

ACER Decision on ID products: Annex II

Evaluation of responses to the compliance of the all NEMOs' proposal for Products that can be taken into account by NEMOs in intraday coupling process

1 Introduction

Pursuant to Article 53 of the CACM Regulation, all Nominated Electricity Market Operators ('NEMOs') must develop a proposal for products that can be taken into account by NEMOs in intraday coupling processes.

Pursuant to Recital 25, Article 5(6) and Article 6(11) of the Regulation (EU) 2019/942, ACER needs to consult interested parties and at least ENTSO for Electricity and regulatory authorities to ensure that the Decision is in line with the purpose of the CACM Regulation and contributes to market integration, non-discrimination, effective competition and the proper functioning of the market.

In order to take an informed decision, ACER launched a public consultation on 21 October 2019 inviting all interested parties to express their views on potential amendments of the proposal for amendment submitted by all NEMOs. The closing date for sending the responses was 17 November 2018.

2 Responses

By the end of the consultation period, ACER received responses from 10 respondents.

This evaluation paper summarises all received comments and responses to them. The table below is organised according to the consultation questions and provides the respective views from the respondents, as well as a response from ACER clarifying the extent to which their comments were taken into account.

Respondents' views	ACER views
Question 1: Do you agree with the choice of intraday products proposed by all NEMOs?	
Nine respondents provided an answer to this question.	
<p>Three respondents explicitly agree with the choice of intraday products proposed by all NEMOs (UPM-Kymmene Oyj, RWE, EFET).</p> <p>Two respondents explicitly welcome the introduction of smaller granularity products (UPM-Kymmene Oyj, RWE).</p> <p>One respondent suggests that ACER should ensure that the NEMOs are ready to provide cross-product matching in continuous SIDC. If this is not the case, the result will be effectively the split of continuous SIDC in separate markets for each product and corresponding transmission capacity granularity (EFET).</p>	<p>ACER agrees with respondents' observation that the choice of intraday products proposed by all NEMOs is satisfactory.</p> <p>Nevertheless, ACER decided to separate the products for IDAs into two groups, which distinguish between the products strictly required by the CACM Regulation ('mandatory'; covering at least one MTU and multiple MTUs) and other products, which are not explicitly prescribed by the CACM Regulation ('optional'). This distinction will give the NEMOs a guidance on what are the minimum requirements in terms of products, when they establish the new IDAs, therefore preventing any product-driven difficulties with algorithm performance.</p> <p>Smaller granularity of products (i.e. the introduction of quarter-hourly and half-hourly products) is stemming from and is compliant with the requirements of Article 8(4) of the Regulation (EU) 2019/943 and ACER is obliged to transfer its provisions to the Decision.</p> <p>ACER recognises that cross-product matching in continuous SIDC is an important element to reach the full benefits of the continuous SIDC. Therefore, ACER will cooperate with the regulatory authorities and invite the NEMOs to increase their efforts to assess this feature in the future evolution of the continuous SIDC and if it proves to significantly increase the welfare and liquidity to implement it. However, the issue of cross-product matching relates to the abilities of the continuous trading matching algorithm and is not directly related to products offered by NEMOs.</p>

Respondents' views	ACER views
<p>Four respondents express some objections to the proposal (EDF, Eni, Eurelectric, Fortum Power and Heat).</p> <p>Two respondents agree with the principle to offer the same products in DA and ID auctions (Eurelectric, Fortum Power and Heat).</p> <p>One of them opposed removing the possibility to offer complex products in intraday auctions as it can be a threat for their valuation, likely to reduce their competitiveness and to generate inefficient dispatch decisions (Eurelectric).</p> <p>One of them further suggests that the exclusion of “complex” products in order to solve performance issues should be driven by clear prioritisation rules, namely based on traded volumes, the amount of bidding zones where the products are offered and traded, and the impact of including/excluding the product to the performance of the algorithm (Fortum Power and Heat).</p> <p>One respondent believes that the proposal is not achieving the ultimate goal of the methodology, namely the implementation of both 15/30 minute products and complex products, in order to align with what is done on XBID. This respondent nevertheless agrees to the prioritisation of 15/30 products in the context of performance issues and recommends setting a hard deadline (e.g. 2021) for the technical developments rather than for the go-live, and a relative deadline (e.g. 6 months after the achievement of the appropriate level of performance) for the operational go-live. (EDF).</p> <p>One respondent requests that with regard to the introduction of the granularity of 15 and 30 minutes for the existing products should be announced well in advance (at least one year), in order to guarantee enough time for market participants to adapt their IT systems, their internal procedures and market strategies.</p>	<p>Regarding IDA products:</p> <p>ACER notes respondents' objections. In principle, all the products will be accommodated by IDAs, if the algorithm is able to manage them. Only in the case that the algorithm is not able to find a solution within the required time, the NEMOs need to decide, which of the optional products (on the top of the mandatory ones) can be offered to the market.</p> <p>ACER understands the difficult situation of the NEMOs, which need to implement the quarter-hourly and half-hourly products in the IDAs together with all other requirements. To ease the required burden for NEMOs, ACER postponed the implementation of IDAs by one year to January 2023.</p> <p>Regarding continuous SIDC products:</p> <p>Although the deletion of half-hourly products and user defined blocks can be an option for dealing with split liquidity in continuous SIDC, ACER decided to keep such products for the moment, as the Article 8(4) of the Regulation 2019/943, envisages the possibility for exemptions and derogations for the requirement to set the imbalance settlement period to 15 minutes. Therefore, only after all derogations are expired, the reference to 30 minutes products can be removed.</p> <p>Finally, Article 53 of the CACM Regulation envisages a consultation on SIDC products every two years, which will give the NEMOs an opportunity to review the products and decide to remove them at some point.</p>

Respondents' views	ACER views
<p>Two respondents explicitly disagree with the choice of intraday products proposed by all NEMOs (CEZ, TIWAG-Tiroler Wasserkraft AG). One respondent asks that the products b) “half-hourly” and d) “user defined blocks” in article 4 paragraph 2 be cancelled as they are not necessary and would only withdraw liquidity from hourly and quarter-hourly products (TIWAG-Tiroler Wasserkraft AG). One respondent believes that no products other than 15 and 60 minutes products are needed (CEZ).</p>	

3 List of respondents

Organisation	Type
CEZ	Energy company
EDF	Energy company
EFET	Association
Eni S.p.A.	Energy company
Eurelectric	Association
Fortum Power and Heat	Energy company
RWE Supply & Trading GmbH	Energy company
TIWAG-Tiroler Wasserkraft AG	Energy company
UPM-Kymmene Oyj	Energy company