

EFET calls on MINETAD to address the Iberian intraday power market design

The European Federation of Energy Traders (EFET¹) has been providing practical guidance and recommendations on ensuring the efficiency and full compatibility of the Iberian intraday power market design with cross-border implicit intraday trading on the continuous XBID platform.² Following the publication of **the new Iberian intraday power market rules** by the Spanish Ministry of Energy, Tourism and Digital Agenda (MINETAD) on 11 May 2018 (hereafter the Rules), we fear that the Iberian market design will not be fully fit for the purpose of XBID. Hence, we call on MINETAD to address the following **critical issues** as a matter of urgency:

- **Absence of portfolio bidding:** the Rules fall short of allowing portfolio bidding while retaining mandatory physical unit bidding, despite previous recommendations of the Iberian Regulators.

As established in previous EFET statements on the topic,³ we strongly believe that the opportunity to submit bids/offers on a portfolio basis ('portfolio bidding') is a key precondition for the development of efficient intraday power trading, especially in continuous markets.

- **Regional auctions design lacking compatibility with CACM Guideline:** the implementation of Model A is foreseen by the Rules at the go-live of XBID, while Model B is to be implemented only at a later stage on 27 November 2018.

In our view, Model A is non-compliant with the requirements set in the CACM Guideline as it only allows trading in XBID a few hours of the day, between two consecutive regional auctions. Model B, however, allows market participants to trade sufficiently in advance of real time in XBID by opening all 24 hours of the day for negotiation, even if with other shortcomings such as the frequent interruption of the continuous market segment.

- **The Rules do not provide for reduction in number of auctions.**

Reduction in number of auctions is crucial to minimise the negative effects of regional auctions on the efficiency and liquidity of both neighbouring intraday markets and the XBID platform.⁴ Therefore, we expect a firm commitment and a precise timeline to be introduced by MINETAD **to rapidly reduce the number of auctions to one single opening auction.**

EFET remains open for further dialogue on the necessary improvements to the Iberian intraday power market design with the MINETAD.

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

² See "EFET recommendations to ensure a sound Iberian intraday market design and make it fully fit for cross-border implicit intraday trading on the continuous XBID platform" (20/12/2017) available here: http://www.efet.org/Files/Documents/Downloads/EFET_Reaction%20to%20Iberian%20NRAs%20decision%20on%20the%20ID%20market%20esign_20122017.pdf

³ See "Portfolio-based bidding in the intraday electricity market: way forward for the Iberian region", EFET Position Paper (10/10/2017), available here: http://www.efet.org/Files/Documents/Downloads/EFET%20position%20paper_portfolio-based%20bidding%20in%20the%20intraday%20markets_way%20forward%20for%20the%20Iberian%20region.pdf

⁴ See EFET reaction to the CNMC and ERSE recommendation to REE and REN on their proposals for intraday market design (20/12/2017), available here: http://www.efet.org/Files/Documents/Downloads/EFET_Reaction%20to%20Iberian%20NRAs%20decision%20on%20the%20ID%20market%20esign_20122017.pdf