Dear ACER,

Hereby the answer from Danske Commodities to the Consultation on Maximum and Minimum Clearing prices for single day-ahead and intraday coupling:

Danske Commodities believes in a correct, market-driven price formation as given by all market participants in their commercial interests, fundamentals and bidding behavior and as such any price limit should not obstruct correct price formation. That means that Danske Commodities support the free market development and that the price formation is driven by fundamentals. But on the other hand we will definitely challenge the change of PmaxDA above 3000 €/MWh.

Q1: A concern with respect to an automatic adjustment to PmaxDA is that risk management will be challenged as the range of settlement prices will be uncertain. This could reduce market liquidity if market participants would deem this as unmanageable risk. The added risk could possibly also increase trading costs as clearing banks will demand increasing collateral which again could affect market liquidity in a negative direction.

Q2: Danske Commodities supports option 1, where the PmaxDA stays at +3000 €/MWh with a review every 2nd year. A danger of increasing PmaxDA to levels higher than 3000 €/MWh is that market participants will deem the markets too risky to trade if bidding errors or other unforeseeable events occur.

Our customers might be reluctant to hedge their production if they are left with an unplanned outage and there could be a risk of PmaxDA +5000-9999 €/MWh. Further, Danske Commodities has general concerns that liquidity in forward markets in Europe will suffer because of price spike risk and that long-term contracts will be a less attractive market to trade, thus creating suboptimal price formation and incorrect signals toward a true wholesale electricity price.

Q3; No

Best regards,