

CNMC-CRE-ERSE
8th SG meeting
ERI South-West Europe

Madrid, 6th October 2014

Intraday market

UNESA supports:

- Continuous ID Market according to the Pan-European target model with an Opening Auction in the afternoon, after the publication of viable program for TSOs.
- The adoption of Quick-win solutions (according to the EURELECTRIC proposal), as a means to provide a smooth transition to continuous trading and anticipate the benefits of an integrated intraday market, without jeopardizing the development of the EU XBID Project.
- In the meantime, move the intraday gate closure to a maximum of 120 minutes before real-time.

Iberian Single Bidding Zone

UNESA strongly supports the merging of the Spanish and Portuguese bidding zones into **a single Iberian bidding zone in the day ahead market:**

- Improved competition in the wholesale and retail markets
- Increased hedging opportunities in Portugal (since the basis risk is eliminated)
- Congestion and pricing are not an issue. A simulation run of years 2012 and 2013 shows a negligible amount of redispatching:

| YEARS | PRICES | | | Interconnection Flow | | Congestion | | Redispatch Costs | | | |
|-------|------------------|---------------------|-----------------------|----------------------|-----------------|-----------------|-----------------|-----------------------|------|--------------------------|------|
| | Spain (€/MWh) | Portugal (€/MWh) | Zona unica (€/MWh) | SP->PT (TWh) | PT->SP (TWh) | SP->PT (MWh) | PT->SP (MWh) | Spain (M€) (€/MWh) | | Portugal (M€) (€/MWh) | |
| 2012 | 47,24 | 48,08 | 47,42 | 8,0 | 0,5 | 379.983 | 7 | 0,99 | 0,01 | 3,34 | 0,07 |
| 2013 | 44,26 | 43,64 | 44,07 | 4,5 | 3,1 | 93.387 | 450.828 | 2,62 | 0,01 | 6,33 | 0,13 |

- Companies operating in both sides of the border may consolidate businesses and save operating costs
- As a transitory measure until the merging into a single bidding zone, we ask for more FTRs auctioned in the IPE interconnection, up to 2/3 of the total capacity (as in IFE interconnection)

BALIT and TERRE projects

- ✦ BALIT is a step forward, but the volumes are still poor due to the lack of a common merit order and TSO intermediation in the pricing of Spanish bids.
- ✦ UNESA supports:
 - Quick implementation of the TERRE project
 - Changes to the Spanish balancing products to facilitate trading and NC compliance:
 - Transform the current “gestión de desvíos” into a true Replacement Reserve market: hourly simple bids, gate closure at h-60’, activation until h-30’ published in the p48 schedule, marginal pricing. This is the product to be exchanged in TERRE.
 - Transform the tertiary reserve into mFRR: bids until h-20’, block activation in 15’ (deactivation possible), single marginal pricing for the mFRR and the aFRR (secondary reserve).

Explicit nomination in IFE

UNESA supports:

- Explicit nomination in all timeframes (periodic, daily, intraday) directly to the TSO and independent of the purchases/sales in organised/OTC markets
- A simple and clear operative in case of decoupling of markets, when shadow auctions apply:
 - Avoid operative of bilateral contracts with generic units: better to buy/sell directly on the power exchange
 - Explicit nomination of daily PTRs directly to the TSO after the daily power exchange