

## 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?

Federico Mauri Giuseppe Viscardi
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2. What organization do you represent?

Eni SpA
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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?

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

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?

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?

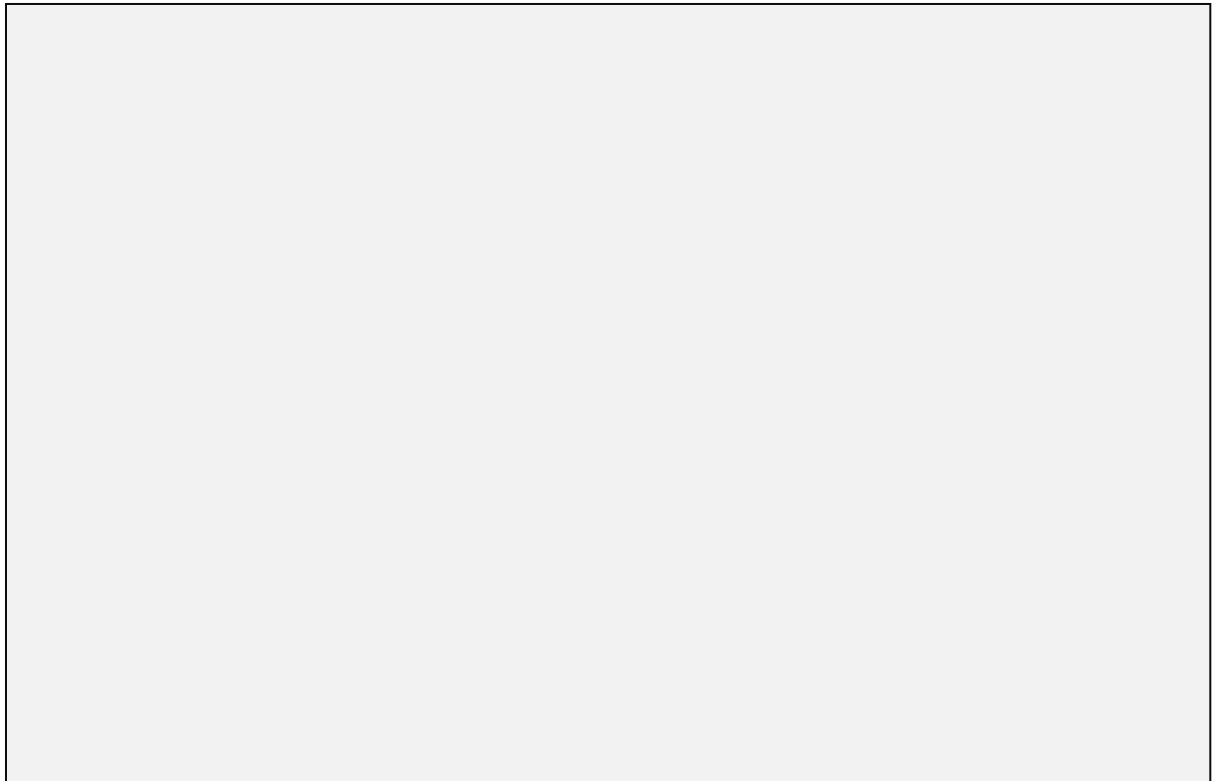
7. Do you have comments on the proposed DA Algorithm requirements – 4. Price coupling algorithm requirements-Title 4- Requirements related to balance constraints?

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?

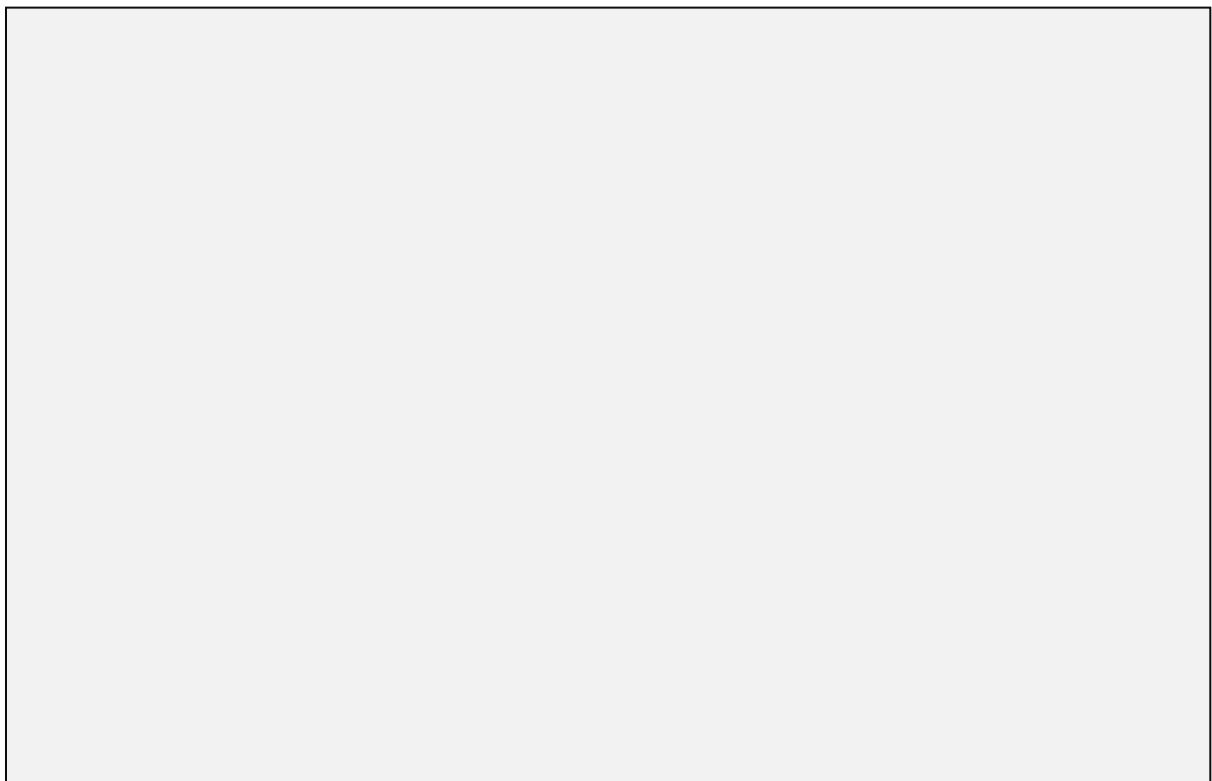
9. Do you have comments on the proposed DA Algorithm requirements – 4. Price coupling algorithm requirements-Title 6- Currency?

***Intraday Algorithm requirements***

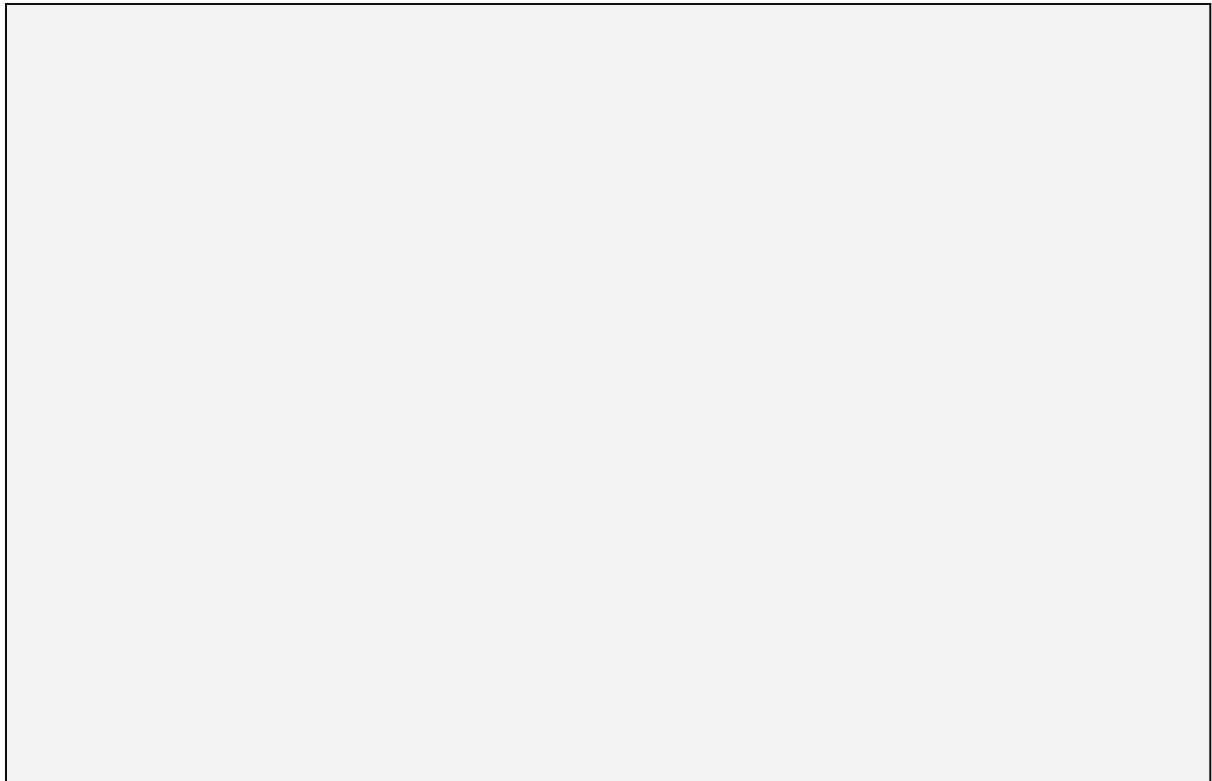
1. Do you have comments on the proposed ID algorithm requirements – Title 1: General requirements?



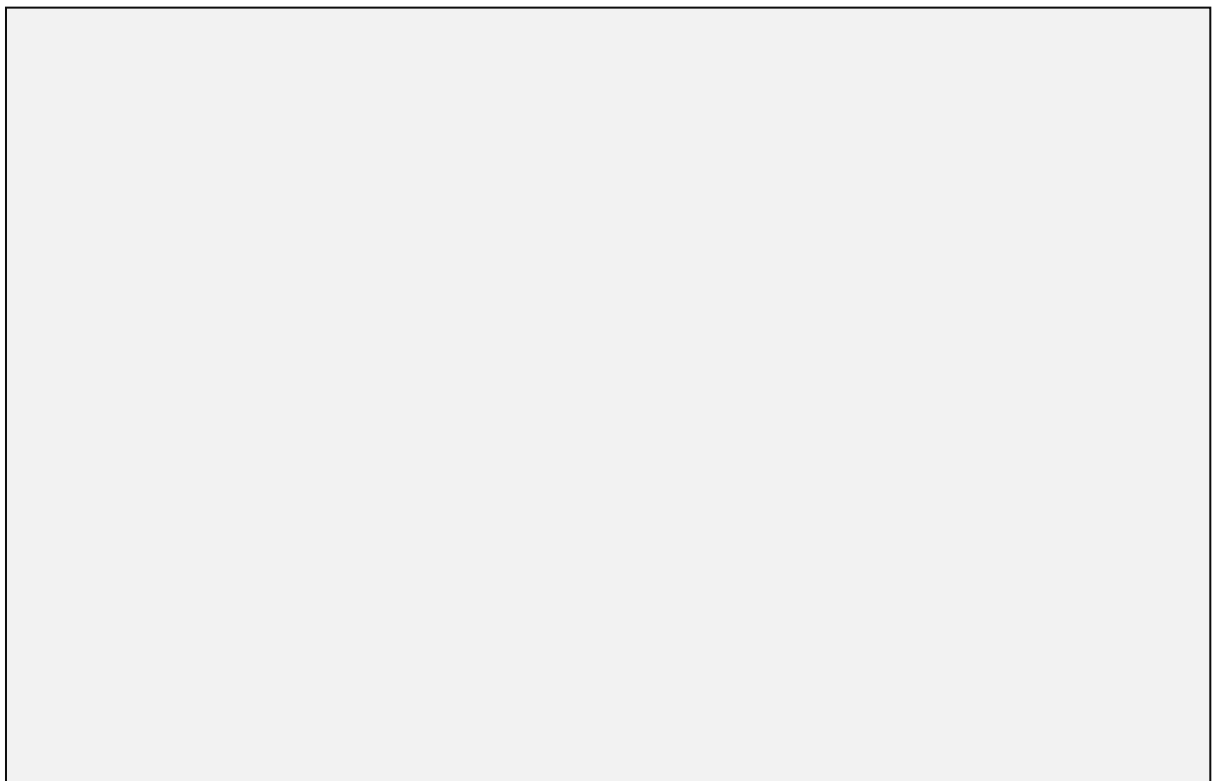
2. Do you have comments on the proposed ID algorithm requirements – Title 2: Requirements related to Cross-zonal capacities?



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



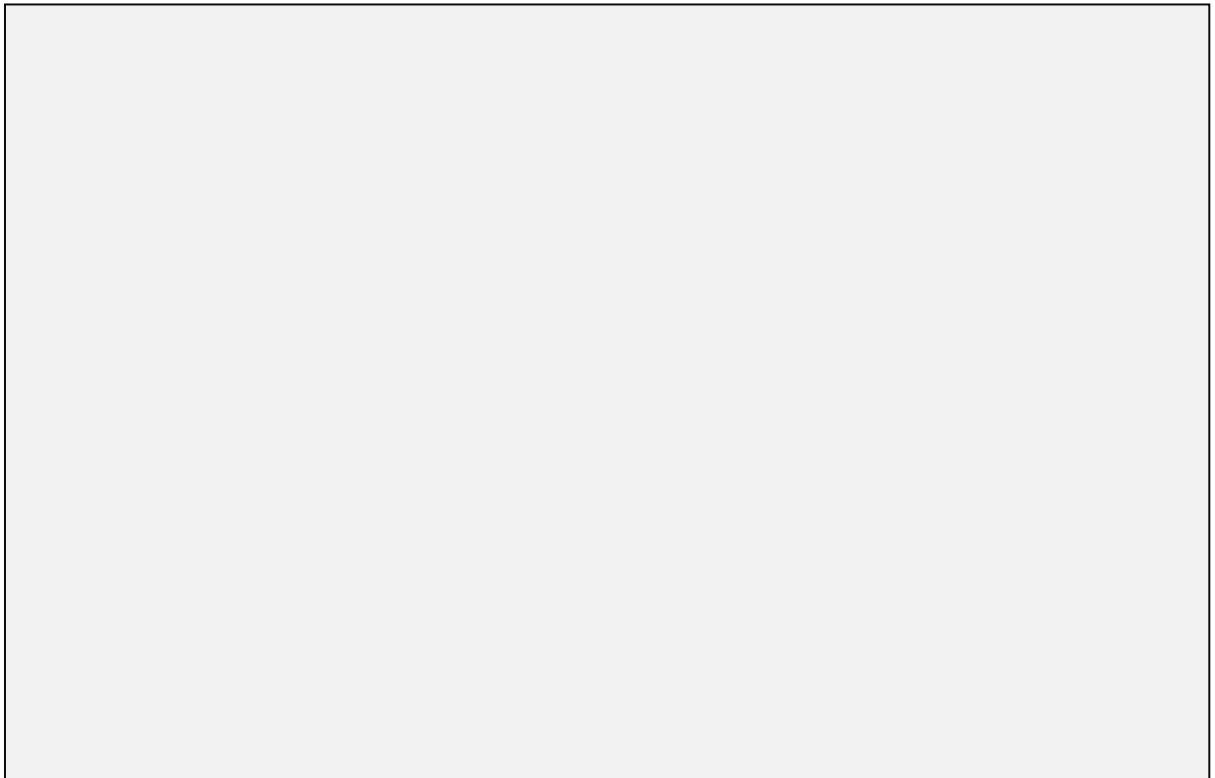
4. Do you have comments on the proposed ID algorithm requirements – Title 4: Requirements on algorithm output and deadlines for the delivery of single intraday coupling results?



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



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?

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?

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)?

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



## 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:

Eni believes that, even in the current regulatory framework set by the CACM, there is a need to "reboot" the debate over which price limits would be more appropriate in today's market. As further analyzed in the answers below, Eni underlines that the so called "negative prices" - currently allowed in some Member States- might be an unnecessary- or even inefficient - market feature, depending on a number of factors including, for example, the composition of the relevant power generation fleet (i.e. the relative share of conventional thermal and RES units), its flexibility, the specific RES support / incentives schemes and the demand's elasticity. Notably, the interaction of negative prices with the diverse RES support schemes in place in the Member States should be further analyzed by NRAs, in order to prevent highly inefficient market outcomes.

On this topic, Eni is available to provide further insights.

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?

SDAC and SIDC price limits should share the same lowest value and such lowest value should be equal to zero, given the considerations herein reported, above and below, about the possible effects distorting the market which are very likely to originate from negative prices in systems where RES support schemes and incentives are not properly designed).

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

Please refer to answers #1-2 above and #4 below.

- 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?

Please refer to answers #1-2 above and #4 below.

- 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?

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?

While stressing once again the need to carry out a thorough analysis of the actual usefulness and efficiency of negative lower price limits (or, in other terms, the need for a thorough analysis of the actual usefulness and efficiency of introducing prices which are, by definition, lower than any generator's variable costs, thus inducing on thermal generators risks of economic losses that they could not mitigate but with very complex bidding products allowing them to properly take into account any inter-temporal technical and physical constraints and related costs), Eni believes that the derogation option set by article 6.1 provides a last-resort tool to prevent inefficient outcomes related to negative lower price limits. In the light of this, the procedure for a derogation should be better defined, giving clear elements to understand who can ask for a derogation and how such a request should be evaluated.

- 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?

As noted above, derogations should always be allowed, notwithstanding the contents of the harmonized proposal, as they represent a useful tool in dealing with national markets' specificities. Once again, Eni underlines that the presence of a large amount of RES capacity supported via production-based schemes can seriously undermine the economic efficiency of negative lower price limits, given that RES' production behavior would be first led by the production-based incentive and then by actual market values. Therefore, negative lower price limits could actually distort markets and discriminate between sources on a non-equal footing.

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