

EFET response to ARERA's Decision on electricity imbalance prices



EFET response – 15 May 2020

The European Federation of Energy Traders (EFET*) welcomes the opportunity to provide our comments on ARERA's Decision on electricity imbalance prices from the 10th of March until the 30th of June.

We argue that the temporary measure should stop on the 30th of June at the latest and we would welcome a Decision on the matter as soon as possible and well in advance before the end of June due to the relevant impacts that it has on market participants and their commercial relationships.

Overall, we discourage decisions that are detrimental to the reliability and predictability of the regulatory framework. In the last years, the Italian electricity imbalance settlement framework has been subject to frequent amendments often very peculiar, leading to regulatory and economic uncertainty and deleterious for the correct functioning of the market.

According to our analysis, only in Italy among European electricity markets it has been decided to intervene on imbalance prices as of the first week of May¹. Moreover, we do not support in general retroactive measures. In addition, we do not support that the decision has been taken without consultation of the relevant stakeholders, even if it could have been very short given the emergency situation.

On the merit of the decision, we question the longer-term implications on the sustainability of such Decision on BRPs, end users and the compliance with Balancing Network Code (2195/2017) and recast Electricity Regulation (943/2019), both being potentially in contrast with the Arera Decision.

On transparency, we suggest that after the first period of implementation, Terna should be directed to publish the preliminary imbalance data 30 minutes after the reference period rather than on D+1.

Furthermore, we ask Terna to continue publishing the data with the imbalance methodology in place before 10 March for the last three months and for as long as the temporary imbalance price will be applied for.

Besides ensuring compliance with the abovementioned European rules, all the implications on day-ahead and intraday market coupling (SDAC and SIDC) and cross-border balancing (TERRE) should be carefully evaluated in order not to hinder the development of a single market as designed in the EU Target Model.

¹ [EFET Emergency measures consolidated_08May2020.pdf](#)

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Therefore, we urge ARERA to a proper, participated implementation of the EBGL in all its aspects and a stronger and coordinated harmonisation of the imbalance framework for all types of bidding units in the coming months.