

# Clearing and Settlement System (CASS)

Introduction to Nord Pool's new and efficient web-based Clearing and Settlement System (CASS)

## Summary:

- Nord Pool are pleased to offer all members access to our web-based clearing system, already successfully rolled out in our UK market.
- The web user interface offers members the ability to view their available collateral and to access all their trades, settlements and invoices.
- There is a Clearing API (Application Programming Interface) that can optionally be used for trade capture from the clearing and settlement platform.

## 1. What's happening?

Nord Pool is releasing a new and efficient web-based Clearing and Settlement System (CASS) as part of our on-going drive to lower costs and streamline business processes for Nord Pool members across Europe.

From 17 January 2017 onwards, members will be able to access their trade results and invoices from CASS, the new web-based clearing and settlement platform.

The purpose of this document is to provide you, as a Nord Pool member, with all the key information relating to the launch and to give you time to communicate and prepare the change within your organisation. This document provides you with a broad overview, including key dates for your diary and links to technical documents and user guides.

### Key changes to the daily process:

- Calculation of the collateral requirement will be made using a new methodology. The minimum collateral of €30,000 will remain unchanged, however the trading dependent margin component will be replaced. The new methodology will use the sum of a member's daily net MWh position, multiplied by the risk parameter and the day factor set by Nord Pool. No action is required by you to prepare for this. (Further explanation can be found at the end of this document).
- You will no longer receive daily Invoice Statements and Margin-Settlement Reports distributed as password protected attachments by mail. All invoices and results will be published in the CASS web portal and all current mail recipients will be given user rights to the web platform. CASS uses a single sign-on solution (SSO), meaning that users will only need to log on once to access all results.
- From Tuesday 17 January 2017, all payments/SWIFT messages will be routed via Nordea Bank AB Sweden, instead of Nordea Bank AS, Norway, which means there will be a new SWIFT/BIC address NDEA SESS for the payment service. This information has already been given to your designated Settlement Bank, and if any action is needed on your end they will contact you.

## 2. Upgrade timeline

The following table provides key dates for the upgrade:

Timeline	Event
October 21	SSO user credentials sent for the Member Test environment
October 24 – December 22	Member Test window open to all members
January 5 – 13, 2017	Continued access to the Test environment prior to Go-Live and Webinars schedule as follows: <ul style="list-style-type: none"> <li>• January 5, 2017, 13.00–13.30 CET - <a href="#">Register here for Webinar</a></li> <li>• January 9, 2017, 13.00–13.30 CET - <a href="#">Register here for Webinar</a></li> <li>• January 12, 2017, 13.00–13.30 CET - <a href="#">Register here for Webinar</a></li> </ul>
January 12, 2017	SSO user credentials sent for the Production environment
January 17, 2017	Trade results and invoices are published in CASS
January 18, 2017	Collateral call and cash requirements published in CASS.

## 3. What action should I take?

1. **Inform your teams:** We kindly ask that you inform your Settlement and IT teams of this change asap to allow them enough time to assess the changes needed on your side. Section 4 provides an overview of the technical change and links to the user guide.
2. **User access:** Initially, user rights will be given to those mail addresses currently receiving Nord Pool invoices and/or collateral reports. Those receiving just collateral reports will have access to collateral/risk information only, and those receiving just invoices will have access to settlement information only. All these users will receive Single Sign-on (SSO) credentials to access the new platform. Further instructions on how to add additional users will be provided.
3. **Optional:** Request access to the clearing API: If you are interested in using the new clearing API to get Trade Capture information, please register at <http://nordpoolgroup.com/TAS/api/>
4. **Register for Training:** We will notify you regarding the details of training/webinar sessions.
5. **Participate in Testing:** Member Testing will be available for the CASS clearing platform from October 24 – December 22, with continued access in early January prior to the launch.
6. **Be ready to use** the new platforms from **17 January 2017**.
  - a. On Tuesday 17 January 2017, your trades from the Day-ahead auction will be settled for the delivery date 18 January 2017 and trades from the Intraday market will be settled for the delivery date 16 January 2017
  - b. On Wednesday 18 January 2017, the new Collateral calculation methodology comes into effect and must be met by 11:00 CET

## 4. Upgrade to CASS (clearing platform)

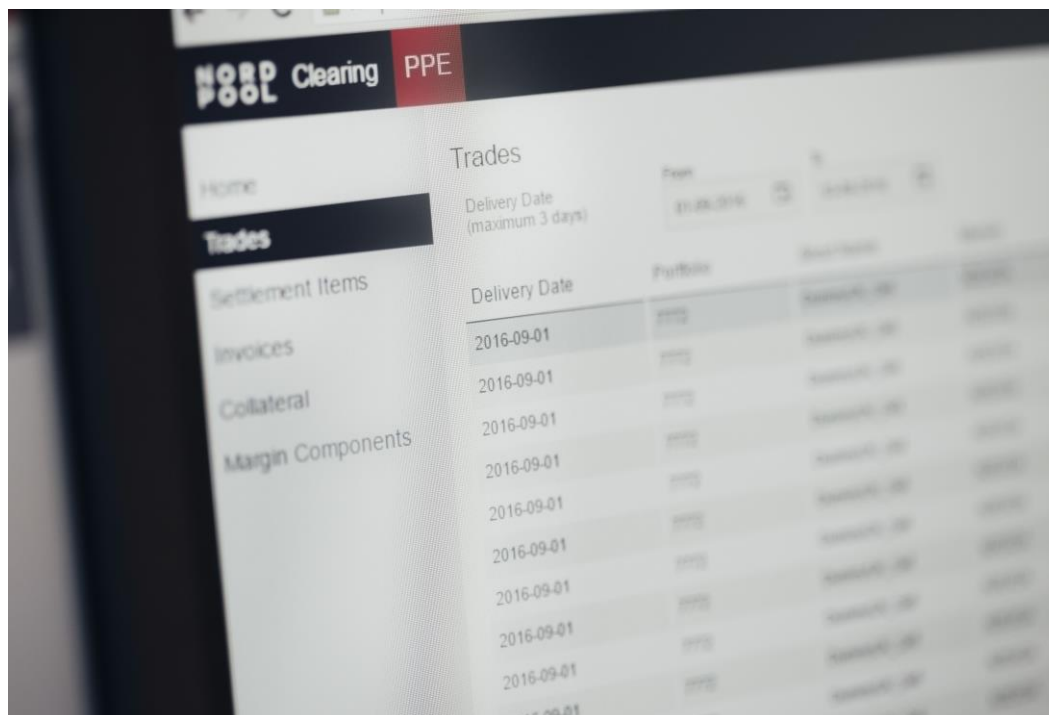
On 17 January 2017, members will be migrated from our existing clearing and settlement system to Nord Pool's new web-based platform. The system has been developed using our extensive experience in providing Clearing Services to the physical power market, with our members' needs at their heart.

### Key highlights:

- **Single web-based clearing and settlement interface** - Access all Nord Pool markets through a single browser.
- **Latest HTML5 technology** – Zero installs and always up to date.
- **Entire transaction lifecycle** - View the whole lifecycle of a transaction, from trade to invoice, within one, easy-to-use system.
- **Invoice Portal** – With the new system, invoices are accessed through a web platform, removing the need for email.
- **API** – A state of the art clearing API for automating trade capture (optional).

### User Interface

The user interface will enable members to access all collateral, trade, settlement and invoice data via the web.



## Platform Access

Once users have received their new Single Sign-On (SSO) credentials they will be able to access both the CASS Member Test and the CASS Production platforms.

CASS Member Test: <https://clearing.test.nordpoolgroup.com>

CASS Production: <https://clearing.nordpoolgroup.com>

NOTE: There are separate sets of SSO credentials for CASS Member Test and the CASS Production platforms.

## Browsers supported

The CASS supports the following web browsers:

- Chrome, latest release
- Firefox, latest release
- Microsoft Edge
- Internet Explorer 11 and 10

For best performance, we recommend you use the Chrome browser.

## User guide

The CASS User Guide is available here: <https://support.nordpoolgroup.com/support/home>

## 5. Clearing (CASS) API

Nord Pool has introduced a clearing API, making it simple to use and providing members with a standard format. This enables members to query all cleared trades, for both intraday and day-ahead markets.

The Clearing API is a one way (read only) application allowing members to automate the reporting of all trades cleared on the Nord Pool market.

**API Documentation** - you can request access to the clearing API and developer documentation by registering on Nord Pool's website at <http://nordpoolgroup.com/TAS/api/>

**API Support** – if you have any immediate questions about the clearing API, please email: [cassapi@nordpoolgroup.com](mailto:cassapi@nordpoolgroup.com)

NOTE: The use of the Clearing API is optional. All cleared trades are visible and can be exported via the web user interface.

## 6. Where can I get support?

For all general enquires about CASS or the process described in this document, please contact the Nord Pool Support team at <http://support.nordpoolgroup.com/>

Further assistance can be obtained by contacting your Market Manager, listed [here](#).

## Appendix: Collateral Call methodology

The Daily Net MWh position is the sum of the member's trade for a specific delivery day, within a specific country.

The Risk Parameter is a parameter set on either a net long or a net short position per delivery country, estimated as a worst case on how high the spot price can be using three years' lookback and 99.7% confidence interval.

In the UK, the risk parameter for short positions will be positive, in order to cover for nomination risk. In other delivery countries, this will be negative and set to 50% of the risk parameter long.

The Day Factor is a parameter set to account for member's exposure to Nord Pool over weekends, which can be increased at the discretion of Nord Pool.

**Example 1:** If you have traded a net purchase of 10,000 MWh in Sweden with a risk parameter long of 51€/MWh and sold 10,000MWh in Finland with a risk parameter short of 29€/MWh the daily trading margin will be:

$$\sum (10,000MWh * 51€/MWh * 2) + (10,000MWh * -29€/MWh * 2) = 440K€.$$

**Example 2:** If you have traded a net purchase of 5,000MWh in Norway with a risk parameter long of 52€/MWh the daily trading margin will be:

$$\sum (5,000MWh * 52€/MWh * 2) = 520k€$$

The daily collateral call is estimated as the highest of the Daily Margins looking back on the last 30 days.

The final collateral call will then be the maximum of either the minimum collateral requirement or the daily collateral call.

*\*Further documentation to the collateral call changes will be published on the Nord Pool website.*

*\*The risk parameters used in this example are subject to regular change.*