Consultation on algorithm

ACER

Agency for the Cooperation
of Energy Regulators

Public consultation on the compliance of the all NEMOs' proposal for Methodology for the price coupling algorithm and the continuous trading matching algorithm

also incorporating a common set of requirements and a methodology for pricing intraday cross-zonal capacity in accordance with Article 37(5) of the Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management

This consultation is addressed to all interested stakeholders, including regulatory authorities, nominated electricity market operators and transmission system operators.

Replies to this consultation should be submitted to by 17 November 2019, 23:59 hrs (CET). Questions should be addressed to ACER at: ACER-ED-021@acer.europa.eu

CONTEXT

Objectives

The objective of this consultation is to gather views and information from stakeholders regarding the compliance of all Nominated Electricity Market Operators' proposal for the methodology for the price coupling algorithm and the continuous trading matching algorithm also incorporating a common set of requirements ('Algorithm proposal') that has been developed in accordance with Article 37(5) of Commission Regulation (EU) 2015/1222 ('CACM Regulation') and referred to ACER for decision. The input from the consultation will be used for ACER's evaluation in preparing its decision on that proposal according to Article 5(2)(b) of Regulation (EU) 2019/942.

Related documents

- [Regulation (EU) 2019/942 of the European Parliament and of the Council of 5 June 2019 establishing a European Union Agency for the Cooperation of Energy Regulators (recast)](#)

- [Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity (recast)](#)

- [All NEMOs' proposal for the Methodology on the price coupling algorithm and the continuous trading matching algorithm](#)

- [Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a Guideline on Capacity Allocation and Congestion Management (the 'CACM Regulation')](#)

- [ACER's Decision 08/2018 of 26 July 2018 on the price coupling algorithm and the continuous trading matching algorithm](#)

- [ACER's Decision 01/2019 of 24 January 2019 on pricing intraday cross-zonal capacity](#)

- [ACER Guidance Note on Consultations](#)

Legal background

In accordance with Article 37 of the CACM Regulation, all Nominated Electricity Market Operators ('NEMOs') were obliged to develop a proposal for the price coupling algorithm and for the continuous trading matching algorithm. The proposal needed to be submitted to all regulatory authorities for approval no later than 18 months after the entry into force of the CACM Regulation.

All NEMOs submitted the first proposal for the algorithm to all regulatory authorities by 14 February 2017 and, subsequently, all regulatory authorities requested amendments to it by August 2017. All NEMOs then submitted an amended proposal by 1 December 2017. On 30 January 2018, ACER received a letter from all regulatory authorities requesting ACER to adopt a decision on the amended proposal pursuant to Article 9(12) of the CACM Regulation. ACER issued its Decision 08/2018 on 26 July 2018.

The Decision 08/2018 on the methodology for price coupling algorithm and continuous trading matching algorithm requested all NEMOs to introduce two new annexes to the methodology by 1 August 2019: the change control methodology and the algorithm monitoring methodology[1].

Further, ACER Decision 01/2019 of 24 January 2019 on the methodology for pricing intraday crosszonal capacity, issued in accordance with Article 55 of the CACM Regulation requested all TSO to update and complement the common set of requirements for efficient capacity allocation to enable the development of the algorithm for the intraday auctions in accordance with Article 37(1)(a) of the CACM Regulation and provide it to all NEMOs.

The present Algorithm proposal aims to incorporate the amendments requested by Decision 08/2018 and by Decision 01/2019 and was submitted to ACER on 1 August 2019.

Consultation Topic 1: Products used in intraday auctions

In All NEMOs' proposal for products that can be taken into account by NEMOs in intraday coupling process (which is consulted alongside the algorithm methodology proposal), all NEMOs propose for intraday auctions the products used in day- ahead coupling except for PUN orders.

In the Algorithm proposal, together with the Products (ID) proposal and Article 8(4) of Regulation (EU) 2019/943, all NEMOs commit to deliver the intraday auctions with 15/30 minute products and complex products[2] by the end of 2021.

Considering the complexity of the implementation of intraday auctions, 15/30 minute products, flow- based and other demanding functionalities, the usage of complex products has several consequences. The complex products (i) can cause performance issues in combination with other demanding functionalities; (ii) demand long calculation time; and (iii) together with other functionalities could cause implementation delays.

The algorithm methodology should ensure that complex products in intraday auctions will not cause any disturbance in the early implementation of all essential functionalities like 15/30 minute products or support for flow-based approach. Therefore, ACER envisages the introduction of a prioritisation rule, which would make

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[1] In the consulted proposal, all NEMOs decided to incorporate the change control methodology to the body text of the algorithm methodology and the market monitoring methodology was split into two annexes to separately address the monitoring of day-ahead and intraday markets.

[2] Understand complex products as all products, which are not simple hourly, half-hourly or quarter-hourly products. Typically, the complex products are aggregated orders, complex orders, block orders, PUN orders etc.

NEMOs abandon the usage of complex products in case the performance of the algorithm would not allow implementing the essential functionalities.

QUESTION 1 - Do you agree that the implementation of the 15/30 minute products and other essential functionalities of the intraday algorithm should have a higher priority than the complex products in case of any algorithm performance issues?
Please, provide detailed argumentation for either case.

QUESTION 2 - Do you agree that the implementation of the 15/30 minute products and other essential functionalities of the <u>day-ahead</u> algorithm should have a higher priority than the complex products in case of any algorithm performance issues?
Please, provide detailed argumentation, especially if your view is different from the one in intraday (Quesion 1).

Consultation Topic 2: Suspension of continuous trading

The implementation of Article 55 of the CACM Regulation and ACER's Decision 01/2019 requires the introduction of intraday auctions, which will inevitably cause temporary suspensions of the continuous SIDC.
ACER is interested in the market participants' views on the length of the continuous SIDC's suspension, which is proposed by all NEMOs:

15:00 D-1 auction: the continuous SIDC would be suspended for 30 minutes after the deadline for bid submission (15:00 D- 1):

- Cross-zonal capacities would be published at latest at 14:30 to fulfil the obligation of Regulation 543/2013;

- The time between 15:00 and 15:30 is reserved for the calculation of results, transferring, validation and publication.

22:00 D-1 and 10:00 D auctions: the continuous SIDC would be suspended for 60 minutes, which consists of 15+15 minutes before and 30 minutes after the deadline for bid submissions:

- The time between 21:30 and 21:45 (or 9:30 and 9:45) is required by TSOs for merging the capacities from the capacity re-calculation with the capacities from the continuous SIDC's capacity management module;

- At 21:45 (or 9:45) the cross-zonal capacities for the auction are published and bidding continues until the deadline for bid submission at 22:00 (or 10:00);

- The time between 22:00 and 22:30 (or 10:00 and 10:30) is reserved for the calculation of results, transferring, validation and publication.

If the suspension of the continuous SIDC is considered as too long, ACER believes that the timings above can be shortened in various ways and with various conditions and consequences.

Option 1: The 15 minutes between 21:30 and 21:45 (or 9:30 and 9:45) used by the TSOs to merge cross-zonal capacities from the re-calculation and from the continuous SIDC could be potentially reduced by TSOs. This would require optimisation of procedures between the NEMOs and the TSOs.
It would allow for reduction of the suspension by e.g. 5-10 minutes.

Option 2: The 15 minutes between 21:45 and 22:00 (or 9:45 and 10:00) used for transparency reasons and for placing bids can be reduced to e.g. 5 or 10 minutes.

Option 3: The process for merging cross-zonal capacities from the re-calculation of cross-zonal capacities after DA timeframe and from the continuous SIDC could be shifted to the time between 21: 45 and 22:00 (or 9:45 and 10:00), which would imply that at 21:45 (or 9:45) only cross-zonal capacities from the re-calculation would be published and the continuous SIDC would be suspended. At the same time, the merging of cross-zonal capacities from the re-calculation and from the continuous SIDC would start and the merged capacities would be published at e.g. 21:50. This would reduce the total suspension time before the deadline for bid submission to 15 minutes.

Option 4: The suspension of the continuous SIDC after the deadline for bid submission can be reduced by the usage of simple products (i.e. eliminating complex products), which will decrease the calculation time of auction results.

QUESTION 3 - Would you support any of the options above (i.e. Options 1, 2 and 3) to reduce the suspension time of the continuous SIDC?
Please, provide detailed argumentation for your choice.

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QUESTION 3 - Would you support the elimination of complex products in order to decrease the suspension of the continuous SIDC after the deadline for bid submissions (Option 4)? (please, note the connection to Topic 1)
Please, provide detailed argumentation for your choice.

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Any other comments:

Consultation Topic 3: Indicators

The monitoring of performance and other indicators is a crucial part of securing a smooth run of all algorithms and also serves as a transparency insight of the governance of all NEMOs and their cooperation with TSOs.

QUESTION 5 - Do you agree with the list of indicators proposed by all NEMOs for either of the algorithms?
Please, indicate any new indicators or an amendment to the proposed ones, which would, in your view, help to monitor how the NEMOs in cooperation with TSOs fulfil their legal obligations of developing and operating the day-ahead and intraday algorithms.

Please, provide detailed argumentation for your choice.