Opening OCM for competition

Cost assessment to aggregate outputs from multiple exchanges and publish cash-out prices in near real-time

0555R – Review of the Market Operator provision (OCM)

Why do 0555R need extra information?

Background

- UNC Market Operator Workgroup 0555R is proving/discussing options to open the OCM for competition between exchanges for customers benefit

- As precondition for competition, it might be helpful to move the task for cash-out price determination/publication from ICE Endex to National Grid
  - National Grid as neutral Market Operator seems to be more appropriated for this task
  - In line with EU NC Balancing Art. 10 (5b), that the TSO has to collect price information from multiple exchanges and publish cash-out prices without undue delay

- One question appeared in discussion about possible movement to National Grid

  "What does it cost to setup and operate at National Grid, with nearly the same publication frequency as now, but under consideration of prices of a second exchange?"

- Currently limited knowledge/experiences thereto at National Grid, so that constructive and fact-based discussions might fail without external support

- PEGAS wants to have an open, fair and fact-based discussion about that and confirmed to request cooperative MAM and TSO on voluntary base
  - About their skills and bandwidths for costs and operational efforts
  - Feedback of German MAM (GASPOOL and NCG) as well as French TSO (GRTgaz) will be shown inside the next slide

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Response of MAM/TSO – cost assessments

Feedback received from GASPOOL, GRTgaz and NCG

- Answers will be displayed anonymously with A, B, C to ensure business secrets
- One-off setup costs of IT-System for cash-out price determination/publication
  - A: 7,500-12,000 GBP → smart stand alone system with basic/minimum functionalities
  - B: 38,000-60,000 GBP → comfortable system; strong links to own **multi** exchange trading and transport capacity management frontend and therefore advanced functionalities
  - C: 4,500 GBP → for extra calculation tool; website and client portal already exists
- Annual operational costs for IT-Systems (server, licenses, staff)
  - A+B+C: 750-1,200 GBP for server, no costs for licenses (bought very customized software), no expenses for staff due to daily full automatized operational mode
  - A+B+C: non-predictable costs for project staff due to adjustments on existing IT-System
- No extra setup or operational costs for **near real-time** determination/publication
  - A+B+C: IT-Systems polling frequency will simply be reduced to near real-time
    - Still full automatically process – no manual support needed
    - Existing calculation and publication processes and server structure remains unchanged

Aggre-gate prices

Near real-time publication

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Any more questions?

More information available under www.pegas-trading.com