

MESC

Ljubljana, 11/05/2016



European Federation of Energy Traders

EFET reaction to JAO report on the January operational incidents



Report on JAO January incidents

Why discuss at MESC?



- **The ToR of MESC stipulate:**

The main objectives of the ESCs are:

–1. **To contribute to monitoring progress** in the NCs implementation process – **as well as the operation and functioning of the processes and arrangements established** according to the NCs – at local, regional and pan-European level as an overarching structure of all network codes; ...

- **The January incidents are a “market disturbance”. We need to learn from such incidents.**
- **MESC needs proper insight in the disturbance in order to assess whether improvements are needed**
- **Therefore EFET called for an update**
 - **draft MoM:** Chair (ACER) requested for next MESC meeting to have an update on JAO and lessons learned as well as to look at the issue of ensuring proper governance of this kind of entity

Report on JAO January incidents

EFET Response to today's update



- The update describes the issue as an IT issue
- The update does not give the “market perspective”
 - No description of communication (notifications) to market participants before the cancellations
 - Were the notifications fit for purpose?
 - Could the auctions have been cancelled at an earlier stage (with a smaller impact)?
 - No description of the effect of the cancellations of auction results on the market
 - What is roughly the size of open positions (how many MWs for how many hours, in which markets)?
 - No description of any possible liability issue
 - The JAO Membership Agreement allows for cancelation of auctions for technical reasons and excludes the need for indemnification by JAO of members in such cases
 - Was this incident a pure technical issue? And if so, what would constitute negligence?
 - No reflection on the governance and oversight of the organisation
 - No reference to the series of other incidents that happened since then

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EFET conclusions



- **EFET agrees with lessons learnt as presented:**
 - Launch date too ambitious for the quantity of work needed
 - 2 auctions tools run in parallel of deployment of a new tool
 - Merger at the same time : organisational challenge

- ... and notes that these concerns were voiced by EFET before, which shows the value of proper stakeholder involvement

- However EFET also concludes that the today's update needs to be elaborated and complemented with a market perspective

Thanks for your attention



European Federation of Energy Traders

**Amstelveenseweg 998
1081 JS Amsterdam**

**Tel: +31 (0)20 5207970
Email: secretariat@efet.org
www.efet.org**