

Minutes from Nord Pool's Customer Advisory Board meeting

28th May 2020 – Nord Pool AS, Lilleakerveien 2A, 0283 Oslo, Norway

5/20 Opening and introductions of visitors

Marianne W Jenssen welcomed everyone and introduced new CAB members. Jean Baptiste de Gabory, Uniper joined as a new permanent member.

Re comments to minutes from last meeting: Marianne informed CAB that the TSOs will continue to publish the capacity reason codes after Nordic MNA goes live, which was earlier not the case.

Secondly, the migration to new Auction system for Nordic and Baltic customers is delayed from information given last meeting and will be re-addressed with new timeline is Q1/Q2 2021.

6/20 Nordic MNA Update

An update was given by Emma McKiernan on MNA go live. It was assured to CAB that Nord Pool is ready and very confident to abide by the go live date of 3rd June 2020.

No need for customers to make any technical adaptations as Nord Pool will provide a seamless launch of Nordic MNA.

Further it was also emphasised that robust operational procedures enabled Nord Pool to handle any unforeseen exigencies to smoothly roll back the systems, so that minimal effect and least inconvenience is experienced by the market participants.

9/20 Presentation and Discussions on Market Design Topics

Introduction - Hans Randen – Nord Pool/EMCO

A brief introduction to the topics to be discussed were given about the implementation of Flow-Based capacity allocation (FB) in the Nordics and 15min ISP. The organisation of the FB project, which now includes NEMOs, was presented as well as activities and roadmap going forward.

It was made clear to CAB that Nord Pool will continue to work for a holistic approach to new market design. With regards to FB, Nord Pool will bring the voice of the customer to the relevant fora as well as in its own right work for implementation and a close follow up on relevant KPIs to secure a continuous transparent market as well as visibility in social welfare parameters. Trust in the process and open dialogues between NEMOs, TSOs and market participants is important for a successful and satisfied implementation of FB in the Nordics.

Hans Randen further informed that Nord Pool/EMCO is actively involved in the process and voicing its customers' concerns on simulations and adequate analysis required to gain the trust of market participants. Special cases to include extreme instances of price, seasons etc are also being pushed strongly to make the study more robust and pragmatic.

The topic of FB capacity allocation was also addressed by presentations from certain CAB members stating their views as input to the discussions.

To conclude, CAB advocated for more transparency in the process, clearer and robust KPIs to identify benefits of flow based and send a clear signal to the markets to trust the process.

The following statement was given by CAB:

“Customer Advisory board stressed that it is important to have a transparent Flow Based project, with well-defined and agreed KPIs demonstrating the social welfare benefits, measures to ensure transparency of low Flow Based and a robust and holistic focused foundation for day ahead and intraday before Flow Based is implemented”.

15 min ISP – Hans Randen

Hans Randen reminded CAB about the legal obligation of TSOs to implement 15 min ISP as per EBGL guideline. And informed that Nord Pool will also implement 15 min MTU in DA and ID in sync with the 15min ISP. Two different approaches namely step wise and big bang were explained. The step wise approach brought complexity in additional development of cross matching products thereby increasing costs. Whereas big bang approach would be more simplistic in approach. CAB favoured the big bang approach to implement 15min MTU products.

The following statement was given by CAB:

“Customer Advisory Board is supporting Nord Pool’s position on the implementation of 15 min MTU in SDAC. The complexity and cost should be kept to a minimum and to secure a focused and robust approach by all impacted parties the solution is to implement 15 min ISP MTU in SDAC for all countries in one go”.
Until such time the focus should be on 15 min products in SIDC, trading closer to real time and intraday auctions”

10/20

Lobbying Topics

CAB was informed about the lobbying topics and their progress mainly pertaining to 4th February 2020 partial decoupling event, where majorly the focus was on extending timeline for TSO nomination in exceptional cases where a NEMO or MRC cannot submit the order book. Further it was also highlighted that 10 minutes were not sufficient

for reopening of order books to adjust positions. It was made very clear about Nord Pool's commitment towards robust and strict operational procedures with essential fall-back procedures. Keeping the SOBs secure was of paramount importance irrespective of the exigency. Additionally, it was informed that only after end of June there would be some clarity on GB being a part of single electricity market.

7/20 Nord Pool roadmap and specific focus on changes in risk model

Anstein Eie informed CAB about current developments of the Nord Pool risk model to meet the changing market environment. It should be noted that on average 30% decrease in collateral costs were observed with the new model, with Nord Pool keeping security and risk at the same high level in addition allowing the market participants to see lower cost and collateral when trading with Nord Pool. CAB was assured that the risk model was designed to increase efficiency, optimise costs at the same time not compromising the risk element.

Other milestones in the roadmap included adding new interconnectors, market expansion to Poland, Back up SIDC solution and migrations to new auctions platform among the many in the customer driven roadmap of 2020.

The following statement was given by CAB:

"CAB welcomes the changes to Nord Pool's collateral model as a positive development allowing for further efficiency in total cost of trading with Nord Pool; reduction in total cost of trading without compromising on robustness and counterparty risk. "

8/20 Nord Pool's UMM service

The discussion was continued from the last CAB meeting on 27th February 2020. Marianne asked for customers' advice on certain dilemmas related to different practice of publishing messages on the Entso-e and UMM platforms sometimes resulting in confusion on the actual status on capacity and flow on cables between Ge-LU and De. The feedback was that CAB unanimously expressed that they rather see Nord Pool continuing current practice than stop publishing messages from Entso-e platform though NUCS on this boarder

Nord Pool General Update

Total Day Ahead YTD (Jan April) 2020: 270,79 TWh (2019: 282,85 TWh). Total Intraday YTD 2020 9,57 TWh (2018: 6,33 TWh). All figures are buy+sell.

Nord Pool volume figures for Jan – April are in line with last year (YoY), Intraday has seen significant growth, CWE Intraday market has 100% growth YoY.

The following dates are decided for next meetings

- **Thursday 8th October 2020**
- **Thursday 4th February 2021**

Place to be decided and informed about in due time

The following were present in the meeting

Jan Harald Sæth - Kinect, Håkon Egeland, Statkraft Energi AS, Thomas B. Houlind – Energi Danmark, Torbjørn Haugen – Markedskraft, Trond Strøm, Statkraft, representing NAET, Sebastian Sundberg - Fortum, Eero Sirendi - Eesti Energia, Stefan Forsgren – Skellefteå Kraft AB, Johan Hagsten – Vattenfall AB , Frank Rasmussen– Ørsted, Per-Eilert Vierli – Hydro, Pekka Tynkkynen- UPM Energy Oy, Diana Kazakevič – Ignitis Lithuania, Jean Baptiste de Gabory – Uniper.

Nord Pool :- Kari Ekelund Thørud, Marianne W Jenssen, Hans Randen, Emma McKiernan, Anstein Eie, Jwalith Desu

Minutes: - Jwalith Desu/ Marianne W Jenssen