



How Framework guidelines on CM&CA should contribute to the integration of Intra-Day markets

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Introduction

- Eurelectric welcomes the opportunity to comment the FG
- We believe that the FG might not give enough guidance to ENTSO-E to draft the netcodes
- There is still a misunderstanding possible of how XB intraday (should) work
- A phased approach could be imagined: start simple and complicate later on when the need has been proven!



Allocation process differs from PCG outcome (1)

- Introduction of implicit auctions (4.3) in case of “sufficient liquidity”: “sufficient liquidity” is not clearly explained
- It is not justified why implicit auctions could be appropriate in the case of sufficient liquidity, nor why continuous trading would not longer be appropriate
- Implicit auctions do not comply with market need to allow fast trades



Allocation process differs from PCG outcome (2)

- PCG target model: in case of “significant additional capacity” implicit auction can possibly be introduced.
- Detailed mechanism and definition of “significant capacity” is still to be developed; the FG should give guidance
- Nor sufficient justification, neither need from market participants for co-existence of both continuous trading and implicit auction (4.3)
- The objective is to introduce a single XB ID allocation method around Europe



As close to real time as possible (4.1)

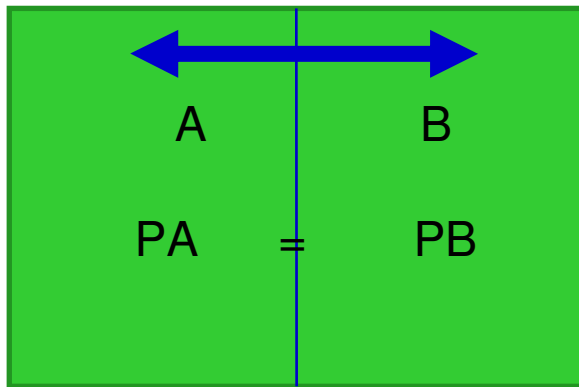
- The FG specify that ID should be possible as close to real time as possible
- Eurelectric would like to see a more precise requirement in the FG: e.g. ≤ 1 hour
- This provision is not consistent with other paragraphs that suggest implicit auctions as an alternative (because this needs more time)



4.2 :In the Intra-day timeframe the remaining capacity is traded \rightarrow price = 0

Outcome of the DA market (MC) as starting point for the ID market, but also after any XB intraday trade the following first situation is possible:

DA outcome: No congestion



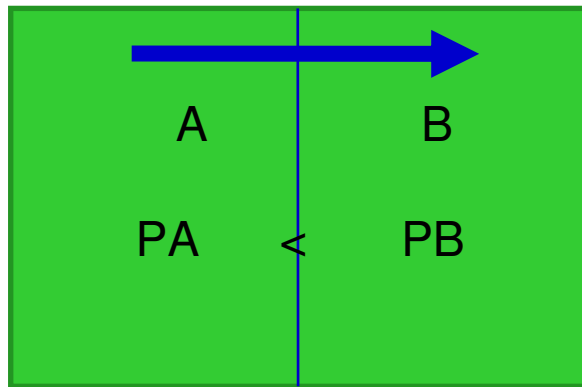
- Any request for further energy exchange is possible until all remaining capacity in one or another direction is used : A and B work as if they were one price area



4.2 :In the Intra-day timeframe the remaining capacity is traded \rightarrow price = 0

Outcome of the DA market (MC) as starting point for the ID market, but also after any XB intraday trade the following second situation is possible:

DA outcome: congestion from A to B



- As price in B is higher, there should be no (intraday) demand in the direction B to A, but if it would be requested, it should be possible, as B \rightarrow A is not congested
- Any request from A to B will not be authorised

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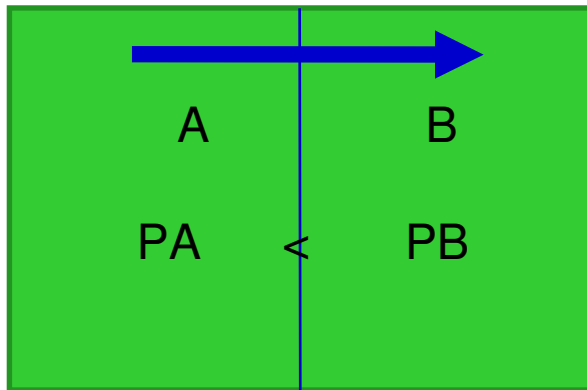
Conclusion : capacity should be for free in the “non-congested” direction(s)



What if TSO could give additional capacity in a precongested direction (A → B)

The FG should specify how TSO will notify such additional capacity to the market:

DA outcome: congestion from A to B



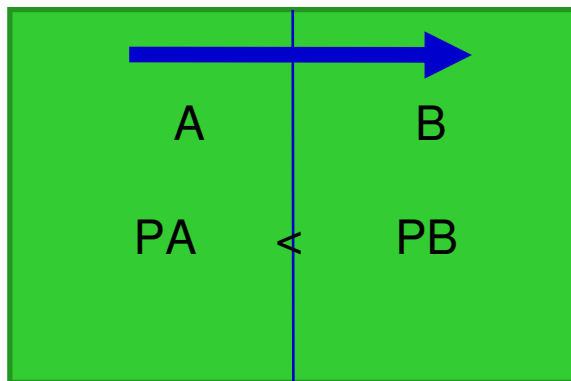
- 1) Either the market is **notified beforehand**: players will adapt their prices regarding the expected opportunity value (resulting in no use of XB at the moment of the release, and new negotiations will start between parties in A and B after the release of capacity)
- 2) Alternatively an implicit **auction** could be organised (with many drawbacks (blocking temporary intraday trade, ..))



What if TSO could give additional capacity in a precongested direction (A→B) – cont.

The FG should specify how TSO will notify such additional capacity to the market:

DA outcome: congestion from A to B



3) Either the market is **not notified beforehand**: automatic matching of bids could happen whereby it has to be decided at what price deals go through (mid-price, pay as bid with different effects for the congestion rent and social welfare allocation

PCG neither AHAG so far discussed this in detail, but auctions have been considered as not appropriate; Eurelectric is in favour of the 1) solution **FG should give guidance on what path to follow, if not there is too much discretion for developing network codes**



Firmness (4.4)

- Eurelectric confirms the need that ID trade has to be firm
- FG should precise in section 5.10 that TSO have to guarantee the firmness on a physical basis



Article 4.5 + 4.6 need clarification:

- “ID trade to be coordinated by TSOs with re-dispatch and balancing while guided by principle of overall efficiency” - to be clarified
 - “efficient arbitrage with the day ahead and balancing time-frames is possible” – to be clarified
- ❖ no reservation of cross-border capacity for ancillary services or balancing
- ❖ The Cross-border balancing target model is TSO-TSO with common merit order and should start after the GC of intraday trade



Block bids (4.2 and 4.7)

- Block bids **are needed** (see PCG target model)
- Sophisticated bids are **welcomed**, but they are not defined in the FG
- The FG start from the principle of automatic matching, however the rules for such a process are not described, FG should give guidance !
- Non-discrimination of product types (4.7), including block bids is welcomed, but the FG should give guidance how such a matching principle should work



Conclusions

- To promote the integration of the Intra-day markets the Framework Guideline should:
 - Provide clear support for ID continuous trading
 - Not leave possibilities for various solutions across markets
 - Clarify interface with Balancing (no reservation of capacity for balancing!)