

Dear NEMO Committee,

Northpool is a dedicated energy trading company focused and specialized on short term markets. We anticipate on surpluses or scarcity situations by moving energy across borders and balancing the markets to provide liquidity and give competitive market prices for all producers and consumers. We aim for efficiency and help system operators stabilize their grids.

As Northpool is active in the CWE Intraday markets, we are highly interested in the developments on the Single Intraday Coupling. With respect to liquidity and transparency, we would like to raise our concerns on the current proposal for the three pan-EU Intraday Auctions. We think it will have a negative impact on liquidity on the Continuous Intraday market and we would like to address the importance of transparent publication of available Cross Border Capacity.

Our first concern is that the introduction of the three pan-EU Intraday auctions will decrease the liquidity on the Intraday markets. The proposal is to have three IDA's, at 15:00 D-1, 22:00 D-1 and at 10:00 D-1. This will implicate that before and after the auctions, the implicit capacity will not be available on the continuous markets. In the case where there is no additional capacity made available for the IDA's, there is no incentive to trade during the IDA. Only if there is additional capacity available on interconnectors, that capacity will have a value and market participants want to place bids and offers for a premium on the IDA's.

Next to this, there will be less incentive for market players to place bids and offers on the Continuous markets before the auctions. If market players decide to wait for the auction results, for IDA 2 at 22:00 and IDA 3 at 15:00, to place orders on the continuous market, the liquidity will dry out. Our concern is that the liquidity of the CWE markets will start to look like the UK market, where liquidity only arises in the last two hours before physical delivery.

Our second concern is the importance of transparent publication of additional capacity that will be available on the auctions. In order to value the capacity, market players should know how much additional capacity there will be available on each separate border. The exact volumes have to be made public before the start of the auction, in order for market players to value it.

As a final note we would like to address that there has to be a proper fallback procedure in place. Especially for the IDA 2 at 22:00 D-1, where the first hour traded will be delivery period 00:00 - 01:00, and the IDA 3 at 10:00, where the first hour traded will be delivery period 11:00-12:00. The auctions will be close to delivery, so every delay will have a direct impact on the products that are close to delivery.

Yours sincerely,

Stefan de Weger

Senior Energy Trader and permanent member of the EPEX Exchange Council