

Prerequisites for becoming a NEMO

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What is a NEMO?

NEMO stands for a Nominated Electricity Market Operator as per the definition in art. 2 of EU Regulation 2015/1222 of 24 July 2015 ([CACM Regulation](#)). A NEMO is an entity designated by the competent authority (national regulatory authorities (NRAs), unless otherwise provided by Member States) to perform tasks related to single day-ahead or single intraday market coupling. NEMOs are the organizations mandated to run the day-ahead and intraday integrated electricity markets in the EU.

The NEMO designation criteria are stipulated in art. 6 of the CACM Regulation. In order to become a NEMO, the applicant shall demonstrate that it continuously meets specific technical, financial, and operational criteria, among others. Additionally, they must also ensure open access to information, operate cost-efficiently with separate accounts, maintain business separation from other market participants, and treat all participants non-discriminatorily. Appropriate market surveillance, transparency, confidentiality agreements, clearing and settlement services, and coordination systems with national TSOs are required as well.

Each NEMO is responsible for the implementation of the MCO (Market Coupling Operator) function, to be carried out in coordination with other NEMOs, namely to:

- develop and run a specific algorithm to match the optimal way bids and offers within the SDAC and SIDC markets;
- develop and maintain dedicated procedures for SDAC and SIDC;
- process input data on cross-zonal capacity and allocation constraints provided by coordinated capacity calculators or TSOs;
- validate and share with all NEMOs on a non-discriminatory basis the results of SDAC and SIDC.

The MCO function activities are specifically governed by the MCO Plan (terms and conditions and methodology provided under Art 7 of CACM) and by the All NEMO Cooperation Agreement which any NEMO must enter into after its designation process is completed.

NEMO designation step by step



If a company has already been designated as a NEMO in a EU country, it is entitled to offer day-ahead and intraday trading services with delivery in another Member State, except in the Member States where national legal monopolies are established. The designated NEMO must notify the designating authority of another Member State if it proposes to perform single day-ahead or intraday coupling in that Member State two months before commencing operation.

A list of designated NEMOs is available on the [website](#) of the Agency for the Cooperation of Energy Regulators.

NEMOs tasks

Together with the MCO function, NEMOs are also in charge of following tasks within different timeframes:

- Collect bids and offers from market participants;
- Assess the results calculated by the MCO function;
- Inform market participants about the results of their orders;
- act as central counter parties for clearing and settlement of the exchange of energy resulting from SDAC and SIDC;

- Establish requirements for SDAC and SIDC, MCO function and coupling algorithms;
- Jointly provide SDAC and SIDC cost forecasts and cost information to competent NRAs and, where relevant, to TSOs;
- Establish jointly with relevant NEMOs and TSOs back-up procedures for national or regional market operation;
- Where applicable, in line with CACM Regulation, coordinate with TSOs to establish arrangements concerning more than one NEMO within a bidding zone and perform SDAC and/or SIDC in line with the approved arrangements.

Once designated and upon becoming party to the All NEMO Cooperation Agreement, NEMOs become members of [the All NEMO Committee](#). The All NEMO Committee facilitates the cooperation among NEMOs for all common European tasks necessary for the efficient and secure design, implementation and operation of single day-ahead and intraday coupling. The All NEMO Committee is a contractual decision-making body without legal personality, formed by the appointed representatives of each NEMO. The All NEMO Committee also ensures compliance with the CACM Regulation, the MCO Plan and related contracts and relevant methodologies.

While an entity is in the course of its NEMO designation, what can be done ?

An entity that has submitted an application to become a NEMO may enter into a confidentiality arrangement in order to receive the relevant contractual documentation to be entered into following the completion of its designation process.

If such an entity is also an existing power exchange, it may in addition apply to become an observer of the various market coupling cooperations among NEMOs and TSOs or NEMOs only. Once granted, the observership entitles such entity to attend (in silent mode) certain meetings and to have access to certain sections of the market coupling on-line archive.

A NEMO has been designated. What is next?

Adherence to the contracts below (a non- exhaustive list):

- PanEuropean Contracts
 - All NEMO Cooperation agreement among all NEMOs
 - cooperation agreements among all NEMOs and all TSOs
 - cost management agreement between all NEMOs, all TSOs and JAO S.A.
 - contracts with IT system/service providers of the market coupling assets
 - contracts with the providers of project management services
- Regional contracts
 - regional cooperation agreements among relevant NEMOs and TSOs
- Bilateral contracts

- contracts for clearing and settlement with each of the NEMOs or their delegated CCP on the relevant electrical borders

As highlighted above, the designated NEMO must previously enter into a confidentiality arrangement to receive the contractual documentation listed above. Such confidentiality arrangement may be entered into also during the course of its NEMO designation process.

Abbreviations can be found here: <https://www.nemo-committee.eu/glossary>

About the All NEMO Committee

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<https://www.nemo-committee.eu/index>

