

Maribor, 29 September 2015

*Submitted application for designation as a NEMO must include the following information and documents:*

- For a candidate:
  - Name of the candidate
  - Address of the candidate
  - VAT number
  - Telephone number
  - E-mail
  - Name of the contact person
- General information on the tender for the implementation of NEMO:
  - Statement for which market coupling(s) in Slovenia you apply: day-ahead and / or intraday
  - Statement if the candidate has applied for designation as a NEMO for day-ahead and/or intraday market coupling in other trading areas
  - Statement if the candidate is already designated as a NEMO in other Member State
  - Statement whether the candidate is a national legal monopoly for day-ahead and/or intraday trading in any other Member State
- For the contact person:
  - Name and position of the contact person
  - Business address
  - Telephone number
  - E-mail
  - Power of Attorney
- Evidence that the candidate meets the criteria for the designation as a NEMO set out in the Regulation 2015/1222
- Signed statement that information submitted are truthful and accurate
- Name and signature of the authorized person of the candidate

*The tasks of NEMO can be performed only by candidates that meet all the criteria mentioned above (Article 6 of Regulation 2015/1222):*

1. It contracted or contracts adequate resources for common, coordinated and compliant operation of day-ahead and/or intraday market coupling, including the resources necessary to fulfil the NEMO functions, financial resources, the necessary information technology, technical infrastructure and operational procedures or it shall provide proof that it is able to make these resources available within a reasonable preparatory period before taking up its tasks in accordance with Article 7 of Regulation 2015/1222.

2. It will be able to ensure that market participants have open access to information regarding the NEMO tasks in accordance with Article 7 of Regulation 2015/1222.
3. It is cost-efficient with respect to single day-ahead and intraday market coupling and will in its internal accounting keep separate accounts for MCO functions and other activities to prevent cross-subsidisation.
4. It has an adequate level of business separation from other market participants.
5. If it is designated as a national legal monopoly for day-ahead and intraday trading services in a Member State, it does not use the fees in Article 5(1) of Regulation 2015/1222 to finance its day-ahead or intraday activities in a Member State other than the one where these fees are collected.
6. It is able to treat all market participants in a non-discriminatory way.
7. It has appropriate market surveillance arrangements in place.
8. It has in place appropriate transparency and confidentiality agreements with market participants and the TSOs.
9. It is able to provide the necessary clearing and settlement services.
10. It is able to put in place the necessary communication systems and routines for coordinating with the TSOs of the Member State.
11. It is able and prepared to accept other NEMOs in managing the single day-ahead and/or intraday market coupling.

*To demonstrate that the interested candidate meets the criteria mentioned above the following evidence must be submitted:*

### **Criteria No 1**

- a) Evidence of adequate capitalisation and financial security to cover its activities and risk exposure to operate efficient, reliable, and stable single day-ahead and/or intraday market coupling:
  - i. annual reports on the financial operation of the candidate for the last three business years containing disclosure of operating costs, capital, debt; analysis of financial gain, cash flow, contingency reserve and financial performance indicators;
  - ii. operational strategy for at least the next three years from which the evidence of risk assessment and sensitivity analysis undertaken are evident to demonstrate current and ongoing financial adequacy;
- b) Evidence on necessary users' platforms and interfaces, information technology, technical equipment and/or contractual level agreements on providing information technology or technical systems, including measures for

exceptional situations to ensure efficient, reliable, and stable single day-ahead and/or intraday market coupling:

- i. description and explanation of technical systems relevant for operation of single day-ahead and/or intraday market coupling, and information on the ownership of these systems or leasing arrangements;
  - ii. description of risk assessment, testing, monitoring, reporting and contingency plans to ensure technical system performance.
- c) Operational arrangements, including contractual arrangement with members, NEMOs, and TSOs, together with contingency plans, demonstrating how the candidate will deliver the NEMO's tasks. The candidate must in particular demonstrate that it has or it will enter into operational and contractual arrangements that allow other NEMO to operate day-ahead and/or intraday market coupling, as required by Articles 45 and 57 of Regulation 2015/1222:
- i. description of operating single day-ahead and/or intraday market coupling, including organisational chart (whether any functions will be delivered internally or outsourced), contingency plan and risks planning, as well as how the candidate will ensure that the outsourced work and functions are going to be carried out according to the existing rules;
  - ii. confirmation that technical systems, processes, and contractual agreement allow or will allow other NEMOs and TSOs to operate single day-ahead and/or intraday market coupling.

## **Criteria No 2**

- a) Evidence that the candidate is able to ensure market participants open access to the methodologies, rules, processes, and data required to be made public in accordance with Regulation 2015/1222:
- i. description of where and how market participants will be able to access information required to be made public under Regulation 2015/1222;
  - ii. description of where and how market participants will be able to access information in case of contingency planning.

## **Criteria No 3**

- a) Evidence that candidates have separate accounts for the MCO functions and other NEMO activities, and can report a clear breakdown of all NEMO's costs, including MCO costs:
- i. description of processes to be able to identify and separate MCO and NEMO costs;
  - ii. description of separate accounts that will be used for MCO and NEMO costs;
  - iii. description of processes to report a clear breakdown of NEMO costs, including MCO costs.

#### **Criteria No 4**

- a) Evidence of adequate business separation that includes a clear description of their corporate structure:
  - i. legal status, and place of registration;
  - ii. information on any other activities of the candidate (except for trading services for day-ahead and/or intraday);
  - iii. separate statement if the candidate owns electricity power exchanges in other EU Member States;
  - iv. the list of direct and indirect owners of the candidate (with more than five percent business share);
  - v. description of organizational structure, including a description of its board and governing body.

#### **Criteria No 5**

- a) Evidence that the candidate has separate accounts for services provided as a national legal monopoly to prevent cross-subsidisation of monopoly and non-monopoly services:
  - i. clear description and explanation of separate accounts and accounting processes in case if candidate performs and other activities as a national legal monopoly in any other EU Member State.

#### **Criteria No 6**

- a) Evidence that the candidate is able to treat all market participants in a non-discriminatory way and equal manner:
  - i. description of processes of market participants to join and use exchange services ensuring non-discrimination;
  - ii. description of trading rules applicable to market participants and ensure non-discriminatory treatment;
  - iii. description of internal process for making sure operational arrangements, contractual arrangements, and services to market participants are not discriminatory.

#### **Criteria No 7**

- a) Evidence of competences to monitor the power market:
  - i. description of trade supervisor work experiences;
  - ii. identification of involvement of employees in working bodies for implementation of single day-ahead and/or intraday market coupling.

#### **Criteria No 8**

- a) Evidence of appropriate confidentiality and transparency agreements with market participants and TSOs:

- i. explanation of processes and assessment what confidentiality and transparency agreements are required and how these will be agreed with market participants and a TSO;
- ii. copies of any existing relevant agreements or commitment to enter into the necessary agreements;
- iii. written statement of the electricity TSO, the company ELES, d.o.o., that the candidate has established an adequate information and communication system with the TSO.

## **Criteria No 9**

- a) Evidence that the candidate is able to provide by itself, or it has contracted an entity which is able to provide adequate capitalisation and financial security, together with procedures in place to ensure satisfactory settlements, necessary to clear and settle exchange of energy resulting from single day-ahead and/or intraday market coupling;
- b) Evidence that the candidate is able to provide by itself, or it has contracted an entity which is able to provide the technical, operational and contractual arrangements to clear and settle exchange of energy resulting from single day-ahead and/or intraday market coupling;
- c) Evidence that the candidates did or they will enter into operational or contractual agreements that allow more than one NEMO to operate day-ahead and/or intraday market coupling, as required by Articles 45 and 57 of Regulation 2015/1222:
  - i. description of local and cross-border clearing;
  - ii. description of conditions for the submission of financial guarantees to ensure the financial settlement;
  - iii. description of processes according to which candidate in the role of NEMO will establish what guarantees are needed for settlement;
  - iv. description and explanation of how clearing and settlement are going to be conducted, including the market rules, member requirements, and processes for clearing and settlement (including other NEMOs and TSOs);
  - v. description and explanation of the contractual agreements necessary to deliver the clearing and settlement processes (including with other NEMOs and TSOs), and confirmation the operation and contractual arrangements that allow or will allow other NEMOs and TSOs to operate single day-ahead and/or intraday market coupling.

## **Criteria No 10**

- a) Evidence of information and technical equipment and/or contractual agreements, including contingency plans for communicating with a TSO:
  - i. description of how candidate will communication with a TSO, including ownership and contractual arrangements for operating and servicing the necessary equipment;
  - ii. description of contingency arrangements, including risk planning.

**Criteria No 11**

- a) Evidence that contractual agreements with other NEMOs and TSOs allow additional NEMOs and TSOs to operate single day-ahead and/or intraday market coupling in Slovenia:
  - i. description and explanation confirming that operational and contractual agreements allow or will also allow additional NEMOs and TSOs to operate day-ahead and/or intraday market coupling.