

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

The consultation was published on the NEMO Committee website here on 3rd January 2022. 04. 01. The consultation was ended on 12th February 2022.

Below in the table you can find the comments from the received responses and the related answers from the NEMO Committee.

Resp.	Summary of response*	NEMOs comment
General comments		
2	Regrets the poor publicity/communication around the consultation – which led to discover the consultation 'by chance' shortly ahead of the deadline.	The consultation was distributed in this way: Published on the NEMO committee website. Announced in the NEMO newsletter. NEMOs will in the future also follow up with timely reminders to the stakeholders to review and respond to ongoing consultations published by NEMOs and will directly distributed it via email to the MESC contact list.
4	The public consultation was not well advertised and would like to request all NEMOs to do so that it reaches a wider audience in good time. To avoid last-minute surprises for stakeholders and give them sufficient time to draft response.	*/* same as above
5	Think that part of the Decision No 5/2020 related to intraday auctions should be jointly reviewed with the Decision no 37/2020 in December 2020 (SDAC products)	The current version of the SDAC products methodology was decided on 22 December 2020. SDAC products methodology are due to be consulted, as in accordance with Article 40(3) of CACM, by end of 2022.

6	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.	-
SIDC Continuous trading – and products – Cross Product Matching (CPM)		
6	Cross product matching – CPM – provided by NEMOs comes with many drawbacks. 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.	CPM is in R&D (CPM MVP/Prototype) and next steps are currently being assessed. Detrimental effects of CPM are being measured and considered; they will also be discussed with authorities. CPM will not be ready for implementation in the SIDC continuous trading until earliest Q1 2024. Therefore, it is not proposed by NEMOs to include CPM in this version of the SIDC Products methodology. An amendment will have to be done to the SIDC Products methodology – including a new consultation process - before the implementation of CPM in the SIDC continuous market.
7	<p>While the underlying principle of this [Cross Product Matching] is strongly supported, we would like to raise concerns towards the current implementation ideas. (...) the design of CPM raised the following difficulties and proposals.</p> <ul style="list-style-type: none"> • Averaging prices in four quarter hourly products with 0.01€/MWh price ticks exceed the maximum 2 digits currently allowed in SIDC. Similarly, with two half hourly products. • One implementation proposal is allowing 0.04€/MWh price ticks in quarter hourly products, 0.02 €/MWh in half hourly and 0.1 in hourly products. <p>Are not in favour of 0.01 €/MWh price ticks in SIDC as this does not lead to more volumes traded but a lot more traffic from automated trading applications 'penny jumping' in the cents range. An ideal price tick of 0.1 €/MWh.</p> <p>Different price tick between products is not suitable and makes trading, both for API applications and traders, over-complicated. We prefer harmonizing price ticks across all products.</p>	*/* same as above

Intraday Auctions – IDAs – and products		
1	<p>Would be most interested in an Intraday Auction which allows Block Orders. This would give additional optionality to market big conventional assets after the DA auction.</p>	<p>Simple block orders – products covering multiple MTUs - are mandatory products for IDAs, according to the product methodology, and will be included. The optional products are assessed and will be considered/optimized to the extent possible depending on algorithm simulations and related performance outcome.</p>
2	<p>Regrets that complex products are classified among the optional products and not among the mandatory. In a self-dispatch model – widely spread in Europe – the optimization under the portfolio-based approach implies the use of complex products.</p> <ul style="list-style-type: none"> • Asks for the mandatory accommodation of (simple and complex) products by the Day-ahead and Intraday algorithms whenever traded in a sufficient number of MSs. • The introduction of small granularity products (15 and 30-minute) is a necessity as capacity is already allocated with such a granularity with the continuous SIDC. 	<p>The classification of products into mandatory and optional products is an ACER Decision. Reference is made to ACER Decision No 05/2020 related to this SIDC Products Methodology.</p> <p>Half-hourly and quarter-hourly, as well as Hourly MTUs are listed as mandatory products in the methodology and will be available.</p>
4	<p>Reminds that there is a need for complex products both in the SIDC continuous trading and the intraday auctions, from a market participants point of view and in a general objective of efficient price formation. Requests that complex block orders (linked and exclusive block products) would become mandatory in the SIDC. Supports a general rule for a mandatory accommodation of (both simple and complex) products by the SDAC, continuous trading and ID auctions, when they are traded in a sufficient number of Member states, typically more than three.</p> <ul style="list-style-type: none"> • Complex products allow a more direct valuation of some flexibilities such as demand response with complex/industrial processes or based on time of use/critical peak pricing retail tariffs, or power plants with start-up/shut down costs. Removing the possibility to offer complex products in intraday auctions can thus be a threat to their valuation, likely to reduce their competitiveness and to generate inefficient dispatch decisions. 	<p>See above</p>

<p>5</p>	<p>Ask to make the complex block orders in the intraday auctions (IDAs) mandatory and not optional. Request that article 7.2.a on complex orders optionally to be moved to article 6 on mandatory products for intraday auctions.</p> <ul style="list-style-type: none"> Do not believe that linked or complex orders are complex enough to deserve to be made optional. This should be warranted by demonstration of their impact on performance to be excluded from list of mandatory products. <p>Propose the elimination of MIC orders and low gradient orders.</p> <ul style="list-style-type: none"> Flexibility for market participants in MIBEL should come from the freedom of bidding (portfolio bidding + direct nominations to TSOs) and the use of block orders for all market participants. Encourage NEMOs, ACER and the NRAs to review these regional/national market design features that are hindering the SDAC and SIDC framework because they represent a specificity in contrast with the objective of efficiency in the European coupling. 	<p>See comments above re mandatory and optional products.</p> <p>.</p> <p>At this moment there are ongoing discussions in the NEMOs regarding the kind products to be used in the intraday auctions (IDAs). In order to take a decision in-depth analysis will be required. There exists a trade-off between the expressiveness allowed for market participants and the performance that should be achieved in a reduced (compared to SDAC) calculation time.</p> <p>Regarding the proposal of elimination of some products or characteristics of the products, it should be stated that:</p> <ul style="list-style-type: none"> As indicated by the algorithm provider, low gradient orders have minimal impact on performance. <p>The MIC orders have the possibility to be replaced by scalable complex orders (SCOs), that deliver significant performance improvement.</p> <p>In any case, the decision to be taken by NEMOs on the products to be offered in IDAs is subject of current performance simulations/analysis and shall consider all kind of products</p>

Intraday Auctions – IDAs – in general and effects to continuous trading		
3	<p>Raises concern on the current proposal for the three pan-EU Intraday Auctions. Thinks it will have negative impact on liquidity on the Continuous Intraday Market.</p> <ul style="list-style-type: none"> • The transmission capacity will not be available on the continuous market as long as the IDAs are ongoing. • Unless there is no additional capacity made available for the auction – there is not incentive to trade IDA. • Less incentive for market players to place bids and offers on the continuous markets before the auctions if they are waiting for IDA. Liquidity will dry out and liquidity arise only in the last two hours before physical delivery. 	<p>Intraday auctions were proposed by TSOs and subsequently Decided by ACER as a methodology for pricing of intraday cross-zonal capacity on 24 January 2019. Reference is made to ACER decision 01/2019.</p> <p>NEMOs will ask TSOs to describe the capacity calculation process associated with each of the IDAs.</p> <p>Article 52 of the ACER decision N°01/2019 (ESTABLISHING A SINGLE METHODOLOGY FOR PRICING INTRADAY CROSSZONAL CAPACITY) states that: “a dedicated implementation timeline for each of those IDAs and, if deemed necessary, the conditions for their implementation (e.g. in relation to the offered cross-zonal capacity) will have to be developed in the framework of the amended algorithm methodology”</p> <p>NEMOs are fully aware that cross-border capacity provision is a key factor of success for those SIDC IDAs</p>
6	<p>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 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.</p>	Same

7	<ul style="list-style-type: none"> • We doubt that intraday auctions are the right mechanism across all market areas, as current ID auctions indicate today. • IDAs are likely not to be very liquid, therefore smaller market parties have no real option to move away from the operational complexity of operating continuous trading. And even if they would violate their 24/7 balancing obligations. There is no added commercial benefit and no improvement of the overall system security and welfare. • Operating IDAs outside business hours and during times where other operational processes happen do not increase the likelihood for high liquidity and good participation in these auctions. • While designing IDAs, ACER shall acknowledge that continuous trading has still highest priority for the market. Therefore: • Implicit cross border capacity should be taken out of Continuous SIDC as short as possible. 3 times 40 minutes is too long. • SIDC trading products need to be left open so that there is not technical hurdle to operate Continuous SIDC in the meantime. • We are unclear in which granularity these auctions shall take place. Only operating in hourly granularity gives no additional benefit. 	Same
Intraday Auctions – IDAs – and timing of auctions		
7	<p>D-1 15:00 is supported if it enables multi-NEMO offerings for currently operated D-1 intraday auctions such as DE and FR.</p> <p>D-1 22:00 is understood from a capacity release point of view, but timing outside business hours is not ideal.</p> <p>D 10:00 implementation idea shall be discontinued. The auction timing before 12:00 day-ahead and next to aFRR and mFRR is not ideal.</p>	Refer to ACER decision 01/2019. Timings for IDAs are part of the Methodology for pricing intraday cross-zonal capacity and thus out of scope for the SIDC products methodology.

Intraday Auctions – IDAs – and Fallback solutions		
3	<p>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.</p>	<p>Refer to ACER decision 01/2019. Fallback for IDAs is part of the Methodology for pricing intraday cross-zonal capacity and thus out of scope for the SIDC products methodology.</p> <p>In case and IDA is not able to allocate intraday cross-zonal capacity to an IDA, such capacity, when it becomes available, shall be allocated through the continuous SIDC.</p> <p>There will be no delay in the SIDC IDAs process that will impact the SIDC Continuous. If a critical issue is being experienced, IDA will be cancelled and SIDC continuous will be the fallback</p>
7	<p>In case liquidity in market area is low such as currently observed in local ID auction in FR offered by EPEX; could individual auction runs be discontinued locally?</p> <p>What happens if an IDA fails? Will it be repeated later? Does it block the intraday XB capacities for several hours? This might be very dangerous because it is difficult to program in trading algorithm.</p>	<p>Same</p>
Transparency		
2	<p>Decisions on products require adequate transparency. Regret that analyses of the algorithms' performance carried out by the NEMOs are not made public or available to market participants, especially those leading to increase the run times or to prioritize developments.</p>	<p>NEMOs do publish some information on scalability and performance monitoring and simulations, both related to the SIDC and the SDAC algorithm (which is the algorithm to be used for IDAs) in the CACM annual report. The report is published yearly by end of June on the NEMO-committee website</p> <p>Out of scope for the SIDC Product methodology itself.</p>
3	<p>..concern s the importance of transparent publication of additional capacity that will be available on the (IDA) 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.</p>	<p>Publication of Capacity values are out of scope for the SIDC products methodologies. This is a question for TSOs.</p>

4	<p>We would welcome a technical assessment of the increase of computational time induced by the different products: e.g. block product, MTU aggregated orders and complex orders. Such assessment could prove to be helpful to decide whether some types of products should be prioritized.</p>	<p>NEMOs do publish some information on scalability and performance monitoring and simulations, both related to the SIDC and the SDAC algorithm (which is the algorithm to be used for IDAs) in the CACM annual report. The report is published yearly by end of June on the NEMO-committee website</p> <p>Out of scope for the SIDC Product methodology itself.</p>

Conclusion: None of the responses triggers need to amend the proposed/existing SIDC Products methodology.

*Complete response letters from the respondents to the consultation are available on the NEMO Committee Website [here](#).

List of respondents:

1. Eneco Energy Trade – Netherlands
2. EDF – France
3. Northpool Trading Energy - Netherlands
4. Eurelectric
5. EFET – European Federation of Energy Traders
6. Enspired GmbH – Austria
7. Statkraft Markets GmbH – Germany