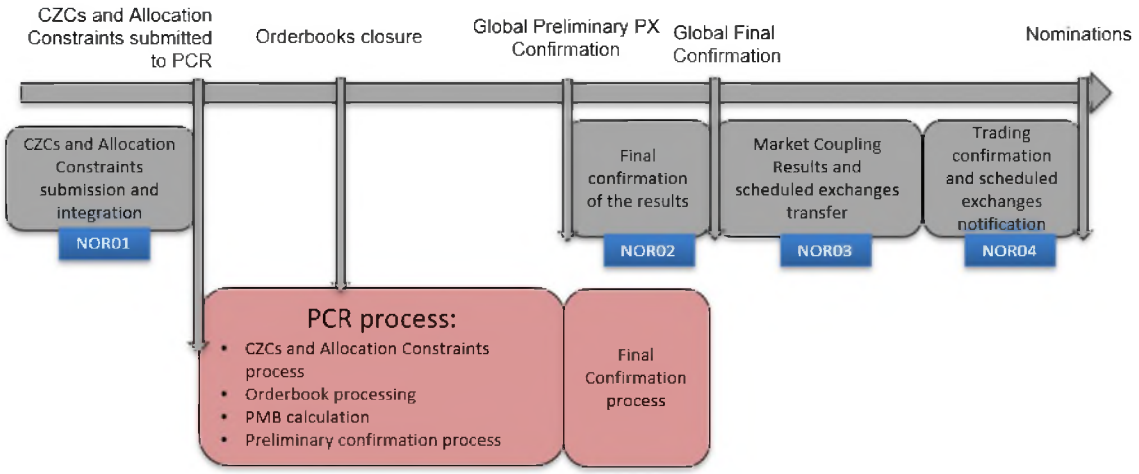
MRC_OTH_01: Procedures Reading Instructions

Version	Public version	
First Trading Day	01/09/2020	
Status	☐ Draft	☒ Final

Table of Contents

1. Introduction



1.1. Summary

The purpose of this document is to introduce the main principles used within the MRC procedures to a new reader. Some basic concepts must be understood in order to read the MRC procedures. These concepts are introduced here.

1.2. Overall presentation

The MRC Day Ahead Market Coupling solution is a three-phase process for which a number of procedures have been created that are applied (included as an annex to the "Day-Ahead Operations Agreement" - DAOA). Execution of each phase requires the application of procedures constituting the set of MRC procedures in order to ensure performing the needed actions in a coordinated manner by all the parties involved within the Market Coupling. The MRC procedures are split into several categories that are described in this document:

- Normal procedures (MRC_NOR_XX)
- Backup procedures (MRC_BUP_XX)
- Fallback procedures (MRC_FAL_XX)
- Special Procedures (MRC_SPE_XX)
- Other procedures (MRC_OTH_XX)

The following scheme provides an overview of the relation and time slot when these different procedures shall be applied during the operational processes.

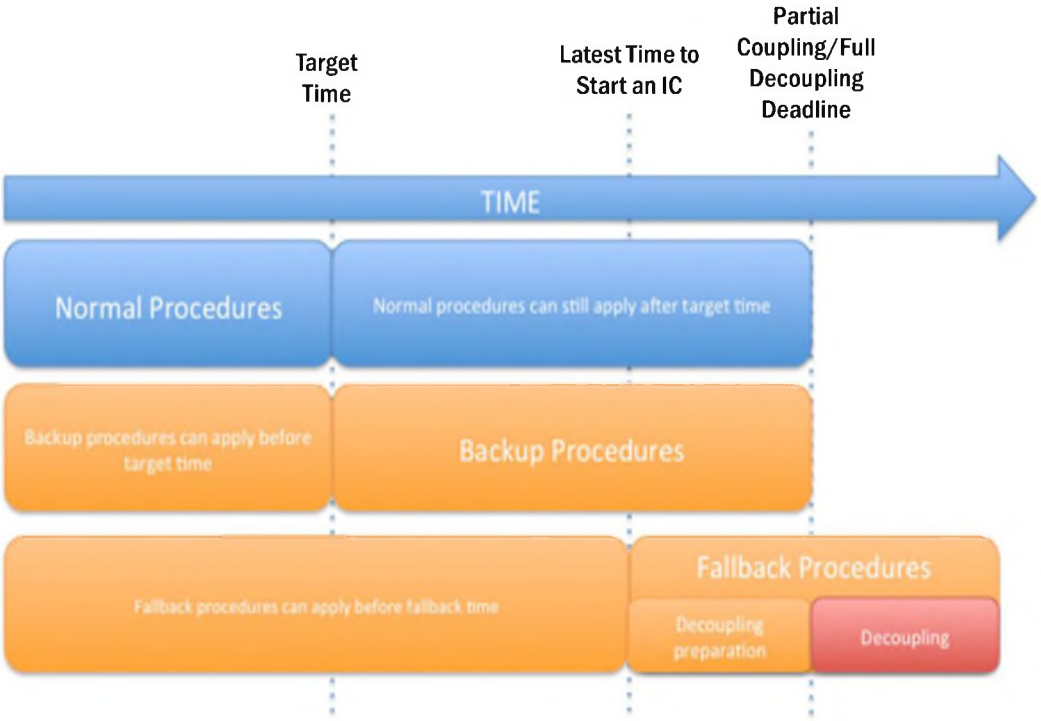
Three concepts must be kept in mind when reading the procedures:

- **The Target Time** is the latest timing applied in production for completing a normal procedure on a day to day basis. Completion of a normal procedure should be performed before that time.
- **The Latest Time to Start an Incident Committee** is the latest timing for triggering the fallback procedure i.e. to prepare the Partial Coupling or Full Decoupling.
- **The Partial Coupling/Full Decoupling Deadline** is the timing defined as critical for the Market Coupling, meaning that after this timing the Market Coupling cannot be

performed and relevant bidding zones and/or interconnectors are decoupled (capacity is not allocated via the Market Coupling).

Here, it has to be pointed out that **all Timings refer to CET Times.**

In the figure below, the three concepts are illustrated with respect to the normal, backup and the fallback procedure timings.



Note that Normal Procedures may still apply after Target Time, under the condition that it is still feasible to use the Normal procedure. If before the Target Time it becomes clear that Normal procedures will not be usable in time, it may be decided to start with the Backup procedures before the Target Time. The same reasoning applies to the Latest Time to Start an IC. By contrast, the Decoupling (Partial Coupling or Full Decoupling) takes place after the Partial Coupling/Full Decoupling Deadline.

2. Procedures

Throughout the procedures, one should consider the MRC level, that is to say the procedures that apply to all MRC Parties. When referring to local procedures, one should consider all procedures that are not at the MRC level, that is to say the cross-regional procedures, the regional procedures (CWE for instance), the bilateral procedures, or any other procedure that does not apply to the whole MRC region.

2.1. Normal Procedures

During each phase, a number of common procedures will be operated under normal conditions. These procedures are called the Normal procedures (MRC_NOR_XX) and they describe per phase the normal actions to be performed by MRC parties in a clear weather scenario. Normal procedures are performed before the Target Time on a daily basis.

Please note that shipping-related activities are not included in the MRC procedures as these are addressed locally.

- MRC_NOR_01: Cross Zonal Capacities Submission and Allocation Constraints Submission
- MRC_NOR_02: Final Confirmation of the Results
- MRC_NOR_03: Market Coupling Results and Scheduled Exchanges Transfer
- MRC_NOR_04: Trading Confirmation and Scheduled Exchanges Notification

2.2. Backup procedures

Backup procedures (MRC_BUP_XX) describe the backup actions that are available in order to overcome any issue (for instance: sending of a file in another way – by email). Ideally backup procedure should be triggered once the Target Time associated to a specific process step cannot be met or is foreseen not to be met with Normal procedures.

Backup procedures are available so that the Market Coupling can still be operated for all its steps (i.e. fallback is not triggered).

Below you can find an overview of the backup procedures that have to be applied in case an incident occurs in one of three phases:

- MRC_BUP_01: Cross-Zonal Capacities and Allocation Constraints Submission
- MRC_BUP_02: Final Confirmation of the Results

2.3. Fallback Procedures

Fallback procedures (MRC_FAL_XX) are triggered when the Market Coupling Results cannot be given by the Latest Time to Start an IC by using the normal, backup or special procedures.

Fallback procedures can be split into two parts:

- Preparation of the Partial Coupling/Full Decoupling: Incident Committee is triggered and actions are taken to prepare decoupling in case the issue could not be solved before the Latest Time to Start an IC.
- Decoupling of the relevant interconnectors from the Market Coupling process:
  - Capacities are allocated via explicit auction for the decoupled interconnectors and set to 0 within the coupling process.
  - Order books are reopened and a second price calculation is launched.

Within MRC, several fallback procedures exist, applying either to all borders of a single bidding zone or specific borders in order to manage unforeseen situations. In case the issue is solved before the Partial Coupling/Full Decoupling Deadline, performing of the fallback procedure can be stopped i.e. no decoupling is performed.

The following Fallback procedures are established at the MRC level:

- MRC_FAL_01: Incident Management
- MRC_FAL_02: Full Decoupling
- MRC_FAL_03: Partial Coupling

2.4. Special Procedures

Special Procedures (MRC_SPE_XX) are executed when exceptional situations occur in the market requiring specific measures to be taken. Backup procedures can still be applied during Special Procedures.

The following special procedures are established on MRC level:

- MRC_SPE_01: Impact of Second Auctions

- MRC_SPE_02: Impact of thresholds Nordic-Baltic reached

2.5. Other Procedures

The Other procedures (MRC_OTH_...) are related to certain planned specific situations which need to be managed by a formalized procedure (clock change for example) and for any other subject that needs a common approach on MRC level.

The “other" procedures that have been established at the MRC level are the following:

- MRC_OTH_01: Procedures Reading Instructions
- MRC_OTH_02: Internal and External Communications
- MRC_OTH_03: Long Clock Change *
- MRC_OTH_04: Norwegian Bidding Area Change
- MRC_OTH_05: MRC Change Control procedure
- MRC_OTH_06: Modification of Price Caps

** this procedure has become superfluous by implementing an IT solution*

3. Glossary

A glossary is attached to this procedure in the Annex.

Annex 1: MRC Procedures Glossary

Term	Definition	Abbreviation
Active Decision	The procedural step related to the Final Confirmation in the MRC_BUP_02, where in an Incident Committee [redacted] have to explicitly accept or reject the relevant Market Coupling results f[redacted].	-
Allocation Constraints	Technical constraints calculated and provided by the TSO to the PX in order to be used by the PCR algorithm. Allocation Constraints may include (but shall not be limited to): operational security constraints, ramping constraints, transmission losses.	AC
Allocation Entity	TSO or another party entitled by the TSO for performing the Shadow Auctions in case Explicit Allocation is needed.	-
Allocation/ Capacity Allocation	Attribution of the Cross Zonal Capacity. Capacity Allocation refers to the Implicit Allocation (for both capacity and energy) if the Bidding Areas are coupled. Capacity Allocation refers to the Explicit Allocation (for capacity only) if the Bidding Areas are decoupled.	-
Area	Bidding Area	-
Backup procedure	Procedure that is triggered no later than the relevant Target Time if an issue interrupts the normal process	BUP
Bidding Area/ Bidding Zone	Largest geographical area within which Market Participants are able to exchange electricity without Capacity Allocation.	-
CCP Shipping Systems	Systems hosted by the Central Counter Parties and used to process the Scheduled Exchanges Notifications.	-
Central Counter Party	Entity performing the function of entering into contracts with Market Participants, by novation of the contracts resulting from the matching process and of organizing the transfer of Net Positions resulting from Capacity Allocation with other Central Counter Parties or Shipping Agents.	CCP
Central European Time	Standard time which is 1 hour ahead of the Coordinated Universal Time (UTC+01:00). All member states of the European Union observe summer time; those that use CET during the winter use Central European Summer Time (CEST), UTC+02:00. All the timings mentioned in the MRC procedures are expressed in CET.	CET
Central Western Europe	Geographical region containing Germany, France, Belgium, Luxemburg and The Netherlands	CWE
Congestion Income	Revenues received by the TSOs as a result of Capacity Allocation in the Day-Ahead markets.	-
Congestion Income Distribution System	System performing the role of distributing the Congestion Income.	CIDS
Cross PX Clearing and Settlement Systems	Part of the Local PX IT Systems dedicated to the shipping activities (checking of the Scheduled Exchanges compared to the Net Positions, sending the trading confirmations for transmission obligations to the CCPs and sending the results to CIDS).	CPCS

Term	Definition	Abbreviation
Cross Zonal Capacity	Capability of the interconnected electricity transmission network to accommodate energy transfer between Bidding Zones. It can be expressed as Available Transfer Capacities (ATC) values or Flow-Based (FB) parameters, and takes into account Allocation Constraints.	CZC
Curtailment	Market situation when the minimum or maximum technical price limits are reached in a particular Bidding Area and hour. In this situation, multiple orders match the market clearing price and are therefore only partially fulfilled.	-
CWE Market Operator	Operator responsible for the CWE internal borders, for sending the Market Coupling Results to the TSO CS for validation purposes and for forwarding the PCR communications to the CWE parties, according to the CWE procedures. [redacted]	CWE MO

CWE TSO Common System	System to be made available jointly by the CWE TSOs consisting in:
	• Pre-Coupling Function: calculating Available Interconnection Capacity on the basis of grid forecasts delivered by each TSO;
	• Post-Coupling Functions:
	  • Net position validation: verifying, on the one hand, that the PX Net Positions calculated by the MC System are compatible with Available Interconnection Capacity as determined by the Pre-Coupling Function; and
	  • Bilateral exchange calculation: calculating, on the other hand, cross border data flows resulting from the previously determined net positions.
	• Communication Layer: the software and protocols allowing the CWETSO Common System to interact with other systems (ECP (Energy Communication Platform)), with its different functions (EPP (Energy Process Platform)), and with the operator (EPPOC (Energy Process Platform Operator Console)).
		-

CWE TSO Common System Operator	Technical manager of the CWE TSO Common System This entity is responsible for operating the CWETSO Common System, for the Pre-Coupling or Post-Coupling phases activities.	CSO
Day-Ahead Operations Agreement	Contract regulating the operations of the Day-Ahead Market Coupling of the MRC region.	DAOA
Day-Ahead Market	Market timeframe where commercial transactions are executed the day prior to the day of delivery of the traded products.	DAM
Deemed Acceptance	A situation where the Final Confirmation is considered positive due to the lack of any response (positive or negative) from the validating parties within the dedicated period.	-
End Time	Time by when a step has to be completed	-

Term	Definition	Abbreviation
Explicit (Capacity) Allocation	Allocation of Cross Zonal Capacity only, without simultaneous energy allocation and when the counter-party is known.	-
Explicit Auction	Auctions of capacities independent of energy trading transactions.	-
External Communication	Communication flow from the MRC NEMOs towards their TSOs and Market Participants.	ExC
Fallback procedure	Procedure that is triggered if the Backup procedures do not manage to solve an issue that could lead to a Partial Coupling or Full Decoupling situation.	FAL
Final Confirmation	Confirmation by the TSOs of the MC Results (after the Global Preliminary NEMO confirmation), with respect to the CZCs and optional Allocation Constraints.	-
Final Results	Market Coupling Results that are confirmed by both NEMOs and the TSOs (after the second round of validations).	-
Full Decoupling	Situation where it is not possible, for a specific day, to allocate the CZCs via the implicit allocation process for the entire price coupled area.	FD
Full Decoupling Case 1	Full Decoupling known during the Daily Market Coupling Session [redacted]	FD1
Full Decoupling Case 2	Full Decoupling known in Advance [redacted]	FD2
Full Decoupling Deadline	Latest moment in time when a Full Decoupling can be declared by the Incident Committee.	-
Gate Closure Time/ NEMO order book Gate Closure Time	Time identified for the closure of the NEMO order book. This is the last moment for a participant to enter an order in the trading platform.	GCT/ NEMO GCT
GB Virtual Hub	A vehicle, which is operated by EMCO, to facilitate the GB NEMOs inter-exchange transactions and arrange for Interconnector flows with the Interconnector operators and distribute congestion rent.	GBVH
Global Final Confirmation	Final confirmation file generated by the PMB and confirming if the Market Coupling Results are validated or invalidated by the NEMOs and TSOs. This final confirmation includes the TSOs validation.	-
Global Preliminary NEMO Confirmation	Preliminary confirmation file generated by the PMB and confirming if the Market Coupling Results are validated or invalidated by the NEMOs only.	-
High-Level Functional Architecture	Document providing the overall flow schema of MRC	HLFA
Incident Committee	Decision-making committee initiated by the PCR Coordinator as soon as the Latest Time to Start an Incident Committee is reached. There is only one IC for the price coupled regions.	IC
Incident Committee Report	Report filled and provided by the PCR Coordinator following a Market Coupling Session when an incident required the triggering of the Incident Committee.	-
Interconnector	Transmission line which crosses or spans a border between countries and which connects the national transmission systems of the countries.	-

Term	Definition	Abbreviation
Internal Communication	Email communication flow between the MRC NEMOs and their TSOs.	InC
Intraday Market	Market timeframe between Intraday Cross Zonal Gate Opening Time and Intraday Cross Zonal Gate Closure, where commercial transactions are executed prior to the delivery of traded products.	IDM
Joint Allocation Office	Joint Allocation Office resulting from the merger of CAO and CASC.EU. A service company that, on behalf of the Transmission System Operators involved, acts as a single point to implement and operate services related to the auctioning of power transmission capacity on the common borders between the five countries. [redacted]	[redacted]
MRC Joint Steering Committee	Multi-Regional Coupling Joint Steering Committee in the MRC procedures refers to the JSC in the DAOA.	MRC JSC
MRC Operational Committee	Multi-Regional Coupling Operational Steering Committee in the MRC procedures refers to the OPSCOM in the DAOA	MRC OPSCOM
Known in Advance	Situation where the critical issue leading to a Partial Coupling/Full Decoupling is already identified because the issue would have caused the Partial Coupling/Full Decoupling for the previous Market Coupling Session.	-
Latest Time to Start an Incident Committee	Latest moment in time when an Incident Committee needs to be organized by the PCR Coordinator.	-
Last Hour Flow	Traded capacity of the Last Hour of the previous day, necessary due to any ramping restrictions and optimizing volume coupling calculation.	LHF
Local NEMO IT System	IT infrastructure of a NEMO, which may include the following components: a Pre-Coupling Module, a Trading System, a Verification Coupling Module, a Post-Coupling Module and a Cross-NEMO Clearing and Settlement System.	-
Local Decoupling Organization Committee	Local decision-making committees responsible for organizing and implementing the local fallback solutions in case of decoupling.	-
Local Market Results	Results published by the NEMOs after local auctions.	-
Market Coupling	Implicit auction process to allocate the transmission capacities in a defined region.	MC
Market Coupling Results	Results calculated by the PCR Algorithm (EUPHEMIA) containing flows excluding Nordic internal flows, GB interconnectors flows, Net Positions, prices.	MC Results
Market Coupling Session	Daily auction on the Day-Ahead Market taking place on the day before the delivery date.	MCS
Market Participant	Entity authorized by a Power Exchange to submit Orders.	MP
Multi-Regional Coupling	Implicit Market Coupling of multiple regions, including:	MRC

Term	Definition	Abbreviation
	– the CWE region (Germany, France, Belgium, Luxemburg and The Netherlands), – the SWE region (Spain, France and Portugal), – the Italian Borders region (Italy, Slovenia, Greece, Austria, France); – the Nordic-Baltic region (Norway, Sweden, Finland and Denmark); – Great-Britain.	
Net Position	Netted sum of electricity exports and imports for each Market Time Period for a given Bidding Area.	NP
Network Data	Aggregated CZCs and Allocation Constraints file that is submitted by the Pre-Coupling Module of the NEMO to the PMB.	-
Nordic RSC	The Nordic Regional Security Coordinator (RSC) is the joint office for the four electricity Transmission System Operators (TSOs) in the Nordic region.	NRSC
Normal procedure	Procedure that describes the normal processes and the normal timeline of the daily Market Coupling Session.	NOR
Notification	Confirmation of the trades (Hub, Cross-border, Generation,…) by the Market Participants (or CCPs) towards the TSO.	
Notification deadline	Latest moment in time when it is possible to submit the daily notification. The deadline could be different per Hub and per type of notification (Hub, Cross-border, generation, load or injection).	-
Notification process	Process during which the notifications are sent to the TSOs.	-
Order	Intention to purchase or sell electricity, expressed by a Market Participant through a market platform subject to a certain number of execution conditions, as determined by the rules governing that market platform. An Order may refer to several Market Time Periods but refers to a single Bidding Zone.	-
Other procedure	Procedures that deal mostly with organization and communication aspects.	OTH
Partial Coupling	Situation where it is not possible, for a specific day, to allocate the CZCs via the implicit allocation for one or several areas and/or interconnectors before the relevant Partial Coupling Deadline In the PCR procedures, this term is equivalent to Partial Decoupling.	PC
Partial Coupling Case 1	Partial Coupling for CZC-related reasons ([redacted]) In the PCR procedures, this term is equivalent to Partial Decoupling Case 1 (PD1).	PC1
Partial Coupling Case 2	Partial Coupling for reasons not related to the CZCs [redacted] In the PCR procedures, this term is equivalent to Partial Decoupling Case 2 (PD2).	PC2

Term	Definition	Abbreviation
Partial Coupling Case 3	Partial Coupling Known in Advance [redacted] In the PCR procedures, this term is equivalent to Partial Decoupling Case 3 (PD3).	PC3
Partial Coupling Deadline	Latest moment in time when a Partial Coupling can be declared by the Incident Committee.	-
PCR Coordinator	PCR NEMO responsible for calculating the Market Coupling Results, organizing Incident Committees, sending official communications and operating the PMB. PCR NEMOs take the Coordinator role on a predefined rotating basis.	PCR-C
Post-Coupling	Processes that follow after the calculation and validation of the Market Coupling Results, mainly related to the Scheduled Exchanges and the Congestion Income.	-
Power Exchange	Entity providing an electronic platform for order submission by the Balance Responsible Parties that have a concluded a contract with the exchange. The Market Operator determines the market energy price for the Market Balance Area after applying technical constraints from the System Operator.	NEMO
Pre-Coupling	Processes prior to the calculation of the Market Coupling Results, related to the CZCs and Allocation Constraints	-
Preliminary Results	Market Coupling Results that are confirmed only by the NEMOs (the first round of validations) and that can be published towards TSOs and MPs	-
Price Coupled Area	All Areas coupled by a Market Coupling mechanism	-
Price Coupling of Regions	Single Market Coupling solution used to calculate electricity prices and allocate cross-border capacity on a day-ahead basis.	PCR
Price Matcher Broker	Software facilitating data exchanges between NEMOs, embedding the PCR algorithm, used to operate the Price Coupling of Regions and to provide the Market Coupling Results.	PMB
NEMO Operator	Person on-duty operating the NEMO Trading System.	-
NEMO Pre-Coupling Module	Part of the Local NEMO IT Systems dedicated to the reception and aggregation of the Cross Zonal Capacities and the Allocation Constraints from the TSOs and to the sending of this file to the PMB.	-
NEMO Trading Systems	Electronic systems hosted and operated independently by the NEMOs for ensuring the daily auctions on the Day-Ahead Market.	-
Ramping Constraints	Term used for the maximum change of the power flow on an Interconnector between two consecutive hours.	-
Publication time/ Regular Publication Time	Time included in the Global Preliminary Confirmation file and representing the earliest time when the Preliminary Market Coupling Results can be published. [redacted]	-

Term	Definition	Abbreviation
Request for Change	Form included in the Change Control Procedure MRC_OTH_05.	RFC
Rules of Internal Order	Guidelines that govern the meetings and the way of working of the related committee, recommended procedures to ensure that the decision makings are run in an orderly manner.	RIO
Scheduled Exchange	Transfer scheduled between Bidding Areas, for each Market Time Period and for a given direction.	-
Scheduled Exchange Notification	A message to be sent from the CCP Systems to the TSO Back-End Systems to notify the TSOs that the Scheduled Exchanges have been processed.	-
Second Auction	Reopening of the NEMO order books triggered when the results of the first calculation include prices that are above or below the predefined Thresholds for one or several hours. During the reopening, Market Participants are allowed to modify their orders.	-
Shadow Auction	System that enables to organize explicit auctions for the Day Ahead Capacity Allocation after Full Decoupling or Partial Coupling pursuant to the Fallback procedures	SA
Shipping Agent	Entity performing the function of transferring the Net Position(s) between different Central Counter Parties.	-
Special procedure	Procedure dealing with specific processes that occur only in exceptional situations.	SPE
Target Time	Latest point in time when a Backup procedure should be triggered	-
Thresholds	Predefined price limits where a Second Auction is triggered.	-
Trading Confirmation		-
Transmission System Operator	Entity performing a function referring to various tasks and operational responsibilities, including the physical delivery of energy resulting from the Day Ahead Market transactions and from all Interconnectors which have an impact on the Cross Zonal trading of electricity. In these procedures, TSOs or party entitled by TSOs are always referred to as the TSOs.	TSO
TSO Back-End Systems	Part of the IT systems of the TSOs dedicated to producing the data for capacity calculation.	-
TSOs Post-Coupling Module	Part of the IT systems of the TSOs dedicated to the Scheduled Exchanged calculation and distribution.	-
TSOs Pre-Coupling Systems	Part of the IT systems of the TSOs dedicated to the calculation of the Cross Zonal Capacities under a common grid model and a coordinated capacity calculation methodology.	-
TSOs Verification Module	Part of the IT system of the CWE TSO Common System, dedicated to the validation of the following: - the Market Coupling Results and Net Positions for the CWE Bidding Zones; - the Scheduled Exchanges on the non-CWE interconnectors (when required by the relevant TSOs).	-

Term	Definition	Abbreviation
	This module also calculates the CWE Net Positions (derived from the Net Positions and the non-CWE Scheduled Exchanges).	
Verification Coupling Module of the NEMO	Part of the Local NEMO IT System that validates the PC Results and the Net Positions per Bidding Area against the CZCs and ACs.	-
Zero File	CZC file which contains zero values needed in case of a decoupling at the Interconnector level.	-