



ARERA

Autorità di Regolazione per Energia Reti e Ambiente



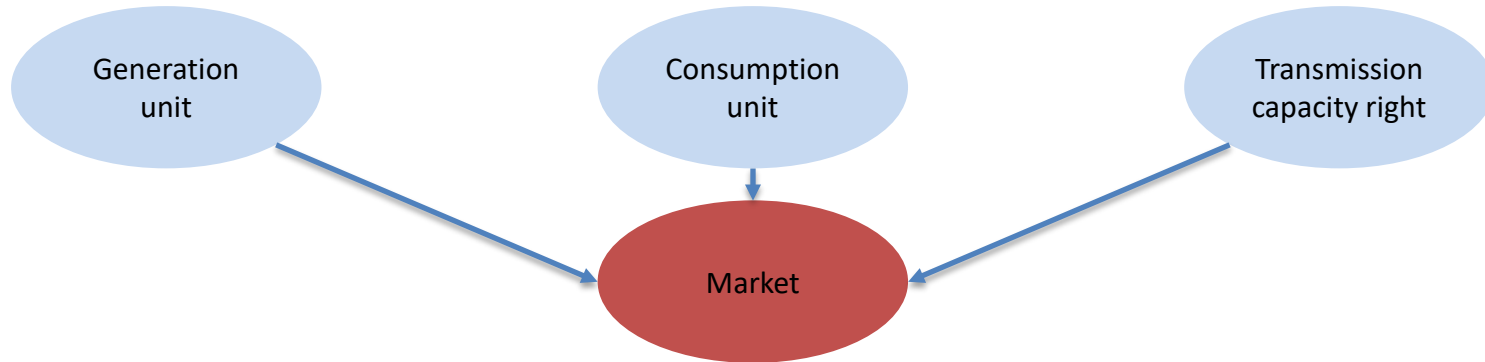
Update on Italian Electricity Market

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Historical key elements for Italian electricity market

- Physical market
 - One needs to have a physical asset to be allowed to trade
 - A number of foreign operators are participating in the market
 - Very high liquidity (among the top markets in Europe)



Till XBID implementation

Transmission
capacity
holder

- Assigned a virtual unit
 - Production unit in the bordering Italian bidding zone for import rights
 - Consumption unit in the bordering Italian bidding zone for export rights
- Able to trade within the market
 - For LTTR holders, trade in day-ahead market
 - For day-ahead capacity holders, trade in day-ahead market
 - For intraday capacity holders, trade in intraday market

On Greece border no intraday allocation has ever been performed
DA Coupling since June 2012 with Slovenia, since February 2015 with France and Austria, since
December 2020 with Greece
Intraday coupling (interim project) since 2016 with Slovenia and since 2019 with Switzerland

After XBID implementation

Transmission
capacity
holder

- Still assigned a virtual unit in a virtual zone
 - Production unit in the bordering Italian bidding zone for import rights
 - Consumption unit in the bordering Italian bidding zone for export rights
- Able to trade within the market
 - For LTTR holders, trade in day-ahead market
 - For day-ahead capacity holders, trade in day-ahead market
 - For intraday capacity holders, trade in intraday market

Explicit auctions at EU borders only for LTTRs → Virtual units still present in day-ahead
Explicit auctions with CH also in DA and ID → Virtual units present in day ahead and intraday

Current virtual units and market

- Virtual unit concept aims to allow a trader to import electricity to and export electricity from Italy, being treated as having an asset in the Italian bidding zone closest to the border
 - Capacity limited to the volume of the transmission rights
- With market coupling, import and export occurs through SIDC and SDAC, thus virtual units are no longer needed for the purpose they were introduced

How to accommodate EFET request

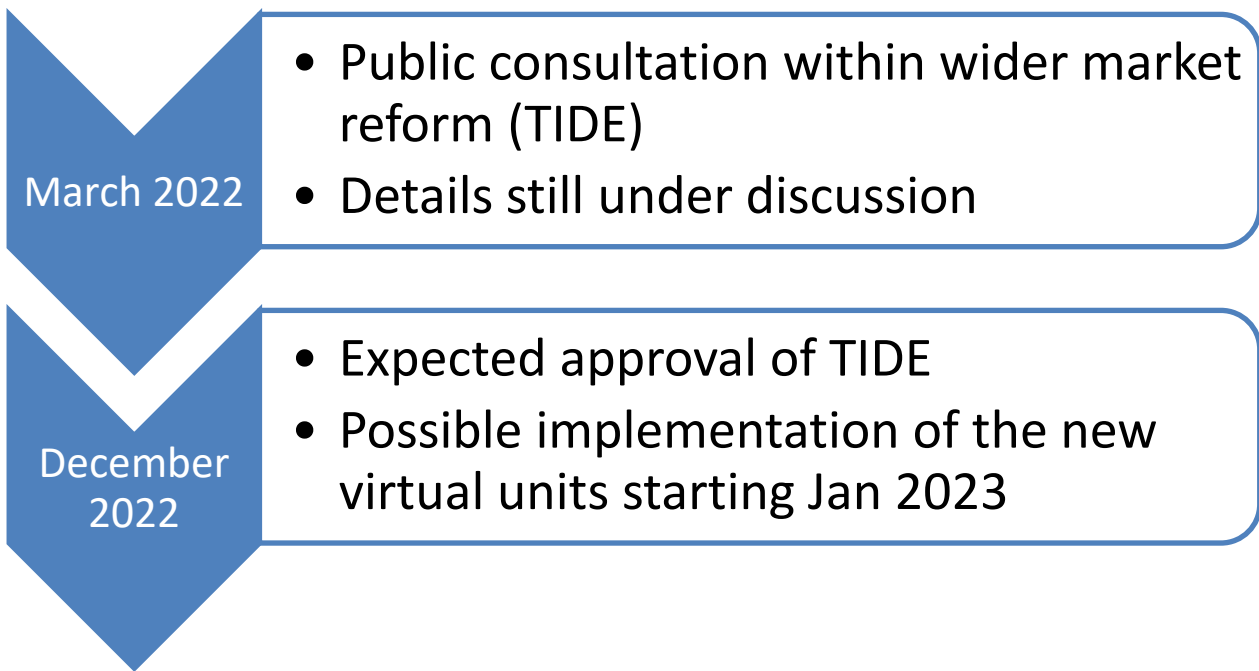
New virtual
unit concept

Possibility to trade in the Italian intraday even if cross border capacity is congested (i.e. with a unit located in one Italian bidding zone)

Virtual units need to close their position before delivery providing proper collateral to hedge the system financial risks

Close monitoring according to REMIT to detect any suspect of market manipulation

Timings



Thank you for the attention!

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Office for European Regulation -REU