

OMIE consultation for the adaptation to the harmonised price limits and other reforms in the day-ahead and intraday markets



EFET response – 15 January 2021

The European Federation of Energy Traders (EFET)¹ welcomes the opportunity to provide comments to the OMIE consultation document on *“adaptación de las reglas de funcionamiento a los límites armonizados de precio en los mercados diario e intradiario”*.

First of all, we wholeheartedly welcome OMIE’s proposal to fully implement ACER’s harmonised price clearing limits for the day-ahead market (-500/+3,000 EUR/MWh) and intraday (-9,999/+9,999 EUR/MWh) in accordance with Article 10 of Regulation (EU) 2019/943. As EFET, we followed closely the harmonisation of clearing price limits in the Iberian DA and ID markets, actively participating in the consultation process² and proactively pushing for a removal of the existing bidding limits.

General remarks

EFET believes that the electricity system in Europe is at a turning point. Collectively, we have reached an unprecedented level of liberalisation and integration of the whole electricity sector across Europe. At the same time patterns of generation and supply are changing. Generation sources are increasingly renewable and decentralised.

Throughout this changes, the wholesale market in electricity as a commodity remains an essential foundation for effective competition in electricity supply. It facilitates market entry and exit, enables risk management by producers, suppliers and consumers through forward trading, and ideally will inform all investment and divestment decisions. Supply competition at the wholesale level underpins retail competition, which in turn guarantees customer choice, product innovation and variety, and improved efficiency³. In this context, prices on the electricity market should be left to reflect the true value of energy.

² See [EFET response to OMIE's consultation on price cap and floors](#) and [EFET letter to CNMC-ERSE-OMIE on price limits](#)

³ See [EFET paper on the importance of free formation of prices in the European wholesale electricity market](#)

¹ The European Federation of Energy Traders (EFET) promotes and facilitates European energy trading in open, transparent and liquid wholesale markets, unhindered by national borders or other undue obstacles. We build trust in power and gas markets across Europe, so that they may underpin a sustainable and secure energy supply and enable the transition to a carbon neutral economy. EFET currently represents more than 100 energy trading companies, active in over 27 European countries. For more information: www.efet.org

Notification thresholds (“Umbrales de notification”)

We noted that OMIE has introduced “*Umbrales de Notification*” equal to -150/+1,500 EUR/MWh in accordance with NEMOs SDAC Joint Documentation on the impact of “Second Auction”⁴.

From our understanding, if the price of any hour in any of the price zones of the Iberian market (Spain or Portugal) clears above or below the established price thresholds in day-ahead, a “*Second Auction*” would take place, allowing participants to re-submit (and possibly modify) their bids and offers during a 10-minutes timeslot.

Considering that most of the information contained in the above-mentioned NEMOs document has not been disclosed yet, we seek clarification from OMIE on the following questions:

- Is the calculation time of Euphemia extended as a result of the organisation of the second auction?
- How does the second auction fit into the established timings of market coupling, including that of possible partial or full decoupling, and the organization of subsequent explicit auctions for cross-zonal capacity?
- Does it have an impact on the minimum calculation time of Euphemia? If the second auction does not clear, do the NEMOs de-couple (fully or partially) or do they come back to the results of the first auction?
- If the second auction does not clear and the NEMOs de-couple, is the time for the organization of fallback (explicit) auctions shortened?
- Is the second Auction foreseen in case thresholds are reached I other market areas?

Therefore, we ask OMIE to develop a technical note, a webinar and training sessions on this new process and provide further information on the timings and bidding rules of the market coupling process in case a second auction should take place. This request extends to all the NEMOs active in bidding zones where the organisation of a second auction is foreseen when the first auction clears above/below a certain threshold.

Implementation roadmap and further changes in Iberian Market Rules

We understand that OMIE proposes the removal of indivisible blocks⁵ and new restrictive rules in the configuration of “*Unidades de Oferta*”⁶. However, we consider that the debate on these changes is not mature, and we demand that these changes are postponed until a thorough proposal of rules is consulted in a wider context.

At the moment, we miss a thorough overview and impact assessment of the proposed changes, as well as an analysis of alternatives such as the alignment of OMIE’s product offering on standard products available in other European markets.

⁴ See [NEMOs SDAC Joint Documentation: Annex 2: MRC Operational Procedures - MRC_SPE_01 - Impact of Second Auctions](#)

⁵ See chapter 1.3 of the explanatory note.

⁶ See page 8 of the explanatory note about changes in rule 12: “*Se elimina la posibilidad de asociar más de una unidad programación a una unidad ofertante con el objetivo de mantener siempre una relación una unidad de oferta con una unidad de programación. Con esta modificación se conseguirá ordenar y mejorar la coordinación de los intercambios de información entre el operador de mercado con los agentes y los operadores del sistema.*”

Expecting more detailed information from the Iberian institutions and building upon the “*REE Hoja de Ruta MIE*” for the balancing market, we encourage OMIE to develop such an overview and impact assessment, accompanied by a complete and public implementation timeline/roadmap for 2021 and beyond, with the expected milestones and modifications of the DA and ID market rules and procedures.

This would facilitate the understanding, planning on market participants’ side and ensuring a wide-open participation to all timeframes of the market. Furthermore, a detailed explanation and procedure on how to access the intraday market access is urgent and strongly needed. There is still some discrimination for non-Spanish actors to access the intraday market.

OMIE should promote an open debate on different market and product design options within this framework: for example, the evolution of bidding formats and more flexible ways to participate in the OMIE markets.

Furthermore, we support OMIE’s commitment in the organisation of workshops to explain the necessary organizational framework for the development of the new activities that these regulatory changes will introduce. We will be happy to discuss any further evolution of Iberian Market Rules, and in this sense, we will send you, in the near future, some proposals from our side.

Additional information requirements

OMIE introduces changes to market rules 5.1 and 12 aimed at increasing current information reporting obligations from the side of both generation facilities and retailers. However, the information that OMIE proposes to submit is already reported to the system operator. Therefore, we would propose to eliminate changes to market rules in this respect and that the exchange of such information is done between the system operator and OMIE. This would allow market agents not to increase their reporting obligations by duplicating existing ones.

Furthermore, we believe that the new information requirements proposed by OMIE are unclear. In case this proposed change is not eliminated, we kindly ask OMIE to clearly indicate the information that has to be submitted.