

Ad Hoc Advisory Group

Intraday Trade Project

CONSENSUS on specific features of the target model (I)

- SOBF unique algorithm:
 - The Sharing of Order Books Function (“SOBF”) implies that **one unique algorithm** performs the matching.
 - This algorithm is provided with all bids of all participating PXs and takes into account all capacity data;
 - This SOBF development is critical for all further progress on the roadmap

CONSENSUS on specific features of the target model (II)

- PXs commit to develop and implement this **pan-European SOBF**
- ENTSO-E commits to develop a **pan-European Capacity Management Module** (CMM) in a one-to-one relationship with the SOBF of the PXs
 - while allowing for OTC access to the CMM on the borders where applicable as an interim solution.
 - This does not prevent that OTC goes through the SOBF where possible.

CONSENSUS on specific features of the target model (III)

- Market players (EFET, Eurelectric and IFIEC) commit to provide their **requirements for sophisticated products** to TSOs and PXs.
 - Based on these requirements, TSOs and PXs will study sophisticated products and their integration in the SOBF.
- PXs confirm the willingness to ensure **cross-PX clearing** and settlement where required: local PX remains counterparty for cross-matched bids.

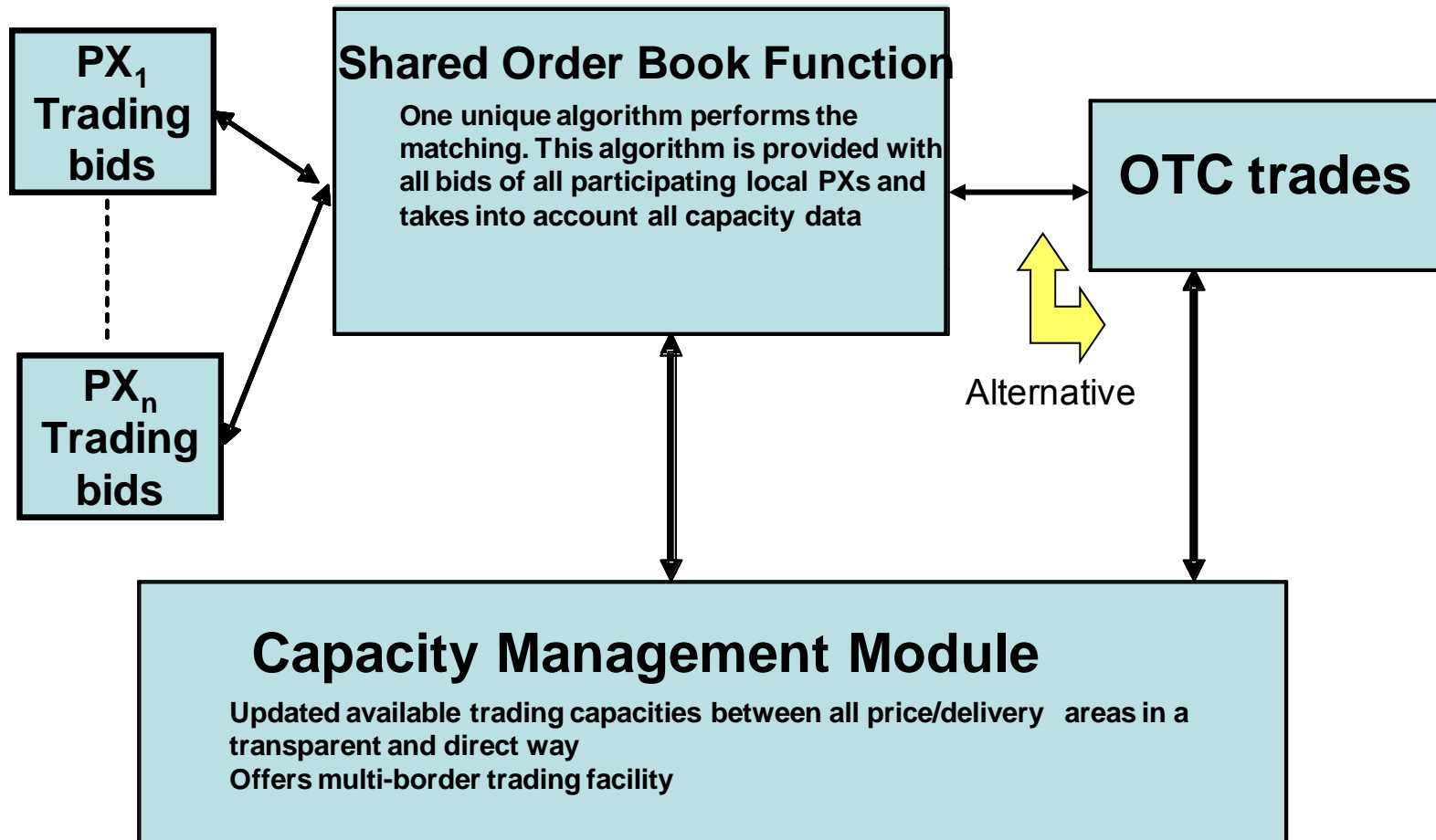
Challenges ahead

1. How to move from the existing **cross border PX platforms** to a single SOBF
 2. How to move from the **regional/bilateral capacity allocation** mechanisms to the CMM
 3. How to meet market needs concerning **OTC Trade** and cross-border balancing
- The achievement of these challenges will be addressed in the **Roadmap**.

Headlines of the roadmap

- The implementation of the SOBF function will happen in stepwise approach, evolving from standard (existing) towards more complex products;
- The parties commit to implement complex products/ additional features allowing for replacing OTC trade, subject to regulatory approval and market consultation, in order to achieve the Target Model
- At the **June 2011** Florence Forum **a timeline and implementation plan** will be presented by Europex and ENTSO-E.

Development as agreed



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Additional slides

Glossary

- **SOBF – Shared Order Book Function**
 - It collects all bids of all participating local order book ID platforms. These bids are visible by market participants to the extent they can be matched using the available cross-border capacity (e.g. a bid from Portugal will only be visible in Finland if enough cross border capacity available in the relevant borders)
- **CMM – Capacity Management Module**
 - Capacity Matrix which contains updated available trading capacities between all price/delivery areas in a transparent and direct way
- **OTC Trades – Over the Counter Trades**
 - Bilateral trades between market participants which are concluded outside the organized markets and in a cross border context they use capacity of the CMM