

RTE & National Grid consultation on IFA intraday allocation rules

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EFET response – 29 June 2018

EFET notes that RTE and National Grid recently proposed amendments to allocation rules in the various timeframes on IFA. As we understand, due to the limited advertisement of the TSOs concerning the consultation of May on these documents, the TSOs received very limited feedback from the market. Hence, though the consultation period has already ended, we decided to communicate to the TSOs and regulators the one but important concern that we have with the proposed allocation rules.

In the new intraday allocation rules for IFA, article 26 proposes to move the gate closure time of the first auction from 19:30 to 16:25 CET. We are opposed to this move for the following reasons:

- The proposal of the TSOs would move the gate closure time for the intraday auction away from real time. This goes against the general trend underlined in EU legislation, in particular the CACM Guideline, to ensure that capacity is allocated as close to real time as possible. At a time where the intraday electricity market model evolves towards continuous trading and GCT one hour maximum before real time, the proposal of the RTE and NGIC for this first IFA auction appears at odds with the rest of Europe

The proposed change is going in the opposite direction. The further away a gate closure is from the delivery period, the greater the uncertainties for market participants about market fundamentals. Market participants' bidding in the auction then loses on precision, and the overall efficiency of the auction reduces, affecting social welfare negatively.

- The new timing proposed by the TSOs overlaps with other market processes taking place at the same time, notably:
 - o The France<>Italy MI2 auction for D+1 (GCT 16:30)
 - o The UK Half Hour auction for D+1 (GCT 16:30)

An overlap in market processes increases the burden on market participants and leads to unnecessary human and financial resources expenditures.

While we generally support the move of the IFA intraday auction to the JAO platform, the practical setup of JAO should not justify restrictions of the market design and steps backwards in the implementation of the target model. We understand that the earlier GCT for the first ID auction on IFA was proposed as JAO does not have a 24/7 helpdesk service and would not be able to assist its customers if problems arise with the auctions outside of JAO business hours (8:00 to 17:00 CET). We expect JAO, a service provider to TSOs, as an extended arm of the TSOs bearing the same obligation to act as a neutral market **facilitator**. Even more so as it is becoming a monopoly platform for the organisation of capacity auctions in Europe, JAO needs to adapt its support service to the requirements of the target model and the needs of market participants. Should JAO become a limitation rather than a facilitator of market functioning, we advise that IFA TSOs keep the existing IFA Damas platform in place.