

Dear ACER,

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

The proposed automatic adjustment rule is made as an alternative to measure VoLL. The best measure of VoLL is what the market shows, and this is taken into consideration in the adjustment rule. The adjustment rule therefore seems appropriate and seems better than to conduct a study which estimates a VoLL and fix the maximum price at this estimated VoLL. Especially as this study would have to be updated regularly, whereas the automatic adjustment rule takes market changes into consideration when they happen.

At higher maximum prices close to the “true VoLL”, the 60 pct. rule could however seem to be inappropriate. If for example none in the market is willing to pay more than 12.000 EUR/MWh, the current maximum price is 15.000 EUR/MWh and the price lands at 10.000 EUR/MWh, this means the maximum price will be increased to 16.000 EUR/MWh. Maybe 60 pct. of the maximum price is not perfect at higher price levels. An idea could therefore be to instead of the 60 pct threshold introduce a fixed absolute value of 1.500 EUR/MWh below current maximum price for the automatic amendment rule to trigger. For example, if the current price limit is 5.000 EUR/MWh the automatic amendment rule would trigger when the price reaches 3.500 EUR/MWh.

We welcome that the adjustment rule for ID will just be to follow DA maximum price, if it goes above 9.999 EUR/MWh. As it would not make sense to have an adjustment rule in the ID market based on the prices of executed trades in the intraday market. Any erroneously executed trade could affect the price if not cancelled and there could be speculation in increasing the maximum price by executing trades of small volumes at high prices.

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

As long as the automatic adjustment rule is there to reflect the market’s VoLL; the starting point of PmaxDA is less important.

When having to state preferences between the three alternatives presented in the consultation – as a starting PmaxDA to be adjusted with the mechanism, we have the following preferences:

NVE: 3.000 EUR/MWh. With the automatic adjustment rule, VoLL will be reflected in the PmaxDA if it is reflected in the bidding behavior. We do not consider it suitable to suggest an increase in the current starting point without any further justification.

EV: 3.000 EUR/MWh. Random regulatory decision making with possible costs to stakeholders should be avoided. With the automatic adjustment rule, no reason or justification to change the current starting point to (another) arbitrary value is seen.

EI: 5.000 EUR/MWh. Which is closest to estimation of VoLL for Sweden.

DERA: 5.000 EUR/MWh. Which is closer to estimations of VoLL for Denmark than 3.000 EUR/MWh.

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

No concerns, it seems reasonable to implement HMMP immediately after MCO-functions have been implemented.

Best regards,
Nordic regulators

