



ARERA
Autorità di Regolazione
per Energia Reti e Ambiente

Energy Division

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PROT.GENERALE / P

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Milan, 30th January 2018

Subject: ARERA response to ACER “Consultation on the cross-zonal gate opening and gate closure times for intraday coupling”

ARERA welcomes the opportunity to comment upon ACER consultation on IDCZGTs with special reference to ACER proposal to move, in a very short period of time, the Intraday Gate Opening time to 15.00 for all the European markets.

We are concerned that forcing a rapid evolution towards a common and conventional European intraday gate opening time for the sake of harmonization may hinder the efficient and secure operation of National power systems. Our concerns derive from an expected direct damage that the Italian power system might suffer in case ACER proposal is approved as such.

In particular we criticize the approach followed by ACER in the consultation document: the main features and needs of Central Dispatch Systems (CDS), that is a system operation approach legally recognized in the Regulation EU 2017/2195 (Balancing Guidelines), are not taken into account. In particular, no attention is paid to the time needed to run the Integrated Scheduling Process (ISP) which is the core feature of a CDS.

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For example in Italy the time between the closure of the day ahead market sessions (DA + first 2 ID auctions) and 10 pm is needed not only to perform the capacity calculation process , but also to run the ISP, through which the TSO resolves congestions and procures the reserve margins in a co-optimized way, respecting all the system constraints and technical data of power units.

In Europe day ahead and intraday markets are based on the simplified assumption of a zonal topology with no consideration for the TSO needs for ancillary services, that are procured in a separate market. The ISP has the role of making the day ahead and intraday markets results feasible, according to the needs of ancillary services and respecting system constraints. In order to be efficient and to ensure the physical delivery of electricity, respecting the security standards, the starting point of the ISP shall be a firm schedule for all the physical units. A parallel run with another market process can nullify actions taken by the TSO in the ISP, affecting the process of procurement at the lowest cost and endangering system security.

In order to ensure the efficiency of the processes, all the markets (day ahead, intraday and ISP) must be run strictly in sequence.

Today in Italy two intraday auctions take place in D-1: the first at 3 pm and the second one at 4.30 pm. Afterwards the ISP runs between 5.30 pm and 9 pm. The ISP proves to be compatible with an ID GOT much earlier than the TSO proposed 10 pm time, but with no continuous trading (CT) session that runs in parallel with the TSO process. In the referral letter to ACER it is clearly written that TSOs have been requested to “set a future harmonised default IDCZGOT at the earliest IDCZGOT at CCR level as defined in the amended proposal, taking into account scheduling and balancing processes in relation to network and operational security”.

The harmonization of the European electricity market shall not jeopardize the process efficiency achieved so far. For this reason we deem appropriate for ACER to introduce an exception for specific bidding zone borders from the general harmonized GOT rule, as well as it is already proposed in topic 3 regarding the GCT. In this way we could preserve the efficiency of the current ISP.

ARERA may support the effort to reach a future common GOT only provided that this solution is made compatible with the scheduling process implemented in the Italian system, as for instance considering the possibility of a specific provision for CDS that allows at least to suspend the CT during the run of the ISP. According to our views, the compatibility between the chosen IDGOT and the processes run by the TSOs in a Central Dispatch model shall be ensured, as Central Dispatching is fully recognized by the Regulation (EU) 2017/2195.

In case the GOT for continuous trading will be set as early as 15:00, without any possibility of interruption, in order to preserve the efficiency and the security of the system, the TSO operating a Central Dispatch model will have to impose to the Balancing Services Providers (BSPs) the priority of the ISP outcomes on the ID trades that can be done during the running of the ISP. This implies an additional risk on the BSPs, because if the ISP gives a mandatory obligation of provision on a capacity margin that has been traded in parallel in the CT, the BSP would be forced to re-trade in



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the CT in order to be compliant with the TSO requirement. In case the opportunity to re-trade is endangered by low liquidity of ID market, the BSP is exposed to imbalance prices. This would discourage the participation in the CT before the ISP.

Moreover, with reference to the topic 3 and the specific exception from the harmonized GCT for some bidding zone borders we want to stress that this derogation shall take into account all the market processes foreseen in Regulation (EU) 2017/2195. In particular any deviation from the GCT of 60 minutes would cause an overlapping of the ID with the first balancing process, that is the exchange of RR. For the sake of efficiency of the whole European market process (from the day ahead to the balancing time frame) we suggest to avoid any market overlapping.

Best Regards,

