27 March 2011 CWE Incident
Public message to the market parties

What happened?

Sunday 27 March 2011, the CWE exchanges were not able to perform the coupling before the critical deadline at 14:00. After unsuccessful repeated attempts to correct the problem before 14:00, the CWE Incident Committee decided to trigger the planned fallback procedures. As foreseen in such a case, the Explicit Shadow Auction was used to allocate the ATC to the market participants. The local market results were published respectively at 14:26 in the German and French areas and at 14:38 in the Belgian and Dutch areas in order to respect the cross border nomination deadline.

The following sequence of events recapitulates the session (see messages in annex 1):

- 12:00 – CWE gate closure for PXs’ order books
- 12:35 – ITVC results delayed due to a technical issue. EPEX sends warning message to market at 12:41 that publication of results will take place later than 12:40 (level 0 message)
- 12:40 – CWE Market coupling results were rejected by the PXs due to file inconsistency
- Between 13:10 and 13:20 – messages to the market (level 1 message)
  - Announcing delay in results publication
  - Reminding participants to update their Explicit Shadow Auction bids, if they wish
  - Announcing cross border nomination deadline extension
- Around 13:30 – messages to the market (level 2 message)
  - Announcing further delay in market results publication and likeliness of a problem
  - Reminding participants again of an Explicit Shadow Auction bid update
  - Announcing cross border nomination deadline extension
- 13:40 – CASC Explicit Shadow Auction gate closure
- Around 14:00 – messages to the market (level 3 message)
  - Full decoupling
Explicit Shadow Auction results publication

PXs Order book reopening

Announcing cross border nomination deadline extension

• 14:20 – PX Order Book closure
• 14:26 – EPEX Spot market results publication
• 14:38 – APX-Endex and Belpex market results publication
• 15:30 – Gate closure cross border nominations

What was the origin of the incident?

The root cause of the decoupling is a bug in the identification of the trading date in the results file produced by the market coupling system. This bug has been identified on Monday 28 March by the system provider and is an indirect consequence of the time change that occurred the previous day.

The trading date is computed based on the delivery date, by subtracting 24 hours. Once the date is computed, the correct time setting is added. Since the short clock change day has only 23 hours and not 24 hours, the trading date returned by the formula was 26 March 2011 and not 27 March 2011 as expected by the PXs local systems which rejected the file automatically.

What were the immediate actions taken by the CWE partners?

The CWE partners followed the fallback procedures as outlined in the Exchange rules and CWE auction rules. Knowing that unexpected events can cause the CWE chain to fail, the partners had developed, in consultation with market parties, fallback procedures in order to have acceptable solutions to face such events. These procedures had been discussed and simulated with the market parties, ahead of the CWE market coupling launch.

The execution of the fallback procedures on the 27th of March (including shadow auctions) took place properly in accordance with the rules and the agreed procedures.

The CWE PXs joined their efforts together with the system providers to ascertain the origin of the problem, to fix it and to run tests before the next CWE session of Monday the 28 March 2011 to make sure that the problem will not spread or be repeated.
What were the main consequences of the lack of CWE coupling?

The fallback procedure foresees to keep the initial MCO (ITVC market coupling order) calculated by EMCC (with the assumption of a successful coupling of the CWE region) respectively in the Dutch and in the German order books. Since the CWE markets were subsequently decoupled within CWE and reopened, the resulting prices can imply adverse flows between Nordic and CWE regions.

The Belgian market, with traditionally lower domestic liquidity, turned out to clear at almost the upper maximum price set in the MC system on hour 8. Fallback procedures and the time left to the gate closure of international nomination (15:30) prevented Belpex to send a request for quote and to reopen its order book. After the closing, several stakeholders and market participants have approached Belpex on this matter, and a meeting with Belgian market parties is planned for 7 April to consider a request to revise the price for hour 8.

An overview of the market results and of the shadow auction results is provided in annex 2. Another consequence of the decoupling is that according to the CWE auction rules the forward capacity rights not used by the participants (use-it-or-sell-it) are compensated at the marginal price of the shadow auction.

What are the subsequent actions taken?

The Steering Committee of CWE has set up a task force to fully assess the incident, its origin and consequences, and to examine the need for improvements in the normal and fallback procedures, if any.

It will liaise with the Nordic partners to examine how counter flows can be avoided or mitigated in such cases.

There will be a rehearsal of the fallback procedures organized by CWE partners on the 10th of May 2011 (ITVC decoupling) and on the 11th of May 2011 (CWE decoupling) and a forum with the market participants will be organized on the 1st of June 2011.

Following this incident and the subsequent rehearsal on the 11th of May, CWE partners and CASC will seek feedback from market parties in order to optimise the procedures, if possible.
## Contacts:

<table>
<thead>
<tr>
<th></th>
<th>Contact Person</th>
<th>Phone number &amp; e-mail</th>
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</thead>
</table>
| Amprion        | Marian Rappl     | +49 231 438 3679  
marian.rappl@amprion.net |
| APX-ENDEX      | Sanna-Maria Mattila | +31 20 305 4000  
s.mattila@apxendex.com |
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danielle.schmit@creos.net |
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eva.suls@elia.be |
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mathieu.bourgade@rte-france.com |
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j.wils@tennet.org |
| TenneT GmbH    | Joëlle Bouillon  | +49 921 915 4046  
presse@tennet.eu |

### Annex 1

Hereunder are listed the different messages that were sent out to the market participants.
Level 0 message

*From EPEX Spot*

EPEX Spot is still waiting for the Market Coupling results due to delay in the ITVC process (Nordic Markets). Hence results publication will take place later than usual, i.e. later than 12:40 p.m. Results publication will take place as soon as they are provided to EPEX. If results are not available about 1 p.m. you will receive further information.

Level 1 messages

*From Power Exchanges*

**[EC_01]: Market results publication delay**

The CWE MC process has been delayed due to technical reasons or market issues. Therefore the publication of CWE market results has been delayed.

*From TSOs*¹

**[EC_01]: Market results publication delay**

The CWE MC process has been delayed due to technical reasons or market issues. Therefore the publication of CWE market results has been delayed and the nomination deadline is extended to 14:30.

*From CASC*

**CWE MC Process Delayed**

The CWE MC process has been delayed due to technical reasons or market issues. Therefore the publication of CWE market results has been delayed. Please be aware that the shadow explicit auctions based on the ATC values for CWE Market Coupling [http://www.casc.eu/en/Market-data/ATC-Based-Market-Coupling](http://www.casc.eu/en/Market-data/ATC-Based-Market-Coupling] might be triggered at 13:40 if no CWE market results are published. Therefore, we would advise you as security measure to verify the need for updating your shadow bids at CASC EXAU platform.

Level 2 messages

¹ Note that message can slightly be modified from one TSO to another, due to local features.
From Power Exchanges

[EC_02]: Market results publication delay

Please be aware that the calculation of the CWE results took some delay.

From TSOs

[EC_02]: Market results publication delay

Please be aware that the calculation of the CWE results took some delay and therefore the nomination deadline is extended to 15:00

From CASC

Market results publication delay

Please be aware that the calculation of the CWE results took some delay.

*In order to prepare Fallback, the shadow explicit auctions based on the ATC values for CWE Market Coupling may start in parallel as of 13:40 [http://www.casc.eu/en/Market-data/ATC-Based-Market-Coupling].* As security measure, we would advise you to verify the need for updating your shadow bids at CASC EXAU platform in case this situation should end up in CWE full decoupling.

Level 3 messages

From Power Exchanges

[EC_03]: CWE Full Decoupling

Due to technical problems, the CWE Market Coupling cannot be run for delivery date: 28/03/2011

APX, Belpex and EPEX are decoupled.

As a consequence of the CWE decoupling, the CWE order books will reopen again at 2:02 and close at 2:20.

From TSOs

[EC_03]: CWE Full Decoupling

Due to technical problems, the CWE Market Coupling cannot be run for delivery date: 28/03/2011

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2 Note that message can slightly be modified from one TSO to another, due to local features.
3 Note that message can slightly be modified from one TSO to another, due to local features.
Therefore the nomination deadline is extended to 15:30.

From CASC

CWE Market Coupling cannot be run

Due to technical problems, the CWE Market Coupling cannot be run for delivery date: [28/03/2011]

APX, Belpex and EPEX are decoupled.

Please refer to the website of CASC.EU to get the auction specifications and results of the CWE Shadow Auctions.
### A. Energy market results

#### APX-Endex

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#### Belpex

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#### EPEX Spot (France)

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<td>Price (€/MWh)</td>
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#### EPEX Spot (Germany/Austria)

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### B. Capacity shadow auction results

1. Companies registered for CWE shadow auctions
   - NL-BE 20
   - NL-DE 22
   - FR-BE 21
   - FR-DE 29
2. Companies which had (directional) default bids prior to the first shadow auction / have updated their bids after receiving the messages that there is a risk of decoupling (after 13:11)

- NL-BE 6/0
- NL-DE 9/2
- FR-BE 7/0
- FR-DE 14/5
- BE-NL 5/1
- DE-NL 9/2
- BE-FR 6/0
- DE-FR 13/3

3. Results of the shadow auctions

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<tr>
<th>Border</th>
<th>ATC (MWh) Total 24 H</th>
<th>Requested Capacity (MWh) Total 24 H</th>
<th>Allocated Capacity (MWh) Total 24 H</th>
<th>Price (€) (MWh) all hours</th>
<th>No. Companies that won capacity</th>
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<tbody>
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<td>16081</td>
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