

EC Consultation on the first experience with NEMO competition

A EURELECTRIC response paper

August 2017

EURELECTRIC is the voice of the electricity industry in Europe.

We speak for more than 3,500 companies in power generation, distribution, and supply.

We Stand For:

Carbon-neutral electricity by 2050

We have committed to making Europe's electricity cleaner. To deliver, we need to make use of **all low-carbon technologies**: more renewables, but also clean coal and gas, and nuclear. Efficient electric technologies in **transport and buildings**, combined with the development of smart grids and a major push in **energy efficiency** play a key role in reducing fossil fuel consumption and making our electricity more sustainable.

Competitive electricity for our customers

We support well-functioning, distortion-free **energy and carbon markets** as the best way to produce electricity and reduce emissions cost-efficiently. Integrated EU-wide electricity and gas markets are also crucial to offer our customers the **full benefits of liberalisation**: they ensure the best use of generation resources, improve **security of supply**, allow full EU-wide competition, and increase **customer choice**.

Continent-wide electricity through a coherent European approach

Europe's energy and climate challenges can only be solved by **European – or even global – policies**, not incoherent national measures. Such policies should complement, not contradict each other: coherent and integrated approaches reduce costs. This will encourage **effective investment** to ensure a sustainable and reliable electricity supply for Europe's businesses and consumers.

EURELECTRIC. Electricity for Europe.

EURELECTRIC welcomes the opportunity to provide constructive comments on the first elements with NEMO competition. As a general remark, we would like to see more transparency on the processes, operation and work products of the NEMO committee that could preferably translate to public availability of more corresponding information on ENTSO-E's dedicated webpages.

Furthermore, EURELECTRIC has always been supportive of market integration which obviously requires availability of cross-border capacity. Consequently, most issues addressed are relevant to the TSOs and less to the PXs, a point which EURELECTRIC has raised on several occasions. That given, please find below some non-exhaustive, and non-restrictive comments.

- a) your observations on the development of the single day-ahead and intraday coupling at national, regional and European level, with a particular emphasis on the current status of competition between NEMOs;
 - In general, we appreciate competition on technical, fees and services level, which is essential for a well-functioning market. At the time being, we deem it is too early to assess if competition is at an adequate level.
 - Opening for competition between NEMOs will also have a positive effect for market participants. For example, in markets where still monopoly spot PXs exist, we observe practises that could hamper market integration, for instance continuous intraday trading is still not possible in some countries and appears additionally to be restrictive in nature.
 - Additionally, one could assume that innovation on products and trading solutions is lower in such markets than in other regions where trading venues can compete for offering the best services to the market.
 - Where FTRs are in place, market parties are obliged to close their physical position via the PXs hence competition is welcomed.
 - We feel that in certain countries competition is not fostered to an adequate level, which hinders harmonisation.

- b) your observations of the governance of single day-ahead and intraday coupling, in particular concerning MCO functions carried jointly by NEMOs;
 - At this stage, EURELECTRIC does not have particular comments on the governance architecture.

- c) any suggestions for future legislative or other appropriate measures to increase competition and trade between and within Member States; and
- The more integration, the more competition and the key enabler is availability of cross-border capacity. EURELECTRIC expresses serious concerns about the recent developments of the capacity calculation proposal from TSOs.¹
 - EURELECTRIC would also like to emphasize on the key contributors of ensuring a level playing field for all market participants, and reducing regulatory interventions such as limits on the bid prices that exist in some countries.
- d) any suggestions for future legislative or other appropriate measures to increase transparency and efficient functioning of the single day-ahead and intraday coupling.
- One could address the issue on how to make the target models Single Day-Ahead and Intraday Couplings (SDAC and SIDC) deliver their maximum value. It seems that for these a very high degree of diversity and complexity has been required which in turn delays processes, and makes them also less easily extendible. For instance, we advocate for the assessment of products' harmonisation and the added value that it could bring.
 - Transparency with regard to grid related data needs to be improved (i.e. critical branches, grid congestions, grid outages and maintenance). Exchanges should start to publish price resilience data again. We welcome the recent improvements in the CWE region on these aspects.

¹ "Response of EFET, EURELECTRIC, NORDENERGI and MPP to the TSOs' consultation on Capacity Calculation Methodologies", 19 July 2017 – updated on 31 August (Ireland-UK CCM)

EURELECTRIC pursues in all its activities the application of the following sustainable development values:

Economic Development

▶ Growth, added-value, efficiency

Environmental Leadership

▶ Commitment, innovation, pro-activeness

Social Responsibility

▶ Transparency, ethics, accountability



Union of the Electricity Industry - EURELECTRIC aisbl
Boulevard de l'Impératrice, 66 - bte 2
B - 1000 Brussels • Belgium
Tel: + 32 2 515 10 00 • Fax: + 32 2 515 10 10
VAT: BE 0462 679 112 • www.EURELECTRIC.org
EU Transparency Register number: [4271427696-87](https://ec.europa.eu/transparency/regexp1/index.cfm?do=entity.entityDetail&entityId=4271427696-87)