NEMO consultation on Harmonized maximum and minimum clearing prices for single day-ahead coupling and for single intraday coupling

The Enel Group welcomes the opportunity to provide comments to the all NEMO Committee consultation on the harmonized maximum and minimum clearing prices (HMMCP) for single day-ahead coupling (SDAC) and for single intraday coupling (SIDC). Below you can find reflections and comments on the questions proposed.

1. **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?**
   While we are not taking a stand on proposing or not a different methodology than in HMMCP continuous, we suggest that the starting levels of maximum and minimum clearing prices are set in a homogeneous manner, which would mean +9999 and -9999 €/MWh respectively also for Intraday Auctions, as it's already foreseen in SIDC continuous.

2. **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.**
   We support this proposal, which would symmetrically match the clearing price dynamic adjustment also on the reduction side, ultimately making it more coherent with price dynamics.
   This is especially relevant with reference to collateral requirements, which are impacted by maintaining high maximum clearing prices. Managing them induces some risks for market participants, without clear benefits in terms of functioning of electricity markets and in particular free price formation. Hence, this would justify returning to a lower max clearing price limit in case no thresholds have been hit or exceeded for a certain period.

3. **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?**
   We believe that the duration of the transition period should be shortened from the current 5 weeks. However, it is essential to set a balanced duration that would allow on one side to adjust the market framework quicker to react to possible prolonged periods of very high or very low prices, and on the other to guarantee enough time for procedural

adjustment to market participants (i.e. IT systems, strategies and operational constraints).

4. **Do you consider the current approach to increase the maximum clearing price in steps of EUR 1000,-- still adequate?**
   In the absence of an *ad hoc* statistical study, it is not easy to understand whether the magnitude of 1000 €/MWh for incremental adjustments is the most appropriate or not. In any case we believe that the value of the step increase should be proportionate to the trigger threshold (see question 5), so to avoid very large (small) increments in the case prices are very far (close) to the upper limit.

5. **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.**
   While we agree with the principle of setting a threshold to avoid the risk that the harmonised price limit may unduly constrain prices, we propose to strengthen the current methodology based on a single triggering occurrence with the objective to discard possible "spurious" events. Therefore, we suggest that the increase should be based on a criterion that somehow captures a more definite trend, as opposed to a single occurrence in a single time unit and in a single bidding zone.
   Finally, if the incremental adjustment step is kept at 1000 €/MWh, we propose to increase the trigger threshold to a higher value than the current 60%. In any case, we deem necessary that the value of this threshold is coordinated with the value of the step increase (see question 4), to avoid very large (small) increments in the case prices are very far (close) to the upper limit.

6. **HMMCP methodologies to describe also an automatic extension of the minimum clearing price when a certain threshold is reached?**
   We don't currently have a view on this specific matter.