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Please find below the answers from the Association of Energy Trading (TOE), for questions in your consultation: **PC\_2017\_E\_02 - Consultation on maximum and minimum clearing prices for single day-ahead and intraday coupling**

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

The Association of Energy Trading thinks that 60% parameter in the price adjustment mechanism  $P_{maxDA}$  is too low and creates too dynamic automatic adjustment rule. In practice it would imply a much lower adjustment trigger limits i.e. 1800, 3000 or 6000 EUR/MWh depending on chosen the Pmax option. Therefore TOE suggests 90% as a limit trigger parameter. Other parameters (change of increment of 1000 EUR / MWh, exceeding the limit in any bidding zone any time unit) we would like to leave unchanged.

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

We have had a comprehensive internal discussion about proposed limits. Highest limit (i.e.9999 EUR/MWh) would be the most stable one, most probably it would be reached very soon which

makes planning, forecasting and modelling easier. However TOE has a number of hesitations as to the dramatic increase of collateral and deposits costs at PolPX and TSO for players in Poland. Also it would create some challenges for the exchange/ screen trading (i.e. all types of market orders would become much more risky), In addition it would create a much higher entry barriers for the new comers (capital constrains).

The limit of 3000 EUR/MWh seems to be sufficiently high for Polish conditions. It seems to reflect Polish VoLL as demonstrated by the results of the latest TSO's auction for DSR services. At the end of the day, 3000 EUR / MWh it is still an increase of nearly 10x compared to the current limit, which is a radical change.

In summary, the TOE is inclined to support Option 1, which is to support the NEMO proposal of 3000 EUR/MWh for  $P_{\max DA}$ .

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

The Association of Energy Trading has no comments.

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The **Association of Energy Trading (TOE)**, registered in Warsaw at the end of 2003, is a voluntary, self-governing and apolitical association, which acts pursuant to the Polish Act on Associations. As at the beginning of September 2017 TOE had 207 Ordinary Members – natural persons, one Honorary Member and 27 Supporting Members – trading companies. It is notable that the TOE's supporting members include both companies with the Polish capital (along with companies belonging to the largest Polish energy groups) and the foreign energy companies operating in Poland. The main tasks of the Association include:

- undertaking activities in support of the development of a competitive energy market in Poland;
- promoting the principles of trading in energy and fuel and their standards;
- providing information within the energy sector on the opportunities to participate in the competitive energy and fuel market;
- supporting the development of an ethical code of conduct in energy and fuel trading;
- representing the socially and economically beneficial interests of the energy and fuel trading sector to the relevant authorities and other associations and entities.

On behalf of The Association of Energy Trading

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