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Amendments to the SDAC/SIDC maximum and minimum clearing price methodologies

Eurelectric comments

October 2025

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.

WG Market Integration & Network Codes

Contact:
Max Schneider, Advisor - Wholesale Markets -
mschneider@eurelectric.org

Eurelectric welcomes the opportunity to contribute to the ACER call for comments on amendments to the maximum and minimum clearing price methodologies for the European day-ahead and intraday markets.

We would like to draw your attention to our response to the public consultation conducted by the all-NEMO Committee earlier this year, including on the topic of a decrease mechanism, which we do not reiterate here but remain convinced of its benefits if fine-tuned correctly. In addition, we would like to highlight some points in response to the updated proposals submitted to the European Commission.

1. Inertia mechanism for triggering events

Eurelectric welcomes that the all-NEMO Committee's updated draft has reverted to the currently applicable number of MTUs and days (2 MTUs in at least 2 different days) during which a triggering event needs to occur for a new maximum or minimum clearing price to become effective. The need to reach 70% of the maximum or minimum clearing price in at least two MTUs on at least two different days constitutes an inertia mechanism, avoiding undue price cap increases.

2. Inclusion of a triggering event based on market liquidity

The NEMO Committee has suggested the inclusion of a triggering event based on market liquidity in both the methodologies for SDAC and SIDC. We acknowledge that this metric has been simplified in the updated NEMO draft to exclude only bidding zones where traded volumes per market time unit are lower than 5 MW during either the day-ahead or an intraday auction. This is an improvement compared to the initial proposal for a metric referring to average prices during the preceding thirty days, which raised additional complexities and a risk of divergent national implementation.

Nevertheless, we would welcome clarification on the reason for choosing a 5 MW threshold and for including this triggering event in both the day-ahead and intraday timeframes:

- Intraday: we acknowledge NEMOs' statement that some bidding zones see less than 5 MW of matched orders during IDAs. Further investigation should be conducted to confirm that resulting price spikes do not reflect market fundamentals, in which case it makes sense to exclude triggering events from the increase/decrease mechanism when liquidity is lower than 5 MW in the IDAs.
- Day-Ahead: we note that NEMOs have introduced the liquidity metric in the day-ahead auctions for consistency with the SIDC methodology. Yet, we still do not see any added value in adding this metric compared to technical triggering conditions (i.e. market decoupling). Indeed, the value of 5 MW minimum liquidity seems irrelevant for current bidding zones in the day-ahead market.

3. Public repository of triggering events

Market participants should be aware at any time of the status of technical price limits and the likelihood of their increase. For this reason, we consider that NEMOs should set up a central access point to information about triggering criteria and events (potentially) leading to a change in maximum or minimum clearing prices.
Indeed, a triggering event in a single bidding zone may cause an increase in technical price limits in all other bidding zones, requiring market participants to be informed about events

that could potentially lead to changes. **NEMOs should set up a central repository displaying technical price limits and the status of triggering events for all bidding zones**, in order to grant market participants with this overview even when they are not active in some markets.

Such a dedicated repository could be updated daily with all relevant information and could be hosted for example under the all-NEMO Committee website.

Information published on this repository should include:

- A full description of the triggering events leading to a maximum or minimum clearing price increase or decrease;
- Real-time information about prices and triggering events in all relevant bidding zones, e.g., via maps, how many of the criteria are met, and how this affects the revision of the price caps;

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