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

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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?

Minimum and maximum prices for intraday auctions should be the same as for the continuous intraday market. Products traded in the same timeframe for the same delivery period should be handled the same way, this also applies to price caps.

Minimum and maximum price in intraday should always be higher (or equal in the case DA price cap meets ID price cap) in absolute value than day-ahead ones. This gives the incentives to not wait to close positions in later timeframes and to allow a formation of prices in DA that reflects the market fundamentals. Therefore, minimum and maximum prices in intraday should follow the minimum and maximum prices in DA when getting equal. One could think at ensuring a fixed delta between the DA and ID min/max prices to ensure the principle mentioned just above.

However, this should not prevent intraday price cap increase from being triggered by intraday prices only (read not linked to a DA trigger). **An increase in ID price cap can then be caused by an increase of the DA price cap above the ID price cap or when the ID price reaches the ID threshold** (same one as for DA). ID downward adjustment rules should be similar to the ones on DA.

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 of also implementing 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 such a decrease mechanism when market conditions have eased. The detrimental impact on market participants of maintaining unnecessarily high max clearing

prices in auction markets, be they held in the DA or ID timeframes, should be duly considered in order not to limit market access, and negatively affect market liquidity.

The decrease mechanism should be automatic and applied as from the 14th day after the last trigger to increase the price cap. This applies to DA and ID, considering the premium principle explained under Q1.

The decrease mechanism should not result in DA price caps lower than the DA initial price cap (read 3000eur/MWh).

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?

The transition period should be shortened to much less than five weeks. That would give a short-term incentive to as many extra stakeholders as possible to ease the underlying crisis. **The lead time should be kept at a minimum and we propose a transition period of less than a week, subject to technical constraint for IT implementation.**

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

We have no specific opinion on the price step. **However, we are in favor of setting a maximum number of increases per period (e.g. winter/summer).** This would give visibility to market participants and avoid the uncontrolled runaway of the mechanism. It is not foreseen that significant volumes can be found at short notice especially in the context of dwindling fuel supply. If volumes are structurally missing in the supply balance specific mechanisms should be put in place by TSOs.

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.

The value of 60% is too low especially if the min max prices are already high (as the value of the trigger is a relative one). The recent extension of flow-based to 13 countries has also significantly increased the risk of flow factor competition and this could have a disproportionate impact on smaller areas if the threshold is not closer to 100%. We could **imagine an increasing percentage alongside the value of the min max prices starting at 80% moving up to e.g. 95%.**

Conditions to increase the price cap are currently very sensitive (1 single MTU in one single BZ in the SDAC region). We would be in favor of a mechanism that is less sensitive to very local and limited-in-time situations. There could be a minimum of 2 days with reached threshold within a rolling 7-days period. The purpose is to **avoid isolated operational incidents on market participants or TSO side to cause a price cap increase**. Those cases should be clearly listed and should comprise e.g. situations where flow-based calculation could not be performed and fallback NTC used instead or where a partial decoupling took place in a BZ subject to Multi NEMO Agreement.

In the case where the trigger is only reached in a country with a CRM in place, there should be no increase as the TSO has already given incentive for supply-demand equilibrium. That TSO might need to specifically procure extra flexibility during the crisis.

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

We do not see the need for the time being. Negative prices are the consequences of badly designed support schemes or specific constraints on non-flexible generation assets. As we expect badly designed support schemes to be gradually phased out, we do not see the need for developing a mechanism rendering the minimum clearing price dynamic.

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

While ENGIE is and remains a strong advocate of market-based mechanisms supported by the free formation of prices, we cannot ignore the current market situation that can easily lead to a runaway of the current price cap increase mechanism. **We are in favor of freezing this mechanism until the situation normalizes** (e.g. gas curtailment risk in EU, nuclear availability in FR) or at least until the new methodology comes in place. We therefore join CRE's proposal to do so. Parallel to that, the current all NEMO's consultation should be properly carried out and the solution chosen eventually implemented when commonly decided to do so.

We call on all NEMOs together with ACER to organize a workshop involving market participants to discuss further all the parameters to be embedded in HMMCP methodologies, even more if new parameters are set and/or introduced (the percentage involved in the triggering threshold, the transition period before increasing the SDAC price limit, the increment step, the length of the period for the decreasing rule – if introduced, etc.).

Also we are of the opinion that for each price cap increase event, BZ(s) that reached the trigger publish a report on the causes of the event, and this not later than 3 weeks after the event, similar to the one published by CRE on the event of the 4th of April 2022.