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**The Dutch TSOs Intraday proposal for  
arrangements concerning more than one NEMO  
in the Dutch bidding zone in accordance with  
Article 57 of the CACM Regulation**

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16 December 2016

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All TSOs, taking into account the following,

### Whereas

- (1) The European Commission has established Regulation (EU) 2015/1222 establishing a guideline on capacity allocation and congestion management (hereinafter referred to as the "CACM Regulation"), which entered into force on 14 August 2015.
- (2) The goal of the CACM Regulation is the coordination and harmonisation of capacity calculation and allocation in the day-ahead and intraday cross-border markets, and it sets requirements for the TSOs to cooperate on a pan-European level and across bidding zone borders. CACM Regulation helps in achieving a fully integrated electricity market for Europe by setting out the rules that will introduce a single approach to cross-border electricity trading in Europe.
- (3) CACM Regulation helps in achieving a fully integrated electricity market for Europe by setting out the rules that will introduce a single approach to cross-border electricity trading in Europe. As of 14 August 2015 the CACM Regulation came into force.
- (4) For the intraday timeframe, a European project called "XBID Market Project" (hereinafter "XBID project") was launched by power exchanges in cooperation with the TSOs to create an integrated intraday cross-zonal market, enabling the implementation of the single intraday coupling solution.
- (5) The XBID project shall establish the matching of orders entered by members of the power exchanges in one bidding zone continuously with orders submitted similarly by members in the same or another bidding zone according to their price and time of submission, while taking into account the limitations of cross-zonal capacities between countries (i.e. continuous implicit allocation).
- (6) This is a joint proposal by BritNed Development Limited (hereinafter "BritNed") and TenneT TSO B.V. (hereinafter "TenneT"). This document is a joint proposal by all TSOs (the "TSOs' proposal") within the Dutch bidding zone that have as at the date hereof been certified as TSOs regarding cross-zonal capacity allocation and other necessary arrangements in bidding zones where more than one Netherlands as Nominated Electricity Market Operator ("NEMO") is designated and/or offers trading services, as required by Article 57 of CACM Regulation.
- (7) In accordance with Article 4 of the CACM Regulation, the Dutch Authority for Consumers and Markets (hereinafter "Authority") designated two power exchange operators in the Netherlands as NEMO on 14 December 2015.
- (8) In accordance with Article 7(1) of the CACM Regulation, NEMOs shall act as market operators in national or regional markets to perform in cooperation with TSOs the single intraday coupling. The tasks of NEMOs includes the responsibility to implement the function of the Market Coupling Operator (hereinafter "MCO"), in coordination with other NEMOs.
- (9) In accordance with Article 7(3) of the CACM Regulation, all NEMOs shall submit to all regulatory authorities and to the Agency for the Cooperation of Energy Regulators ("ACER") a plan that sets out the method for implementing and jointly performing the MCO functions (hereinafter "MCO-plan").
- (10) Article 57(1) of the CACM Regulation requires that a proposal made thereunder should allow additional TSOs and NEMOs to join the proposed arrangements. This

TSOs' proposal makes provision for the proposed arrangements to accommodate new TSOs and new power exchanges, the operator of which is certified as a TSO or designated as a relevant NEMO (as the case may be). This TSOs' proposal is not however intended to place any obligations or implementation requirements on the configuration of any bidding zone other than the Dutch bidding zone or shipping arrangements in relation to any bidding zone other than the Dutch bidding zone.

- (11) In accordance with the requirements of Article 57 of the CACM Regulation this TSOs' proposal has been developed in cooperation with the NEMOs in the Dutch bidding zone. This proposal has been amended according to the request of the Authority of 14 October 2016 (ACM/DE/2016/206211).
- (12) This TSOs' proposal takes into account the general principles and goals set in the CACM Regulation. The goal of the CACM Regulation is the coordination and harmonisation of capacity calculation and allocation in the day-ahead and intraday cross-border markets, and it sets requirements for the TSOs to cooperate on a pan-European level and across bidding zone borders.
- (13) The TSOs' proposal contributes to the objective and does not hamper in any way the achievement of the objectives of Article 3 of CACM Regulation. This TSOs' proposal shall:
  - a. enable multiple NEMOs to operate in the Dutch bidding zone and promotes as such competition in trading of energy in accordance with Article 3(a) of the CACM Regulation;
  - b. enable multiple NEMOs to operate in the Dutch bidding zone without hampering capacity calculation and allocation processes in accordance with Article 3(d) of the CACM Regulation;
  - c. ensure fair and non-discriminatory treatment of the NEMOs in the Dutch bidding zone in accordance with Article 3(e) of the CACM Regulation;
  - d. allow a level playing field for NEMOs in the Dutch bidding zone in accordance with Article 3(i) of the CACM Regulation; and
  - e. serve the objective of non-discriminatory access to cross-zonal capacity in accordance with Article 3(j) of the CACM Regulation.

Submit the following proposal to the Authority:

## TITLE 1 General provisions

### Article 1 Subject matter and scope

1. This TSOs' proposal is, for the purposes of the Dutch bidding zone, the proposal required by Article 57 of the CACM Regulation for the arrangements of the single intraday coupling in bidding zones in which more than one NEMO is designated.
2. This TSOs' proposal is subject to approval in accordance with Article 9(8)(d) of the CACM Regulation.
3. In accordance with Article 9(13) of the CACM Regulation, the TSOs may propose amendments to this TSOs' proposal.

### Article 2 Definitions and interpretation

1. For the purpose of this TSOs' proposal, terms used in this document shall have the meaning of the definitions included in Article 2 of the CACM Regulation.
2. In this TSOs' proposal:
  - a. '**Authority**' means the Dutch Authority for Consumers and Markets;
  - b. '**CACM Regulation**' means Commission Regulation (EU) 2015/1222, of 24 July 2015 establishing a guideline on capacity allocation and congestion management;
  - c. '**shipping**' means the task of the shipping agent as defined by CACM Regulation;
  - d. '**NEMO Trading Hub**' means a combination of a NEMO and a scheduling area (where applicable scheduling area is a bidding zone);
  - e. '**XBID-project**' means the European cooperation called XBID Market Project that was launched by power exchanges in cooperation with TSOs to create an integrated single intraday coupling; and
  - f. '**LIP-project**' means the local implementation project per bidding zone border to connect to the XBID-project.
  - g. '**single allocation platform**' means the European platform established by all TSOs for forward capacity allocation.
  - h. '**infinite capacity**' means a defined level of capacity sufficient to ensure in effect unlimited exchange between NEMO Trading Hubs in the Dutch bidding zone.
  - i. '**multiple NEMO arrangement**' means the proposed arrangements for hosting multiple NEMOs in the Dutch bidding zone, laid out in this TSOs' proposal.
3. In this TSOs' proposal, unless the context requires otherwise:
  - a. the singular includes the plural and vice versa;
  - b. the table of contents and headings are inserted for convenience only and do not affect the interpretation of this TSOs' proposal;
  - c. references to an "Article" are, unless otherwise stated, references to an Article of this TSOs' proposal; and
  - d. any reference to legislation, regulations, directive, order, instrument, code or any other enactment shall include any modification, extension or re-enactment of it then in force.

### **Article 3**

#### **Roles and responsibilities**

1. For the purposes of this TSOs' proposal, the provisions of Article 7 of the CACM Regulation shall apply.
2. In this TSOs' proposal:
  - a. TSOs shall enter into arrangements with the NEMOs in the Dutch bidding zone to reflect the required roles and obligations set out in CACM Regulation;
  - b. TSOs may appoint and act as shipping agents; and
  - c. NEMOs shall be required and responsible to make the necessary arrangements for congestion income payments.
3. TSOs may request terms and conditions from NEMOs in the Dutch bidding zone for the performance of tasks associated with the single intraday coupling.

### **Article 4**

#### **Future arrangements**

1. Efficient and transparent arrangements for cooperation between TSOs and NEMOs will be established in the implementation phase.
2. Necessary changes to the current TSO and NEMO arrangements shall not affect the implementation phase negatively.

### **Article 5**

#### **Additional NEMOs**

1. The TSOs and NEMOs in the Dutch bidding zone shall cooperate with each other and with other NEMOs participating in the single intraday coupling process to accommodate an additional authorised NEMO to join the Dutch multiple NEMO arrangement.

### **Article 6**

#### **Additional TSOs**

1. In preparation for participation in the single intraday coupling process, a new TSO in the Dutch bidding zone shall enter into an arrangement with the relevant NEMOs for establishing any necessary systems interface and for the performance of the activities referred to in Title 2.
2. If applicable, the NEMOs in the Dutch bidding zone shall cooperate with each other and with other NEMOs participating in the single intraday coupling process to accommodate a new TSO in the single intraday coupling.

## **Article 7**

### **General principles**

1. Alignment between TSOs on at least regional level is required to ensure an efficient implementation and operation of the multiple NEMO arrangement.
2. This TSOs' proposal describes the solution that was agreed by the TSOs within the XBID project for the intraday timeframe. In case of a new situation or modification of agreements, TSOs will strive to set-up a shipping arrangement with the concerned TSO(s).

## **TITLE 2**

### **Multiple NEMO arrangement**

#### **Article 8**

##### **General principles**

1. In accordance with Article 32 of the CACM Regulation, this TSOs' proposal in the Dutch bidding zone shall not lead to a reconfiguration of the existing bidding zone.
2. The available cross-zonal capacity on all Dutch bidding zone borders shall be fully available for all NEMOs in the single intraday coupling.
3. The Dutch bidding zone will consist of as many NEMO Trading Hubs as there are NEMOs in the Dutch bidding zone.
4. This TSOs' proposal requires that the 'shared order book' module of the single intraday coupling enables the sharing of the market participants orders submitted to the NEMOs in the Dutch bidding zone for the purpose of continuous implicit allocation of cross-zonal capacity.
5. NEMOs will only have access to the cross-zonal capacity of the Dutch bidding through the shared order book of the single intraday coupling.
6. NEMOs in the Dutch bidding zone shall have access to each other's order book through the shared order book of the single intraday coupling.
7. For the purpose of continuous implicit allocation, the single intraday coupling solution must consider that there is in effect no exchange limitation for continuous matching of orders from different NEMO Trading Hubs within the Dutch bidding zone.
8. NEMOs are responsible for implementing the necessary requirements within the single intraday coupling mechanism to enable these functionalities.

#### **Article 9**

##### **Settlement, clearing, and shipping**

1. In accordance with Article 2(43) of the CACM Regulation, a shipping agent is the entity or entities with the task of transferring net positions between different central counter parties. The function of a shipping agent covers:
  - a. shipping across the Dutch bidding zone borders; and
  - b. shipping within the Dutch bidding zone between the central counter parties of the NEMOs in the Dutch bidding zone.
2. The TSOs which intend to use the scheduled exchanges methodology for shipping of net positions resulting from single intraday coupling will submit a proposal for a common methodology for this calculation, in accordance with Article 56(2) of the CACM Regulation.
3. The TSOs which do not use the scheduled exchanges methodology for shipping of net positions resulting from single intraday coupling will use single intraday coupling results to calculate net positions.
4. TSOs shall upload and maintain cross-zonal capacities and allocation constraints for

- the single intraday coupling via the capacity management module of the single intraday coupling.
5. The shipping solution shall be in compliance with the Dutch Balanced Responsible Party and Program Responsible Party license system, recognitions, and processes.
  6. This TSOs' proposal distinguishes three layers of shipping:
    - a. **intra-hub layer**: clearing and settlement of market participants' buy and sell orders selected by the single intraday coupling on one of the NEMO Trading Hubs in the Dutch bidding zone;
    - b. **intra-zonal layer**; clearing and settlement of energy exchanges between NEMO Trading Hubs within the Dutch bidding zone; and
    - c. **cross-zonal layer**; clearing and settlement of energy exchanges between a NEMO Trading Hub in the Dutch bidding zone and any NEMO Trading Hub outside the Dutch bidding zone.
  7. The shipping of energy exchanges resulting from the single intraday coupling – referred to in Article 9(6)(b) and Article 9(6)(c) – comprises of:
    - a. **physical shipping**: physical energy delivery according to the outcome of the single intraday coupling or by a designated suitable scheduling process by the NEMOs' associated central counter parties and/or shipping agents towards the TSOs in the Dutch bidding zone; and
    - b. **financial shipping**; financial settlement of the single intraday coupling between central counter parties.
  8. Under the preferred shipping approach it is considered that at least the financial settlement resulting from the single intraday coupling coincide and are under the responsibility of the NEMOs' associated central counter parties.
  9. This TSOs' proposal considers that, where a shipping agent acts as counter party between the central counter parties of the NEMOs in the same bidding zone or different bidding zones in accordance with Article 68(6) of the CACM Regulation, its function only relates to physical shipping as defined in Article 9(7). The financial settlement remains under the responsibility of the NEMOs' associated central counter parties of both intra-zonal energy exchanges and cross-zonal energy exchanges.
  10. In accordance with Article 8(2)(l) of the CACM Regulation and Article 3(2)(b), TSOs may act as shipping agent in accordance with Article 68(6) of the CACM Regulation.
  11. NEMOs' associated central counter parties, and/or, where applicable, shipping agents involved in intra-zonal energy exchanges and cross-zonal energy exchanges must nominate towards TenneT, unless it is agreed that TenneT creates cross border nominations on behalf of the concerned entity.
  12. The necessary details on intra-zonal exchanges between NEMO Trading Hubs in the Dutch bidding zone and for cross-zonal exchanges between central counter parties and/or shipping agents must be provided by the single intraday coupling or by the scheduled exchanges (cf. Article 56 of the CACM Regulation).
  13. This TSOs' proposal applies for any future bidding zone border of the Netherlands. If the preferred shipper approach cannot be agreed on a future border, TenneT will strive to set up with the concerned TSO(s) arrangements that comply to the extent possible with the preferred shipper approach and will request, where required, an amendment to this TSOs' proposal according to Article 1(3).

## **Article 10**

### **Clearing, settlement and shipping of intra-hub energy exchanges**

The following sub articles of Article 10 apply only to TenneT:

1. Each NEMOs associated central counter party in the Dutch bidding zone will perform the financial settlement of the market participants buy and sell orders selected by the single intraday coupling process on its NEMO Trading Hub.
2. Each NEMOs associated central counter party in the Dutch bidding zone will nominate – performing the physical settlement – towards TenneT the buy and sell volumes on its NEMO Trading Hub per Balancing Responsible Party.
3. TenneT performs the physical delivery of energy to the relevant market parties according to information transmitted for each NEMO Trading Hub by the relevant entity.

## **Article 11**

### **Clearing, settlement and shipping of intra-zonal energy exchanges**

The following sub articles of Article 11 apply only to TenneT:

1. All central counter parties associated with NEMOs in the Dutch bidding zone will act as central counter party organizing the intra-zonal energy exchanges between NEMO Trading Hubs in the Dutch bidding zone for the intraday timeframe. In the implementation the following shall be considered:
  - a. The NEMOs in the Dutch bidding zone shall settle arrangements related to intra-zonal energy exchanges;
    - i. between central counter parties; and
    - ii. in case a shipping agent would perform the cross-zonal energy exchange in line with Article 12(2), between central counter parties and the relevant shipping agent(s).
  - b. The contractual framework (i.e. cross-membership agreement between central counter parties) will be defined among NEMOs and associated central counter parties, without any direct involvement of the TSOs;
  - c. The NEMOs' associated central counter parties in the Dutch bidding zone perform both the financial settlement and physical settlement of the internal energy exchanges between NEMO Trading Hubs;
  - d. In case where a shipping agent performs the cross-zonal energy exchange, the NEMOs' associated central counter parties in the Dutch bidding zone perform, where needed, physical settlement of the intra-zonal energy exchange between a NEMO Trading Hub and the shipping agent; and
  - e. TenneT performs the physical delivery of intra-zonal energy exchanges between NEMO Trading Hubs in the Dutch bidding zone and/or with shipping agent(s) in the Dutch bidding zone according to information transmitted by the corresponding central counter parties.

## **Article 12**

### **Clearing, settlement and shipping of cross-zonal energy exchanges**

1. If the cross-zonal shipping is predefined for a bidding zone border in the Dutch bidding zone, this predefined shipping arrangement shall apply.

2. If no predefined cross-zonal shipping arrangement is in place for a bidding zone border, than the preferred shipping solution for the clearing and settlement of energy exchanges between the Dutch bidding zone borders and other bidding zone shall apply. In this case:
  - a. each central clearing party shall perform the role of physical and financial shipping for cross-zonal energy exchanges or designates a shipping agent performing the physical shipping of cross-zonal energy exchanges related to its NEMO Trading Hub;
  - b. The contractual arrangements between central counter parties and/or shipping agents of different bidding zones are to be defined by the concerned NEMOs, central clearing parties, and/or shipping agents in line with the technical solutions of the single intraday coupling, without any direct involvement of TSOs;
  - c. The NEMOs' associated central counter parties are responsible for the financial settlement of the cross-zonal exchange of energy;
  - d. The central counter parties, or designated shipping agent, associated with each NEMO will nominate the cross-zonal energy exchanges towards the TSOs and relevant TSOs in neighbouring bidding zones; and
  - e. TSOs perform the physical delivery of cross-zonal energy exchanges towards other bidding zones according to information transmitted by the corresponding central counter parties or by their designated shipping agent(s).
3. TSOs might create the cross-zonal energy exchange nominations between bidding zones on behalf of the central counter parties, according to the information transferred directly by the single intraday coupling system.
4. The NEMOs' associated central counter parties in the Dutch bidding zone performing the financial settlement of cross-zonal energy exchanges shall, if applicable, collect congestion income originating from such exchanges, if any, and transfer it to the relevant TSOs.

### **TITLE 3**

#### **Final provisions**

#### **Article 13**

##### **Dispute resolution**

1. In the event that a dispute arises between TSOs and/or NEMOs with any of the proposed terms in this TSOs' proposal, the parties to such dispute shall attempt in good faith to resolve it within thirty (30) calendar days of one party to the dispute notifying the other. If no agreement is reached or no response received within such period then either party may refer the matter to a third party arbitrator and, on such a reference, the dispute shall be determined by order made either by the arbitrator or, if the Authority thinks fit, by an order made by the Authority. Each party to such a dispute shall bear its own costs in connection with the dispute irrespective of the outcome.

#### **Article 14**

##### **Implementation**

1. The TSOs and the NEMOs in the Dutch bidding zone shall cooperate together to develop operating procedures with a view to agreeing and implementing these for each LIP-project within the scheduled timeframe for each bidding zone border.
2. The implementation of this TSOs' proposal for the single intraday coupling is subject to:
  - a. regulatory approval of this TSOs' proposal by the Authority;
  - b. regulatory approval of the multiple NEMO arrangements of other TSOs in the same or other region(s) by their respective regulatory authorities;
  - c. approval by all regulatory authorities of the MCO-plan, submitted by the NEMOs, for the single intraday coupling solution, the implementation timeline, and actual implementation of the approved solutions; and
  - d. implementation of the multiple NEMO arrangements in neighbouring bidding zones, given the need for arrangements related to cross-zonal energy exchanges.

#### **Article 15**

##### **Costs**

1. No costs relating to the performance by NEMOs of their regulated activities within the single intraday coupling process shall be borne by TSOs unless and until required by a binding decision of the Authority.