

Public consultation on ACER's decision for the Methodology for pricing intraday cross-zonal capacity

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Public consultation on the compliance of the all TSOs' proposal for the **Methodology for pricing intraday cross-zonal capacity** with the CACM Regulation

Consultation document

PC_2018_E_05
10 October 2018

The objective of this consultation is to gather views and information from stakeholders regarding the compliance with CACM Regulation of the 'All TSOs' proposal for the single methodology for pricing intraday cross-zonal capacity in accordance with Article 55 of Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion managements'(the 'IDCZCP Proposal'). The information from the consultation will serve as an input to the Agency's evaluation when preparing its decision on that proposal.

This consultation is addressed to all interested stakeholders, including regulatory authorities, nominated electricity market operators and transmission system operators in accordance with Article 8 (1) of Regulation (EC) No 713/2009.

Replies to this consultation should be sent by 30 October 2018, 23:59 hrs (CET).

In order to identify the respondent, the following information should be included on the top of the answer sheet: name, company, address, contact email, phone and country.

Any confidential information should be indicated in a YES/NO question below. If respondents want to claim confidentiality, they should provide an explanation of their confidentiality interests and submit a separate non-confidential version of their response for publication.

The Agency will publish all non-confidential responses, and it will process personal data of the respondents in accordance with Regulation (EC) No 45/2001 of the European Parliament and of the Council of 18 December 2000 on the protection of individuals with regard to the processing of personal data by the Community institutions and bodies and on the free movement of such data, taking into account that this processing is necessary for performing the Agency's consultation task.

For more details on how the contributions and the personal data of the respondents will be dealt with, please see the Agency's Guidance Note on Consultations and the specific privacy statement attached to this consultation.

* Name and surname

* Company, address, phone

* Country

- Austria
- Belgium
- Bulgaria
- Croatia
- Cyprus
- Czech Republic
- Denmark
- Estonia
- Finland
- France
- Germany
- Great Britain
- Greece
- Hungary
- Ireland
- Italy
- Latvia
- Lithuania
- Luxembourg
- Malta
- Netherlands
- Northern Ireland
- Poland
- Portugal
- Romania
- Slovak Republic
- Slovenia
- Spain
- Sweden

* Email

Is your input into this consultation confidential?

(In case your answer is confidential, please submit a non-confidential version as well)

- YES
 NO

Please, explain what is the reasoning of your confidential submission.

Related documents

- [Regulation \(EC\) No 713/2009 of the European Parliament and of the Council of 13 July 2009 establishing an Agency for the Cooperation of Energy Regulators \(the 'Agency Regulation'\)](#)
- [Regulation \(EC\) No 714/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the network for cross border exchanges in electricity and repealing Regulation \(EC\) No 1228/2003](#)
- [Commission Regulation \(EU\) 2015/1222 of 24 July 2015 establishing a Guideline on Capacity Allocation and Congestion Management \(the 'CACM Regulation'\)](#)
- [All TSOs' intraday cross-zonal capacity pricing proposal](#)
- [ACER Guidance Note on Consultations](#)

1 Background

In accordance with Article 55 of the CACM Regulation, all Transmission System Operators ('TSOs') are obliged to develop a proposal for the pricing of intraday cross-zonal capacity. The proposal needs to be submitted to all regulatory authorities for approval no later than 24 months after the entry into force of the CACM Regulation.

The Proposal was submitted by all TSOs to all regulatory authorities by 28 August 2017.

Subsequently, after the expiry of the 6-month period, all regulatory authorities requested another 6-month period for reaching an agreement (in accordance with Article 8 of the Agency Regulation) and the Agency granted it in its Decision No 02/2018.

On 24 July 2018, the Agency received a letter from all regulatory authorities requesting the Agency to adopt a decision on the Proposal pursuant to Article 9(11) of the CACM Regulation. In this letter, all regulatory authorities explained that they agreed on a general view on the IDCZCP Proposal, as follows:

- As a principle, the intraday capacity should first be priced through an intraday auction ('IDA'), whenever the cross-zonal capacities are (re)calculated;
- Each IDA should be held for all remaining market time units;
- If multiple IDAs to price the intraday capacity are held, the single intraday coupling (SIDC) mechanism shall not be organised in discrete sessions, meaning that TSOs shall allow the SIDC for all the remaining market time units (MTUs) of delivery day D, independently of the number of IDAs proposed in the methodology;
- The interruption of the SIDC in order to hold an IDA shall be limited as much as possible; and
- The pricing mechanism should be supported by an appropriate algorithm and products.

However, in the same letter, all regulatory authorities also explained that they had different views regarding the appropriate number and timing of IDAs – the views of the regulatory authorities differ and range from one to three IDAs.

In the context of the present consultation, the following considerations should be taken into account:

1. There seems to be a broad consensus on the relevance of having an EU-wide IDA at 10 p.m. D-1.
2. On 24 April 2018, the Agency published the Decision No 04/2018 on intraday gate opening and gate closure times, which set the gate opening time as 15:00 market time day-ahead from 1 January 2018 or 30 days after the approval of the capacity calculation methodology in accordance with Article 21 of the CACM Regulation. According to that Decision, the gate opening time can only be understood as a general rule for when TSOs have to release the available cross-zonal capacity to the market. However, the rules on how much cross-zonal capacity TSOs are able to offer and at which times during the intraday timeframe depends on the intraday capacity calculation methodologies.
3. TSOs propose to define the products, algorithm and other features for IDAs at a later stage (see Article 7 of the TSOs' proposal) even though the Agency expects that the IDAs will be built on already approved methodologies and solutions.

2 Consultation topics and questions

The consultation topics and questions for the intraday cross-zonal capacity pricing decision (the ‘IDCZCP Decision’) follow the main points of disagreement among regulatory authorities.

The main motivation for pricing cross-zonal capacity during the intraday timeframe is to ensure that intraday cross-zonal-zonal capacities will be used in the most efficient way at a certain point in time and will provide efficient economic signals. To this end, Article 55(1) of the CACM Regulation requires that the methodology for pricing intraday cross-zonal capacity should reflect market congestion. Ensuring that cross-zonal capacities are used efficiently would make particular sense in cases where additional cross-zonal capacity is made available (i.e. after a recalculation) on bidding zone borders with a non-zero price differential or when market fundamentals change.

To Agency’s information a first intraday recalculation of cross-zonal capacities is currently foreseen in all Capacity Calculation Regions (CCR) at around 21 p.m. market time day-ahead. However, there is no sufficient certainty on which CCRs aim to implement additional recalculations of cross-zonal capacity at which time and when such recalculation would be implemented. For example, a second recalculation in the morning of the delivery day is currently foreseen only in some regions and probably as a second step.

Question 1:

Should the implementation of the intraday cross-zonal capacity pricing be linked/conditional to a recalculation of cross-zonal capacities?

Question 2:

Do you see a value/benefit in having an additional IDA at 10:00 am market time delivery-day, even without recalculation of cross-zonal capacities in some CCRs?

Question 3:

In general, do you see a value/benefit in having a progressive increase of the number of IDAs in the future?

Please note that the timings and obligations regarding the intraday capacity calculation methodologies in different CCRs are not in the scope of the IDCZCP Decision.

Some regulatory authorities have expressed an interest of implementing IDA at the intraday cross-zonal gate opening time. In their opinion, such auctions would provide additional benefit because:

- Market fundamentals could significantly change between 12:00 and 15:00 p.m. D-1 and thereby rendering the cross-zonal capacity remaining after the SDAC valuable again;
- Allowing market participants to improve their portfolio optimisation with the introduction of 15 minutes products;
- Allowing the coupling of already existing intraday auctions (e.g. within Germany) with potentially new intraday auctions in other MSs (e.g. Nordic area).

Question 4:

Do you see a value/benefit in having an additional IDA at 15:00 market time day-ahead, based on the cross-zonal capacities remaining after the end of the SDAC? What would be the drawbacks of such an auction?

Article 6(4) of the IDCZCP Proposal suggests an interruption in the continuous trading for 45 minutes (from 15 minutes prior and 30 minutes after the deadline for bid submission). It is important to note that such interruption would in practice mean that cross-zonal capacities in the capacity management module would be set to 0, but the continuous trade within bidding zones would remain uninterrupted.

Article 63 of the CACM Regulation, although applicable to complementary regional auctions and not to the methodology for pricing cross-zonal capacity, allows only 10 minutes of interruption for complementary regional auctions. Thus, in the spirit of the CACM Regulation, the interruptions of cross-zonal continuous trading should be minimised as much as possible.

Question 5:

Do you think the proposed interruption of cross-zonal continuous trading is justified for the organisation of IDA? If not, please argue why. What would be the maximum length of interruption acceptable from a trading perspective and why?

Any other comments: