


GOT in Germany: the Request for Change in SIDC may lead to a market regression

ACER Decision 04/2018 sets a harmonised IDCZGOT at 15:00 (CET).

Order books are shared among NEMOs as of 15:00 whenever technically possible.

State of Play in Germany

- Before 18:00, no cross-zonal flows between the four German control-areas are possible.
- **NEMOs active in Germany offer their members the possibility to trade Germany-wide between 15:00-18:00 at their “own risk”** with their own Local Trading Solutions.
- Power Exchanges **withhold nominations** until 18:00. They are integrated by German TSOs at 18:00.



EMCO/NP
request for
change

Implications

- SIDC will open at 15:00, but without capacities. NEMOs cannot withhold flow allocations within SIDC as they do with Local Trading Solutions (automated intra-DE flow allocation will be managed automatically by the SIDC capacity management module).
 - Shared OB in SIDC with no Local Trading Solution by EPEX and NP.
- **No pan-DE trading possible, a clear market regression**

SIDC: The last hour should not become a mandatory pool at the expense of innovation on ID (and beyond)

- **The shared order book is an instrument to ensure non-discriminatory access to capacity (natural monopoly).** Absent this need, it is not economically justified and shall not be mandatory. It does not apply in any other case of the Exchange industry.
- The Intraday market is **extremely dynamic** and playing an ever-increasing role to integrate renewables. It is **not mature yet** and it is a **fully contestable market** offering opportunities for different players (NEMOs, trading platforms, OTC etc).
- Competitive Power Exchanges can **freely decide to organise and offer trading platform services during the last hour** (they all do in Germany).
- **Market participants have access to the entire market liquidity**, as they are free to trade on one or several of the competing Power Exchanges, making their choice based on i.a. transaction costs, the product variety and the service level, functionalities and system performance.
- **A mandatory pool and socialisation of markets raise serious competition concerns** including: unfair treatment of NEMOs compared to other market places; high uncertainty and risk for future competitive framework in Power Exchanges and adjacent markets.
- **Mandatory sharing of liquidity will come at the expense of entrepreneurship and innovation** in trading products, services and markets. Providing incentives to innovate, do better and maintain Local Trading Solutions is critical to the market's development, efficiency and reliability.