

GME consultation document n. 05/2016 on the introduction of additional intraday electricity market sessions



EFET comments – 5 July 2016

EFET¹ welcomes the opportunity to provide a feedback to the GME's proposal to introduce additional intraday market (MI) sessions starting by Q4 2016. Although we support the introduction of additional MI sessions as it will increase liquidity and allow market participants to adjust to changes in fundamental closer to delivery, **we recall that the EU Guideline on Capacity Allocation and Congestion Management defines implicit allocation (first-come-first-served), re-nominations until h-1, and continuous capacity allocation as the target model for intraday.** On several occasions EFET has urged GME, AEEGSI and Terna to start the implementation process of continuous coupling in intraday based on the Target Model, taking in due consideration the issues linked to the current zonal configuration. We advocate the replacement of national intraday auctions with a continuous market as soon as possible. The key advantage of this approach is the ability to react quickly to events in this phase of the market via rapid decision-making. This is not achievable with centralised auctions with intervals of several hours where no action can be taken. An efficient intraday market allows market participants to fine-tune their trading positions in the day of delivery - taking benefit from a better set of information- and constitutes a relevant opportunity to balance their own portfolio. This would also reduce system costs, as intraday markets will contribute to reducing TSO's balancing actions in real time.

For the interim period until the above market design is put in place, we recommend the following improvements:

- **We suggest GME to postpone the starting date of the new intraday market configuration to at least Q1 2017**, given the short timing given to companies to re-organise their internal structure. The suggested review of MI, MSD ex-ante and MB timings will require companies to adapt their trading desks and implement night shifts to cover the night sessions. This raises practical internal questions within companies, in terms of set-up, modifications to job contracts, authorisations etc. which require enough time to be settled.

¹ The European Federation of Energy Traders (EFET) promotes and facilitates European energy trading in open, transparent, sustainable and liquid wholesale markets, unhindered by national borders or other undue obstacles. We currently represent more than 100 energy trading companies, active in over 28 European countries. For more information, visit our website at www.efet.org

- **The implementation of additional MI sessions should be the right occasion to change the auction windows and nominations gate closures of the current cross-border transmission capacity rights intraday auctions** (“XBID” auctions). In fact, we note that with proposed configuration, still only two of the seven MI session will be open to XBID auctions, namely MI2 and MI6 session to respectively XBID1 and XBID2. If XBID timings are not changed accordingly, all the other MI sessions except for MI2 and MI6 remain incompatible with the current XBID auctions/nominations gate closures.

EFET therefore recommends GME together with JAO to review to the current XBID sessions in order to allow cross-border trades to participate to all, or at least the most of the MI sessions. The current XBID1 would need to shift forward: participation in the current MI3, which takes place in the morning of D, is at present blocked by the fact that the nomination deadline for XBID1 capacities is set the day before, at 17:30 CET in D-1. The same should apply to XBID2, which current gate for nomination set at 12:30 CET of day D prevents the participation to MI7.