19 September 2023

Bidding Guide Request – Explanatory Note

In accordance with Art. 13(3) of the ACER Decision 12-2020 of 17 June 2020 on a co-optimised allocation process of cross-zonal capacity for the exchange of balancing capacity or sharing of reserves and following the Co-optimisation Implementation Impact Assessment (IIA) Report publication and submission for information to ACER on 15 December 2021, All TSOs have developed the New Set of Requirements for the Price Coupling Algorithm. The New Set of Requirements for the Price Coupling Algorithm contains 7 Articles, among which Articles 1-6 were taken as is from the original requirements document and have not been modified and Article 7 has been newly developed.

Updated New Set of Requirements for the Price Coupling Algorithm has been submitted to NEMOs in September 2023 in response to [ACER Decision on the HCZCA methodology: Annex I](https://eepublicdownloads.entsoe.eu/clean-documents/nc-tasks/230719_ACER%20Decision%2011-2023%20on%20HCZCAM%20-%20Annex%20I.pdf) from 19 July 2023. However, any additional changes to the New Set of Requirements for the Price Coupling Algorithm would require the bidding guide.

Based on the information gathered via the bidding guide a thorough assessment-study will be necessary to determine the truly required bid linking between balancing capacity and day-ahead market products and if these needs could be accommodated by the Single Day-ahead Coupling (SDAC) algorithm while guaranteeing existing calculation time limits. This is a prerequisite for SDAC to develop an algorithm that would enable an efficient co-optimised market functioning to the benefit of all market participants.

The Market Parties’ offer to conduct a ‘bidding guide’ would be a valuable input for amendment of the SDAC algorithm methodology. This assessment/study (Word/PDF) would analyse the truly required cross-product bid linking between balancing capacity products and DAM products. It can provide a list of linking options for balancing capacity products and day-ahead products that allow market parties to provide proper bids in an auction setting with one single gate closure time for all products. The bidding guide would need to include at least:

1. Elaboration of the characteristic and discussion of the main issues of bidding in sequential markets;
2. Introduction of required cross-product linking under a co-optimised allocation process and bidding with one single gate closure;
3. Elaboration of the characteristic and working principle of required cross-product linking.

The bidding guide is necessary for TSOs and the next steps on implementation of the co-optimised allocation process under SDAC, to understand what the market would need for an efficient co-optimised allocation process. Results of the bidding guide will be taken into account by SDAC, NEMOs and TSOs to further decide on the design and implementation of the co-optimised allocation process.

With regard to the next steps, TSOs would like to propose the following:

* In January 2024 or sooner, the TSOs will initiate a meeting with the market participants to kick-off the work on the bidding guide.
* Market Participants (MPs) would be asked complete the bidding guide by 31 December 2024.
* TSOs can help MPs by answering MPs’ technical questions during the regular “touch points” through 2024.
* NEMOs will be asked to be involved in all of the meetings to contribute with their expertise.

Should you have any questions, please do not hesitate to contact Jonathan Schindler (jonathan.schindler@tennet.eu), Mana Farrokhseresht (mana.farrokhseresht@tennet.eu) and Nino Vakhtangishvili (nino.vakhtangishvili@entsoe.eu).