

Amendments to the Algorithm Methodology for adjustments to IDAs due to flow-based implementation

Eurelectric consultation response paper

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Improve the availability of cross-zonal capacity across timeframes

Eurelectric welcomes the opportunity to respond to the NEMO-Committee's public consultation on amendments to the Algorithm Methodology under the CACM Regulation to adjust timings for the intraday auctions (IDAs) in the context of the introduction of flow-based capacity allocation.

Eurelectric welcomes the extension of flow-based allocation in the timeframes between the day-ahead market and real-time. Improving the allocation of cross-zonal capacity in the intraday and balancing timeframes is a priority for electricity market participants and will contribute to the efficient functioning of the internal electricity market.

This is particularly relevant in the Nordic context, where the introduction of flow-based in the day-ahead timeframe has led to cross-zonal flows being locked in the subsequent timeframes due to the unavailability of cross-zonal capacity. Combined with small bidding zones, this leaves market participants in surplus or deficit zones with limited to no market liquidity to adjust to unexpected changes in the generation or load after the day-ahead auction. Considering the substantial financial losses resulting from high imbalance prices and the curtailment of renewable assets, Eurelectric supports swift action to address current inefficiencies.

We also call for a further assessment of the root causes of this problem, which we understand is related to the mismatch between flow-based capacity allocation in the day-ahead auction and ATC extraction in the intraday timeframe. Eurelectric would like to understand whether the introduction of flow-based in IDAs will fully address this issue, or whether it could materialise again between the intraday auctions and the subsequent timeframes of intraday continuous and balancing.

At the same time, Eurelectric recalls that it has repeatedly supported the minimisation of the suspension of SIDC continuous in the past. We consider that such suspension should seek to remain below 20 minutes.

We call on NEMOs to revise the proposed amendments to ensure that the total suspension time of continuous intraday markets is minimised. Eurelectric would oppose an amendment that opens the door to longer suspension times following the introduction of flow-based allocation in IDAs.

Specific comments on amendments to the Algorithm Methodology beyond the previous structural comments

Eurelectric would like to remind that intraday auctions remain an optional feature of the electricity market design, and that **the suspension of cross-zonal capacity allocation within SIDC continuous before and after the deadline for bid submission of each IDA is required to be kept as short as possible**. This is essential to preserving the efficiency and liquidity of the continuous intraday market.

NEMOs should achieve the implementation of flow-based allocation in IDAs while making the minimisation of suspension to SIDC continuous their priority. Alternative ways to accommodate the flow-based implementation, such as the parallelisation of tasks, should be implemented. The amendment should be adjusted to fully reflect this prioritisation.

Regarding normal operations, we understand that NEMOs plan to keep the disruption of SIDC continuous below 40 minutes, in line with Art. 5 of the Algorithm Methodology (AM). However, the longer interruption allowed after the IDA gate closure time in the amendments itself – which is the legally binding element - does not match this ambition.

Eurelectric would also like to ask for a clarification on the zones affected by the longer suspension of the ID continuous market. In particular, Eurelectric considers that regions not implementing FB in IDAs should not be affected by this longer suspension time.

We call on NEMOs to clarify how the amendment in Art. 5(19) ensures that the suspension of SIDC continuous will be kept to 40 minutes when the total allowed suspension before (20 minutes) and after gate closure time (25 minutes) sum up to 45 minutes. Insofar as this paragraph is inconsistent, we call on NEMOs to reduce the allowed suspension time to remain in line with a maximum of 40 minutes suspension overall.

In this context, it remains unclear how these operational processes are consistent with the timing of the suspension period before and after the bid submission of each IDA mentioned in Art. 5(19a and 19b):

- “IDA Halt from” will be changed from GCT-20 to GCT-18
- “IDA Halt to” will be changed from GCT+20 to GCT+22

First, the proposal to move the pre-GCT suspension from GCT-20 to GCT-18 effectively reduces the time available for cross-zonal capacity calculation from 5 minutes to 3 minutes. We understand from the webinar on 3 June that testing is under way to verify if this shorter timeline is operationally feasible and

would support transparency on its results to ensure that the solution is sustainable and allows to keep SIDC continuous suspension time effectively at 40 minutes.

Second, the proposal to increase the maximum post-GCT suspension window from 20 to 25 minutes (article 5 §19) seems incoherent with the indicative timeline provided for the process, which is to be completed within approximately 22 minutes. This raises questions regarding the rationale for introducing additional margin beyond the demonstrated process duration. The foreseen timeframe should not allow the process to drift towards longer execution times over time, thereby increasing the duration of the suspension of continuous trading in practice. Eurelectric underlines that the suspension time of SIDC continuous before and after IDA gate closure time should be predictable and clearly defined in the operational rules.

The possibility for IDA cancellations should remain exceptional. In such cases, the available continuous trading window would be reduced (e.g. ~25 minutes instead of 30 minutes until the shift to a 30-minute IDCZ GCT), limiting the ability of market participants to adjust their positions. This reduction may negatively impact liquidity and the efficient adaptation of portfolios close to real time. While not critical, it does present a point of attention and increases the importance of the shift to 30-minute IDCZ GCT on all borders as soon as possible.

Finally, Eurelectric does not see the need, under normal operations, for amending Article 6 and for the proposed reduction of 5 minutes to allow at least 25 minutes instead of 30 minutes of cross-zonal continuous trading for any MTU after the publication of the auction results. Indeed, even if a suspension period after the deadline for bid submission of each IDA of 25 minutes was retained, market participants would still have at least 35 minutes of cross-zonal continuous trading for any given MTU. Eurelectric understands that the proposal to reduce the minimal period of cross-zonal continuous trading for any given MTU from 30 to 25 minutes in article 6 aims to accommodate non-normal days during which the IDA process would be completed around GCT+33.5.

When it comes to the design fallback processes in non-normal situations, Eurelectric has the following concerns:

- **Case 1 - Absence of updated ATC/NTC delivery:** In cases where IDA results are successfully computed and validated but updated ATCs/AACs are not delivered to XBID, the proposed solution foresees a resumption of cross-border continuous trading limited to ATC borders, while **FB borders may remain inactive**. This raises concerns regarding the **persistence and resolution of such situations**. In particular, it remains **unclear when and how cross-border trading on XBID would restart on FB borders** once the data becomes available, or **how prolonged failures would be handled**.

This results in a **partial and asymmetric market functioning**, where part of the system operates under degraded capacity constraints. In addition, the **absence of clear guarantees or timelines regarding the restoration of normal operations** introduces uncertainty for market participants.

- **Case 2 - FB domain decoupling and IDA cancellation:** In the event of FB domain decoupling or IDA cancellation, the design foresees a **fallback to ATC-based continuous allocation**; however, the operational handling differs between Core and Nordic regions. While Core borders may resume continuous trading even if updated NTCs are not immediately available (with updates occurring later), **Nordic borders may remain halted until consistent capacity data is provided**. This divergence and the trade-off between continuity (Core) and consistency (Nordics) is not explicitly justified, further clarification would be beneficial to ensure transparency and predictability. Different fallback logics across regions may lead to inconsistent trading conditions and unequal access to cross-zonal capacity. In this context, it could also be assessed whether an approach similar to that foreseen under Case 3 (namely reverting to previously established NTC values) could be applied in Case 2 situations. Such an approach could allow trading to resume swiftly and in a harmonised manner across regions, while ensuring a minimum level of consistency until updated capacity data becomes available.
- **Case 3 - Post-validation cancellation of IDA results:** In cases where IDA results are validated and subsequently cancelled, the proposed approach consists in **reverting to the previously established NTC values**. It would be important to **clarify the conditions under which such** post-validation cancellations may occur.

Eurelectric represents the interests of the electricity industry in Europe. Our work covers all major issues affecting our sector. Our members represent a total of +3500 companies 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

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