

Enspired Reply to the All NEMO public consultation pursuant to Art. 12 of Commission Regulation (EU) 1222/2015 on products that can be taken into account in the SIDC

enspired

enspired is a fully digital power trading-as-a-service company headquartered in Vienna. We drive the energy transition by enabling our clients to bring flexible assets to European power spot markets and capture their full value with our augmented trading services. Our proprietary platform for augmented trading is tailored towards superior performance and utilizes artificial intelligence (AI) models to leverage real-time data analytics and fully-automated trading.

Executive Summary

enspired supports the continuity of the products taken into account in SIDC but advocates to eliminate related features as Intraday Auctions and the CPM feature as they are costly, don't raise value, provide uncertainty in price forecasts, complicate portfolio management and in case of CPM are already provided by the market anyways.

ID products to be taken into account by NEMOs

We thank All NEMOs to have the opportunity of taking position on the methodology pursuant to Art. 53 of the CACM Guideline.

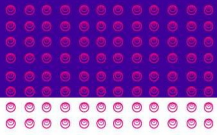
We advocate the continuity of the Day-Ahead and Intraday markets and hence support to maintain the product selection from the ACER Decision in 2020. Having continuity is crucial to a functioning and efficient market.

Cross product matching provided by NEMOS comes with many drawbacks

However, in the past, there have been numerous assessments regarding a cross product matching (CPM), bringing together different products within the same time slot. Following the approved Algorithm Methodology, works have been started by NEMOs to conduct CPM as a feature by NEMOs. This will go along with the drawbacks, that have been elaborated: high costs due to updating the coupling algorithm, performance degradation of the SIDC algorithm and the need to raise the tick size of the products to get the products mathematically aligned. These drawbacks tend to lower liquidity in the market.

NEMOs are not responsible for an arbitrage free market, it is the core function of the market

In an efficient market, traders fill in the role to avoid arbitrary prices between correspondent products as soon as little differences in price levels arise. NEMOs itself are only responsible for



providing the possibility, to do this efficiently by creating products, that incite liquidity. We do not see a rise in liquidity, having CPM installed, especially taken the above-mentioned arguments into account.

Our research has shown that a CPM function provided by NEMOs might improve trading economics by around 0.005 € to 0.009€/MWh for all market participants. In opposition to this, there is a welfare loss due to changed tick size (our understanding is that tick size would for example have to increase by 0.03€/MWh to 0.04€/MWh on certain products). This does not include the cost of upgrading the system to provide the respective performance, when introducing this feature. In many countries, these costs are paid by grid users via cost recovery schemes, that NRAs have installed according to Article 76 (2) CACM. In today's market, various market participants, especially traders, already provide this service at no cost, thereby ensuring a well-functioning, liquid and efficient market.


From the time of deciding on the CPM, the market has developed and this is happening already and is widely spread. As more automated and intelligent trading systems come into play, the price gaps between the products will diminish using the existing products. Therefore, we rather support to use the resources for the numerous challenges, that the market coupling faces today and in the future (e.g. to ensure full availability and effective use of all technically available transport capacities across day-ahead and intraday markets).

We see a tendency of micro-regulating a free market, which then cannot fulfill its assigned task

Regulatory steering shall avoid market failure, stimulate competition and in the end increase social welfare. The existing intraday market is a good example of reaching these goals with the installed instruments. The upcoming Intraday-Auctions (IDA) will distract the continuity of the market and provide uncertainty. The IDAs shall draw liquidity into the market, but rather shift liquidity from continuous trading to auctions, which complicates managing sudden changes like forecasts or outages. Despite our believe, that they are not going to be liquid due to the lowered security level, that they provide, we see another piece of the puzzle to lower performance of the system and increase costs for relevant stakeholders.

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Vienna, 11.02.2022



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