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COMMENTS OF VIESGO TO THE CONSULTATION ON MAXIMUM AND MINIMUM PRICES FOR SINGLE DAY-AHEAD COUPLING (SDAC) AND FOR SINGLE INTRA DAY COUPLING (SIDC)

Viesgo Infraestructuras Energéticas, S.L. (from this point forward **VIESGO**) has had access to the consultation document on “Maximum and minimum clearing prices for single day-ahead and intraday coupling”, issued by the Agency for the Cooperation of Energy Regulators (from this point forward **ACER**) in its website.

Viesgo appreciates the opening of a public consultation, due to the relevance of establishing and fixing the values of harmonized maximum and minimum prices in all bidding zones participating in Single Day Ahead Coupling (from this point forward **SDAC**) and Single Intra Day Coupling (from this point forward **SIDC**).

The comments and answers of VIESGO to the questions raised by ACER are detailed below:

Q1: Do you have any concern with respect to the new proposed automatic adjustment rule for P_{maxDA} and for P_{maxID}? If so, please explain thoroughly why.

In general terms, we agree with the automatic adjustment rules as long as they should act as fast mechanisms to ensure no practical technical limits for the operation of SDAC and SIDC. To that end, the 5 weeks period proposed for both cases seems appropriate to us.

However, regarding point 5.2, while the mechanism proposed in the SDAC acts upon the prices experienced in this market, the proposal for SIDC relies only on the fact of having a limit over the SDAC’s limit. If the prices of both markets were not aligned, SIDC could be affected by operational price limitations, not amended by SDAC’s mechanism.

For that reason, we propose that the adjustment rule for SIDC contains the current mechanism (P_{maxID} >= P_{maxDA}) but also the one proposed for SDAC (automatic price increases if 60% of the Maximum Clearing Price Limit of SIDC is exceeded).

Q2: Which of the three proposed options for the P_{maxDA} would have your preference? Please explain thoroughly why.

In line with the previous question, we agree with ACER that the main objective is to '*…ensure that limits imposed on Day-Ahead and Intraday prices* ***do not prevent free price formation*** *and they should be understood only as* ***technical limits*** *needed for the operation of the SADC and the SIDC*'. Therefore, we understand OPTION 3 (+9999 EUR/MWh) is the most appropriate among the three proposed.

Nevertheless, we do not know the origin of the values proposed, neither the one proposed by All NEMOs[1] nor the ones the other two options propose. Thus, further details on the underlying rationale would be needed.

Q3: Do you have any concern with respect to the new proposed implementation date? If so, please explain thoroughly why.

VIESGO agrees with the due date proposed, enabling a transitory period but no later than 1 January 2019.

Other general comments

VIESGO definitely welcomes this initiative, which will enforce the need of harmonization of maximum and minimum prices for SDAC and SIDC, critical to guarantee a balanced playing field for market agents in different Member States and, therefore, to advance towards the single European Market.

However, we would like to emphasize the need to address this same issue in the rest of real time markets (ancillary and balancing markets), where the necessity is even more urgent due to their distinctive features (e.g., in the Spanish case, current impossibility to recover start-up/shut-down costs in many cases due to negative price prohibition). We believe this should be a priority in the harmonization roadmap driven by ACER.

Finally, we would appreciate that these comments are considered confidential information to be treated by ACER for the consultation purpose.

[1] In their proposal a reference to prior practical experiences is mentioned, further detail would be required.