All NEMOs Consultation questions

From this document you can provide your comments on the following four proposals that the NEMOs must submit to the NRAs by Mid-February:

1.   Algorithm Proposal, incorporating the Day-Ahead and Intraday requirements
2.   Products Proposal
3.   Back-up Methodology Proposal
4.   Harmonized Max-Min Price Limit Proposal

This consultation questions form intends to gather related view, arguments, positions and assessment proposals from stakeholders. It consists of both very open and relatively specific questions on each of the proposed methodologies. Some questions may only appeal to certain market actors. We are grateful for your response and partial answers are also very welcome. Please relate your comments to the provided questions, where possible.

Please remember to send your contribution to consultations@nemo.committee.eu by 2 December at the latest. Do not forget to fill in the 'Respondent's information' on the first page of this consultation form too.

In case you would have any questions or remarks, do not hesitate to contact us directly.

Respondent's information

1. What is your name?

Fernando Soto

2. What organization do you represent?

AEGE (Spanish association of industrial companies with high energy consumption

3. What is your email address?

fsoto@aege.es

Algorithm Proposal, incorporating the Day-Ahead and Intraday algorithm requirements

Algorithm proposal

1. Do you have comments on the proposal to base the SDAC and SIDC on the PCR Euphemia and XBID algorithms?

2. Do you have comments on the emphasis in the Proposal on monitoring and maintaining algorithm performance?

3. What should be the critical parameters of algorithm performance (DA; ID)?

4. Doyou have comments on the proposals for transparency regarding the algorithm (public description, performance and incident reporting, consultation on changes)?

5. Do you have comments on the proposals for controls on usage and change requests for new functionality, to maintain DA and ID algorithm performance?

6. Do you have comments on the proposal to manage changes to the algorithms, or should all changes require a modification using the procedure outlined in CACM (Articles 9 and 12)?

7. NEMOs propose a formal escalation body where NEMO decisions (taken on the basis of QMV) can be challenged. This is relevant because some algorithm issues may involve conflicting NEMO, TSO or MS priorities. Do you have comments on the proposal to consult with the MESC? Should NRAs or ACER potentially play a role in resolving conflicts (e.g., acting as the arbitral body for NEMO decisions), or is an independent arbitral tribunal adequate? Do you have any other comments?

8. Do you have any other comments on the Proposal?

Day-Ahead Algorithm requirements

1. Do you have comments on the proposed DA Algorithm requirements – 1. Background?

2. Do you have comments on the proposed DA Algorithm requirements – 2. Terminology?

3. Do you have comments on the proposed DA Algorithm requirements – 3. Approach?

4. Do you have comments on the proposed DA Algorithm requirements – 4. Price coupling algorithm requirements-Title 1- Requirements on functionalities and performance?

5. Do you have comments on the proposed DA Algorithm requirements – 4. Price coupling algorithm requirements-Title 2- Requirements related to Cross-zonal capacities?

6. Do you have comments on the proposed DA Algorithm requirements – 4. Price coupling algorithm requirements-Title 3- Requirements related to allocation constraints?

7. Do you have comments on the proposed DA Algorithm requirements – 4. Price coupling algorithm requirements-Title 4- Requirements related to balance constraints?

8. Do you have comments on the proposed DA Algorithm requirements – 4. Price coupling algorithm requirements-Title 5- Requirements on algorithm output and deadlines for the delivery of single day-ahead coupling results?

9. Do you have comments on the proposed DA Algorithm requirements – 4. Price coupling algorithm requirements-Title 6- Currency?

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Intraday Algorithm requirements

1. Do you have comments on the proposed ID algorithm requirements – Title 1: General requirements?

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2. Do you have comments on the proposed ID algorithm requirements – Title 2: Requirements related to Cross-zonal capacities?

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3. Do you have comments on the proposed ID algorithm requirements – Title 3: Requirements related to allocation constraints?

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4. Do you have comments on the proposed ID algorithm requirements – Title 4: Requirements on algorithm output and deadlines for the delivery of single intraday coupling results?

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5. Do you have comments on the proposed ID algorithm requirements – Title 5: Currency?

6. Do you have any other comments on the ID algorithm requirements?

Back-up methodology Proposal

1. Do you have general comments on the proposed Back-up Methodology for single day-ahead coupling and for the single intraday coupling?

2. Do you have specific comments on Article 3-the 'SDAC backup procedures and steps' of the proposed Back-up Methodology for single day-ahead coupling and for the single intraday coupling.

3. Do you have specific comments on Article 4-the 'Intraday timeframe price coupling algorithm backup procedures and steps' of the proposed Back-up Methodology for single day-ahead coupling and for the single intraday coupling.

Harmonized Max-MinpriceLimit Proposal

1. Do you find that the proposal addresses all the relevant objectives and issues that it should?

- If not kindly list key issues not covered, and motivate why they should:

2. In the proposal being consulted upon two different levels are indicated as possible price limits to apply in the Single Intra Day Coupling (SIDC), one like proposed for Single Day Ahead Coupling (SDAC) and one with a wider range. The reason being that SIDC, contrary to SDAC (Implicit Auction), is based on continuous trading and matching of individual orders based on a continually, for each Bidding Zone, visible best bid/ask spread and accordingly there is no clear relevance for limits other than on technical grounds.

On that basis we have these specific questions linked to the price limits to be applied:

- Do you have any opinion about if the price limits set for Single Day Ahead Coupling (SDAC) and Single Intra Day Coupling (SIDC) should be identical or different?

- If you argue for different levels can you kindly provide reasoning for why that should be the case:

- Do you have any opinionsabout the limits proposed for SDAC? If you disagree with the proposed limits what would you deem as more appropriate limits and can you elaborate on why?

We disagree with the proposed limits.

The current values in MIBEL of 0 and 180 € / MWh offer a sufficient range of sensitivity to transmit signals of supply excess or scarcity.

Abnormally high prices can be the result of anomalous circumstances (forecast errors, communication failures, etc.) and taking into account that their consideration in the process is irreversible, can cause serious damage to the buyers.

We consider that capacity mechanisms are a more appropriate incentive to ensure the availability and adequacy of generation and to avoid a predatory behavior in the market. The impact of the cost of capacity mechanisms on consumers should be made in a way that flexibility of demand is encouraged. In any case, as long as the generators receive regulated revenues complementary to the market, the current price limits should remain unchanged

- Do you have any opinion about either of the options (A: +3000/-500; B:+9999/-9999) proposed as limits for SIDC? If you disagree with both sets of proposed limits what would you deem as more appropriate limits and can you elaborate on why?

> We disagree with the proposed limits.
>
> See previous comments.

3. Do you have any suggestions on how to over time tackle the required need to consider the limits in relation to Value of Lost Load (VOLL)?

- Further, do you have a suggestion on how to in relation to price limits tackle the fact that there is no uniform VOLL across the EU?

4. While the Proposal clearly says that harmonised limits shall apply for SDAC and SIDC respectively it also allows for derogations based on two options, namely (a) an agreement between relevant NEMOs and TSOs and approval by NRAs (Article 6.1), or (b) temporary derogations decided upon by the All NEMO Committee (Article 6.3), and for both options it may be valid in single Member States, Bidding Zones and regions or the whole SIDC or SDAC geographic scope if due consideration is made of the impact on the objectives of the regulation.

- What is your view on the derogation option in Article 6.1?

- What is your view on the temporary derogation option in Article 6.3?

- What is your view in general about possible existence of derogations, and do you find that, when such decisions are made, the measures proposed to ensure consideration of overall objectives are sufficient?

5. Do you have other specific feed-back on this Min-Max Proposal?