

# MESC

**11 March 2021**

- Sharing of order books at GOT (15:00 CET D-1)
- Sharing of order books until real time (final 60 min)

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(15:00 CET D-1)**

**NORD  
POOL**



# Sharing of order books at GOT (15:00 CET D-1)

- NEMOs **must submit** all orders received from market participants for single matching to the **XBID shared order book (SOB)** from **15:00 CET D-1** (clear legal basis in Art. 59(4) and (5) CACM)
- Market participants are entitled to **benefit from the combined market liquidity** of all NEMOs operating in a bidding zone **from 15:00 CET D-1**
- **No NEMO is entitled to withhold** its liquidity from the XBID SOB **from 15:00 CET D-1**
- The clear legal obligation on NEMOs to share their liquidity in the XBID SOB from 15:00 CET D-1 **exists independently of the TSOs being able to allocate positive cross-zonal capacity values** from 15:00 CET D-1
- No CWE TSO is currently allocating positive cross-zonal capacities at 15:00 CET D-1; most CWE TSOs are currently only allocating positive cross-zonal capacities **from 22:00 CET D-1**

# Sharing of order books at GOT (15:00 CET D-1)

- In addition, German TSOs currently do **not** allocate **inner-German capacities** for trading across inner-German TSO scheduling areas **until 18:00 CET D-1** (despite a **bidding zone** being defined as having **infinite capacity** available at all times for trading within such bidding zone)
- **XBID SOB in time period 15:00 – 18:00 CET D-1 must allow market participants to trade across inner-German TSO scheduling areas with infinite inner-German capacities**
- The current situation in Germany, where EPEX operates a local intraday market and auction in the time period 15:00 – 18:00 CET D-1 **across German TSO scheduling areas** without sharing its market liquidity with the market participants trading at other NEMOs in Germany **deprives market participants of the benefits of market coupling and a genuine choice between NEMOs**

**Sharing of order books until real time  
(final 60 minutes)**

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# Sharing of order books until real time (final 60 min)

- In **all of the CWE bidding zones**, intraday trading is allowed **in the final 60 minutes** before delivery and until real time
- Intraday trading in the final 60 minutes is **of crucial importance for market participants** due to the **increasing share of electricity generation from renewables**. Ca. 30% of all intraday volume in Germany is currently traded in the final 60 minutes. Expectations are for these volumes to increase to 50% or more over the coming years
- There is **no clear legal basis in CACM** which requires NEMOs to share their order books in the final 60 minutes of the CWE intraday markets
- This means that **only the incumbent NEMO in CWE** can offer to market participants **access to meaningful market liquidity in the final 60 minutes**
- This problem does not exist in the Nordics, as in the Nordics intraday trading is not allowed in the final 60 minutes (except in Finland), so all NEMOs in the Nordic region are able to provide market participants with equal access to market liquidity

# Sharing of order books until real time (final 60 min)

- NEMOs should be free to attract new members based on their offerings in **fees, customer service and innovation**
- However, without an obligation on NEMOs to share their order books in the final 60 min in CWE, the **ability to offer access to market liquidity** has become the **main parameter of competition** between NEMOs – which skews the level playing field in favour of the incumbent NEMO in CWE
- **Market participants are denied the true benefits of multi-NEMO competition in intraday, if NEMO competition is reduced to which NEMO can provide them with access to meaningful market liquidity in the final 60 minutes of the CWE intraday markets**

# Sharing of order books – way forward

Nord Pool EMCO fully supports a **proposal recently made by ACER:**

1. Define in CACM a **gate opening time and a gate closure time for the sharing of order books (SOB GOT and SOB GCT)**
2. Set the SOB GOT and SOB GCT **separately and independently** from the gate opening and closing times for cross-zonal capacity allocation (IDCZGOT and IDCZGCT)

This would clarify that the **TSOs' task of allocating cross-border capacity** is clearly separate from the **NEMOs' task of sharing their orders books:**

- It would clarify that **NEMOs are obliged to share their intraday orders on and from the SOB GOT at 15:00 D-1 and until SOB GCT set at the latest time at which intraday trading is allowed in a bidding zone**
- If **CWE TSOs** are unable to allocate cross-zonal capacities at 15:00 D-1 or in the final 60 min, they may propose a later IDCZGOT or an earlier IDCZGCT for their respective bidding zone borders
- **Within a bidding zone**, however, there must be **infinite capacity allocation** at all times at which intraday trading is allowed within such bidding zone



# BACK-UP: The incumbent NEMO in CWE is not entitled to protection for its local intraday markets in CWE

Recent competition law cases confirm that

Where fair competition requires that an incumbent provides a new entrant with access to an asset, the incumbent cannot restrict access to such asset on the basis that doing so would reduce its initial incentive to “invest in developing” such asset

As a consequence, the only relevant consideration here is that **by refusing access to market liquidity in the final 60 min of the CWE intraday markets, the incumbent NEMO is creating a barrier to entry** for other NEMOs into such markets.