

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?

Ignacio Zumalave

2. What organization do you represent?

IBERDROLA

3. What is your email address?

izumalave@iberdrola.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. 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:

The proposal should allow prices to reflect scarcity in line with recital (29) of Commission Regulation (EU) 2015/1222: "Single day-ahead and intraday coupling require the introduction of harmonised maximum and minimum clearing prices that contribute to the strengthening of investment conditions for secure capacity and long-term security of supply both within and between Member States."

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?

In our opinion price limits should be the same, as they should allow prices to reflect scarcity both in SDAC and in SIDC.

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

- 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 think that limits may be helpful for the operation of the algorithm, to mitigate operational mistakes in bidding processes and for the calculation of collaterals.

Regarding caps, we think that VoLL would be an appropriate upper limit, but in this respect we would like to make the following comments:

- it would have to be ensured that the establishment of VoLL as a cap wouldn't lead to higher collateral requirements and that it wouldn't have a negative impact in the robustness and security of the operations in the wholesale markets.
- the calculation of the VoLL should be transparent and the methodology should be consulted to stakeholders.

Regarding floors below zero level, we think that they only can be implemented if the only driver in bidding at negative prices is the reflection of variable costs of reducing scheduling and the design of both cross-border and national markets is well fitted for this. They cannot be implemented if other distortions exist, such as certain renewables support mechanisms that may impact the bidding. In this respect we would agree with a derogation in line with article 6.1 of the proposal (please see paragraph 4, first question).

- 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?

For the proposal of caps and floors for SIDC, our comments would be the same as for the caps and floors for SADC (see the last question)

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?

We would agree on a justified derogation based on NRAs approval regarding floors that would have to be periodically reviewed, because, as explained in paragraph 2, third question, we think that floors below zero can be implemented if the only driver in bidding at negative prices is the reflection of variable costs of reducing scheduling and the design of both cross-border and national markets is well fitted for this. They cannot be implemented if other distortions exist, such as certain renewables support mechanisms that may impact the bidding.

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

We think that such an important change as a modification in price limits should be duly justified and reported by the NEMO Committee and supervised by NRAs. In general, we think that any sudden change in price limits may have a significant impact in collaterals and in operational tools that has to be properly analysed by NEMOs. Furthermore we think that some local specific market design features such as mandatory participation, the lack of portfolio bidding, etc, have to be carefully assessed by NEMOS and NRAs in order not to create operational barriers and not to affect the robustness and security of the operations in the wholesale markets.

- 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?