

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 consultation@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?

Teija Pelkonen

2. What organization do you represent?

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3. What is your email address?

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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?

Algorithm performance should be set at the level that availability of products is not limited due to performance issues.

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

The most critical parameter is that the calculation result is reached and prices are formed. Neither there should be additional limitations for market participants to use available products in full extent due to algorithm performance.

4. Do you 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?

There should be an independent party that resolves conflicts and ensures that compliance and equal treatment of all market areas and parties is reached.

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

There should not be a situation when functionality of market is neglected by undersized calculation method. Reasonable operations with block offers should be remained.

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?

Algorithm performance should be developed further to make sure that the product availability is not limited due to performance. Also performance should be on the level where all offers are treated non-discriminatory – e.g. paradoxically rejected block orders. There should be reserved both time and capacity for calculations to reach the optimal solution.

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

The result of prebooking and allocated of cross-zonal capacities should be transparent and publically available. Capacity setting rules for TSOs should be transparent.

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?

The time limit of ten minutes is too tight. In any case the deadline should not limit availability nor possibility for market participants to use available products e.g. available amount of block orders. Neither should it lead to a situation where orders are rejected because of restrictions on calculation time.

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

The proposal to use euros is good. The calculations should not be slowed due to various currencies nor the currencies should affect the algorithm result.

Intraday Algorithm requirements

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

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

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

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?

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

Euros should be used.

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-Min price Limit 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?

They should be identical.

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

If DA and ID prices should differ, ID price levels should follow the price limits of regulation power markets (balancing market). If ID price levels were significantly higher than balancing prices it would encourage market participants to act against current balancing requirements.

- Do you have any opinions about 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 see current price limits for SDAC good. Present price limits represent actual market objects and it is hard to come by any real market object that would have margin prices outside these limits.

- 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?

Intra-Day-markets price limits should be identical with Day-Ahead limits. Thus ID and DA markets are equally valued. In any case ID price limits should not be higher than balancing market price limits.

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?