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SO YOU CAN RELY ON THE MARKET

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**By email**

18 November 2019

**Subject: Change of timing of the EPEX 15-minute intraday auction**

Dear Madam or Sir,

We are reaching out to you with respect to the German TSOs' request we have been made aware of to advance the current timing of the EPEX 15-minute auction on the German intraday market.

It appears that the German TSOs made a request to the power exchange EPEX Spot to **advance the timing of this auction from 15:00 CET (D-1) to 14:00 CET (D-1)**. This request was made without consultation of market participants, and EFET has only gathered second-hand information on the subject so far.

Advancing the timing of the 15-minute intraday auction would mean that this auction would now be part of the day-ahead process (which ends at 14:30 CET on D-1) and not of the intraday process anymore.

The main objective of the current intraday opening auction at 15:00 is to allow the formation of a transparent reference price for the intraday 15-minute contracts. This necessitates proper liquidity in the auction on the one hand, and that the auction is fully part of the intraday process on the other hand.

**Advancing the timing of the auction would have a detrimental effect on liquidity as many market participants (both with and without physical assets) would not be able to participate to this auction anymore.**

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Indeed, market participants without physical assets in Germany would not be able to re-balance themselves between the results (around 14:15 CET D-1) of this intraday auction and the end of the day-ahead process (at 14:30 CET D-1), as intraday continuous trading will not be available at that point in time. Therefore this category of market participants will likely not participate in the 15-minute auction anymore.

Market participants with physical assets in Germany will also have difficulties to participate in an earlier auction, as there would not be sufficient time to recalculate their position, especially if day-ahead clearing results are delayed.

In general, the risk that market participants will face problems in the day-ahead scheduling process (ending at 14:30 CET D-1) will significantly increase without any benefit for the market.

**EFET therefore strongly opposes the implementation of an earlier timing of the German intraday 15-minute auction.**

German TSOs apparently want this new timing to be implemented with the new BRP agreement (“Standardbilanzkreisvertrag Strom”) by 1<sup>st</sup> May 2020, together with the 50MW restriction on open positions in the German intraday market. We have already expressed our opposition to that latter measure in the negotiations on the BRP agreement, and raised our concerns to ACER and the European Commission in a letter dated 24 September 2019.

**As EFET, we see the TSOs’ requests as detrimental to the German intraday market, whose health and liquidity has been the backbone of intraday market development at European level until now. These two requests (the 50MW limit on open positions, and advancing the 15-minute intraday auction timing) will dramatically reduce liquidity on both intraday continuous and auction markets. We deem this unadvisable and unacceptable.**

#### **EFET recommendations**

We invite BNetzA to enter into a dialogue with the German TSOs in order for them to come back on their intention to change the timing of the German Intraday 15min Auction.

We would welcome the opportunity to discuss this matter further with BNetzA at the occasion of a bilateral meeting.

Best regards,

Jérôme Le Page,  
Director for European Electricity Markets,

