

NEMOs' consultation on SDAC products

A Eurelectric response paper

March 2024

Eurelectric represents the interests of the electricity industry in Europe. Our work covers all major issues affecting our sector. Our members represent the electricity industry in over 30 European countries.

We cover the entire industry from electricity generation and markets to distribution networks and customer issues. We also have affiliates active on several other continents and business associates from a wide variety of sectors with a direct interest in the electricity industry.

We stand for

The vision of the European power sector is to enable and sustain:

- A vibrant competitive European economy, reliably powered by clean, carbon-neutral energy
- A smart, energy efficient and truly sustainable society for all citizens of Europe

We are committed to lead a cost-effective energy transition by:

investing in clean power generation and transition-enabling solutions, to reduce emissions and actively pursue efforts to become carbon-neutral well before mid-century, taking into account different starting points and commercial availability of key transition technologies;

transforming the energy system to make it more responsive, resilient and efficient. This includes increased use of renewable energy, digitalisation, demand side response and reinforcement of grids so they can function as platforms and enablers for customers, cities and communities;

accelerating the energy transition in other economic sectors by offering competitive electricity as a transformation tool for transport, heating and industry;

embedding sustainability in all parts of our value chain and take measures to support the transformation of existing assets towards a zero carbon society;

innovating to discover the cutting-edge business models and develop the breakthrough technologies that are indispensable to allow our industry to lead this transition.

NEMOs have launched on the 5th of February a public consultation on the SDAC products methodology following Article 40 of CACM. Eurelectric welcomes the opportunity to give its opinion on this NEMOs proposal.

Regarding article 3 of the methodology, Eurelectric notes the NEMOs proposal clarifies that orders in the money submitted at the BZ MTU will be fully accepted. Reciprocally, orders submitted at a longer MTU may be paradoxically rejected. Eurelectric would appreciate clarifications on how this rule interacts with the acceptance/rejection of complex orders and whether the chosen prioritization indeed reflects the optimal approach. Eurelectric also wonders whether the full acceptance of 15' block orders is preferable over the acceptance of fully divisible 30' blocks.

Regarding articles 4 and 5, Eurelectric acknowledges that the introduction of 15 min MTU product in SDAC will imply an increase in the computational complexity of the price-coupling algorithm. Therefore, the content of the current list of SDAC products needs to evolve. The SDAC Products Methodology distinguishes two categories of products: one corresponding to the minimum legal requirements (e.g. mandatory products) and the second one representing other possible products that the algorithm should accommodate if possible (optional products).

Eurelectric welcomes and fully supports that the list of mandatory products for SDAC auction include hourly, half-hourly and quarter-hourly products.

However, Eurelectric opposes the optional qualification of Complex Block Orders. Indeed, Eurelectric considers as priorities the linked and exclusive products as they are necessary to correctly reflect technical capabilities and limitations of assets and portfolios in the day-ahead auctions which, in turn, benefits consumers as it allows for an efficient and competitive bidding process leading to an efficient dispatch. Eurelectric wants to remind that smart products were initially introduced in Belgium and The Netherlands following a price spike in 2011. In a follow-up study, the Belgian regulator explicitly recommended smart products *'for the most efficient allocation in day ahead of the available resources and [...] strengthen the liberalised market by offering less volatile prices and prices that reflect the true supply-demand balance'*¹. Eurelectric thus strongly supports the inclusion of such products under the list of mandatory products. Their availability should not be reduced or removed in any way in the event of corrective measures applied due to delays in publication.

Furthermore, so far article 5.1.a of the methodology refers to article 4(2) which in turns refers to article 4(1). Eurelectric underlines that the methodology should more clearly/directly indicate that the following combinations of complex orders and MTUs are possible:

- products listed in Article 5 (Optional products for SDAC auction) are available for hourly, half-hourly and quarter-hourly products: e.g., two hourly SBOs can be linked in a parent-child relation.
- the combination of SBO (Simple Block Orders) with different MTU is also possible: e.g., to link hourly SBO with a quarter-hourly or half-hourly SBO.

¹ CREG, "Study on the price spike on Belpex DAM for 28 March 2011", p.15 §36, <https://www.creg.be/sites/default/files/assets/Publications/Studies/F1099EN.pdf>

In addition to the previous points, while those points are not directly subjects of the present public consultation, Eurelectric would like to stress the importance of:

1. increasing the number of blocks and complex orders allowed per portfolio: indeed, the introduction of 15 min MTU mechanically implies an exponential increase in the number of combinations of potential production/consumption schedules which consequently requires an increase of the current limits of complex orders that can be used for a given portfolio.
2. clarifying the exact targeted deadline of the go-live of the 15' MTU. The legal deadline, set on the 1st of January 2025, poses many operational challenges (proximity with many design operational still undisclosed, bank holiday, middle of the winter etc.). NEMOs have communicated so far on a go-live during the Q1 2025. Eurelectric is in favor of a go-live after the winter season, toward the end of Q1.

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 – 1000 Brussels, Belgium
Tel: + 32 2 515 10 00 – VAT: BE 0462 679 112 • www.eurelectric.org
EU Transparency Register number: [4271427696-87](https://ec.europa.eu/transparency/regexpd/index.cfm?do=entity.entityDetails&id=4271427696-87)