



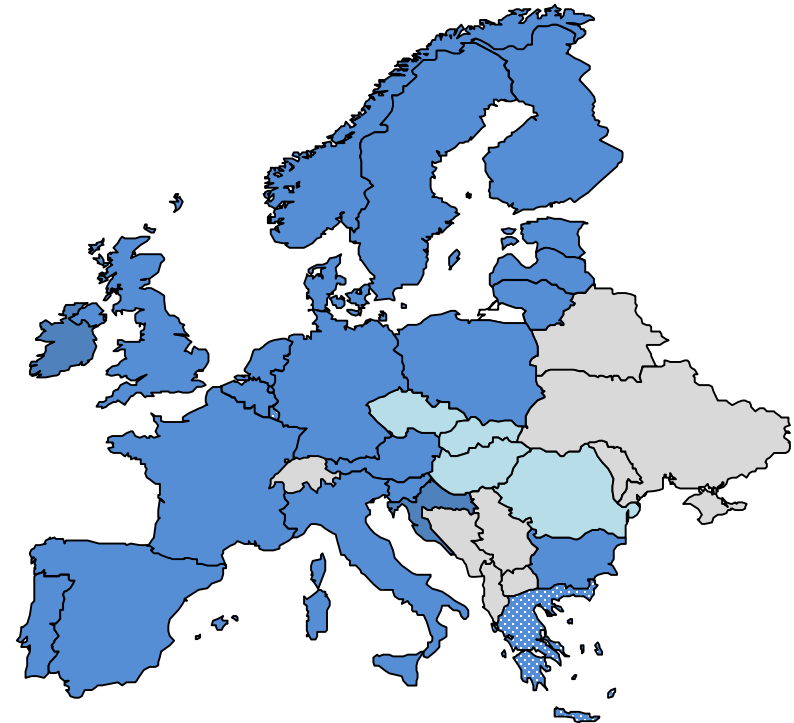
MESC

17th September 2019

Partial decoupling on 7th June 2019

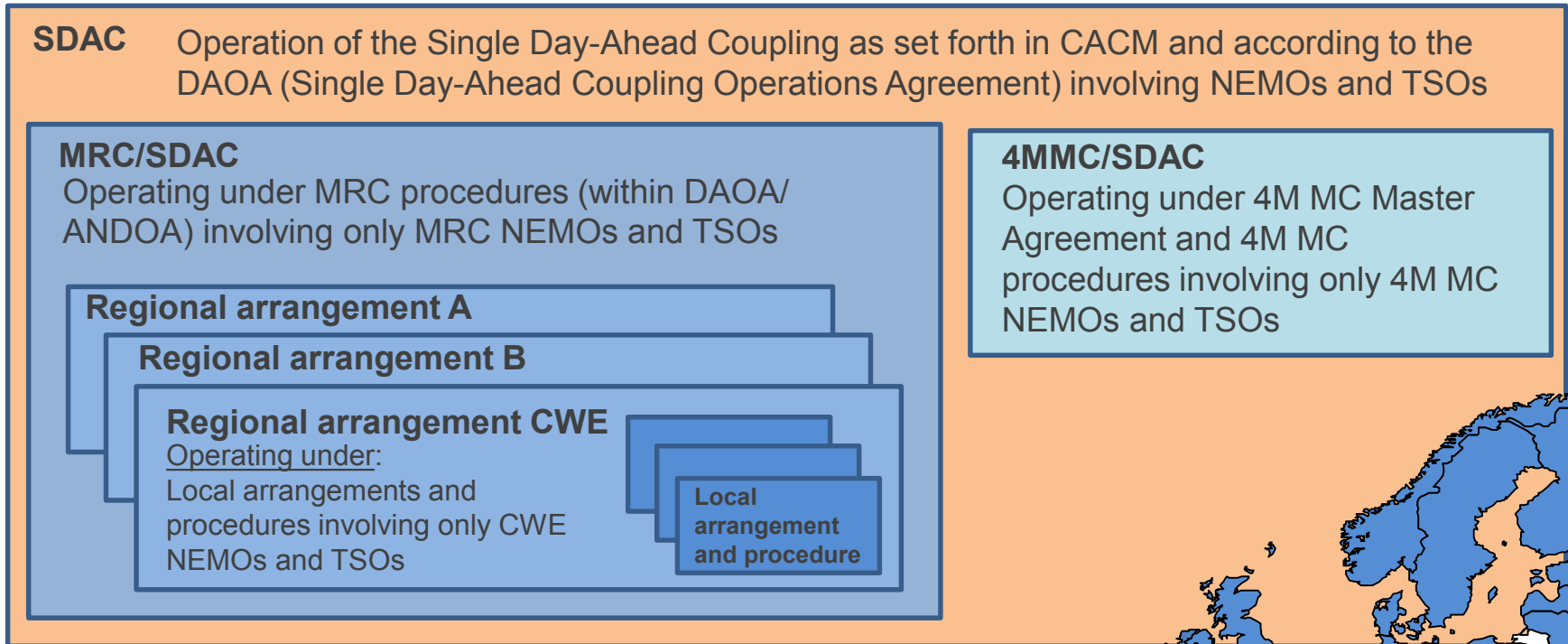
Incident investigation report

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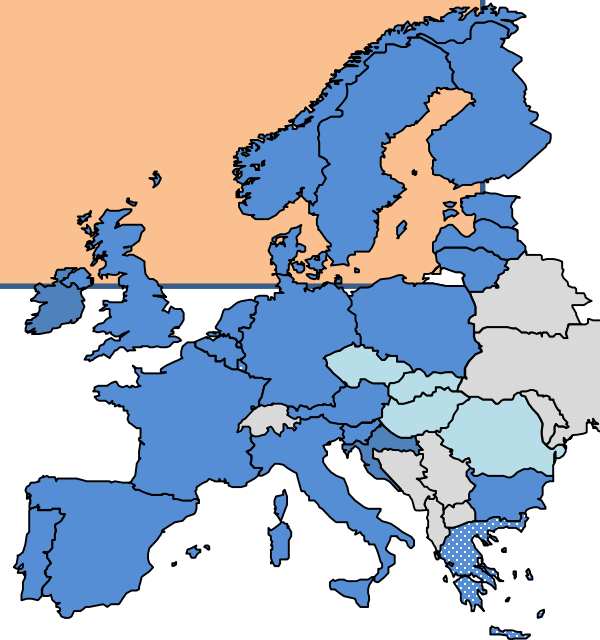


SDAC – organisational and contractual hierarchy



➔ **The decoupling incident on 7th June 2019 only affected MRC, not the 4M MC. It was the first decoupling incident after 1948 successful couplings.**

The incident was handled by applying the MRC procedures (DAOA/ ANDOA) and the regional/local procedures (fallbacks), which are annexes to the above agreements. The investigation did not detect any gaps in those procedures; however it was discovered that the timings were not fully followed causing problems later in the process.

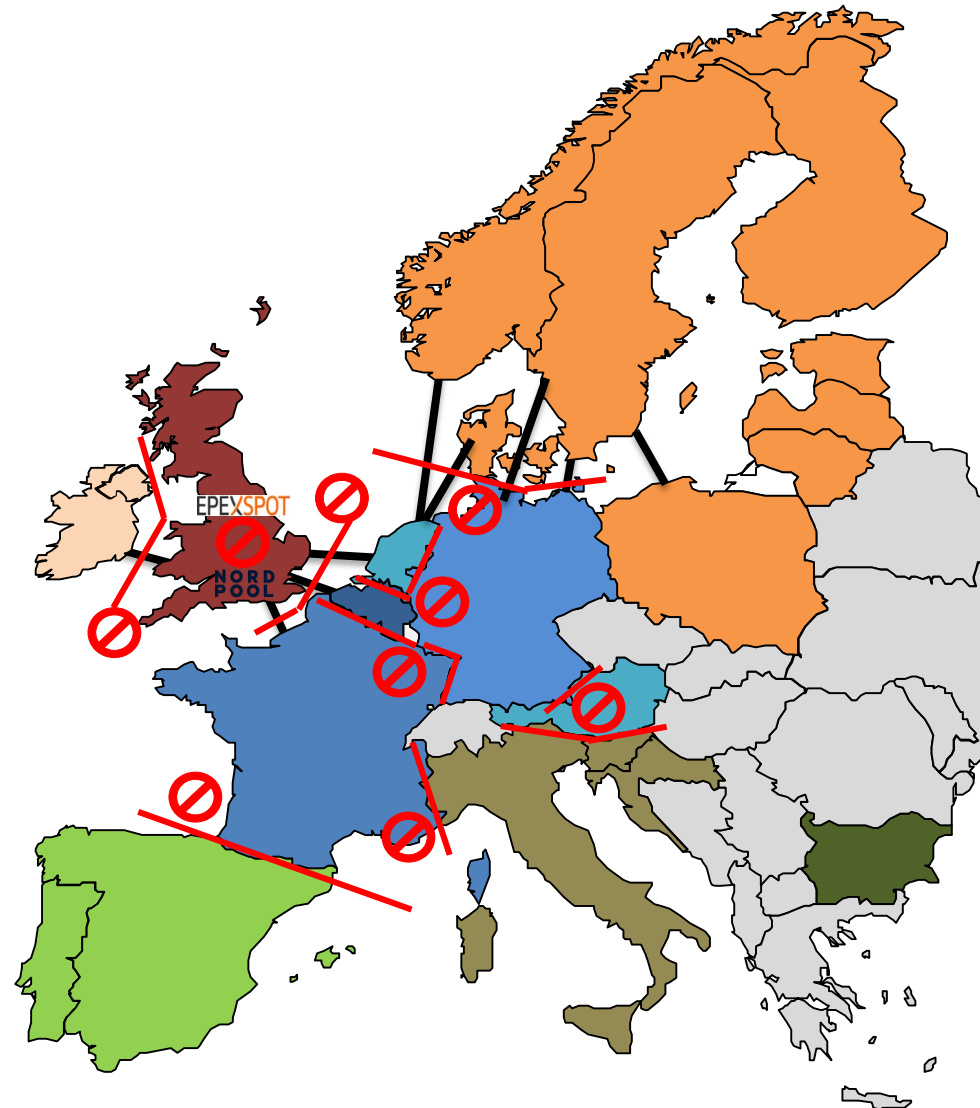





Decoupling on 7th June 2019

What happened?

- Due to IT problems at EPEX, preventing the exchange to submit their order book to the MRC within the procedural timings, CWE and EPEX GB partial decoupling was declared
- The following borders were affected:
 - CWE internal borders
 - CWE external borders
- The “nearly” full decoupling was a consequence of the geographical location of the decoupled NEMO. No different procedural arrangements could have produced a different outcome.



Note: MRC areas with same colours stayed coupled, borders labelled with  were decoupled



Decoupling on 7th June 2019

Outcome of investigations in root cause and incident management (1/2)

- The root cause was a defect in the Trading System of EPEX enabling an unsupported order to be entered by one of its market participants.
- This led to technical issues on EPEX side, that prevented the participants to submit their orders and which could not be resolved in time to meet the critical deadline of the Partial Decoupling at 12:40.
- The local problem was outside the control of other NEMOs/TSOs.
- In the attempt to avoid the decoupling and minimize impacts on the market participants, the agreed procedures (especially timings) were not fully followed on 07/06:
 - The partial decoupling declaration was postponed by 9 minutes, following information from EPEX that local IT issues were being solved.
 - Finally the issue could not be solved within these 9 minutes. This led to a further chain of events where subsequent processes were triggered too late.



Decoupling on 7th June 2019

Outcome of investigations in root cause and incident management (2/2)

- Following the partial decoupling of CWE and GB from MRC,
 - Shadow auctions for cross-zonal capacity were run by JAO
 - For DE-DK2 and NL-NO: Due to the 9 min delay, Shadow Auction results were received too late by market participants making it impossible to consider allocated capacity when bidding at Nord Pool.
 - Local auctions were run by EPEX for each local national market area.
- Further IT issue at EPEX stemming from the technical issues experienced in the morning resulted in publication of erroneous market results in its local auctions. The results were only calculated based on a part of the order books. Therefore, EPEX had to cancel the published results, recalculate and publish final results at 15:38 (instead of 14:45 according to CWE procedure) and therewith after the 15:30 nomination deadline:
 - Some TSOs managed moving the deadline to 17:00 allowing market participants to nominate based on the final local market results.
 - Other TSOs could not adjust the 15:30 deadline, meaning that market participants had to nominate without knowing the market results.
 - In either case TSOs received information necessary for security calculations too late and/or in an inconsistent way



Decoupling on 7th June 2019

Communication with market during incident

- As part of the MRC process, the following joint communication towards the market was made:
 - 12:20 risk of partial decoupling and opening of shadow auction window
 - 12:49 partial decoupling declared
 - Between 12:51-13:01 results of shadow auction were published
 - 13:20 further delay in market results



Decoupling on 7th June 2019

Lessons learned and investigation report (1/2)

Lessons learned

- Incidents do happen and parties must learn from them. Incident management procedures are in place and constantly improved based on operational experience.
- Ensuring the integrity of IT systems utilized by individual Parties in the joint SDAC process is utterly important, monitoring centralized mapping of risk areas and centralized reporting of integrity testing to be evaluated.
- **Leading principle: procedures must be followed, as they are designed for the purpose to maintain the functioning of the market even in case of (partial) decoupling. Any derogation, even with good intention, can induce cascade consequences on other processes. If procedures are deemed too stringent, they should be reviewed.**



Decoupling on 7th June 2019

Lessons learned and investigation report (2/2)

Lessons learned (continuation)

- Improvements of procedures are currently being looked at:
 - Adjust fallback procedures and deadlines to ensure they hold and can be met by all parties including market participants in exceptional circumstances.
 - Some extra time could be allocated to the ordinary process (calculation of market results) and deadlines to trigger partial and full decoupling could be postponed by overall 10 minutes without endangering other processes. Advanced assessment among the Parties is ongoing on the matter.
 - Shadow auction process timing is being reviewed and reinforced.
- Training of operators (of NEMOs and TSOs) focusing on decoupling situations across MRC must be improved.
- There is a need of better preventive communication and training for market participants.
- Ensure all affected NEMOs and TSOs are invited to incident committee.

Investigation Report

A thorough report is about to be finalized for regulators and stakeholders.