



OMIE, REE and REN consultation on the proposal for the implementation in the MIBEL of the gate opening time for the intraday continuous market



EFET comments – 21 March 2019

The European Federation of Energy Traders (EFET) thanks OMIE, REE and REN for the opportunity to provide comments to their consultation on the MIBEL gate opening time for the continuous intraday market.

The objective of the XBID project is to allow efficient matching of offer and demand at each point in time via continuous intraday trading throughout Europe, while ensuring efficient cross-border access to transmission capacity through implicit allocation. The European Commission and ACER have identified XBID as the priority number one to develop better cross-border access to and integration of intraday markets across Europe, and so has EFET. Although we acknowledge the efforts of all Iberian Institutions in reforming the intraday market design in Iberia, we still see a number of pre-requisites to ensure the development of efficient cross-border intraday power markets in the region.

We notice that the process of amendment to the regulation is very much fragmented, to the detriment of clarity and coherence. Institutions should urgently clarify their view on how the final Iberian intraday market design should look like.

Available cross-border capacity

With reference to ACER's Decision 04/2018 ("Decision") on intraday cross-zonal gate opening time (ID GOT), effective from 1 January 2019 onwards, the TSOs' implementation proposal is of concern. Specifically, the proposal does not clearly provide for justification as to why the leftover ES-FR cross-zonal capacity remaining after day-ahead clearing will not be offered in the continuous trading after the first regional auction at 15:00. Instead, we understand that the capacity at the ES-FR border will be set at zero until 22:00. The ID GOT of 15:00 will therefore be in name only.

We do not consider this a faithful implementation of the decision and we call on REE and RTE, together with both NRAs, to act to ensure the faithful implementation of the Decision. In particular there is no justification as to why TSOs need nearly seven hours to recalculate ID capacities on the ES-FR after day-ahead (DA) clearing. Any leftover capacity from DA should be allocated at 15:00 on all European borders, including the ES-FR and ES-PT one.

Moreover, the CACM Guideline foresees in its articles 14.4 and 21.2 that cross-border capacities can be recalculated several times during intraday. Therefore, it is to be understood that the CACM Guideline foresees the option to suspend temporarily the single intraday market coupling for 10 minutes maximum to re-calculate available cross-border capacities. Consequently, we believe that the option proposed by the TSOs of Nordic CCR to open the intraday market before capacities are recalculated and to undertake the adjustment once the recalculation has been completed is a valid proposal to be considered. Therefore, at the very minimum, TSOs should release the DA leftover capacity at 15:00, for continuous trading and possibly the 15:00 auction, and not wait until ID capacities have been recalculated.

Limited time to take part in the 15:00 auction

One key concern raised by the proposed implementation relates to the timings available to participate in the new ID opening auction in the Spanish bidding zone. The updated minimum time given between to publication of the PDVP of 15 minutes undermines the auction. This limited time is likely to undermine participation and liquidity of this auctions. As a minimum we believe the TSOs should move the deadline for publication of the PDVP forward to at least 14h30.

Unjustified removal of the Additional Power Reserve

The consultation does not provide compelling rationale as to why the opening of continuous trading at 15:00 D-1 is a reason to eliminate the market of Additional Power Reserve upwards as the two sessions can coexist. There is no constraint for this market to continue to exist albeit at a slightly earlier time if Alternative 2 is implemented.

Reducing the number of complementary regional auctions is a must

With the ACER decision on the methodology for pricing intraday cross-zonal capacity, The EU Target Model for intraday is now fully clear and foresees three pan-European auctions closing at 15h00 D-1, 22h00 D-1 and 10h00 of day D. Therefore, we believe the priority for all parties involved is to reduce the number of MIBEL auctions on the model of the three pan-European ones, until the final pan-European solution is implemented and the MIBEL only auctions can be eliminated. After 9 months since implementation of the XBID in the Iberian region, market participants should have solved their supposed lack of experience with continuous trading that was provided as the initial justification for maintaining six auctions. Similarly, the need to adapt internal procedures and IT systems to the new environment cannot be provided anymore as a reason not to adapt to the EU Target Model.

CNMC and ERSE, in collaboration with REE, REN and OMIE should provide a detailed timetable to remove three of the six regional auctions and eventually align the Iberian intraday market design on the European one. This is necessary to help providing a clear view of the future model of the Iberian intraday power market and ensure the full consistency with the EU Target Model.

Notwithstanding the above, EFET Task Force Iberia members agree that Alternative 2 would be the preferred and most convenient option. Still, we stress that adding liquidity to the continuous market is crucial.

Nevertheless, not addressing the issues on XB capacity with France and the timely publication of PDVP means that the implementation of the new opening auction has a limited value to market participants.

Other desired improvements to the Iberian intraday market design

Portfolio bidding

The merit of portfolio bidding relies essentially on the freedom of market participants to choose and activate whichever plants they wish within their portfolio. The so-called “portfolio bidding” model chosen for the Iberian market instead requires market participant to trade on the market every variation of schedules, rather than simply allowing the increase or decrease of production from plants within the same portfolio. By doing this, we believe the spirit and value of portfolio bidding is substantially reduced.

As requested multiple times by EFET, we consider a matter of urgency the introduction a real portfolio bidding approach with direct nomination to TSOs. Once again, we recommend not mixing up commercial and physical phases: at the intraday gate closure, a market participant allowed to trade on portfolio should be entitled to allocate the total amounts purchased or sold to the individual units of its portfolio and directly nominate these schedules to the TSO (nomination or ‘scheduling’). In all other main European markets, this is normal practice, while transparency scrutiny can be done via existing regulations without constraining market

The fact that the Iberian market was originally thought be a ‘physical’ market cannot be provided as a justification to constrain the current and future market design. As mentioned at earlier occasions, the constraints currently applied on true portfolio bidding in Iberia are in breach of article 17.3 of the Electricity Balancing Guideline, which foresees that prior to the intraday cross-zonal gate closure time, each BRP may change the schedules required to calculate its imbalance position. Spain and Portugal have not declared their systems as central dispatch models, hence article 17.3 fully applies in Iberia.

Finally, true portfolio bidding will provide exactly the same opportunities to big and small participants in the market. Therefore, we advise the Iberian NRAs, TSOs and OMIE to revise their approach to ensure that portfolio bidding is effectively implemented for trades on XBID.

Administrative barriers to access the Iberian power market

We request that the regulators clarify the process of setting up bidding units, and the administrative roles and responsibilities of the different actors in that regard: our members encountered several issues when setting up the C01 unit and so far, there has not been any clarification neither regarding the responsible body in charge of the process, nor regarding the various annexed formalities. This is making the process very burdensome, and has prevented some market participants from setting up C01 units until this day.