interconnectors, TSOs shall ensure the SAP is operational no later than 24 months after NRAs have approved the SAP Proposal.
- Subject to the development of a detailed delivery plan, IFA is aiming to go-live with SAP in Q3 2018 to align with RNP go-live

# Customer impact

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- The changes described:
  - Represent big changes to the way that interconnector capacity is traded; and
  - Will impact on our customers' data, systems and processes
- Changes are required to:
  - Introduce new Network Code methodologies (with associated regulatory approval)
  - The contractual frameworks between TSOs and customers
- We want the transition to be as easy as possible
- We are developing a communications plan and expect to be issuing more information shortly



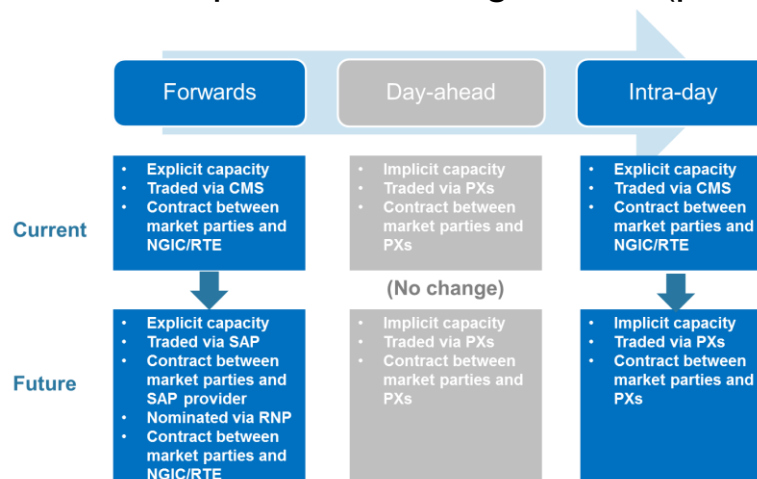
## Brexit – preferred outcome

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- Continued access to Internal Energy Market is our preferred outcome
- We will continue implementing systems and processes described so far in this presentation
  - This is a TSO obligation whilst we remain members of the EU (until 29 March 2019)
- Access to the IEM brings benefits to both GB and EU consumers
- However, if we do retain access, it is likely that GB's influence on decisions and outcomes will be diminished
- We will continue to lobby key stakeholders for these outcomes
- However.....

## Brexit – alternative outcomes

- Continuing access to the IEM may not be possible
- We currently think the most credible alternative scenario is one where:
  - Energy is still traded with EU under WTO arrangements
  - We revert to current/previous arrangements (pre-market coupling)



- We are undertaking an assessment of what, if any, changes are required to systems / products in the event where IEM access is not possible
- Our aim is to ensure our post Mar 2019 products are robust to either outcome

## Further communication

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- We plan to issue communications material based on information in today's presentation during the summer (around July)
- Regulatory approval on key issues included in this presentation is expected in October 2017
- We (NGIC and RTE) are planning our annual customer forum for October, where:
  - We will be able to share more detail
  - We can update on progress
  - We can firm up timescales based on regulatory outcome
  - We may know more about impact of Brexit.....?
- We want to support our customers through this period of change, therefore if you have any questions, please contact us:  
  
[box.ifa.customerenqu@nationalgrid.com](mailto:box.ifa.customerenqu@nationalgrid.com)
- Look out for further IFA communication events over the summer

# **3. TSO FCA proposals on Harmonised Access Rules and the Single Allocation Platform**

Michelle Murdoch  
Ofgem

## **FCA HAR, Annexes and SAP**

Update to JESG

**25/05/2017**

ofgem

# Indicative All Regulatory Authority Approval Process

## TSO/NEMO Development

## Approval Process (6 months)

Submission Date

TSO/NEMO  
Consultation  
(Shared  
through  
JESG)

Regulatory  
discussion on  
drafts with  
TSOs/NEMOs

Initial  
Internal  
Ofgem  
Assessment

1 month

Stakeholder  
Engagement\*  
and initial  
discussions  
with all  
regulatory  
authorities

2 months

Final discussions to  
seek agreement  
among all  
regulatory  
authorities through  
ERF\*\*

2 months

Decision at  
national  
level, or  
referral to  
ACER

1 month

\* Through JESG, we may also consult on proposals in line with our Consultation Guidance.

\*\* ERF is the 'Energy Regulators' Forum' established by regulators for the purpose of seeking unanimous agreement on terms, conditions, and methodologies that require agreement among all regulatory authorities under the ENC.

- The HAR sets out the Harmonised Allocation Rules for long term transmission rights and the annexes contain regional or bidding zone specific requirements.
- The SAP sets out the functional requirements and requirements for cost sharing for the Single Allocation Platform.
- Proposals submitted by TSOs in GB and Ireland on 13 April 2017 following public consultations for the HAR and the Annexes in January 2017\*
- Expected approval required by all regulatory authorities on SAP and HAR and regional regulatory authorities on the HAR annexes by 13 October 2017 (deadline determined by date of receipt of the last regulatory authority).

\* SAP was not consulted upon as there was not provision for this under FCA

### Summary of Main Stakeholder Concerns in the HAR

1. Status of Annexes: transitional or permanent?
2. Collaterals: when are they valid from?  
process for potential collateral incidents?
3. Auction standard timeframes, how many should there be?
4. Clarification of different Bidding Prices
5. Use and remuneration of LTTRs, wording now in line with the Balancing Guideline
6. Curtailment clarifications
7. Interactions with I-SEM go live

### Summary of Main Stakeholder concerns for the Channel and IU Annexes

1. Inclusion of a cap on market spread to calculate the compensation cap
2. Extension of the compensation cap to post DAFD through the application of ES and FM compensation
3. Interpretation of 'total revenue' for compensation purposes as meaning solely revenue from Long Term auctions



## Summary of SAP main points

1. Sets out the functional requirements, governance and tasks as set out by FCA Articles 49 and 50
2. Sets out an explanation as to why JAO is selected as the SAP operator
3. All TSOs party to the SAP Cooperation Agreement (SAP CA) and have a seat on the SAP council
4. Decisions made unanimously or by qualified majority principles
5. Market Participants to conclude a Participation agreement with the SAP operator in order to access the forwards market and accept the Information system rules of the Auction Tool
6. SAP to may remunerate and compensate LTTR holders on behalf of Interconnectors
7. SAP will deal with returned LTTRs as well as the transfer of LTTRs
8. SAP establishment, development and operational costs to be distributed between SAP council members

# Any Questions/Concerns?

Final stakeholder views on SAP, HAR and Annexes may be shared directly with Ofgem up to the end of June.

[michelle.murdoch@ofgem.gov.uk](mailto:michelle.murdoch@ofgem.gov.uk)

**Ofgem is the Office of Gas and Electricity Markets.**

**Our priority is to protect and to make a positive difference for all energy consumers. We work to promote value for money, security of supply and sustainability for present and future generations. We do this through the supervision and development of markets, regulation and the delivery of government schemes.**

**We work effectively with, but independently of, government, the energy industry and other stakeholders. We do so within a legal framework determined by the UK government and the European Union.**

# 4. CACM GC modifications & upcoming Consultations

Rob Selbie

National Grid

# 5. Actions log

Heena Chauhan

JESG Technical Secretary

# JESG Standing items

ID		Topic
S1	Continue to review the membership of the JESG and engage additional industry parties where appropriate.	JESG Chair
S2	Prepare a commentary / comparison document between the Network Code and the existing GB arrangements at appropriate stages in the Code development for each Network Code.	NGET/Ofgem/ DECC
S3	Share any intelligence about how other member states are approaching demonstrating compliance through information gained from other government departments, regulators or parent companies	DECC / Ofgem / Industry parties with European parent companies
S4	Stakeholders are requested to provide specific examples of inconsistent or problematic definitions in the Network Codes to Ofgem ( <a href="mailto:natasha.z.smith@ofgem.gov.uk">natasha.z.smith@ofgem.gov.uk</a> ) and DECC ( <a href="mailto:elena.mylona@decc.gsi.gov.uk">elena.mylona@decc.gsi.gov.uk</a> ).	All Stakeholders

ID		Lead Party	Update
60	Add CACM methodologies to NGET website	JESG Technical Secretary	New website due July 2017. Looking at best way to do this – ongoing.
61	GB Implementation plan to be Standing agenda item at all JESG meetings	Chrissie Brown	Completed. Will be added to all agendas. To be closed.
62	GB Implementation plan to be circulated to all stakeholders in the JESG weekly update	CB and NGET rep	Link to FWP circulated in each JESG weekly update. To be closed.
63	NGET to speak with ENA around GB Implementation plan and validation of modification packages	NGET and ENA	Ongoing
64	Plan on a page to be developed with Code Administrators to be submitted to Code Panels	NGET and Code Administrators	Ongoing update from Code administrators to be given at June JESG following meeting on 30 <sup>th</sup> May.
65	JY and GG to talk through the Implementation Plan and areas where GG may feel all information may not have been captured	JY and GG	Ongoing
66	Feedback to be given to CA meeting around FWP evolving into a Compliance document and update being required at	Jemma Williams/JESG Technical Secretary	Meeting to be held on 30 <sup>th</sup> May. Update to be given at June JESG meeting

# 6. Future Meeting Dates & Agenda Items

Heena Chauhan  
JESG Technical Secretary



# 2017 JESG Meetings (London)

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**Date**

**22<sup>nd</sup> June**

**20<sup>th</sup> July**

**23<sup>rd</sup> August (venue TBC)**

**21<sup>st</sup> September**

**23<sup>rd</sup> November**

**12<sup>th</sup> December**

JESG Website: The full dates and details can be found on the [2016 Meeting dates on the JESG Website](#)

As always registration is required and will be opened through the JESG Weekly updates.

# Future Agenda Items Suggestions

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Stakeholders are invited to put forward agenda items for the forthcoming JESG meetings:

- 2017 meeting dates

# 7. Stakeholder Representation

All

# 8. Any Other Business

Rob Selbie – Clean Energy Package Event and all  
National Grid

# NG - Clean Energy Package Event

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- NG are planning a CEP event for customers & industry stakeholders
  - Providing an overview of the package – focusing on Electricity Market Design (Key topics of Flexibility & Regionalisation)
  - Addressing the key proposals, opportunities & risks for industry stakeholders
  - The packaging proposals are ambitious and wide ranging aiming to create a level playing field and increase cross border collaboration
- Event date: End of July – exact timing to be confirmed
- Location: London or Warwick
- To express an interest in attending please contact:
  - Colm Murphy ([colm.murphy@nationalgrid.com](mailto:colm.murphy@nationalgrid.com)) or
  - Sophie Van Caloen ([sophie.vancaoen@nationalgrid.com](mailto:sophie.vancaoen@nationalgrid.com))

# Lunch: 12:00

(Opportunity to network & further discussions)

