



NWE Stakeholder Forum in Brussels, 26 September 2012

# NWE Day-Ahead Price Coupling

## Project Planning





# NWE Price Coupling Project – planning

## AGENDA:

- Next steps on the technical side of the project:
  - Development
  - Local testing
  - Integration and simulation testing
  - Member testing
  - Go-live preparation
- Next steps on the governance side of the project
- Next steps on the regulatory side of the project
- Overall planning



## NWE Price Coupling – next steps (1)

- Following separate development and implementation projects need to be finalized before the overall NWE Price Coupling solution can be tested:
  - PCR development ( Price Coupling system of the PCR PXs)
  - Physical and financial shipping solution for the CWE – Nordic interconnections to be developed by the CCPs in replacement of EMCC.
  - Intra GB virtual hub solution
  - Physical and financial shipping solution for the IFA cable
  - Physical and financial shipping solution for the BritNed cable
  - Adaptations to the TSO CWE Common system
- The current planning for these projects is to finalize the development and the local testing of the solutions by mid Q1 2013.



## NWE Price Coupling – next steps (2)

- Testing of the NWE Price Coupling Solution will be performed jointly by the NWE parties after the implementation and testing of the systems and processes in each individual region.
- The testing aims at validating:
  - Systems implemented at local level are consistent with each other and allow the correct processing of the price coupling.
  - Procedures designed by NWE are consistent with local procedures and realistic when applied in real conditions.
- Testing includes normal operations (normal scenarios) as well as backups and fall back (back up- and fall back scenarios).



## NWE Price Coupling – next steps (3)

Following test phases are foreseen:

1. Connectivity test
    - Technical tests to ensure that data can be exchanged and integrated correctly through the NWE chain
  2. Integration test
    - Tests on the local systems to validate that they meet the requirements in terms of functionality in an integrated environment
  3. Simulation test
    - Tests by operations to validate that the whole chain of systems meets the requirements in real time and is consistent with the designed procedures.
  4. Member test
    - Tests with market participants to introduce them and to familiarize them to the future NWE operational process
- The elapsed time for the first 3 test phases ( connectivity, integration and simulation tests) is estimated to be 10 to 12 weeks.



## NWE Price Coupling – next steps (4)

- The elapsed time for the Member test will be approx. 2 weeks.
- To inform the market and organize the member test following communication is foreseen before the start of the member test:
- 2<sup>nd</sup> stakeholder event
  - Targeted for beginning Q2 2013
- Member updates per power exchange
  - Description of the changes
  - Input from members on timings, procedures and fallback early 2013
  - How to participate in the member testing
  - Type of tests that will be performed during member test (normal runs, fall back)
  - Practical information on member test environment (how to connect etc.)
- NB. The local trading systems of the Power Exchanges will not change !!



## NWE Price Coupling – next steps (5)

- On the governance side of the project following tasks need to be performed:
  - Put a contractual structure in place with a cooperation on NWE level of the operations of the 3 regions, in compliance with the existing regional contractual frameworks and local contracts.
  - Adapt the existing contracts where necessary in the context of NWE
  - Draft new contracts where necessary (e.g. GB, shipping solutions for the CWE – Nordic interconnections etc.)
- All contractual work needs to be performed in parallel with the development work till mid Q1 2013, to assure regulatory approvals in due time for the go-live.



## NWE Price Coupling – next steps (6)

On the regulatory side of the project following tasks will be performed:

- Progress reports towards the regulators
  - 1<sup>st</sup> report was sent in July 2012
  - 2<sup>nd</sup> report is due for 3<sup>rd</sup> week of October 2012
  - Parties intend to send a 3<sup>rd</sup> progress report before end of year 2012
- The approval package (full set of documentation) should be ready by mid Q1 2013.
- The regulatory approval process is foreseen starting from mid Q1 till mid/end Q2 2013.



## NWE Price Coupling – next steps (7)

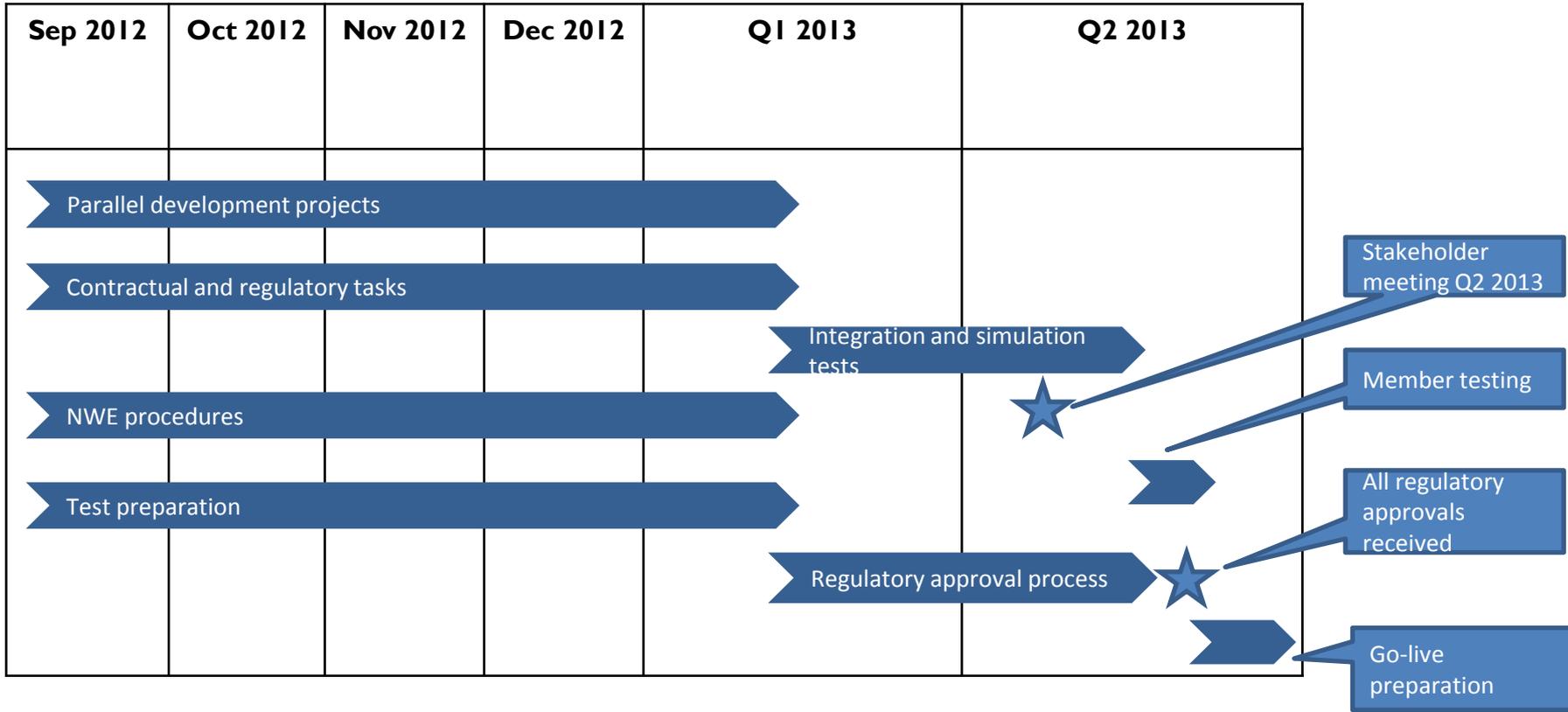
Go-Live preparation:

- Only after successful member testing the final decision for a Go-Live date can be taken
- Elapsed time of the Go-Live preparation phase is approx. 2 to 3 weeks.



# NWE Price Coupling

- Overall targeted planning:





## NWE Price Coupling

- Successful and timely implementation of the NWE Price Coupling Solution is subject to:
  - Timely finalization of the design of the solution (where not finished yet)
  - Timely delivery of the separate regional development projects as part of NWE Price Coupling solution.
  - Successful finalization of integration and simulation testing
  - Successful finalization of the member testing
  - Timely reception of all necessary regulatory approvals
- If any of the above steps takes more time than estimated or cannot be successfully finalized, this will have an impact on the planning.



# NWE Price Coupling

- Practical information
  - All the presentations given today are downloadable from following website:
  - [http://www.acer.europa.eu/Electricity/Regional\\_initiatives/Meetings/North%20West%20Europe%20Price%20Coupling%20Stakeholder%20Forum/default.aspx?InstanceID=1](http://www.acer.europa.eu/Electricity/Regional_initiatives/Meetings/North%20West%20Europe%20Price%20Coupling%20Stakeholder%20Forum/default.aspx?InstanceID=1)
  - The NWE parties will also publish the presentations on their websites.
  - Tomorrow the link will be sent to all registered participants together with an evaluation form.
  - We appreciate your feedback !