

ACER's Consultation on Maximum and minimum clearing prices for single day-ahead and intraday coupling

A EURELECTRIC response paper

September 2017

EURELECTRIC is the voice of the electricity industry in Europe.

We speak for more than 3,500 companies in power generation, distribution, and supply.

We Stand For:

Carbon-neutral electricity by 2050

We have committed to making Europe's electricity cleaner. To deliver, we need to make use of **all low-carbon technologies**: more renewables, but also clean coal and gas, and nuclear. Efficient electric technologies in **transport and buildings**, combined with the development of smart grids and a major push in **energy efficiency** play a key role in reducing fossil fuel consumption and making our electricity more sustainable.

Competitive electricity for our customers

We support well-functioning, distortion-free **energy and carbon markets** as the best way to produce electricity and reduce emissions cost-efficiently. Integrated EU-wide electricity and gas markets are also crucial to offer our customers the **full benefits of liberalisation**: they ensure the best use of generation resources, improve **security of supply**, allow full EU-wide competition, and increase **customer choice**.

Continent-wide electricity through a coherent European approach

Europe's energy and climate challenges can only be solved by **European – or even global – policies**, not incoherent national measures. Such policies should complement, not contradict each other: coherent and integrated approaches reduce costs. This will encourage **effective investment** to ensure a sustainable and reliable electricity supply for Europe's businesses and consumers.

EURELECTRIC. Electricity for Europe.

EURELECTRIC welcomes the opportunity to provide constructive comments on the Agency's proposals for a decision on maximum and minimum prices for Single Day-Ahead coupling (SDAC) and for Single Intra Day Coupling (SIDC), amending the 'All Nominated Electricity Market Operators' (NEMOs') proposals developed in accordance with Article 41(1) and Article 54(1) of the Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a Guideline on Capacity Allocation and Congestion Management (CACM Regulation).

As a general remark, we find the preliminary opinion stated by the Agency containing several improvements compared to the original proposal.

That given, please find below some non-exhaustive, and non-restrictive comments to the posed questions.

Q1: Do you have any concern with respect to the new proposed automatic adjustment rule for $P_{\max}DA$ and for $P_{\max}ID$? If so, please explain thoroughly why.

As we expressed in our response to the NEMO consultation on min/max prices, we believe that the upper limit should allow scarcity prices to manifest. We therefore welcome the proposal to have a faster adjustment in case market prices are getting closer to the upper limit.

EURELECTRIC would also like to emphasize on the key contributors of ensuring a level playing field for all market participants, and reducing regulatory interventions such as limits on the bid prices that exist in some countries.

Q2: Which of the three proposed options for the $P_{\max}DA$ would have your preference? Please explain thoroughly why.

Energy prices should reflect market fundamentals, including scarcity in terms of time and location. A clear and precise market price signal is a necessity to ensure that market participants will have accurate price signals that will drive/incentivize their dispatching decisions.

As expressed in our response to the NEMO consultation, we did not find the proposal from NEMO ambitious enough and certainly not in line with the objectives set out in the CACM guideline (i.e.: harmonized price limit should reflect the VOLL).

In conclusion, EURELECTRIC is in favour of option 3 which provides the highest number and is hence more aligned with the CACM regulation.

Q3: Do you have any concern with respect to the new proposed implementation date? If so, please explain thoroughly why.

EURELECTRIC has no concerns and supports the ACER proposal.

EURELECTRIC pursues in all its activities the application of the following sustainable development values:

Economic Development

▶ Growth, added-value, efficiency

Environmental Leadership

▶ Commitment, innovation, pro-activeness

Social Responsibility

▶ Transparency, ethics, accountability



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