

24th MESC meeting, 16 June 2021

Guaranteeing equal access to the Italian ID market after LIP14 go-live

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EFET

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Problem: access to Italian ID market after LIP14 go-live

Proposed Italian intraday
market rules



Replacement of explicit intraday
capacity auctions by implicit auctions
and continuous trading

Prevent market participants **without generation or client portfolio in Italy** from taking positions – including across borders – in the Italian intraday market after LIP14 go-live (previously allowed for explicit capacity rights holders)



Consequences:

- Differential treatment at the Italian borders
- Most foreign market participants will lose access to the Italian intraday market

Solution proposed by EFET: Virtual Trading Units

As part of the BRP contract (*Contratto di dispacciamento*)

No physical asset or capacity associated to the virtual unit

Virtual Trading Units

Position to be closed by intraday GCT (1h before RT)

Financial guarantee could be requested by GME and Terna

Why?

- ✓ Unrestricted access of foreign market participants to the Italian ID market
- ✓ Maintain and improve ID market liquidity
- ✓ Coherence of SIDC go-live in Italy with target model (until further reform)

Recommended way forward

- SIDC implementation in Italy should improve trading within the country and at its borders
- LIP 14 likely to go live in September with significant market impediment for non-asset/portfolio owners in Italy
- Pragmatic solution needs to be implemented fast - EFET is committed to working with GME, Terna and ARERA on the establishment of Virtual Trading Units in Italy
- EFET requests the launch of a public consultation on the establishment of Virtual Trading Units at the earliest occasion, **no later than Q4 2021**
- Further reform of the Italian ID market should remain on the agenda

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