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**BDEW Bundesverband
der Energie- und
Wasserwirtschaft e.V.
(German Association of Energy and
Water Industries)
BDEW Representation at the EU**

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Position Paper

Position Paper on the NEMOs' proposal for SDAC- products according to Art. 40 CACM

Version: 1

The German Association of Energy and Water Industries (BDEW), Berlin, represents over 1,900 companies. The range of members stretches from local and communal through regional and up to national and international businesses. It represents around 90 percent of the electricity production, over 60 percent of local and district heating supply, 90 percent of natural gas, over 90 percent of energy grid as well as 80 percent of drinking water extraction as well as around a third of wastewater disposal in Germany.

BDEW is registered in the German lobby register for the representation of interests vis-à-vis the German Bundestag and the Federal Government, as well as in the EU transparency register for the representation of interests vis-à-vis the EU institutions. When representing interests, it follows the recognised Code of Conduct pursuant to the first sentence of Section 5(3), of the German Lobby Register Act, the Code of Conduct attached to the Register of Interest Representatives (europa.eu) as well as the internal BDEW Compliance Guidelines to ensure its activities are professional and transparent at all times. National register entry: R000888. European register entry: 20457441380-38

The all NEMOs committee has launched a public consultation on the SDAC products methodology following Article 40 of CACM. BDEW welcomes the opportunity to give its opinion and amendment suggestions on the NEMOs' proposal.

The implementation of the 15min MTU is key to a more sophisticated system, as it improves flexibility signals and aligns to the granularity used for the imbalance settlement. However, it can only be beneficial if the corresponding products are provided, major bid structures are not restricted and the calculation time is disproportionally prolonged. BDEW sees the removal of PUN orders and MIC/MC positive and their limitation until the go live of the 15 min MTU. This removes complexity from the algorithm and gives clarity for market participants. BDEW acknowledges that with the implementation of the 15 min MTU a lot more data points have to be processed in Euphemia but is highly critical on removing Complex Block Orders to ensure a smooth run.

BDEW approves the changes in the chapter "Whereas" and thereby especially the clarification on the products, the envisaged regular revision of the methodology and the defined consultation of market participants. This ensures that the product methodology is up to date and market participants are involved in the development process.

BDEW notes that article 3 of the methodology clarifies that orders "in the money" submitted at the BZ MTU will be fully accepted. Reciprocally, orders submitted at a longer MTU may be paradoxically rejected. BDEW would appreciate clarifications on how this rule interacts with the acceptance/rejection of complex orders and whether the chosen prioritization indeed reflects the optimal approach. Also, it should be discussed whether the full acceptance of 15 min block orders is preferable over the acceptance of fully divisible 30 min blocks.

Regarding articles 4 and 5, BDEW acknowledges that the introduction of the 15 min MTU product in SDAC will increase the computational complexity of the price-coupling algorithm. Therefore, the list of SDAC products must be amended. The SDAC Products Methodology distinguishes between two categories of products: mandatory products and optional products. We support that the list of mandatory products includes hourly, half-hourly and quarter-hourly products.

BDEW greatly regrets that Complex Block Orders fall into the category of optional products. Linked block orders and exclusive block orders are highly necessary to correctly reflect technical capabilities and limitations of assets and portfolios in the day-ahead auctions. It allows for an efficient and competitive bidding process leading to an efficient dispatch which in turn is beneficial consumers. BDEW strongly recommends including such products in the list of mandatory products and therefore ensuring that they are not removed of the algorithm if there are protracted technical difficulties.

BDEW underlines that the methodology should more clearly/directly indicate that the following combinations of complex orders and MTUs are possible:

- products listed in Article 5 (Optional products for SDAC auction) are available for hourly, half-hourly and quarter-hourly products: e.g., two hourly SBOs can be linked in a parent-child relation.
- the combination of SBO (Simple Block Orders) with different MTU is also possible: e.g., to link hourly SBO with a quarter-hourly or half-hourly SBO.

Furthermore, it should be discussed when the 15 min MTU will be implemented. The legal deadline foresees 1 January 2025. BDEW wants to point out that this comes with some difficulty, as this is not only a bank holiday but also falls in line with other operational design changes.

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