

Terna's consultation on the definition of the demand curves in the National capacity mechanism

EFET response – 09 February 2017

Introduction

The European Federation of Energy Traders (EFET¹) thanks Terna for the opportunity to provide an input on its consultation on the definition of demand curves within the planned capacity mechanism in Italy.

As a general remark, we stress that market participants need a clearer vision of the timing and specificities of the mechanism, as these were described in previous consultation documents too generically. In particular we seek visibility on:

- Timing of first auction(s);
- Timing of delivery of the product;
- Duration of the first implementation phase and hence when the mechanism will enter the stage of 'full implementation'.

Last, we found this consultation document very synthetic and poor of quantitative elements and analysis behind the reasons of certain decisions.

Specific comments

In our view, Terna should disclose the methodology behind the calculation of parameter Z: this parameter, representing an amount of capacity defined as a function of loss of one or more generator units, is a key aspect to fully understand the process of definition of the demand curves. In fact, market participants need visibility on the value of this parameter (in MW or even GW) to understand the impacts this could represent.

Moreover, we highlight what could be actually one typo:

- On par. 1.3, the premium associated to the capacity target should be set at an intermediate level between that of point A (or B) and the point D (and not C).

On this, it would be useful if Terna could clarify whether the distance between points C-B and C-D is symmetric or not.

¹ The European Federation of Energy Traders (EFET) promotes and facilitates European energy trading in open, transparent and liquid wholesale markets, unhindered by national borders or other undue obstacles. EFET currently represents more than 100 energy trading companies, active in over 27 European countries. For more information: www.efet.org