



European Federation
of Energy Traders
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Amstelveenseweg 998
1081 JS Amsterdam
+31 20 520 7970
secretariat@efet.org
www.efet.org

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María Teresa Baquedano Martín
Directora General de Política Energética y Minas
Ministerio de Energía, Turismo y Agenda Digital

Fernando Hernández Jiménez-Casquet
Director de Energía
Comisión Nacional de los Mercados y la Competencia

Subject: EFET recommendations for the improvement of the MIBEL intraday power market

Dear Ms Baquedano,
Dear Mr Hernández,

The European Federation of Energy Traders (EFET)¹ would like to draw your attention to a few very important aspects of the intraday power market design in the context of the European XBID project for ID continuous trading. In particular, we would like to further explain why we consider both models, presented in [the proposal by OMIE, REE and REN](#) on the functioning of the future MIBEL intraday market, to be very far from the spirit of the EU Commission Regulation (No) 2015/1222 (CACM Guideline).

We very much support Iberian efforts and progress so far to take part in the first (go-live) phase of the European XBID project and we acknowledge the technical challenges behind the market design reform. However, the reform of the Iberian intraday power market is needed to reap the benefits of the integration of intraday markets at a European level through XBID. These reforms will also be necessary in view of the upcoming integration of balancing markets once the EU Electricity Balancing Guideline will be adopted.

As a first note, we reiterate our position against the perpetuation of multiple intraday market auctions in addition to the Target Model solution, based on the continuous trading solution. While we acknowledge that the CACM Guideline opens the door to both regional auctions and a single methodology for pricing intraday cross-zonal capacity, this solution risks reducing the

¹ The European Federation of Energy Traders (EFET) promotes competition, transparency and open access in the European energy sector. We build trust in power and gas markets across Europe, so that they may underpin a sustainable and secure energy supply and a competitive economy. We currently represent more than 100 energy trading companies, active in over 27 European countries. For more information: www.efet.org.

efficiency of XBID, which is a cornerstone of efficient and close to real time capacity allocation in intraday, enshrined in the CACM Guideline.

Our reluctance to see multiple regional auctions coexisting with the continuous intraday market is mainly due to the major impacts this would have on continuous trading:

- First, multiple regional auctions will split liquidity and hamper the development of an efficient continuous intraday trading;
- Second, one of the market design solutions proposed by OMIE, REE and REN would limit the availability of continuous trading only to blocks that were already auctioned, thereby reducing opportunity for an efficient adjustment of positions on a continuous basis, instead, allow market participants to trade the 24 hours of the day continuously on the XBID platform;
- Third, one of the proposals foresees the suspension of XBID continuous during the auctions.

We stress that complexity in the design of cross-border intraday markets should be avoided in order to attract market participants and foster liquidity.

Therefore, EFET advocates a simple negotiation on a continuous market of portfolio contracts (including OTC contracts) and with direct nomination to the TSO, in line with CWE experience.

As a separate matter, we understand that CACM Regulation foresees the implementation of a single methodology for pricing intraday cross-zonal capacity. Although we have reservations regarding the need for and relevance of intraday capacity pricing in the current stage of development of intraday markets, we believe that one opening auction would be sufficient to set the price of the cross-border capacity. This would minimise the impact on the functioning of the continuous trading and will give market participants the opportunity to negotiate in XBID all available hours of given day D without restrictions and well in advance of real time.

In the context of the current ongoing review of the market design in Spain we would like to address the question of portfolio versus units bidding as an important element of the day-ahead market, but which will affect significantly the intraday market too. We recommend that regulatory authorities should clarify which market participants will be eligible to participate in the intraday auctions and in the continuous intraday market. Currently, in order to participate to OMIE's market sessions, market participants should own assets (production or consumption) or physical transmission rights (PTRs) specifically allocated through intraday capacity auctions performed by REE.

Given that in the new intraday market, REE's intraday auctions will not be performed anymore, it is of utmost importance to clarify whether market players that now participate in OMIE's auctions, thanks to REE's PTRs, will be still allowed to trade in both XBID and local auctions.

In this context, as already mentioned, portfolio bidding and the possibility to manage intraday positions (including OTC contracts) is fundamental.

We highly appreciate any opportunity to discuss with you the above-mentioned topics and remain at your disposal for any clarification needed.

Yours sincerely,



Antonio Canoyra Trabado

Chairman, Task Force Iberia - EFET

