

TGE opens up the pan-European Intraday Market for Poland

Developments in the exchange market

Press Release

- **On 19 November, Towarowa Giełda Energii (TGE) opened the cross-border SIDC market based on the XBID model, which connects domestic electricity Intraday Markets within the European Union and enables continuous cross-border trading among entities in most European countries.**
- **Poland is one of the seven countries that joined SIDC in the second wave of implementation. The third wave for new members is foreseen for 2020.**
- **The financial clearing services in respect of the SDIC Intraday Market operated by TGE will be provided by the Warsaw Commodity Clearing House (IRGiT).**
- **Also on 19 November, the Multi-NEMO Arrangement enters into force, i.e. an agreement standardizing trading services in the multi-NEMO model for the Day-Ahead Market in Poland.**
- **TGE has been a full member of the PCR project since 2015. Thanks to co-ownership of algorithms, the decentralised Day-Ahead Market operates according to the same standard throughout the EU.**

"The XBID Platform is an instrument ensuring the alinement of the intraday market coupling in the European Union and in Norway. The launch of the platform in our country means that the operators trading on the electricity market can transact on the intraday market not only in Poland, but also with entities from all over Europe. And even though not all borders of the Polish market area will be covered in the programme from the very beginning, entering the pan-European single intraday market gives more opportunities for entities operating in Poland to participate in the European market. From the regulator's perspective, it is important that XBID is ultimately implemented on all borders of the Polish market area. Therefore, the President of the Energy Regulatory Office will continue to monitor the work progress" – said Rafał Gawin, President of the Energy Regulatory Office.

At TGE, trading on the Intraday Market (SIDC), as of today, will be conducted on a continuous trading basis, 24 hours a day. The trading will concern instruments with delivery on the next day, which start to be quoted at 14:00 on the day before delivery and are gradually removed from the market one hour before the start of delivery. Transactions on that market will be denominated in Euro, and the clearing between the Exchange and the Polish market participants will be conducted by IRGiT in PLN. The clearing and settlement model for the Intraday Market, developed by IRGiT and adjusted to the requirements of the XBID model, will allow to optimize the costs of collaterals presented by the House Members. Together with Poland, 6 more countries joined the continuous trading area on 19 November, namely: Bulgaria, Croatia, the Czech Republic, Romania, Slovenia and Hungary.

"European regulations change the reality of the domestic exchange market. TGE adapts to them, providing the highest trading standards for market participants. This is the case with the Intraday Market, which is becoming a truly European market. The Exchange is strengthening its position as one of the largest European market operators. With entering a new dimension of trading, the depth of the market will increase, the bids and asks of TGE members will be visible throughout Europe and the competition will be strengthened as a result of improved access to the wholesale markets of neighbouring countries" – said Piotr Listwoń, TGE's COO.

TGE has been involved in the Intraday Market project based on the XBID model since its inception, despite the fact that it was launched without the operational participation of the Polish commodity exchange. Officially, the TGE joined the project after the accession to two market agreements in June and July 2018. Joining the SIDC was preceded by cooperation of Poland with stakeholders from neighbouring markets within local implementation projects: LIP 15 i LIP 16. In order for this cooperation to be successful, TGE had to implement local LTS (Local Trading Solutions) software for the purposes of cooperation within the XBID model, which took place in March 2019. At that time, an agreement was signed with Deutsche Boerse AG for the implementation of the M7 application, which enables entering into transactions on the SIDC Intraday Electricity Market.

TGE has had the status of a Nominated Electricity Market Operator (NEMO) since 2 December 2015. At that time, Poland decided to adopt a competitive model, i.e. one in which at least two NEMO operators can be active in Poland. Due to the fact that it became necessary to establish the rules of functioning of the Polish electricity spot market, the Polish TSO (PSE) prepared a Multi-NEMO Arrangement (MNA) document which defines the rules of market operation and cooperation between individual NEMOs. TGE signed the operational agreement / MNA market regulations and starting from 19 November 2019 it will operate in accordance with this model on the day-ahead market and the intraday market.

Single Intraday Coupling (SIDC)

XBID (Cross Border Intraday Coupling) was launched in 2018 as a joint initiative of power exchanges and transmission system operators (TSOs) from 14 countries, aimed at creating an integrated, cross-border intraday market. In 2017, on the basis of the CACM Regulation, XBID was approved as the mechanism for Single Intraday Market Coupling (SIDC) which not only enables continuous trading of electricity throughout Europe, but also aims to increase its efficiency.

Trading is enabled by a platform developed by Deutsche Boerse AG. The SIDC-XBID solution is based on a joint trading system provided with a Shared Order Book (SOB), Capacity Management Module (CMM) and Shipping Module (SM), SM), which is centrally managed by Deutsche Boerse AG. SIDC enables the matching of market participant's orders under a continuous trading system with the orders placed in the same way by market participants in any other zone covered by the project, as long as transmission capacity is available. Ultimately, the integrated Intraday Market model will enable both implicit and explicit trading using the EUPHEMIA transaction mechanism used on the day-ahead market.

Single Day-Ahead Coupling (SDAC)

SDAC is the European Day-Ahead Market in the Price Coupling of Regions (PCR) model. PCR is an initiative of 7 European power exchanges: APX, Belpex, EPEX Spot, GME, Nord Pool, OMIE and OTE. It was established in 2009 and launched in June 2012 on the basis two documents: the cooperation agreement and a the co-ownership agreement.

The main objective of the PCR project is to standardise the IT solutions for the European day-ahead electricity market through developing a common trading algorithm for the calculation of electricity prices – EUPHEMIA (Pan-European Hybrid Electricity Market Integration Algorithm), and the communication and data exchange system (PCR Matcher and Broker – PMB). Both systems are used to calculate electricity prices and allocate cross-border capacity in the EU.

TGE has been a full member of the PCR project since the fourth quarter of 2015. In November 2016, TGE obtained all the necessary acceptance certificates for the status of an exchange operator and coordinator under the PCR model. Thereby, the Exchange has enjoyed the right to actively participate in regional market projects and implementation of EU electricity market mechanisms.