

## PC\_2017\_E\_02 - Consultation on maximum and minimum clearing prices for single day-ahead and intraday coupling

As a reply to ACER public consultation paper and questions presented, UPM sees following issues to be considered:

1. Do you have any concern with respect to the new proposed automatic adjustment rule for PmaxDA and for PmaxID? If so, please explain thoroughly why.

In our opinion, it is hard to see the benefit of changing price limits from the energy market perspective. Rather, it would distort spot price formation and could lead to inefficient and unexpected behaviour from the market participants.

Proposed solution with changing price limits will increase market participants system costs i.e. currently market participants are required to make the offer also for the highest price section in Nordic markets. Making offering tools to support changing price limits is costly and would significantly increase the implementation costs and time. The price limits set high enough from the beginning would be the most cost efficient solution for the functioning DA and ID market setting.

UPM sees that it is better to have higher price limits all the time than have changing limits as proposed.

2. Which of the three proposed options for the PmaxDA would have your preference? Please explain thoroughly why.

We prefer option 3: to align the PmaxDA with the PmaxID, i.e. +9999 EUR/MWh

We see important that DA and ID price limits are the same. Having different price limits would only move volumes from day-ahead to intraday markets, e.g. if ID price limit would be higher than DA, which does not benefit the grid stability. Also, we see that higher price ceiling would ignite new investments for peak hour production.

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

Proposed implementation date is fine, if the solution is to have stable price limits. If automatic adjustment is taken into use then more time has to be reserved for market participants' system development.