

## 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](mailto: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?

Juan Temboury

2. What organization do you represent?

FORTIA ENERGIA SL. We are a supplier representing interests of large energy intensive consumers.

3. What is your email address?

juan.temboury@fortiaenergia.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?

No comment

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

No comment

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

No comment

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

No comment

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?

No comment

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)?

No comment

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?

No comment

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

No comment

***Day-Ahead Algorithm requirements***

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

No comment

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

No comment

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

No comment

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

No comment

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

No comment

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

No comment

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

No comment

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?

No comment

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

No comment

***Intraday Algorithm requirements***

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

No comment

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

No comment

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

No comment

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?

No comment

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

No comment

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



## Products Proposal

1. Do you have comments on the proposed DA and ID Products, including the categorisation of whether they are required at the start of operation of the SDAC/SIDC or at a future date?

No comment

2. The NEMOs believe that the technical specifications of the different products are better explained in separate public documentation, which can be more readily updated if needed. Do you have comments on this approach?

No comment

3. Do you have comments on the proposed process to enable new products, or should all changes require a modification using the procedure outlined in CACM (Articles 9/12 and 40/53)?

No comment

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

To foster demand response, we believe that at least two additional possibilities should be included in the products proposal:

- In a similar way that generators have the possibility to include in their offers Minimum Income Conditions (MIC), we believe that consumers should have the possibility to include Maximum Payment Conditions (MPC). MCP orders would strengthen demand price elasticity of flexible consumers.
- Furthermore, we believe that market participants should have the possibility of introducing several orders. For instance, a market participant responsible for procuring electricity for customers that have different flexibility/demand response potentials should be able to reflect these potentials in its offer by introducing several orders.



## 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?

No comment

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.

No comment

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.

No comment



## 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:

No comment

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?

No comment

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

No comment

- 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 have some serious concerns regarding the establishment of very high price limits due to the following reasons:

- A significant share of electricity demand is price inelastic. On the other hand, in general, power producers are not price takers and generation capacity is typically concentrated within a few major utilities. This facilitates the exercise of market power, particularly in those situations when the generation margin is tight, and places consumers at disadvantage with respect to generators. Moreover, there is lack of efficient and effective mechanisms that prevent producers from exercising market power and manipulating electricity prices.
- Very high prices may arise from conditions other than market fundamentals, such as temporary unavailability of generation, which do not reflect (long-term) lack of generation adequacy. In this case, very high prices may excessively penalize consumers.
- Excessively low price situations tend to disappear as subsidies to renewable generation are phased-out.
- In several countries futures markets are neither liquid nor contestable, consequently they cannot provide efficient hedging mechanisms to consumers.
- Finally, most European countries apply some form of capacity mechanism. In this case, in principle, electricity prices should not reach such maximum levels.

Taking all this into account, we consider that establishing very high electricity price limits could lead to the abuse of market power, imposing excessive high costs on costumers, and it would be probably not enough to incentivize investment in generation capacity, requiring the establishment of additional measures to foster generation adequacy, such as capacity mechanisms.

In this sense, we believe that the use of a competitive form of capacity mechanism, including the participation of demand side management, would be a more effective way of guaranteeing generation adequacy without imposing excessive risks and costs on consumers.

- 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?

No comment

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?

No comment

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?

No comment

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

No comment

- 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?

No comment

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

No comment