

28/09/2018 Budapest - Workshop

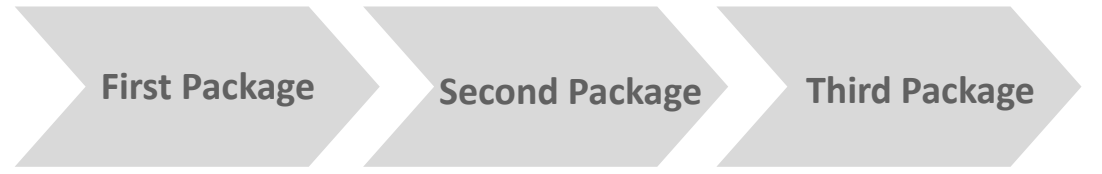
What is XBID and what are the latest updates?

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1. Background, how we got here
2. Market coupling gain
3. XBID project overview
4. What will change with the go live of XBID
 1. Gate opening
 2. Gate closure
 3. Products
5. XBID success

How we got here?



- Principles for Single Market



- Rules for liberalization
- Give more power to regulators

- Effective separation of suppliers from network operators
- Establishment of the ACER
- Independent regulators
- Establishment of ENTSO-E
- Protecting consumer rights

- Most important goals:**
- Improve the competition
 - Guarantee security of supply
 - Increase Energy efficiency
 - Promote the interests of consumers



- Forward capacity allocation
- Electricity balancing
- Capacity allocation and congestion management

Single day-ahead
Single Intraday market



The benefits of integrating European electricity markets

*„The European Commission’s Target Electricity Model aims to integrate EU electricity markets. This paper estimates the potential benefit to the EU of coupling interconnectors to increase the efficiency of trading day-ahead, intra-day and sharing balancing services efficiently across borders. Further gains are possible by eliminating unscheduled flows and avoiding the curtailment of renewables with better market design. In the short run the gains could be as high as **€3.3 billion/yr**, more than 100% of the current gains from trade.”*

**3,3 billion/year -
convincing amount**


<http://www.eprg.group.cam.ac.uk/wp-content/uploads/2015/02/EPRG-WP-1504.pdf>

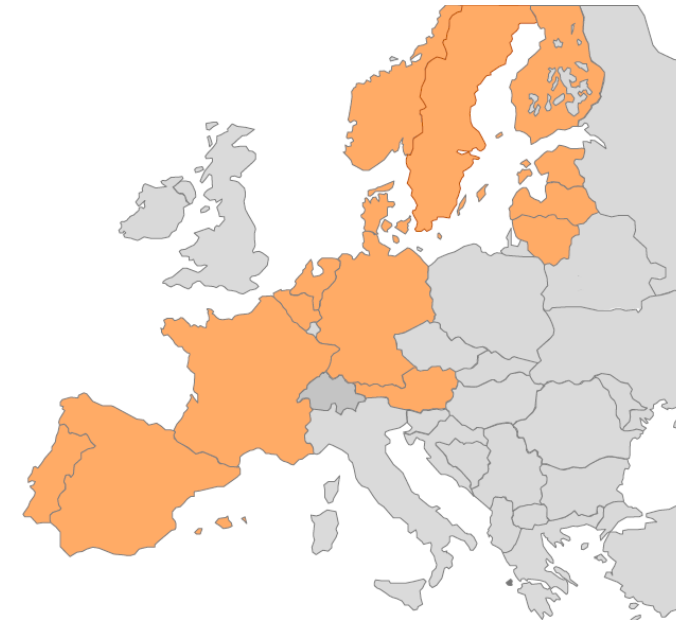
So we do it: XBID project overview

- ▶ Establish a common cross border implicit continuous intraday trading solution across Europe, where all the cross border capacities are allocated
- ▶ The **XBID Project** started as a joint initiative by Power Exchanges and TSOs from 11 countries **to create an integrated intraday cross-border market**
- ▶ Currently 47 members
- ▶ Hungary will join in the 2nd wave

Successful delivery of XBID depends on 3 different pillar



 = Countries to be coupled in 1st go-live

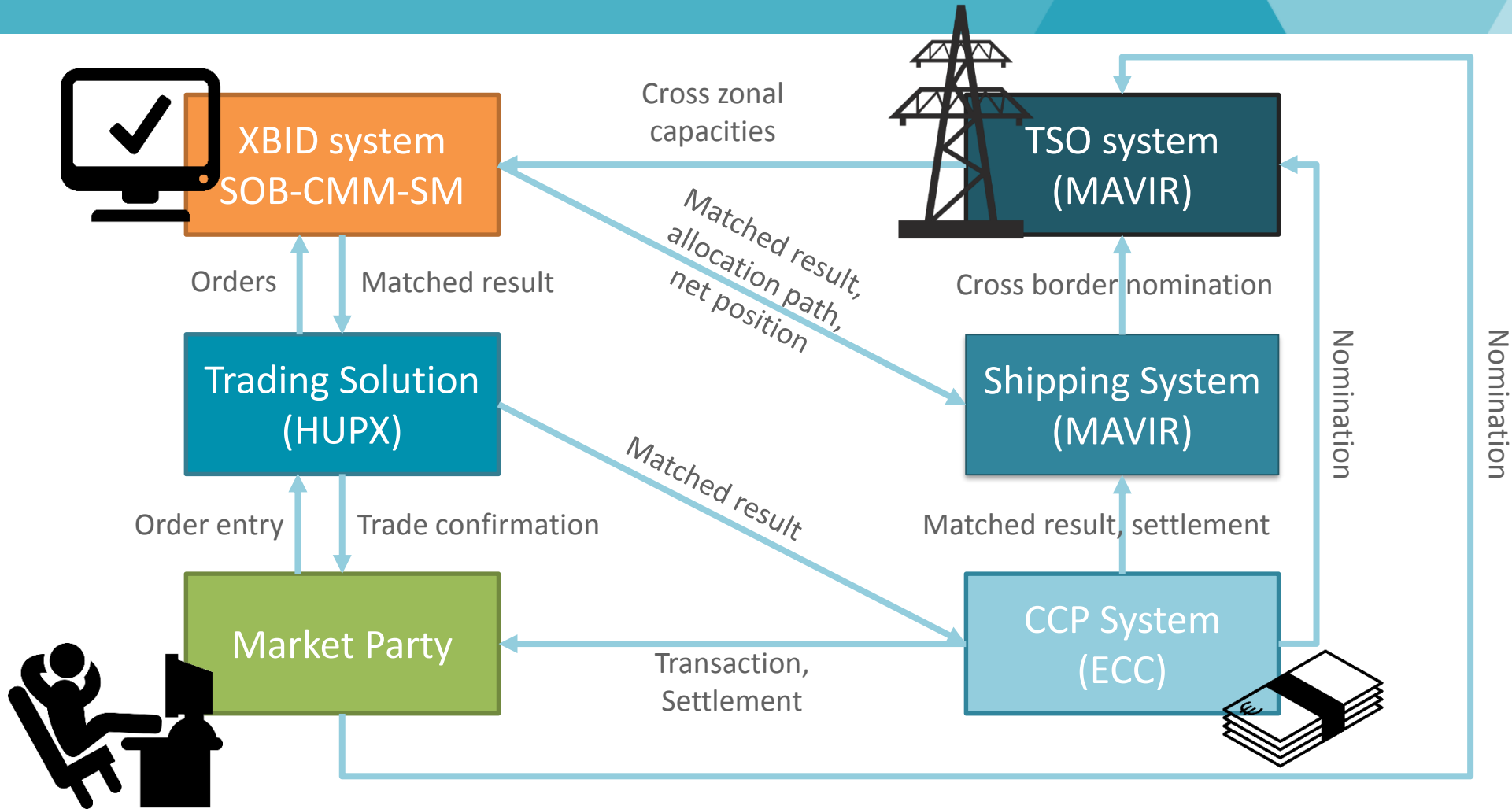


Go-live on Tuesday 12th June 2018

Successful delivery of XBID depends on 3 different pillar



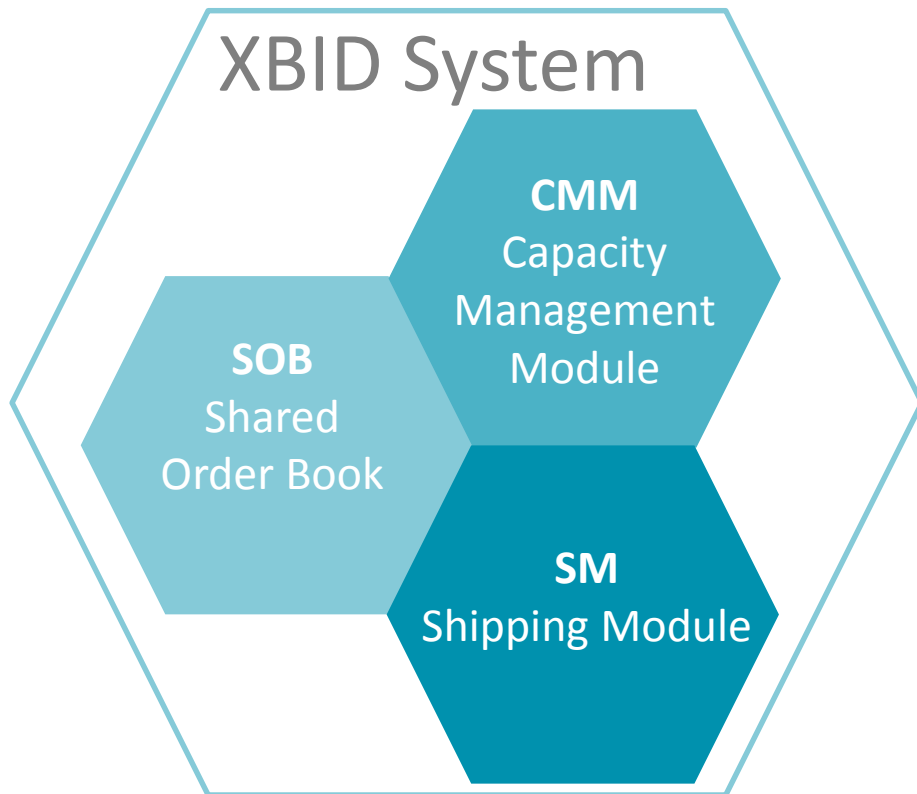
XBID – Common project / High Level Architecture



The purpose of the XBID initiative is to increase the overall efficiency of intraday trading

Successful delivery of XBID depends on 3 different pillar





SOB

- Matching of orders
- Calculation order execution flows
- Interface to Local Trading Systems
- Calculation of the Local Views of Order Books

CMM

- Implicit capacity submission on border level
- Interface to TSOs

SM

- Provides information from trades to all relevant parties of the post-coupling process.
- Between two different Delivery Areas (DAs)
- In the same DA between two different Exchange Members

Order Book Calculation

- ▶ Local views will be enriched with cross-border orders if **sufficient transmission capacity is available**
- ▶ The same order can be displayed in **multiple local views** (depending on available transmission capacity)
- ▶ Cross-border orders in the local views will be displayed **up to the available capacity**; hence orders can be shown with **partial volume**
- ▶ An **order is removed** from all local views after full execution, deactivation or deletion
- ▶ Orders that cannot be executed in the selected area because of a PX dispute are not displayed

Rules for Order Book Calculation

- ▶ Orders from other markets are selected based on available capacity and **price-time-priority**
- ▶ Traders **cannot see** in which area the orders that they see in their local order book were entered

Successful delivery of XBID depends on 3 different pillar

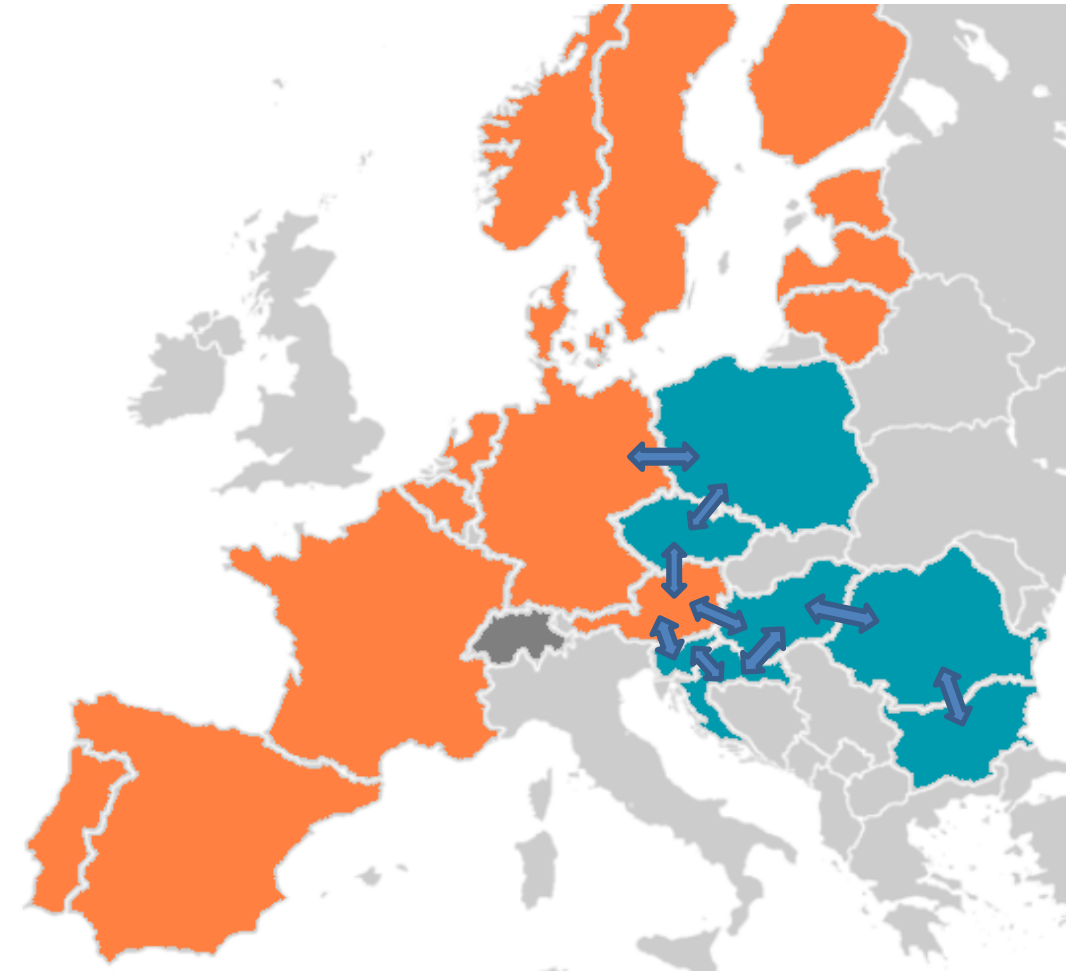


LIP 15	Part of the 2nd Go-live wave
Germany - Czech Republic	Yes
Germany - Poland	Yes
Czech Republic - Poland	Yes
Austria - Czech Republic	Yes
Austria - Hungary	Yes
Austria - Slovenia	Yes
Bulgaria - Romania	Yes
Croatia - Hungary	Yes
Hungary - Romania	Yes
Slovenia - Croatia	Yes

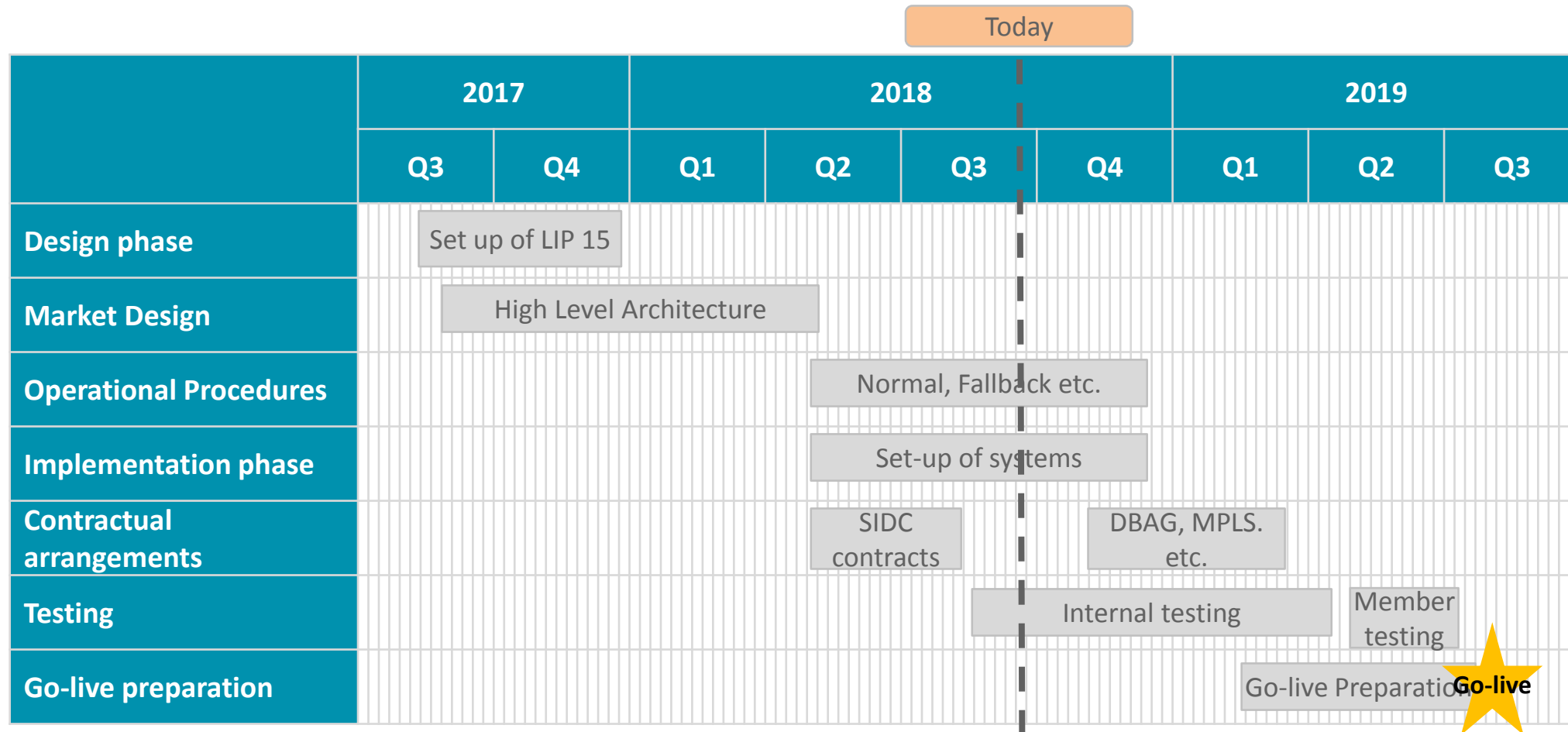
LIP 16	Part of the 2nd Go-live wave
Poland-Lithuania	Yes
Poland-Sweden	Yes

Planned go live date: **June 2019** – depends on the successful delivery of the necessary releases and tests.

Capacity allocation will be handled by XBID.
Intraday CB capacity auctions will cease to exist.



XBID – LIPs / 2nd wave High level timeline



You can test the system in April/May 2019

Inter-connector	Cross Border Gate Opening*
CZ-DE (50Herz / Tennet)	15:00
CZ-AT	15:00
AT-HU	15:00
HU-RO	15:00
HU-HR	15:00
HR-SI	15:00
PL-DE	15:00
PL-CZ	15:00
AT-SI	15:00

*to be confirmed before the go-live

Market	Local Gate Opening*
Hungary/HUPX	15:00

*to be confirmed before the go-live

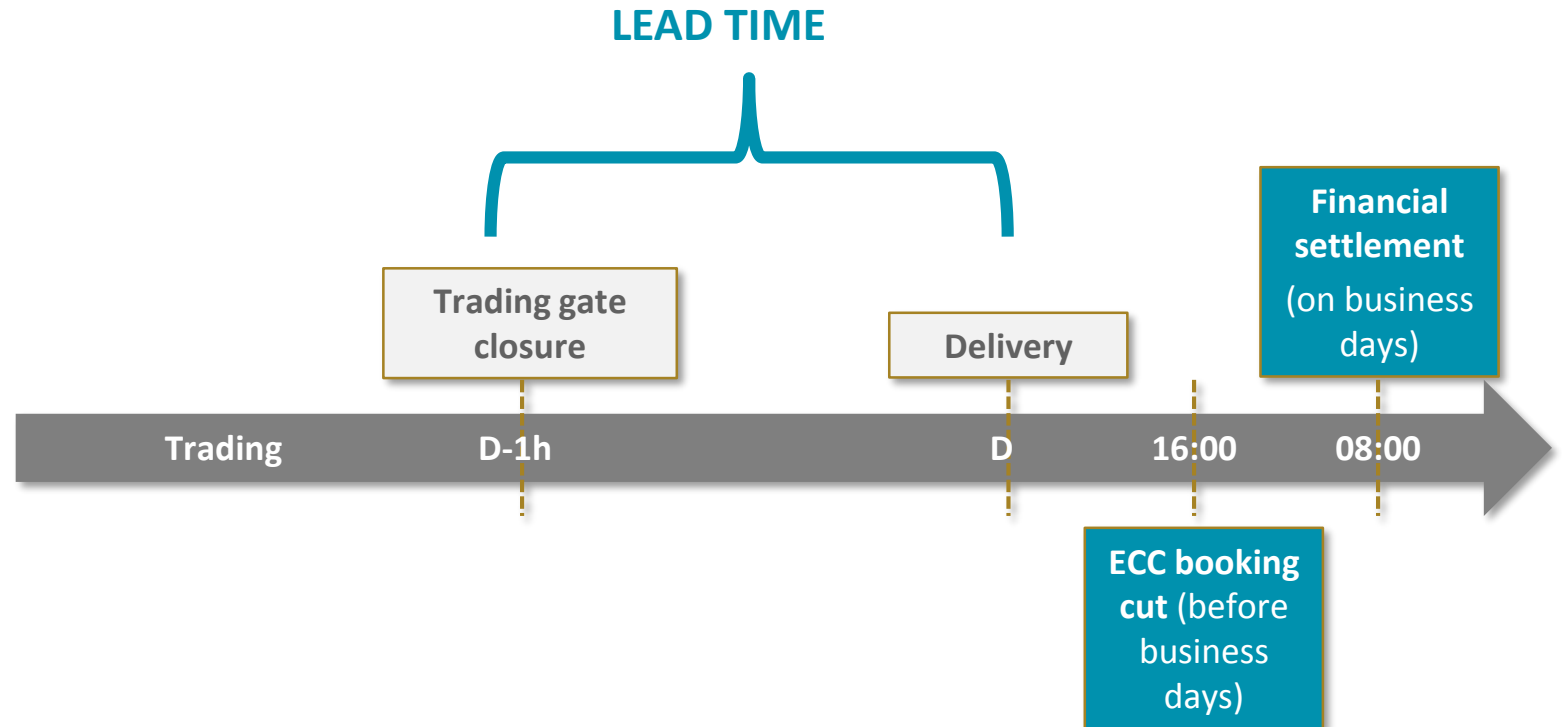
The change of Local gate opening from 15:45 to 15:00 is expected

Current gate closure time

- ▶ 90 minutes before physical delivery
 1. ECC trade processing and nomination 30 min
 2. TSO procedures 60 min
- ▶ Every 15 minutes a product expires

After go-live of XBID

- ▶ **60 minutes before delivery**



Gate Closure Time will decrease from 90 min to 60 min



Hourly product will be matched by XBID

Quarter hourly products will be matched locally

OTC registration is available only locally
Local OTC hourly product needs to be introduced

Hourly product will be matched cross border
Decomposition to Quarter Hourly products will cease to exist

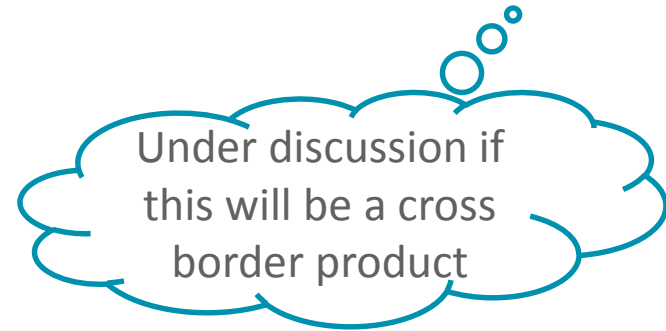
No cross product matching between Hourly and Quarter Hourly products

We are working on the introduction again

Product	Hourly	Hourly - OTC only	Quarter Hourly	Predefined Block (Base peak)	User Defined
Size	Min vol. Increment 0.1 MW				
Price tick	EUR 0.01 per MWh				
Price range	-9 999 €/MWh to 9 999 €/MWh				
Type of orders	Regular, Basket, Iceberg	OTC	Regular, Basket, Iceberg, OTC	Regular, Basket, OTC	Regular, Basket, OTC
Execution restriction	NON, IOC, FOK	-	NON, IOC, FOK	AON, FOK	AON, FOK



No decomposition



- ▶ No more Cross Border Intraday auction on the concerned borders
- ▶ Cross Border Gate opening time expected at 15:00
- ▶ Local Gate Opening expected at 15:00
- ▶ Gate Closure 60 min before delivery
- ▶ Separated Product for OTC matching

XBID – What we can reach in the future

2017	EPEX		NP		OMIE
June	3 730 401,00		1 161 567,00		N/A
July	3 589 207,00		949 014,60		N/A
August	4 204 795,00		915 908,60		N/A
2018	EPEX		NP		OMIE
June	3 985 702,00	107%	864 205,20	74%	62 487,30
July	4 142 376,00	115%	908 264,70	96%	163 249,40
August	4 911 486,00	117%	1 103 826,00	121%	314 581,30

Volume growth/higher liquidity since the go-live!

For EPEX, volume is calculated as follows:

- ▶ If trade has 2 EPEX legs full trade volume is taken into account
- ▶ If trade has 1 EPEX leg half of the trade volume is taken into account

For NP:

- ▶ If trade has 2 Nord Pool legs full trade volume is taken into account
- ▶ If trade has 1 Nord Pool leg half of the trade volume is taken into account
- ▶ 15-30-60 min contracts are included
- ▶ Block trade are separated into MWh



Thank you for your attention!



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