

GENERAL PRINCIPLE

REG EU 2019/943 Art 10(1)

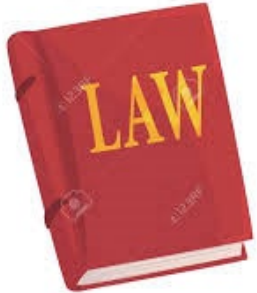
*“There shall be neither a maximum nor a minimum limit to the wholesale electricity price. This provision shall apply, inter alia, **to bidding and clearing** in all timeframes and shall include balancing energy and imbalance prices, **without prejudice to the technical price limits** which may be applied in the balancing timeframe and in the day-ahead and intraday timeframes in accordance with paragraph 2. “*



general principle...

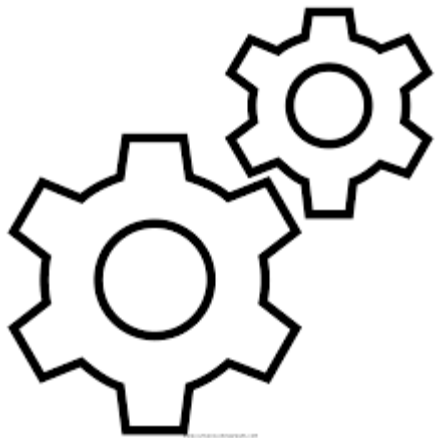
no price limits restricting wholesale price formation

CLEARING PRICES



REG EU 2019/943 Art 10(2)

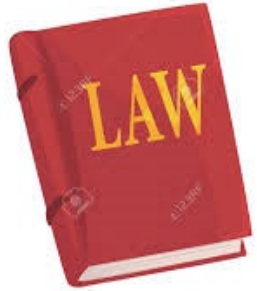
*“NEMOs may apply **harmonised** limits on **maximum and minimum clearing prices** for day-ahead and intraday timeframes. Those limits shall be sufficiently high **so as not to unnecessarily restrict trade**, shall be harmonised for the internal market and shall **take into account the maximum value of lost load.....**”*



ACER DECISION 5/2017 FOR CLEARING PRICE LIMITS

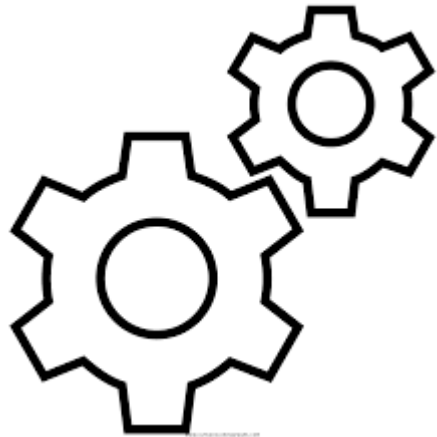
*“In the Agency’ s view, this automatic **adjustment mechanism** for harmonised maximum **clearing price** for SDAC **may substitute the requirement in Article 41(1)** of the CACM Regulation to take into account an **estimation of the VoLL.**”*

BIDDING PRICES



REG EU 2019/943 Art 10(2)

”NEMOs shall implement a **transparent mechanism to adjust automatically the technical bidding limits** in due time in the event that the set limits are expected to be reached. The adjusted higher limits shall remain applicable until further increases under that mechanism are required. “



DYNAMIC MECHANISM FOR TECHNICAL BIDDING PRICE LIMITS

A dynamic mechanism was consulted to adapt the ‘technical **bidding limit**’ towards the national VoLL.

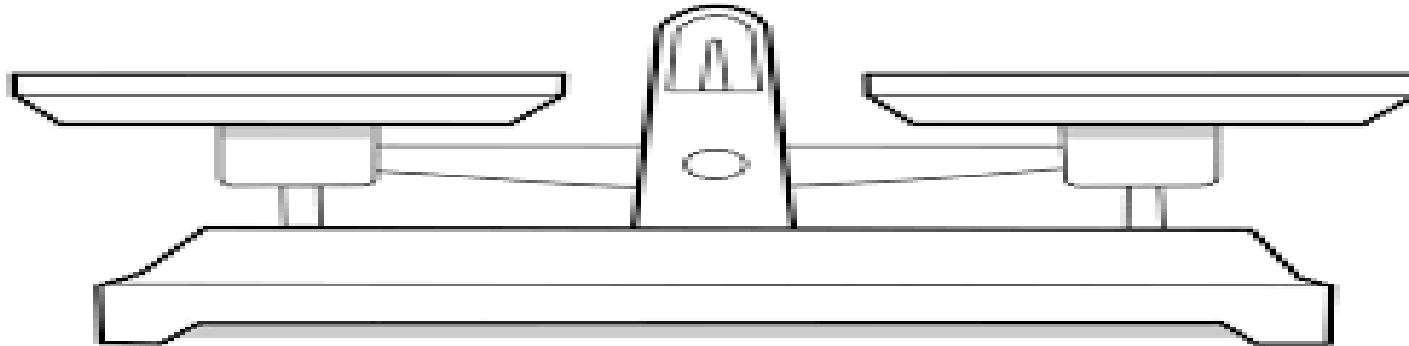
REG 2019/943 Art 11: “Member state shall determine **a single estimate of the VoLL for their territory** “

CONSULTATION RESPONSES

Reactions to the proposal can be gathered in two groups, and were quite predictable:

Generators, traders and incumbent integrated groups were in favor of higher bidding limits closer to the clearing limits

Independent suppliers, big consumers and some representatives were in favor of even lower limits than the proposed ones, and a less dynamic update mechanism



LEGAL ASSESSMENT AND ASPECTS TO BE TAKEN INTO ACCOUNT

- Legal interpretation of CNMC and ERSE is that the proposal is **compliant with the point 2 of article 10**.
- NRAs should take care of the **interest and risks of all market participants including consumers**.
 - ✓ 80% of the energy is traded through day-ahead market
 - ✓ 41% of the total household consumers directly linked to DA prices (11 M of consumers billed according to the day ahead price and real hourly consumption).
 - ✓ As inflexible demand is submitted to the market at the maximum technical limit, artificially high technical price caps beyond efficient price formation should be avoided (any coupling process error as happened in 2019 or NEMO default may drive to irrational prices)
- The **specificities** of the proposed mechanism (initial bidding limit, increase trigger, increment...) should be **assessed** to provide a level playing field among all kind of market participants
- The decision process have been delayed due to **other issues have been given higher priority due to COVID crisis** (consumers protection, suppliers viability, etc)
- The **national VOLL calculation by MSs** is now closer in time and should be taken into account.
- The future final decision will be incorporated in the **market rules**, which will be **subject to a new consultation process**.

COMMITMENT WITH THE INTEGRATION OF THE EU INTERNAL ENERGY MARKET

Iberian NRA's are **fully committed** to the implementation of the EU internal energy market, and the implementation of the Clean Energy Package, which has been done with broad, transparent and concrete **involvement of all agents and market participants**. The dynamic mechanism for technical bidding price is analyzed by CNMC and ERSE under the same spirit.

As an example, we have achieved several challenging milestones during the last couple of year, allowing for a more efficient trading in DA and ID timeframes:

- ✓ **D-2 Capacity calculation** implemented since **January 2020**
- ✓ Implementation of an intraday **continuous trading** since **June 2018**
- ✓ **IDGOT at 15:00** since **November 2018**
- ✓ Optimal **integration of continuous trading with ID auctions**, providing a **level playing field** for all participants.

Continuous trading only close for 10 ' during the ID auction and only for the hours subject of the auction (always open for H+2)