



ALL NEMO COMMITTEE

Public consultation pursuant to Art. 12 of Commission Regulation (EU) 1222/2015 (hereinafter CACM Regulation) on harmonized maximum and minimum clearing prices for single day-ahead coupling and for single intraday coupling

**Response by RWE Supply & Trading GmbH
13 July 2022**

Introduction

RWE Supply & Trading GmbH (RWEST) very much welcomes the opportunity to contribute to the consultation held by the All NEMO Committee on harmonized maximum and minimum clearing prices for single day-ahead coupling and for single intraday coupling.

1. Name: Johannes Schulz
2. E-Mail: johannes.schulz@rwe.com
3. Organisation: RWE Supply & Trading GmbH

Questions & Answers

4. When integrating HMMCP for Intraday Auctions, NEMOs propose to follow the same principles as for SDAC. This means a differentiation from HMMCP for the SIDC continuous. What is your view on that differentiation, and do you have a view on what maximum and minimum clearing price should be applied for SIDC IDAs and what mechanism for possible upward or downward adjustment of that maximum and minimum clearing price should be applied?

RWEST Answer: We continue to be very sceptical with regards to the implementation of separate intraday auctions and reject this approach. Whether or not intraday auctions follow the same mechanism is not of material importance to us since intraday continuous trading and intraday auctions should be understood as different products. This would also allow different procedures to be applied. However, under no circumstances should the free formation of pricing be hampered through regulatory measures.

Nonetheless, we are of the opinion that the limit and methodology currently applied seems to be reasonable and could be applied in the same way for intraday auctions going forward.

5. The current methodologies describe a dynamic process to increase the maximum clearing price if market prices reach certain thresholds. NEMOs would like to consult on the possibility to also implement a decrease of the maximum clearing price after a period when no thresholds have been exceeded and the maximum clearing price shows to be unnecessarily high.

RWEST Answer: In our view also a decrease of the maximum clearing price can be considered, provided that the original thresholds have not been exceeded and that the buffer between price level traded and the maximum clearing price remains sufficiently high to not affect the price formation. The maximum clearing price should not be allowed to decrease below the original level. Furthermore, the mechanism to decrease the maximum clearing price should provide for stability and avoid a constant correction of the maximum clearing price. In the end, it must be ensured that technical clearing price limits remain technical.

6. NEMOs would like to consult on the duration of the transition period between detection of the threshold and entry into force of the new price cap. Shall this be shortened, increased, or maintained to be 5 weeks after the triggering threshold (60% of max clearing price) has been reached?

RWEST Answer: In our view the transition period is acceptable and can be maintained, provided that the existing threshold is maintained as well. Should the threshold be tightened, the transition period must be shortened as much as possible so as to not affect the price formation. The transition period should, however, not be extended beyond the existing transition period of 5 weeks.

7. Do you consider the current approach to increase the maximum clearing price in steps of EUR 1000,-- still adequate?

RWEST Answer: Yes, we consider the current approach to increase the maximum clearing price in steps of 1000 Euro still as adequate. It should continue to apply.

8. Do you think that the event that the clearing price exceeds a value of 60 percent of the harmonised maximum clearing price for SDAC in one market time unit of a day in single bidding zone is a sufficient trigger to increase the harmonised maximum clearing price for SDAC? For example: to instead as the basis for triggering a maximum clearing price increase to be given by a requirement that the threshold has been exceeded on multiple different days (e.g. separate SDAC trading days) within a given period.

RWEST Answer: Yes. We agree that the current trigger is well defined. If one were to raise the threshold, the transition period must be shortened drastically so as to not affect the price formation.

9. HMMCP methodologies to describe also an automatic extension of the minimum clearing price when a certain threshold is reached?

RWEST Answer: Yes, we support this.

10. Any other views regarding the HMMCP methodologies for SDAC and SIDC?

RWEST Answer: We suggest that NEMO's introduce plausibility checks when accepting market participant's orders to prevent false orders from being entered into the system and therefore affecting the market clearing price. Over the past years, participants have developed automated systems which bring new challenges to market participants and NEMOs. As a default, for example, each automated system can place market orders with unlimited quantities which brings a significant risk potential that could be minimised by NEMOs. We would be happy to discuss and jointly develop such solution with the NEMOs.



Contact: Johannes Schulz

E-Mail: johannes.schulz@rwe.com

Tel: +49 (0) 201 5179 2134

RWE Supply & Trading GmbH

RWE Platz 6

45141 Essen, Germany

RWE Supply & Trading GmbH

RWE Platz 6
45141 Essen
Germany
www.rwe.com