

**All NEMOs' proposal for products that can be taken into account by NEMOs in single day-ahead and intraday coupling process in accordance with Articles 40 and 53 of Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management**

03 November 2016

All NEMOs, taking into account the following

## Whereas

### **Background**

- (1) This document is a common proposal developed by all Nominated Electricity Market Operators (hereafter referred to as “NEMOs”) for products that can be taken into account in the single day-ahead coupling and single intraday coupling (hereafter referred to as the “Products Methodology”) in accordance with Articles 40 and 53 of the Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management (hereafter referred to as the “CACM Regulation”).
- (2) According to Article 40 of the CACM Regulation *“No later than 18 months after the entry into force of this Regulation NEMOs shall submit a joint proposal concerning products that can be taken into account in the single day-ahead coupling. NEMOs shall ensure that orders resulting from these products submitted to the price coupling algorithm are expressed in euros and make reference to the market time. All NEMOs shall ensure that the price coupling algorithm is able to accommodate orders resulting from these products covering one market time unit and multiple market time units.”*
- (3) According to Article 54 of the CACM Regulation *“No later than 18 months after entry into force of this Regulation NEMOs shall submit a joint proposal concerning products that can be taken into account in the single intraday coupling. NEMOs shall ensure that all orders resulting from these products enable the MCO functions to be performed in accordance with Article 7 are expressed in euros and make reference to the market time and the market time unit. All NEMOs shall ensure that orders resulting from these products are compatible with the characteristics of cross-zonal capacity, allowing them to be matched simultaneously. All NEMOs shall ensure that the continuous trading matching algorithm is able to accommodate orders covering one market time unit and multiple market time units”*
- (4) According to Article 40 Paragraph 3 and Article 53 Paragraph 4 of the CACM Regulation *“By two years after the entry into force of this Regulation and every second subsequent year, all NEMOs shall consult in accordance with Article 12: (a) market participants to ensure that available products reflect their needs; (b) all TSOs, to ensure that the available products take into account operational security; (c) all regulatory authorities, to ensure that the available products comply with the objectives of this Regulation.”* All NEMOs shall amend the products if needed pursuant to the results of the consultation.
- (5) The All NEMOs’ proposal for the Products Methodology will be submitted to all regulatory authorities for approval by 18 months after the entry into force of the CACM Regulation – i.e. 14 February 2017. There is no obligation in the CACM Regulation for NEMOs to consult on the Products Methodology prior to submitting it to all regulatory authorities. However, NEMOs value stakeholder feedback on the proposals and have decided to consult.
- (6) We deem that consultation at this stage fulfils the CACM Regulation requirement for NEMOs to consult on the proposal by two years after entry into force. The next consultation on the Product Methodology will take place by, at least, four years after entry into force of the CACM Regulation.
- (7) In accordance with the Whereas (14) of the CACM Regulation, the products proposed in the Products Methodology are based on the current coupling solutions, either implemented or under development and updated or amended where seen appropriate. As a result, NEMOs do not anticipate that the proposed Products Methodology will have an impact on the implementation timelines set out in the MCO Plan.
- (8) NEMOs will establish, consistent with the MCO plan, through a NEMO Cooperation Agreement entered into by all NEMOs, a NEMO Committee and associated governance arrangements compliant with the CACM Regulation. Joint NEMO decisions and

responsibilities regarding this Products Methodology will be undertaken via the NEMO Committee and associated governance arrangements. As the introduction of any new or modified products may require an amendment to either the price coupling algorithm or the continuous trading matching algorithm, NEMOs propose that any change shall be subject to the Change Management Principles established under the Algorithm Methodology.

### ***Impact on the objectives of CACM Regulation***

- (1) The proposed Products Methodology takes into account the general objectives of capacity allocation and congestion management cooperation described in Article 3 of the CACM Regulation.
- (2) By mandating the availability of a wide range of products that NEMOs are able to make available to market participants as part of Single Day Ahead Coupling (SDAC) and Single Intraday Coupling (SIDC), the Products Methodology promotes effective competition in the generation, trading and supply of electricity. To ensure that the Product Methodology continues to promote effective competition, NEMOs will consult market participants at least every two years to ensure that available products reflect their needs.
- (3) As the orders resulting from the products are compatible with the characteristics of cross-zonal capacity, the Products Methodology helps to promote the optimal allocation of cross-zonal capacity and to ensure the optimal use of the transmission infrastructure. As all orders resulting from the available products shall be able to access the available cross-zonal capacity via the DA MCO Function and the ID MCO Function, the Products Methodology provides for non-discriminatory access to cross-zonal capacity.
- (4) The Product Methodology shall ensure operational security, as NEMOs are required to consult TSOs at least every two years to ensure that the available products take into account operational security. Moreover, if TSOs identify any challenge with respect to operational security they are entitled to request NEMOs to propose an amendment to the Product Methodology.
- (5) The products listed in the Products Methodology shall be available for NEMOs to offer their respective market participants and are all compatible with SDAC and SIDC. As a result, the Products Methodology ensures fair and non-discriminatory treatment of TSOs, NEMOs, the Agency, regulatory authorities and market participants. To ensure that the Product Methodology continues to promote fair and non-discriminatory treatment, NEMOs will consult all parties at least every two years on the available products.
- (6) In addition, we propose to that any changes to the available products will be managed in accordance with the Change Management Principles and process described in the All NEMOs' proposal for the price coupling algorithm and for the continuous trading matching algorithm. These principles:
  - a) Provide an open, transparent, non-discriminatory way to manage change requests, including stakeholder input where relevant;
  - b) Provide assurance that the Algorithm Performance shall be maintained at acceptable levels now and over a reasonable period of time in the future, assuming plausible market growth and development;
  - c) Enable individual NEMO or TSO requests to be supported where this does not harm others or includes measures to mitigate any harm;
  - d) Establish a fair and efficient process that supports timely market development.
- (7) By following the Change Management Principles and process described in the All NEMOs' proposal for the price coupling algorithm and for the continuous trading matching algorithm when introducing any changes to the available products, NEMOs will ensure that the Product Methodology respects the need for a fair and orderly market and fair and orderly price formation.

- (8) By requiring NEMOs to publish and maintain a detailed public description of the products supported for SDAC and SIDC the Product Methodology shall ensure and enhance the transparency and reliability of information. Moreover, NEMOs will involve all stakeholders in any consultation necessary to manage changes to the Product Methodology or the available products.
- (9) The Products Methodology creates a level playing field for NEMOs as all products listed in the products Methodology shall be available to all NEMOs, and any change to the products available products will be governed by the Change Management Principles in the all NEMOs' proposal for the price coupling algorithm and for the continuous trading matching algorithm.
- (10) By consulting all parties at least every two years on the available products, all NEMOs shall ensure that the Product Methodology continues to contribute to the efficient long-term operation and development of the electricity transmission system and electricity sector in the Union.

## *Article 1*

### **General Requirements**

1. The NEMO Committee shall maintain a public description of the products supported by the price coupling algorithm and the continuous trading matching algorithm.
2. Products shall be made available to market participants in accordance with the relevant NEMO's market rules.
3. All orders resulting from these products submitted to the price coupling algorithm and continuous trading matching algorithm shall be expressed in euros and make reference to the market time. NEMOs are entitled to arrange that orders submitted by market participants are expressed and settled in local currencies or euros.
4. NEMOs are entitled to introduce new or modified products subject to a change request. Such change request shall be subject to the Change Management Principles established in the All NEMOs' proposal for the price coupling algorithm and for the continuous trading matching algorithm (hereafter referred to as the "Algorithm Proposal").

## *Article 2*

### **Single Day Ahead Coupling Products**

1. The price coupling algorithm shall support the following products:
  - 1.1. Aggregated Hourly Orders\*
  - 1.2. Complex Orders\*
    - 1.2.1. MIC orders\*
    - 1.2.2. Load Gradient orders\*
  - 1.3. Block Orders\*
    - 1.3.1. Linked Block Orders\*
    - 1.3.2. Exclusive Groups of Block Orders\*
    - 1.3.3. Flexible Hourly Orders\*
  - 1.4. Merit Orders and PUN Orders\*
2. All products indicated by "\*" shall be supported from the implementation of the SDAC. All other products shall be implemented [within 6 months] following validation by the NEMO Committee of the detailed requirements and acceptance of any change request for Implementation of any required new or modified functionality, in accordance with the Algorithm Proposal.

## *Article 3*

### **Single Intraday Coupling Products**

1. The continuous trading matching algorithm shall support the following products:
  - 1.1. Hourly Orders\*
  - 1.2. Half-hourly Orders\*
  - 1.3. Quarter-hourly Orders\*
  - 1.4. Block Orders being single-type aggregations of hourly, half-hourly or quarterly orders\*
  - 1.5. Linked Orders\*
  - 1.6. Iceberg Orders\*

- 1.7. Non-standard products as required under Article 65 to the extent that this is technically feasible and approved by the competent regulatory authorities
2. All products indicated by “\*” shall be supported from the implementation of the SIDC. All other products shall be implemented [within 6 months] following validation by the NEMO Committee of the detailed requirements and acceptance of any change request for Implementation of any required new or modified functionality, in accordance with the Algorithm Proposal.