

4th Market European Stakeholder Committee

Agenda item 2.5: Update on XBID and LIPs

**ACER, Ljubljana
11.05.2016**

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1. Project Progress – Key achievements

- **Shared Order Book (SOB) and Capacity Management Module (CMM) Development was completed** at end February 2016 in line with the project plan ✓
- **The first phase of Factory Acceptance Testing (FAT I)** has been completed. The overall results are positive. The second phase (FAT II) has commenced. ✓
- **The Functional Specifications for the Shipping Module have been signed off and development is underway** ✓
- **The contract with COLT for provision of the MPLS** (secure communications channel) for the PXs has been agreed ✓
- The next **User Group** is scheduled for 29/06. Presentations will be made by LIPs as well as updates provided on development of the LIP roadmap and proposed products ✓
- **Independent financial audits of the PX annual 2015 costs** have been undertaken and the results will be shared with NRAs ✓
- **The process for the formal adherence of GME and REE is underway** ✓
- **A joint meeting with NWE+ and Accession Parties was held with Dr Borchardt and the EC** on 11/04 to answer questions raised by Accession Parties. **Written answers were provided by the EC following the meeting.** ✓
- **The 2nd Management Meeting was held with the Accession Parties on 19/04.** The primary focus was on knowledge transfer. Other aspects such as cost sharing were also discussed. Further meetings and detailed knowledge sharing workshops are being arranged. ✓
- **All parties (NWE+ and Accession) have signed electronically the Global NDA** covering market coupling projects ✓

1. Project Progress – Challenges (1/2)

- Securing the conclusion of the **XBID Hosting negotiations** without impacting the project timeline. This remains very intensive and time demanding.
 - An escalation report has been provided to the NRAs outlining the aspects of the contract where PXs do not agree with DBAG's position. The consequences of this have also been detailed and the options that the Project Parties have, all of which have associated risks.
- **Due to the delayed start of 3rd party support by DBAG the PXs developing their Local Trading Solutions have been delayed by 46 working days.** In consequence the project plan is being reviewed and ideas to mitigate this delay have been discussed. However, it is expected that the project plan will be impacted as this directly delays commencement of PX Integration Acceptance Testing (IAT) which is on the critical path of the project.
- The Service Level Agreements for the **Shipping Module performance boundaries were negotiated** with DBAG but agreement could not be reached. This relates to sensitivity over the liabilities for imbalances and financial clearing when files are delivered late. DBAG has proposed further investment in the Shipping Module to reduce the risk of liabilities. This way forward has been supported by the TSO SC and DBAG are now developing their proposals into more detail. This will involve additional cost but is expected to lead to a high service level and significant reduction of the risk of liabilities.
- A challenge has also arisen with the scenario of **split path trades and selection of the Shipping Agent**. This was a complex challenge with the potential to impact considerably the development of the Shipping Module. After extensive analysis and discussion an agreement was reached on a solution which does not impact the timeline.

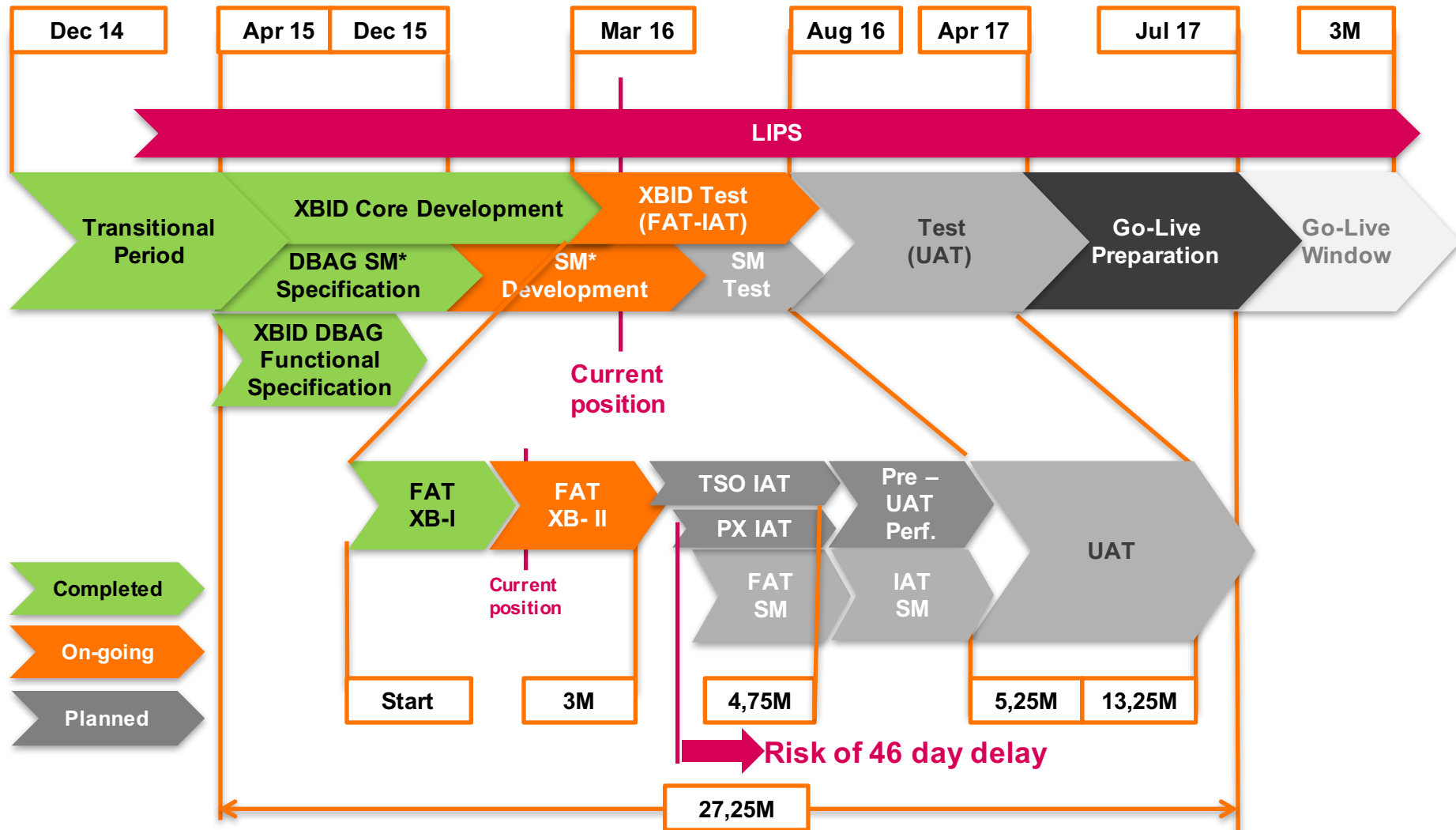
1. Project Progress – Challenges (2/2)

- There are some challenges **delivering the MPLS** (secure communications channel) **by the respective service providers (COLT for PXs and Orange for TSOs)** and integration between them in the data centres.
- Challenges regarding interfacing the Nordic TSOs **NOIS system with CMM** are being managed by analysis of the 'Data Vendor Concept'. An interim work around for testing has been developed but a formal CR will be needed for the 'go-live' solution.
- DBAG have highlighted a risk relating to the **exposure of XBID CMM towards the open public Internet** by external parties securing explicit capacity. They have also highlighted the risk that internet access to the solution can be impacted by external events.
- **Ensuring all LIP members are sufficiently active**
- Balancing the resourcing requirements for the **Accession Stream** against delivery of XBID as well as the strategic planning for future requirements. The first workshop for addressing **Losses on DC Cables was held on 28th April**
- Balancing the needs **for TSOs to receive confirmed nominations soon after Gate Closure Time (GCT)** against processing queues wherever possible that may have built up prior and **co-ordinating with the needs of the balancing projects**. Note: The SLA with DBAG is for the files to be provided within 4 minutes 45 seconds after gate closure as long as the queue at Gate Closure is within the Realistic Test Scenario (RTS).
- The **level of additional Testing activities** (and associated cost) required for the Shipping Module and CRs is costing an additional 375k€

1. Project Progress – Emerging Risks

- There are a number of emerging risks with potentially significant impacts:
 - The **multi-NEMO situation in LIPs**. This is bringing additional complexity from both the technical (shipping arrangements) and financial (consequences on cost sharing and cost recovery) perspectives. The detailed impact assessment of this needs to be undertaken but the initial indications are that TSOs could need to make significant systems and process changes. The changes to the shipping arrangements could lead to significant delays particularly if tendering exercises need to be undertaken.
 - The **changing organisation of the NRAs**. The responsibility for providing timely answers to the project on cost recovery for additional costs (linked, for example, to Change Requests and activities that need addressing such as co-ordination of LIP testing). This is also very important for the issues relating to cost sharing with Accession Stream parties.
 - The **number of pending CRs**, service provider inefficient treatment of the CRs and potential impact on planning if some of these were to be absolutely necessary for go-live

2. Project Plan – High Level Delivery Plan until Go-Live



*SM – Shipping Module

3. Local Implementation Projects

- The latest Status report for the LIPs is provided below based on the template provided by the NRAs.
- To ensure that the answers provided to the questions are comparable across LIPs a definition for each question has been agreed
- The question on the budget has been split into two questions distinguishing between i) having a budget agreed and ii) having cost sharing and recovery approved.

LIP No	Countries involved	The project...								
		has already started?	has a governance structure?	has a finalized top-level planning?	has agreed milestones?	has agreed on deliverables?	has agreed responsibilities amongst all parties?	has a budget?*	has approved cost sharing and cost recovery principles according to CACM?*	is in line with the budget?*
1	DK-FI-NO-SE	Yes	Yes	Yes	Yes	No	Yes	No	No	
2	DE-DK (Kontek)	Yes	Yes	Yes	Yes	No	Yes	No	No	
3	DE-DK-NL	Yes	Yes	Yes	No	No	No	No	No	
4	NL-NO	Yes	Yes	Yes	No	No	Yes	No		
5	AT-CH-DE-FR	Yes	Yes	No	No	No	No	No	No	
6	BE-NL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	
7	NL-UK (BritNed)	Yes	Yes	Yes	Yes	Yes	Yes	No		
8	BE-FR	Yes	Yes	No	No	No	No	No		
9&12	ES-FR-PT	Yes	Yes	No	No	No	No	No	No	
10	FR-UK (IFA)	Yes	Yes	No	No	No	Yes	No	No	
11	AT-CH	Yes	No	No	No	No	No	No	No	

- There are still ongoing discussions at the Joint project level on LIP costs sharing/recovery specifically related to costs of Local Trading Solution development and connection to XBID

3. Local Implementation Projects (cont'd)

- In addition to the activity in each of the LIPs a wide range of centrally co-ordinated activity is underway.
 - Work on specifying the requirements to be fulfilled by LIP's to be part of XBID go-live has commenced
 - The need for a joint project role to co-ordinate LIP testing across all LIPs has been identified. The role scope and responsibilities have been defined and a suitable candidate is being recruited.
 - A workshop has been held with DBAG to discuss their support and the Test environments requirements. It is important to co-ordinate this across all LIPs to make efficient use of resources and environments
- The development of the Road map has commenced. Considerations include:
 - Pros and cons of go-live scenarios (e.g. simultaneous go-live of LIPs vs clusters of borders vs LIP by LIP vs Border by Border)
 - It is recognised that agreeing on sequencing in multi go-live scenarios might be time consuming
 - Simultaneous support of multiple allocation mechanisms could also be difficult or costly for TSOs
 - Go-live criteria need to be considered carefully
 - A level playing field between NEMOs must be ensured
 - Cost (more cost is incurred if a NEMO needs to maintain multiple systems)
- The current project preference (although further detailed analysis is needed and discussions with DBAG) is for a simultaneous go-live of all LIPs that meet the go-live criteria

3. Update on Belgian Borders Quick Wins

- The Quick Wins are being implemented in 2 steps
- Step 1 for BE-FR border
 - Involves Modification of technical features
 - Improved pro rate => FCFS
 - Allocated = Nominated
 - Nomination on behalf
 - Neutralisation time of 1 hour instead of 2 hours
 - 12 Gates => 24 Gates
 - This went live: 22 March 2016 with first delivery 23 March 2016
- Step 2 for BE-FR and BE-NL borders involves:
 - For the BE-NL border a change from the Eurolight Trading System to the M7 release 4.2 Trading System.
 - Change from explicit capacity allocation to implicit capacity allocation on the BE-FR border using the same platforms as for the BE-NL border
 - Introduction of ICS 9.4 platform for the TSOs to enable implicit allocation for BE-NL and BE-FR borders through a common platform
 - Coupling of the BE and NL market with the EPEX markets in France and Germany, Austria, Switzerland
 - Go-live is expected around end September 2016

4. Accession Stream Update

- The 1st Accession Management event between NWE+ and Accession parties was held on 24/02. There was very active involvement and constructive discussion. It was agreed that the questions which Accession Parties had for the EC would be collated and a request made for a joint meeting to discuss these.
- The joint meeting with Dr Borchardt, EC, and the NWE+ and Accession parties was held on 11/04. Clear answers were provided to the questions in the meeting and these were also provided in writing following the meeting.
- The 2nd Accession Management event was held on 19/04. A primary focus was on Knowledge Transfer. The outcomes of the meeting with Dr Borchardt were also discussed.
 - It was agreed that the issues raised by Accession parties re cost sharing and retroactivity whilst not having decision making rights was a priority that should be addressed in the short term. Work is underway on this which will be submitted to the NRAs/ACER.
- A number of steps are being taken to increase transparency and visibility of XBID with the Accession parties. For example:
 - Work on future requirements (e.g. Losses on DC cables) will be undertaken jointly with Accession parties
 - Decisions that will ultimately impact Accession parties (e.g. LIP costs sharing) will be taken after consultation with Accession parties
 - The opportunity will be given for an observer from the Accession parties (PX and TSO) to be present in XBID meetings
- Future Accession meetings and knowledge transfer workshops are being arranged

5. Summary

- The development of SOB and CMM has been completed and the testing phase of the project is now underway. Initial results are positive.
- Progress has been made in the negotiation of the XBID Hosting Contract although there remain a number of issues where agreement has not been reached. It has proved to be a very demanding and time consuming process. An escalation report detailing the outstanding issues and the potential consequences has been submitted to the NRAs. Options have been set out and the advice of the NRAs has been requested.
- Due to the delay in the provision of 3rd party support by DBAG the PXs developing their Local Trading Solutions have been delayed by 46 working days which is impacting the overall project plan.
- The project continues to both resolve and manage a number of challenges. One of these has related to the selection of the shipping agent if a trade follows a split path. Agreement has been reached on a solution.
- Further investment in the Shipping Module is recommended and being progressed to minimise the risk of liabilities from cross border imbalances due to files being delivered late
- Progress is being made with regards to mobilising the Accession stream with a number of meetings having been held