

Proposal for an additional mechanism to adjust the harmonised technical price limits in the single intraday coupling



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The problem

The ACER decision¹ on harmonised technical price limits in day-ahead and intraday contains a process to amend the harmonised maximum clearing price for single intraday coupling (SIDC): The harmonised maximum clearing price for SIDC shall increase to be equal to the harmonised maximum clearing price for single day-ahead coupling (SDAC), if the latter would be increased above the harmonised maximum clearing price for SIDC.

This means that the ID price can become capped by the harmonised maximum clearing price for SIDC whereas such capping would not necessarily result in increase of the harmonised maximum clearing price for SIDC.

For example, as long as the DA price remains below 1,800 Euro/MWh (which is 60% of 3,000 Euro/MWh), the harmonised maximum clearing price for SDAC (which is currently 3,000 Euro/MWh) will not be increased. And thus as the harmonised maximum clearing price for SDAC (3,000 Euro/MWh) is below the harmonised maximum clearing price for SIDC (9,999 Euro/MWh) the latter will not be increased, independent of the prices on the intraday and balancing markets. It is however well possible that market parties would want to trade on the intraday market for prices above 9,999 Euro/MWh and if this occurs the harmonised maximum clearing price for SIDC will not be increased.

Only if the harmonised maximum clearing price for SDAC were to reach a level of 9,000 Euro/MWh and if then the DA price reaches a level of 5,400 Euro/MWh (60% of 9000), then the harmonised maximum clearing price for SDAC will be increased to

¹ Decision of ACER No 05/2017 of 14 November 2017 on the NEMO's proposal for harmonised maximum and minimum clearing prices for single intraday coupling

10,000 Euro/MWh, which would lead the harmonised maximum clearing price for SIDC to be increased.

This situation means that the harmonised maximum clearing price for SIDC may very well actively restrict the formation of prices in intraday. EFET feels that such a restriction is unnecessary and can easily be avoided.

Our proposal

Market participants use the intraday market to balance their position close to delivery in order to avoid imbalances that will be settled at the imbalance price. In theory market participants should be free to enter into ID transactions up to the maximum imbalance price. As long as such maximum imbalance price is not defined, market participants should at least be able to trade on the ID markets at prices up to the highest imbalance price that has been realised in the past.

Therefore EFET proposes an additional rule relating to the technical price limit in intraday, i.e. to increase the harmonised maximum clearing price for SIDC, as soon as the imbalance price in any of the relevant markets has reached a value higher than the harmonised maximum clearing price for SIDC. The amended harmonised maximum clearing price for SIDC should be set at least at the value of that imbalance price. If a Member State applies dual imbalance prices, then the highest imbalance price should be leading to amend the maximum clearing price for SIDC.

The mechanisms to define the imbalance price in the different Member States are not yet harmonised. Harmonisation is important, however it is no prerequisite to use the imbalance price as a reference to amend the harmonised maximum clearing price for SIDC.

Only if the imbalance price is directly or indirectly capped, it is necessary to apply another amendment mechanism. Germany for example, has just introduced a maximum price of 9,999 Euro/MWh to offer balancing energy. This rule means that the German imbalance price cannot go over 9,999 Euro/MWh. For such cases, it is proposed to apply the same amendment mechanism as used for the maximum clearing price for SDAC. This means that the harmonised maximum clearing price for SIDC will be increased by 1,000 Euro/MWh as soon as a transaction in the SIDC process is settled at a price higher than 60% of the current maximum. (This means at the start that the maximum clearing price will be increased from 9,999 to 10,999 Euro/MWh if prices reach a level of 6,000 Euro/MWh or higher.)