

Position Paper

BDEW Bundesverband
der Energie- und
Wasserwirtschaft e.V.
Reinhardtstraße 32
10117 Berlin
Telefon +49 30 300 199-0
Telefax +49 30 300 199-3900
E-Mail info@bdew.de
www.bdew.de

ACER Consultation: Maximum and minimum clearing prices for single day-ahead and intraday coupling

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Introduction

The German Association of Energy and Water Industries (BDEW) represents over 1,800 members of the electricity, gas and water industry. In the energy sector, BDEW represents companies active in generation, trading, transmission, distribution and retail.

BDEW welcomes the opportunity to comment on the ACER consultation and appreciates the efforts undertaken in order to achieve robust and a functioning clearing process in market coupling of the day-ahead and intraday markets.

General comments

BDEW is convinced that a further development of the day-ahead and the intraday market is the key in order to achieve a truly European energy-only market. Especially the development of liquid national and cross-border intraday markets is essential to enhance the European energy-only market and to minimize the volume and the need for balancing.

Free price formation in the day-ahead and intraday markets is vital to set adequate incentives for market parties to balance themselves.

Therefore, BDEW is convinced that any price caps must be avoided in order to allow clearing prices of a free market and possible restrictions of the price formation should be only necessary due to technical issues. If so, such a technical price limit of the clearing price should reflect the estimated “Value of Lost Load” (VoLL). **Answers to the ACER questions**

Q1: Do you have any concern with respect to the new proposed automatic adjustment rule for PmaxDA and for PmaxID? If so, please explain thoroughly why.

BDEW supports the proposed automatic adjustment rule for PmaxDA and PmaxID which is caused by scarcity. However, there should be no maximum, where the automatic adjustment would stop, especially as the limits for maximum and minimum prices may touch, it is crucial to allow a fast adjustment of the Pmax and Pmin. BDEW proposes to couple a price adjustment in the day-ahead market with a price adjustment in the intraday market. This automatic adjustment considers the incentives for self balancing of market parties in the intraday market.

In this context BDEW argues for a transparent process for the adjustment of the maximum clearing settlement price. If an adjustment is triggered, all market parties must be informed adequately in time.

Q2: Which of the three proposed options for the PmaxDA would have your preference?
Please explain thoroughly why.

BDEW supports option 3 to align the PmaxDA with PmaxID, which is currently 9999 EUR/MWh.

Generally, BDEW does not support price caps in the free energy market. Any price cap would have negative effects on the incentives for market parties to balance themselves and, espe-

cially in moments of scarcity. Thus, any Pmax or Pmin for a clearing price should only be implemented due to technical reasons of the price coupling algorithm.

The technical limit of a Pmax for the clearing price should be set to the maximum of the estimated VoLL in a coupled region.

In this context, BDEW is convinced that PmaxID should be further increased, in order to allow free price formation in the short term markets and to set correct incentives for market parties even in extreme scenarios. As mentioned before, it should be set close to the VoLL. Market parties should be able to trade at least up to this price level.

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

No, BDEW supports the ACER proposal and the implementation date.

Ansprechpartner:

Telefon: [REDACTED]