Coordinated Auction Office in South East Europe

M.Sc. Elton B. Radheshi
Director of Market Operation, OST sh.a.
SEE CAO Board of Director member
Summary

Introduction

I. Organisation

II. Services

III. Auction process

IV. Auction tool

V. Regional scope

VI. Accomplishments

Conclusions
Introduction

Coordinated auctions

- Regulation (EC) 714/2009 (3rd energy package) on conditions for access to the network for cross-border exchanges in electricity
  - EnC *acquis* communitaire (2011)

- Implementation in SEE TSOs through regional allocation office - SEE CAO
  - proof of convergence of Balkan countries with the European Union and its legislative framework
I. Organisation (1)

Shareholding TSOs:

1. Croatia HOPS
2. BiH NOS BIH
3. Montenegro CGES
4. Kosovo KOSTT
5. Albania OST
6. Greece IPTO
7. Turkey TEIAS
8. FYROM MEPSO
I. Organisation (2)

- Coordinated Auction Office in South East Europe
  - July 2012 – Project Team Company SEE CAO
  - April 2014 – SEE CAO
  - Go – Live (1st auctions): November 2014

- Podgorica, Montenegro
- Service providing company
I. Organisation (3)

I. Board of Directors
   • 9 representatives of SEE TSOs

II. Executive Director
   • Mr Aleksandar Mijušković

III. Employees (7):
   • Auction operators (x4)
   • IT expert
   • Financial officer
   • Administrative officer
I. Organisation (4)
II. Services (1)

- Auctions of cross-border capacity rights:
  - Explicit allocation
  - NTC based method
  - Marginal price algorithm
  - Long term - Yearly, Monthly
  - Day ahead - Daily auctions
  - borders between SEE TSOs
II. Services (2)

Borders between SEE TSOs:

1. Croatia – BiH
2. BiH – Montenegro
3. Montenegro – Albania
4. Albania – Greece
5. Greece – FYROM
6. Turkey - Greece
II. Services (3)

• Collecting auction revenue from the Auction participants
• Distributing auction revenue to TSOs
• Providing data to ENTSO-E Transparency platform
• REMIT reporting as Registered Reporting Mechanism
III. Auction Process

- Yearly Auction
- Monthly Auction
- Long Term Capacity Rights
- Daily Auction
- Resale
- Use of PTR
- Transfer Y, M
- Nominations, UIOSI
III. Auction process (2)

Auction algorithm (with congestion)

- Offered capacity (OC): MW
- Offers: Requested capacity (RC): MW, Bid price: €/MWh

(calculation of auction results)

1. Sorting bids by price, accepting the highest
2. Algorithm based on Marginal price - MP
III. Auction process (3)

Auction algorithm (no congestion)

- Offered capacity (OC): MW
- Offers: Requested capacity (RC): MW, Bid price: €/MWh

- RC < OC
- No congestion, no incomes for TSOs
IV. Auction Tool (1)

- Before SEE CAO
  - 7 different allocation systems of participating TSOs
  - 7 national auction rules, user accounts, colaterals, ...

- With SEE CAO:
  - Single Auction Platform
  - Capacity allocation for 6 SEE borders
  - One stop-shop:
    - registration procedure,
    - data exchange standard,
    - auction rules,
    - colateral,
    - user account
IV. Auction Tool (2)
V. Regional scope (1)
Step forward:

- unilateral/bilateral auctions performed by each TSO $\rightarrow$ coordinated auctions performed solely by SEE CAO
VI. Accomplishments (1)

- Coordinated auctions
- Common Auction Rules
- Synchronised auction timing
- New products, secondary market
- Efficient utilisation of capacities
- Transparency (EMFIP, REMIT)

SEE CAO acts as a compulsory point for energy trading in SEE
VI. Accomplishments (2)

100% efficiency:

- Maximum possible scope of borders
- 2015 - Complete success in auctions
- 2016 - Successful ongoing auctions
- 2017 - Successful commence with Yearly auctions
- No contestation on the auction results
- Good cooperation with stakeholders

<table>
<thead>
<tr>
<th>Participants</th>
<th>Borders</th>
<th>Long Term Auctions</th>
<th>Daily Auctions</th>
</tr>
</thead>
<tbody>
<tr>
<td>112</td>
<td>6</td>
<td>27</td>
<td>709</td>
</tr>
</tbody>
</table>
VI. Accomplishments (3)

Financing:

✓ All payments and settlements from the auctions performed in due time
✓ No need for collateral execution
✓ Total collected auction revenue from traders fully distributed to shareholding TSOs
✓ SEE CAO budget – financed solely by shareholders through Service Fee
VI. Accomplishments (4)

Registered Auction participants

- 112 energy trading companies
- 17 countries
- Positive feedback, good cooperation
VI. Accomplishments (5)

Benefits for traders:

- One-stop-shop
- Full transparency
- Synchronised auction and LT nomination timing
- Multiple bidding with one collateral
- Better utilisation of capacities - UIOSI
- Efficient portfolio management
VI. Accomplishments (6)

Regulations concerned:

- **EMFIP (REGULATION (EU) No 543/2013)** on submission and publication of data in electricity markets

- **REMIT (Regulation (EU) No 1227/2011)** on wholesale energy market integrity and transparency

- **FCA (Regulation (EU) 2016/1719)** on establishing a guideline on forward capacity allocation

TBD
VI. Accomplishments (7)

Data provider to ENTSO-E Transparency platform:

![Image of TRANSPARENCY PLATFORM](image-url)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Monthly</td>
<td>01.01.2018 00:00</td>
<td>BZN</td>
<td>AL</td>
<td>100</td>
<td>488</td>
<td>100</td>
<td>0.73</td>
</tr>
<tr>
<td></td>
<td>00:00 - 00:00</td>
<td>(CET)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Albania (AL)</td>
<td>01.12.2016</td>
<td>00:00</td>
<td>100</td>
<td>460</td>
<td>100</td>
<td>0.73</td>
</tr>
<tr>
<td></td>
<td>00:00 - 00:00</td>
<td>(CET)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
VI. Accomplishments (8)

REMIT reporting

• Registered Reporting Mechanism

• ACERCODE: B00062722.ME

• Transportation contracts
  – Total allocation bids and results (long term, daily)
  – Secondary market (resale and transfer)

• Borders: BAHR, ALGR, GRTR, GRMK
Conclusion

- **Next step:**
  - appliance of Harmonised Allocation Rules in SEE
  - Expanding the scope of serviced borders and participating TSOs within the SEE region
  - SEE CAO has shown its expertise and pivotal role in South East Europe electricity market
Thank you for your attention!

M.Sc.E.E. Elton B. Radheshi
SEE CAO Board of Directors Member
Director of Market Operation OST sh.a.
Tel: +355 4 2400586
Fax: +355 4 2225581
e.radheshi@ost.al

www.seecao.com