

17 June
20th MESC meeting

EFET position paper for an improved market design in intraday

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Continuous intraday trading: benefits and criticisms addressed

- Intraday target model: a continuous market with implicit capacity allocation
- Why should continuous trading be safeguarded?
 - More and faster trading opportunities
 - Better suited for the needs of RES generation, demand response and storage
 - Minimising the volume and cost of TSOs' balancing activities
- Addressing criticisms of continuous trading
 - Price discovery: Fundamentally, pricing scarce intraday cross-zonal capacity is about redistribution of benefits from market participants to TSOs, rather than about increasing social welfare
 - Participation of new and smaller market participants: Even with 3 auctions, the effort required of new and smaller market participants would not be much different from continuous trading
 - Lack of a reference price: With the removal of constraints on the growth of ID market liquidity, there is no reason why continuous intraday markets cannot produce reliable reference prices

EFET recommendations

- Removing barriers to ID liquidity growth.
- Developing cross-border products with a 15-minute granularity and harmonising the imbalance settlement period to 15 minutes across Europe.
- Ensuring the effective harmonisation of cross-zonal intraday gate opening time (ID CZ GOT) and opening of shared order books at 15:00 (CET).
- Setting cross-zonal intraday gate closure time (ID CZ GCT) to 15 min before the start of the relevant market time unit and ideally, even closer to delivery.
- Implementing clear, transparent and harmonised capacity calculation and recalculation methodologies and frequency.
- Ensuring that the technical price limit in ID includes an adjustment mechanism to reflect VoLL.
- Ensuring minimum interruption time of the three pan-European auctions required by ACER decision by postponing their implementation until 15 min products are available.

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