

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

14 February 2017

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 intraday coupling (hereafter referred to as the “ID Products Proposal”) in accordance with Article 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 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”*
- (3) According to 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.
- (4) The All NEMOs’ proposal for the Products Proposal shall 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 Proposal prior to submitting it to all regulatory authorities. However, NEMOs value stakeholder feedback on the proposals and have decided to consult.
- (5) In accordance with the Whereas (14) of the CACM Regulation *“For efficiency reasons and in order to implement single day-ahead and intraday coupling as soon as possible, single day-ahead and intraday coupling should make use of existing market operators and already implemented solutions where appropriate, without precluding competition from new operators.”* the products proposed in the ID Products Proposal are based on the current coupling solutions, either implemented or under development and updated or amended where seen appropriate.
- (6) NEMOs shall 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 ID Products Proposal shall be undertaken via the NEMO Committee and associated governance arrangements. As the introduction of any new or modified products may require an amendment to the continuous trading matching algorithm, any change shall be subject to the Change Management Principles established under the Algorithm Methodology.
- (7) Decisions of the NEMO Committee in this proposal refers to decisions of All NEMOs coordinated via the NEMO Committee.

Impact on the objectives of CACM Regulation

- (1) The proposed ID Products Proposal 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 Intraday Coupling (SIDC), the ID Products Proposal promotes effective competition in the generation, trading and supply of electricity. To ensure that the ID Products Proposal continues to promote effective competition, NEMOs shall 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 ID Products Proposal 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 ID MCO Function, the ID Products Proposal provides for non-discriminatory access to cross-zonal capacity.
- (4) The ID Products Proposal 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 ID Products Proposal.
- (5) The products listed in the ID Products Proposal shall be available for NEMOs to offer their respective market participants and are all compatible with SIDC. As a result, the ID Products Proposal ensures fair and non-discriminatory treatment of TSOs, NEMOs, the Agency, regulatory authorities and market participants. To ensure that the ID Products Proposal continues to promote fair and non-discriminatory treatment, NEMOs shall 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 shall 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 shall ensure that the ID Products Proposal respects the need for a fair and orderly market and fair and orderly price formation.
- (8) The continuous trading matching algorithm always performs matching in compliance with the price-time-priority principle for the submitted orders for the different contracts. It means that orders with a better price limit are selected first. If two orders have the same limit price, the one with the older timestamp is selected first. This ensures fair and orderly price formation for all products.
- (9) For each product type the same attributes (as listed in Article 2) shall be applied in all market areas. There will be no differentiation in order characteristics so as to ensure a fair market.

- (10) NEMOs intend to cover all market needs with the available products to maximise liquidity on the coupled markets. To reach this aim, the order types in Article 2 are available.
- (11) By requiring NEMOs to publish and maintain a detailed public description of the products supported for SIDC the ID Products Proposal shall ensure and enhance the transparency and reliability of information. Moreover, NEMOs shall involve all stakeholders in any consultation necessary to manage changes to the ID Products Proposal or the available products.
- (12) The ID Products Proposal creates a level playing field for NEMOs as all products listed in the ID Products Proposal shall be available to all NEMOs, and any change to the products available products shall be governed by the Change Management Principles in the All NEMOs' proposal for the price coupling algorithm and for the continuous trading matching algorithm.
- (13) By consulting all parties at least every two years on the available products, all NEMOs shall ensure that the ID Products Proposal continues to contribute to the efficient long-term operation and development of the electricity transmission system and electricity sector in the Union.
- (14) Each individual product can have an impact on the performance of the algorithm, depending on their actual usage and the actual composition of the orders. In particular, the impact on the performance of the algorithm depends on :
 - a. number of orders submitted of that product;
 - b. the specific values of the parameters specified in the orders submitted of that product, including prices and quantities;
 - c. its concurrent usage together with the other products and the TSO constraints.

Implementation timeline

The NEMOs shall implement the Products Proposal in a Bidding Zone with respect to the operation of the SIDC immediately after:

1. the common grid model methodology developed in accordance with Article 17 of the CACM Regulation, the capacity calculation methodology developed in accordance with Article 20 of the CACM Regulation, and the relevant coordinated capacity calculator have been set up in accordance with Article 27 of the CACM Regulation on the borders of the relevant Capacity Calculation Region, and
2. the MCO function has been implemented in accordance with Article 7(3) of the CACM Regulation, and, the arrangements to accommodate multiple NEMOs developed in accordance with Article 57, are implemented in all the Bidding Zones where there are multiple NEMOs.

Article 1

General Requirements

1. Products shall be made available to market participants in accordance with the relevant NEMO's market rules.
2. All orders resulting from these products submitted to the 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.
3. New or modified products are 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").
4. The reference language for this proposal shall be English. For the avoidance of doubt, where NEMOs need to translate this proposal into their national language(s), in the event of

inconsistencies between the English version published by the NEMOs in accordance with Article 9(14) of the CACM Regulation and any version in another language, the relevant NEMOs shall be obliged to dispel any inconsistencies by providing a revised translation of this proposal to their relevant national regulatory authorities.

Article 2

Single Intraday Coupling Products

1. On the intraday market the transaction is taking place based on a set of characteristics which are defined in a contract. The contract refers to the instrument which is used by the trading parties to enter into agreement to sell/buy a certain amount of energy having a predefined time of delivery. There are multiple contract available for the trading parties for trading.
A product defines the guidelines ruling the generation of the contracts. The product is a template which is used as the standard for generating contracts with behaviour as defined in the product template. The relationship between the products and the contracts is that of 1 to 'n'. I.e. each product shall have multiple contracts and each contract shall belong to one and only one product.
2. The continuous trading matching algorithm shall support the following products:
 - a) Hourly: the product supports trading in 24 power contracts, one for each hour of the day. The system automatically generates these contracts and makes them available for trading one day before the delivery day at a specified time.
 - b) Half-hourly: the product supports trading in 48 power contracts, one for each half-hour of the day. The system automatically generates these contracts and makes them available for trading one day before the delivery day at a specified time.
 - c) Quarter-hourly: the product supports trading in 96 power contracts, one for each 15-min slot of the day. The system automatically generates these contracts and makes them available for trading one day before the delivery day at a specified time.
 - d) Predefined blocks, being single-type aggregations of hourly, half-hourly or quarter-hourly contracts. Predefined blocks combine several contiguous contracts of a single type with a minimum of two, which must be executed together.
 - e) User defined blocks: other than predefined blocks, these are on-demand combinations of contracts defined by the user. The delivery period of user-defined blocks (user-defined market contracts) must always be coverable by multiple regular market contracts of the product and with consecutive delivery times.
3. The continuous trading matching algorithm shall support the following order types:
 - a) Regular orders (also known as Limit orders): Buy or Sell orders with a specified quantity and price, where buy orders can be executed at that price or lower and sell orders can be executed at that price or higher. Regular orders may be executed partially (partial quantity) or fully (full quantity). Regular orders for the predefined market can be entered with the execution restrictions NON, FOK or IOC. Regular orders for the user-defined market always have the execution restriction AON. All regular Orders can be entered with the validity restrictions GFS and GTD.
 - b) Linked Orders: in case linked order submission either all orders can be fully executed or no order will be executed. A group of orders can only be submitted with this submission restriction if it contains orders only with the execution restriction FOK and if all orders were entered for the same NEMO.
 - c) Iceberg Orders are limit orders which are only visible with part of their total quantity in the market, while their full quantity is exposed to the market for matching. Part of the hidden

quantity shall be disclosed for trading as soon as the part that had already been disclosed has been executed.

4. The continuous trading matching algorithm shall support the following order execution restrictions:
 - a) NON - An order submitted with the execution restriction NON is either executed immediately or, if the order can't be matched right away, entered into the order book. Partial order executions are allowed and NON orders can be executed against multiple other orders and create multiple trades.
 - b) Fill or Kill (FOK) - the order is either fully traded at one point immediately after the order is submitted with its full quantity or deleted without entry in the order book. FOK orders can be matched against multiple existing orders in the order book. FOK orders cannot have a validity restriction.
 - c) Immediate or Cancel (IOC) - the order is either traded (in any amount) at one point immediately after the order is submitted or, if the order can't be matched, deleted without entry in the order book. Partial executions are allowed and IOC orders can be executed against multiple other orders and create multiple trades. An order with execution restriction IOC cannot have a validity restriction.
 - d) All or Nothing – (AON) - An order submitted with the execution restriction AON is either executed against exactly one other order with its full quantity or entered into the order book. Partial executions are not allowed. The execution restriction AON is only allowed for orders in the user-defined market.
5. The continuous trading matching algorithm shall support the following order validity restrictions:
 - a) Good for session (GFS) – the time validity of the order is determined by the validity of the corresponding trading session of the order. The order is pulled out of the trading automatically the defined time validity of the corresponding trading session passes.
 - b) Good till date (GTD) – the time validity of the order is defined by date and time. The order is pulled out of the trading automatically the defined time validity passes.
6. The intraday trading system shall automatically generate tradable commodity contracts based on product definition.
7. Daylight Saving Times (23 and 25 hours) are implemented in case of Single Intraday Coupling Products.
8. Products are made available for trading per delivery area, thus each delivery area can have a separate set of tradable contracts.
9. All products support trading is in EUR and MW.
10. The usage and parameterisation of any individual product is a decision of each individual NEMO, subject, to the extent it has an impact on the algorithm performance, to the application of the Change Control Procedure established under the Algorithm Proposal.