

To:

Ms Inge Bernaerts,
Head of Unit, Unit B2,
DG Energy
European Commission

Monday, 21 May 2012

RE: Timely implementation of market opening and integration for intraday markets

Dear Ms Bernaerts,

EFET has been very actively involved over the last five years in promoting the implementation of efficient cross border trading arrangements for intraday trading in Europe. Intraday markets will be an important component for the European electricity market and, in particular, the successful market integration of intermittent generation.

Although some important steps have been made with the definition of a target model and of an Interim Model for cross border intraday trading, the challenges of finalising the arrangements for the correct design and implementation of these models should not be underestimated.

It is now highly probable that the implementation of the first cross border intraday “interim platform”, capable of pooling liquidity for standard products in NWE will not occur before 2013.

Concerning the Target Model, the capability of power exchanges to deliver a sufficient platform, which would fit TSOs’, regulators’ and market participants’ needs both conceptually and operationally, is still far from being demonstrated.

The objectives of this letter and annex are therefore to contribute actively in:

- Preparing TSOs to allow trading closer to real time
- Making sure that the interim intraday arrangements are dealt smoothly, with no negative impacts on markets
- Achieving concrete improvements and results in terms of development and integration of intraday markets by 2014 for most parts of Europe

There is a fundamental difference between the day-ahead spot auction and continuous trading in intraday. Day-ahead markets already enjoy strong support from regulators, TSOs, power exchanges and market participants, who have in turn all gained practical experience of day-ahead market coupling.

For continuous intraday markets, liquidity still needs to be built and developed. This requires a favourable environment, so that companies can find the justification and interest for the development of their intraday activities and teams across Europe.

In this context, our member companies are convinced that the achievement of market integration for intraday requires additional efforts. In particular there now needs to be parallel work on the TSOs' side, for which increased coordination and flexibility is also needed, as a preliminary condition for intraday markets to develop.

At present, many countries do not have the operational and regulatory environment allowing intraday trading during the last hours before real time (some borders can still not be accessed in intraday and many borders require nominations 5 to 8 hours ahead of real time). These operational constraints prevent market participants from efficiently rebalancing their positions between zones, or benefitting from the liquidity of neighbouring markets. It is important to note that most volumes in intraday are bound to occur close to real time, when all conditions are known. It is therefore now an important priority for TSOs to move gate closure times to a maximum of one hour ahead of real time in order for intraday trading to develop properly.

This also means that national TSOs are charging market participants for imbalances and using balancing resources, when the participants themselves could rebalance their positions at a lower cost.

TSOs should resolve this issue well ahead of the development and implementation of the interim intraday platform by implementing the interim model, which allows for explicit access in parallel to the progressive pooling of liquidity on implicit platforms.

We have listed in the attached annex some concrete improvements which are needed on a border per border basis (the proposed “next steps” on the intraday roadmap). **It is important to note that such improvements can be made on the basis of the existing (or available) allocation mechanisms.** This will separate short-term improvement of cross-border intraday access, which will allow the development of intraday markets, from the inevitably lengthy development and implementation of the common open European intraday platform for the progressive implicit pooling of liquidity (or “Shared Order Book Function” SOBF).

While the details of the interim platform are still being discussed, **we would also like to draw attention again to our recommendations concerning cross border intraday power trading arrangements¹**. It is of particular importance to us that no particular trading platform is granted exclusive rights over intraday capacity, unless it is capable of pooling the liquidity of all regional intraday markets and unless it is able to offer the full range of robust and reliable services necessary for all market needs, should OTC access be discontinued. In the meantime, explicit access should be possible on all borders, especially in the CWE region and the UK market, where thermal and wind power plants require **flexible and open intraday markets**.

It is also of particular importance that both the Interim and the Target Model platforms guarantee for all interconnections that at least an explicit access is available in intraday if the implicit service is temporarily unavailable, for example due to maintenance operations or system failure. Such service interruptions should also not affect all trading hubs at the same time, through the implementation of adequate redundancy measures.

These measures should ensure that no intraday capacity being left unused when the market could use it.

Yours sincerely,



Jan van Aken
Secretary General

Cc: Mr Matti Supponen, Unit B2

Cc: Mr Christophe Gence-Creux, ACER

Cc: Mr D. Dobbeni, President, ENTSO-E

CC: Manuel Coxe, Europex

¹ See attached EFET Letter on Cross-border intraday power trading arrangements to DG Energy, dated 26 January 2011.

ANNEX A

LOCAL IMPROVEMENTS FOR CROSS BORDER INTRADAY POWER TRADING AND FOR THE DEVELOPMENT OF INTRADAY MARKETS

Austria – Hungary	
Current intraday system	<p>There is still no access to intraday capacity on this important border in the centre of Europe. The TSOs MAVIR and APG confirmed that work is ongoing and that an intraday service will be introduced for 15/06/12:</p> <ul style="list-style-type: none"> - same model as the most of the other borders in CEE (unfortunately, 4-hour neutralisation leadtime) - Continuous allocation – first come first served - CEPS will act as an allocation office
Problematic issues	<p>An intraday service should have been established back in January 2008.</p> <p>The proposed arrangement will face the same problems as other CEE borders (block bids, etc...).</p>
Proposed interim solution	<p>We recommend a continuous explicit access, such as the DBS platform, for the continuous explicit allocation of intraday capacities on this border, with a continuous update and publication of the available capacity and continuous update and publication of the nominated capacities.</p>

Austria – Slovenia	
Current intraday system	<p>Available transmission capacity is published on the webpage of the TSOs. In order to book capacity, traders have to make first a call to the Slovenian TSO ELES. Immediately afterwards the nomination has to be sent to ELES and is processed by the TSO. Afterwards the trader has to call the Austrian TSO APG and inform about the capacity booking. Subsequent APG “opens” it scheduling system and the nomination can be send by the trader.</p>
Problematic issues	<p>This procedure is burdensome for market participants and does not qualify at all as some kind of capacity allocation platform.</p>
Proposed interim	<p>It is recommended to implement a dedicated tool, such as the DBS</p>

solution	platform, for the continuous explicit allocation of intraday capacities on this border, with a continuous update and publication of the available capacity and continuous update and publication of the nominated capacities.
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Austria – Switzerland

Current intraday system	This border is open to the Intraday market, with the same operational process as for the German – Austrian border.
Problematic issues	The allocation method is not fully efficient since the available capacity is not publicly available and the capacity must be booked by phone.
Proposed interim solution	We would recommend the implementation of a dedicated tool, such as the DBS platform, for the continuous explicit allocation of intraday capacities at this border, with a continuous update and publication of the available capacity and continuous update and publication of the nominated capacities.

Belgium – France

Current intraday system	Explicit trading is available on this border through an “improved pro-rata allocation”. There are 12 allocation and nomination gates, with a Use-it-or-lose-it principle.
Problematic issues	EFET believes that the current pro-rata allocation is not compliant with EU provisions and not efficient for congestion management.
Proposed interim solution	<p>We would recommend the implementation of a dedicated tool, such as the DBS platform (“DBS like”), for the continuous explicit allocation of intraday capacities at this border, with a continuous update and publication of the available capacity and continuous update and publication of the nominated capacities.</p> <p>The next step should be the implementation of the Interim Model, allowing cross border continuous implicit trading in parallel with a direct explicit access to cross-border capacity – similar to the arrangements at the German-French border.</p> <p>We would suggest changing the gate closure to 45 minutes or less before delivery (currently 2 hours).</p> <p>It is very important that no exclusivity is granted to any implicit platform on this border since no existing platform is able to pool the</p>

	CWE liquidity (or even the Belgium and French liquidity), nor to provide the full range of service needed for the market such as transit function or complex orders or a multi-matching functionality.
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Belgium – Netherlands

Current intraday system	<p>Implicit intraday trading using the ELBAS platform linking the Belpex intraday service (Belgium) to the APX-ENDEX intraday service (Netherlands).</p> <p>No explicit access to cross border capacity available.</p>
Problematic issues	<p>The intraday access is still inefficient at this border although it should play a key role in the CWE region (Northern CWE trading path) and in allowing efficient power flows between CWE and the UK markets. A non-discriminatory and efficient management of this interconnection is therefore essential for NWE region.</p> <p>The existing “implicit only” intraday service, based on the ELBAS platform, is far from pooling the liquidity of intraday markets (no implicit connections with the French and German intraday markets and almost no access to the Nordic intraday market since all the capacity in direction NO → NL is generally utilized at the Day-Ahead stage on the NorNed cable).</p> <p>In addition, the current system provides a preferential access to BELPEX and APX-ENDEX platforms, thus excluding non-members and interfering in the normal competition with OTC or with other trading venues.</p> <p>As a consequence, the energy which was traded on other platforms or on the OTC market cannot transit through this border in intraday without being artificially traded once again on these platforms (with the same counterpart as buyer and seller and two transaction fees). This constraint is not only a barrier to trade (and a source of risk and inefficiency) but also creates distortions to local price signals, since trades originating from other non coupled markets will interfere with local price signals (“transit price signals”). Non standard products cannot be traded either on the existing platform.</p> <p>In addition to these market design issues, the implicit platform also faces very frequent service interruptions and down time periods, which would need to be fixed and which should not prevent transit flows or implicit trading in other market areas. The service failure between Sunday 18th of March and Tuesday 20th of March lasted more than 36 hours, during which all intraday interconnection</p>

	volumes were left unused.
Proposed interim solution	<p>Users trading on other platforms or on the OTC market would need a direct explicit access to cross border capacity at this interconnection in addition to the existing implicit access, as recommended by the Interim Model.</p> <p>With regard to service interruptions, the explicit access to cross border capacity should guarantee that intraday capacity can be used, even when the implicit platform is not available.</p> <p>It is now confirmed that the ELBAS platform is <u>technically able to allow explicit access and we therefore urge CREG and NMa to implement this functionality.</u></p> <p>We would also suggest changing the gate closure to 60 minutes or ideally 45 minutes before delivery (currently 2,5 hours before delivery).</p>

France – Germany

Current intraday system	<p>Continuous explicit and implicit trading is available to all market players on this border. The TSOs have implemented a capacity platform (DBS platform, acting as a “CMM” Capacity Management Module), that allows for the continuous explicit allocation of intraday capacities with a continuous update and publication of the available capacity and continuous update and publication of the nominated capacities. Trading is possible until one hour before delivery.</p> <p>In addition to this a continuous cross border implicit intraday trading service has been implemented by EPEX Spot between France and Germany, thus pooling the liquidity between the two countries for its members in parallel to the open explicit access.</p>
Problematic issues	<p>The liquidity is not yet pooled with other countries for the implicit platform (this would require a Shared Order Book function “SOB” and an extension of the implicit service to other areas). Trading of non standard products, transit flows and pooling of the liquidity with other areas is nevertheless possible through the explicit access.</p> <p>Cross border trading is only possible up to 60 minutes before real time whereas trading is possible up to 45 minutes before real time in Germany. A better harmonisation between TSOs and EPEX Spot rules should guarantee that ID markets are also coupled for the last 15 minutes.</p>
Proposed interim	Once the SOB interim platform is available it should allow the

solution	<p>implicit pooling of liquidity for standard products while still allowing an explicit access for non standard products, transit flows and fall back.</p> <p>TSOs and EPEX Spot should harmonise their Gate Closure Time to 45 minutes before real time for cross-border trading.</p>
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France – Spain

Current intraday system	<p>Pool trading is available at this border through explicit auctions. Two auctions for intraday capacity take place: at D-1 16:45 (CET) for the hours 0:00 – 24:00 and D at 11:45 for the hours 15:00 – 24:00.</p>
Problematic issues	<p>The 6 pool sessions per day are not sufficient and do not maximize market participants’ opportunities for adjusting their imbalances by trading in the intraday timeframe as close as possible to real time.</p> <p>Further with regard to the Spanish market no OTC access to intraday capacity is allowed and any capacity reserved can only be used by buying from or selling to the Spanish exchange OMIE who operates the 6 intraday trading sessions.</p>
Proposed interim solution	<p>We would recommend the implementation of a dedicated tool, such as the DBS platform, for the continuous explicit allocation of intraday capacities at this border, with a continuous update and publication of the available capacity and continuous update and publication of the nominated capacities.</p> <p>However, we acknowledge that before doing so, various other changes would be needed to the Spanish market design in order to progressively allow for additional flexibility in intraday. In order to head for trading up until 45 minutes before delivery, the current Spanish market design should be updated in order to allow OTC trading in intraday outside from the inflexible OMIE trading sessions (which is unlikely to be extended to 24 sessions).</p> <p>If this is not possible, OMIE should implement more intraday pool sessions and OTC trading, in order for the market to respond quickly to unexpected imbalances close to real time. This would increase market liquidity as market players will increasingly rebalance their intraday positions on OMIE sessions.</p> <p>OMIE should also start discussing with CNE, REE and market participants its proposal to couple implicit auctions with continuous implicit trading.</p>

France – Switzerland	
Current intraday system	The TSOs have implemented a capacity platform (DBS platform), that allows for the continuous explicit allocation of intraday capacities with a continuous update and publication of the available capacity and continuous update and publication of the nominated capacities. Cross-border Trading is possible until 60 minutes before delivery.
Problematic issues	Continuous implicit trading is not yet available but trading of non standard products, transit flows and pooling of the liquidity with other areas is nevertheless possible through explicit access.
Proposed interim solution	<p>The next step would be to implement a continuous implicit trading platform while keeping the explicit access to cross border capacity – similar to the EPEX Spot solution at the German-French border.</p> <p>Nomination until 45 minutes before delivery should also be introduced in order to harmonise regional markets.</p> <p>It is very important that no exclusivity (with no explicit access) is granted to any implicit platform on this border since no existing platform is able both to pool the French and Swiss liquidity and to provide the full range of service needed for the market such as transit function or complex orders or a multi-matching functionality.</p>

France – United Kingdom (IFA)	
Current intraday system	Explicit trading is possible at this border after buying cross-border capacities rights through explicit auctions. Two auctions for intraday capacity take place: D-1 at 19:30 (CET) for the hours 0:00 – 14:00 and D at 08:50 for the hours 14:00 – 24:00.
Problematic issues	<p>The allocation of intraday capacity via two explicit auctions and 6 nomination gates per day is not efficient and does not maximize market participants' opportunities for adjusting their imbalances by trading in the intraday timeframe as close as possible to real time.</p> <p>Grid losses and mid channel nominations are still applied to this interconnection (this operational constraint is for example not existing on the NorNed DC cable) and firmness is not guaranteed (specific contracts between IFA and its shareholder TSOs or with market players should be put in place in order to ensure this firmness).</p>
Proposed interim solution	We would recommend, if the NWE project was delayed, the implementation of a dedicated tool, such as the DBS platform, for

	<p>the continuous explicit allocation of firm intraday capacities at this border with a continuous update and publication of the available capacity and continuous update and publication of the nominated capacities.</p> <p>Grid losses should not interfere with the allocation and nomination process but should be dealt with by a separate mechanism. This issue will have to be solved as well with regard to day-ahead market coupling and for the implicit intraday trading solution.</p> <p>The next step would then be the implementation of the Interim Model, allowing cross border continuous implicit trading in parallel with a direct explicit access – similar to the solution at the German-French border. We would suggest changing the gate closure to 45 minutes or less before delivery.</p> <p>If the above was not possible we would recommend implementing 24 intraday nominations gates with nomination 45 minutes or less before real time.</p> <p>Intraday capacity should be firm and it should not be possible for IFA to curtail these after nomination unless in case of force majeure. Specific contracts between BritNed and its Shareholder TSOs or with market players should be put in place in order to ensure this firmness.</p>
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Germany – Austria

Current intraday system	As there are no commercial transmission constraints on that border no booking of transmission capacity must take place.
Problematic issues	On the German side, the intraday trades are simply nominated to the TSO. However, on the Austrian side, any nomination must first be announced by phone to the TSO APG before sending the nomination. This procedure is burdensome for market participants.
Proposed interim solution	<p>The Austrian TSO APG should introduce the same automatic nomination procedure as made available by the German TSOs since 2008.</p> <p>An implicit trading platform is planned to be developed in Austria (EPEX APG intraday) and should start pooling liquidity in parallel to the explicit access.</p>

<p>Germany – Czech Republic Germany – Poland Poland – Slovakia Austria – Czech Republic Hungary – Slovakia Poland – Czech Republic Czech Republic – Slovakia</p>	
<p>Current intraday system</p>	<p>Explicit access to transmission capacity is made available at all these borders by the CEPS DamasEnergy platform. Traders can request capacity through 6 allocation gates for a complete block of 4 hours with a gate closure of 2.5 hours before the first hour of delivery (for example the block 4:00 to 08:00 must be requested at 1:30 latest). The last hour of each block is hence nominated 5.5 hours ahead of delivery.</p> <p>Since April 3rd 2012 1-hour sessions were introduced at the Czech Republic - Slovakian border. Block bids for several hours are not possible and a capacity request for the hours 08:00 to 20:00 can be executed by submitting 12 separate requests that need to be nominated separately, each under its own deal identification number.</p>
<p>Problematic issues</p>	<p>The allocation of intraday capacity via six allocation gates per day is not sufficient and does not maximize market participants' opportunities for adjusting their balances by trading in the intraday timeframe as close as possible to real time and creates a fragmented market access.</p> <p>With regard to the Czech Republic - Slovakian border: The hourly sessions appear like a feasible step forward. However, operationally the procedure is overall burdensome and outweighs any benefit by moving closer to real time and allowing for continued trading.</p>
<p>Proposed interim solution</p>	<p>This mechanism could be improved by allowing continuous explicit trading, with a gate closure of only one hour before delivery. We would recommend the implementation of a dedicated tool, such as the DBS platform, for the continuous explicit allocation of intraday capacities on this border, with a continuous update and publication of the available capacity and continuous update and publication of the nominated capacities.</p>

Germany – Switzerland

Current intraday system	Continuous explicit trading is available to all market players on this border. The TSOs have implemented a capacity platform (DBS platform), that allows for the continuous explicit allocation of intraday capacities with a continuous update and publication of the available capacity and continuous update and publication of the nominated capacities.
Problematic issues	Continuous implicit trading is not yet available, but trading of non standard products, transit flows and pooling of the liquidity with other areas is nevertheless possible through explicit access.
Proposed interim solution	<p>The next step would be to implement a continuous implicit trading platform while keeping the explicit access to cross border capacity – similar to the EPEX Spot solution at the German-French border.</p> <p>It is very important that no exclusivity is granted to any implicit platform at this border since no existing platform is able to pool the CWE liquidity (or even the German and Swiss liquidity), nor to provide the full range of service needed for the market, such as transit function or complex orders or a multi-matching functionality.</p> <p>We would suggest changing the gate closure to 45 minutes or less before delivery.</p>

Greece – Bulgaria

Current intraday system	There is still no access to intraday capacity at this border.
Problematic issues	An intraday service should have been established back in January 2008.
Proposed interim solution	We would recommend the implementation of a dedicated tool, such as the DBS platform, for the continuous explicit allocation of intraday capacities at this border, with a continuous update and publication of the available capacity and continuous update and publication of the nominated capacities.

**Hungary – Romania
Romania – Bulgaria**

Current intraday system	Explicit trading is available at these two borders through explicit auctions. Two auctions for intraday capacity take place: D-1 at 18:45 (CET) for the hours 0:00 – 12.00 and D at 06:45 for the hours 12:00 – 24:00.
Problematic issues	The allocation of intraday capacity via two auctions per day is not efficient and does not maximize market participants’ opportunities for adjusting their balances by trading in the intraday timeframe as close as possible to real time.
Proposed interim solution	We would recommend the implementation of a dedicated tool, such as the DBS platform, for the continuous explicit allocation of intraday capacities at this border, with a continuous update and publication of the available capacity and continuous update and publication of the nominated capacities.

Italy – Greece

Current intraday system	There is still no access to intraday capacity at this border.
Problematic issues	An intraday service should have been established back in January 2008.
Proposed interim solution	We would recommend the implementation of a dedicated tool, such as the DBS platform, for the continuous explicit allocation of intraday capacities at this border, with a continuous update and publication of the available capacity and continuous update and publication of the nominated capacities, and the progressive implementation and development of a continuous implicit trading in addition to explicit access.

Italian Northern Borders (with France, Switzerland, Austria, Slovenia)

Current intraday system	No intraday access to cross-border capacity is available on these interconnections. A consultation was made in March 2012, proposing explicit auctions with only two allocation gates.
Problematic issues	The allocation of intraday capacity via two auctions per day is not sufficient and does not maximize market participants’ opportunities for adjusting their balances by trading in the intraday timeframe as close as possible to real time.

	<p>Further the four Italian intraday pool sessions run by GME do not allow market participants to adjust their balances by trading in the intraday timeframe as close as possible to real time.</p> <p>Moreover, the first allocation gate around 14h15 in D-1 is rather a second Daily allocation than a proper intraday allocation (at that point in time the daily processes are not finished yet).</p>
Proposed interim solution	<p>We would recommend the implementation of a dedicated tool, such as the DBS platform, for the continuous explicit allocation of intraday capacities at this border, with a continuous update and publication of the available capacity and continuous update and publication of the nominated capacities.</p> <p>However, we acknowledge that before doing so, various other changes would be needed to the Italian market design in order to progressively allow for additional flexibility in intraday.</p> <p>We would strongly request the first allocation to be held after 17h00 in D-1 as soon as possible. Additional nomination gates (up to 24) should also be implemented very quickly in order to head for trading up to 45 minutes or less before delivery. This requires changes of the current Italian market design in order to allow nominations close to real time and OTC trading outside the inflexible exchange trading sessions.</p> <p>If this was not possible GME should implement more intraday pool sessions and OTC access to cross-border capacity should be allowed.</p>

Netherlands – Germany

Current intraday system	<p>Continuous explicit trading is available to all market players on this border. The TSOs have implemented a capacity platform (DBS platform), that allows for the continuous explicit allocation of intraday capacities with a continuous update and publication of the available capacity and continuous update and publication of the nominated capacities. Trading is possible until 70 minutes before delivery.</p>
Problematic issues	<p>Continuous implicit trading is not yet available but trading of non standard products, transit flows and pooling of the liquidity with other areas is nevertheless possible through the explicit access.</p>
Proposed interim solution	<p>The next step would be to implement a continuous implicit trading platform while keeping the explicit access to cross border capacity – similar to the EPEX Spot solution at the German-French border.</p>

	<p>It is very important that no exclusivity is granted to any implicit platform at this border since no existing platform is able to pool the CWE liquidity (or even the German and Dutch liquidity), nor to provide the full range of service needed for the market, such as transit function or complex orders or a multi-matching functionality.</p> <p>We would suggest changing the gate closure to 45 minutes or less before delivery.</p>
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Netherlands – Norway (NorNed Cable)

Current intraday system	Continuous implicit trading is available at this border with no explicit access.
Problematic issues	Due to structural price difference between CWE and Nordic markets in the day-ahead stage (NWE market coupling) the NorNed cable is fully utilized in direction Norway to Netherlands. Therefore with regard to the intraday time frame only transmission capacity from Netherland to Norway is available. Given that usually the price difference intraday is the same as day ahead hardly any intraday deals are matched at this border. This means that the NorNed cable – even though it links the Nordic with the Dutch/Belgium market by using the same implicit trading platform (ELBAS) does practically not lead to any price convergence during the intraday time frame.
Proposed interim solution	We would suggest changing the gate closure to 45 minutes or less before delivery (currently 2 hours).

Netherlands – United Kingdom (BritNed cable)

Current intraday system	There is currently no intraday allocation process in place. The implementation of an explicit intraday service on BritNed has been delayed from Q2 2011 to Q3 2011, to January 2012 and then to Q2 2012.
Problematic issues	<p>EFET wrote a letter to BritNed on the 20th of September 2011² in order to express its concern, to which BritNed answered on the 21st of December 2011 that the implementation of an intraday system will be done after the implementation of the ex-post nomination system by TenneT.</p> <p>The service is now supposed to be launched in June 2012, but the proposed arrangement only foresees two explicit auctions, which</p>

² See attached EFET letter to BritNed, dated 20 September 2011

	<p>will be largely insufficient as already expressed during the consultation process The number of nomination gates should also be increased from 6 to 24 in order to be able to respond on an hourly basis to unplanned events.</p> <p>Various other operational constraints have also been identified with the proposed explicit auctions (see answers to Britned consultation³). This includes the application of grid losses (“loss factor”, this operational constraint does for example not exist on the Norned DC cable), the application of a flow tariff, the use of block nominations (4 hours), the use of a reserve price and various other technical issues.</p>
Proposed interim solution	<p>Instead of implementing intraday auctions we recommend the implementation of a dedicated tool for the continuous explicit allocation of intraday capacities at this border, with a continuous update and publication of the available capacity and continuous update and publication of the nominated capacities. The various available options for this service (and their implications) should be openly discussed with market players and with regulators and additional efforts should be made to relieve the above mentioned operational constraints.</p> <p>If an intraday auction was still to be launched, we would recommend a minimum of 2 allocation gates of firm products, with a Use-It-Or-Sell-It principle (UIOSI: previously non nominated capacities are resold at the following intraday auction and the primary owner gets paid for it at the auction price) and 24 nomination gates 45 minutes before real time both on the border and on local hubs.</p> <p>The requirement for firm products is important because it should not be possible for BritNed to curtail volumes after nomination. Specific contracts between BritNed and its shareholder TSOs or with market players should be put in place in order to ensure firmness.</p>

Nordic countries

Current intraday system	Continuous implicit trading is already available at these borders with no explicit access.
Problematic issues	As there is no explicit access, the ELBAS platform is used as a broker platform to simulate OTC trading and to transit.
Proposed interim	We believe that this arrangement should be revisited in order to

³ See attached EFET response to the UK DECC consultation on the UK energy market reform, dated 10 March 2011

solution	explore the potential for the intraday market to be further developed in this region, for example for complex orders or multi-matching functionality to be also possible cross border.
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Spain – Portugal

Current intraday system	Market splitting is in place for the day ahead and intraday sessions. There are six gates (OMIE intraday sessions) where capacity is allocated through implicit auctions.
Problematic issues	Currently, the only way to get intraday capacity is through auctions that are running for intraday (D-1 at 16:00, D-1 at 21:00, D at 01:00, D at 04:00, D at 08:00, D at 12:00). These auctions are not the most efficient way to manage “agents” needs in terms of balancing and adjustments since they should be closer to delivery when participants could have more accurate data.
Proposed interim solution	<p>To provide more flexibility and reactivity to markets participants we would recommend the implementation of a dedicated tool, such as the DBS platform, for the continuous explicit allocation of intraday capacities at this border, with a continuous update and publication of the available capacity and continuous update and publication of the nominated capacities.</p> <p>However, we acknowledge that before doing so, various other changes would be needed to the Spanish and Portuguese market design, much like the ones proposed for the France-Spain Interconnection. This includes establishing a new model to run intraday sessions that allow access of OTC trades as well as developing a specific tool or application that would have to continuously update and publish nominations and all capacity parameters for market participants.</p>