

Public consultation - HMMCP Methodologies Revision – All TSOs answer – 7 October 2022

Introduction

This consultation of the European Union Agency for the Cooperation of Energy Regulators ('ACER') is addressed to all interested stakeholders.

The purpose of this survey is to conduct a public consultation by inviting stakeholders to express their level of agreement (through the Likert scale) with consulting on the provided draft policy revision on the adjustment of the EU Harmonised Maximum and Minimum Clearing Prices. The proposed changes to the Harmonized Maximum and Minimum Clearing Prices Methodologies can be found [here](#). The consultation questions directly refer to the proposed changes.

One response (between 'strongly agree' and 'strongly disagree') is expected for each section of the document allowing also for the option of 'no opinion'. There is room for providing comments on each paragraph of the draft paper at the end.

Replies to this consultation should be submitted by Sunday 9 October 2022, 23:59 hrs (CET).

Data Protection and Confidentiality

ACER will process personal data of the respondents in accordance with [Regulation \(EU\) 2018/1725](#), taking into account that this processing is necessary for performing ACER's consultation tasks.

More information on data protection is available on [ACER's website](#).

ACER will not publish personal data.

Following this consultation, ACER will make public:

the number of responses received; company names, except those with a valid reason for not having their company name disclosed; all non-confidential responses; and ACER's evaluation of responses. You may request that (1) the name of the company you are representing and/or (2) information provided in your response is treated as confidential. To this aim, you need to explicitly indicate whether your answers contain confidential information, and also provide a valid reason if you want that the name of your company remains confidential.

All TSOs answer are indicated in bold green.

1. Respondent's Data

* 1. Name and surname : **All TSOs**

This information will not be published.

* 2. Email : **Market - All TSO Chairs** <market_alltso@entsoe.eu>

This information will not be published.

* 3. Company : **ENTSO-E**

4. Countries where your company is active

All EU Member States

4b. Other countries where your company is active :

* 5. Country of the company's seat

Belgium

5b. Other countries where your company's seat

* 6. Activity

Transmission Network Operator (or association)

7. Please specify

2. Harmonised Maximum and Minimum Clearing Price for the Single Day-Ahead Coupling

- * 1. Do you agree with the rationale of the NEMOs' amendment proposal?
- Strongly agree
 - Agree
 - Neutral
 - Disagree
 - Strongly disagree
 - No opinion
- * 2. Do you agree with the proposed initial price limits of the NEMO's amendment proposal?
- Strongly agree
 - Agree
 - Neutral
 - Disagree
 - Strongly disagree
 - No opinion
- * 3. Do you consider that the initial maximal price limit should be?
- More than +3000€/MWh higher than the proposed level
 - Less than +3000€/MWh higher than the proposed level
 - At the proposed level
 - Less than +1000€/MWh lower than the proposed level
 - More than +1000€/MWh lower than the proposed level No
 - opinion
- * 4. Do you consider that the initial minimal price limit should be?
- More than +1000€/MWh higher than the proposed level
 - Less than +1000€/MWh higher than the proposed level
 - At the proposed level
 - Less than +1000€/MWh lower than the proposed level
 - More than +1000€/MWh lower than the proposed level No
 - opinion
- * 5. Do you agree with the proposed price spike definition of the NEMOs' amendment proposal?
- Strongly agree
 - Agree
 - Neutral
 - Disagree
 - Strongly disagree
 - No opinion

* 6. Do you agree with the proposed value for the price treshhold of 70% of the NEMOs' amendment proposal?

- Strongly agree
- Agree**
- Neutral
- Disagree
- Strongly disagree
- No opinion

* 7. Do you agree with the other elements of the price spike definition (exclusion of fall-back measures days, exclusion of virtual, uncoupled bidding zones and bidding zones with no traded volumes) of the NEMOs' amendment proposal?

- Strongly agree
- Agree**
- Neutral
- Disagree
- Strongly disagree
- No opinion

* 8. Do you agree with the proposed triggering event of the NEMOs' amendment proposal?

- Strongly agree
- Agree
- Neutral
- Disagree**
- Strongly disagree
- No opinion

* 9. Do you consider that the triggering event should be?

- Much stricter than the proposed level (meaning that more price spike events should be needed to trigger the automatic mechanism)
- Stricter than the proposed level**
- At the proposed level
- Looser than the proposed level (meaning that fewer price spike events should be needed to trigger the automatic mechanism)
- Much looser than the proposed level

* 10. What is your opinion on the triggering of a maximum price limit increase due to the price spikes on the day-ahead market in the Baltic bidding zones on 17 August 2022?

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly disagree**
- No opinion

* 11. What is your opinion on the triggering of a maximum price limit increase due to the price spikes on the day-ahead market in the French bidding zone on 4 April 2022?

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly disagree**
- No opinion

* 12. Do you agree with the maximum price increase of +1000€ as proposed in the NEMOs' amendment?

- Strongly agree
- Agree
- Neutral
- Disagree**
- Strongly disagree
- No opinion

* 13. Do you consider that the proposed maximum price increase should be?

- More than +500€/MWh higher than the proposed level
- Less than +500€/MWh higher than the proposed level
- At the proposed level
- Less than +500€/MWh lower than the proposed level**
- More than +500€/MWh lower than the proposed level
- No opinion

* 14. Do you agree with the proposed minimum price increase of the NEMOs' amendment proposal?

- Strongly agree
- Agree
- Neutral
- Disagree**
- Strongly disagree
- No opinion

* 15. Do you consider that the proposed minimum price increase should be?

- More than +50€/MWh higher than the proposed level
- Less than +50€/MWh higher than the proposed level
- At the proposed level
- Less than -100€/MWh lower than the proposed level
- More than -100€/MWh lower than the proposed level
- No opinion**

* 16. Do you agree with the proposed interim period of the NEMOs' amendment proposal?

- Strongly agree
- Agree**
- Neutral
- Disagree
- Strongly disagree
- No opinion

* 17. Do you consider that the interim period should be?

- More than 4 weeks longer than the proposed duration
- Between 2 and 4 weeks longer than the proposed duration
- Less than 2 weeks longer than the proposed duration
- At the proposed duration**
- Less than 2 weeks shorter than the proposed duration
- More than 2 weeks shorter than the proposed duration
- No opinion

* 18. Do you agree with the proposed treatment of the interim period of the NEMOs proposal?

- Strongly agree**
- Agree
- Neutral
- Disagree
- Strongly disagree
- No opinion

* 19. Do you consider the initiation of further price limit changes during the interim period an option?

- Yes
- No**

* 20. Do you agree with the proposed set-back of the limit in case no price spikes occur for a period of 12 months of the NEMOs' amendment proposal?

- Strongly agree**
- Agree
- Neutral
- Disagree
- Strongly disagree
- No opinion

* 21. Do you consider that there is a need to differentiate through the design of automatic mechanism, price spike events leading to curtailment of demand bids and price spike events that do not lead to curtailment of demand bids?

- Strongly agree
- Agree**
- Neutral
- Disagree
- Strongly disagree
- No opinion

* 22. Do you consider that there is a need to limit the number of price limit changes over a year?

- Yes**
- No

* 23. Do you generally agree with the need to allow for max/min price limits to return to their initial level in case no price spikes occur for a certain duration?

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly disagree
- No opinion

* 24. What is the maximum number of price limit changes over a year that you consider would still be beneficial for the market?

- More than 6
- 6
- 5
- 4
- 3
- 2
- 1
- Less than 1
- No opinion

* 25. Do you consider that the NEMOs proposal is correctly reflecting the requirements for the technical bidding limits set in the Article 10 of Regulation (EU) 2019/943?

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly disagree
- No opinion

26. Please justify your answer

TSOs consider that the NEMOs' proposal is a very good basis and comply sufficiently with the requirements set in Article 10 of the EU Regulation 2019/94. The proposal sets out criteria to increase the prices when there is a real tendency of the market to reach the technical price limits. The lead period is sufficiently limited to not restrict trades, and the criteria are sufficiently transparent. Regarding the consideration of the VoLL, TSOs are in the opinion that its value can also decrease and that this should also be reflected in the price limits of the market. TSOs strongly believe that the current proposal from the NEMOs will never restrict the free price formation.

27. Do you think that other design elements of the automatic mechanism should be considered? Please specify

TSOs see the following points as improvement to the current NEMO's proposal in order to ensure robustness and to avoid the necessity of applying exceptional measures like the freeze of the methodology. This will also avoid that the price is increase due to specific issue in one country only:

- **The maximum price should be increased if the limit is reached in at least 2 Bidding Zones, in at least 2 different countries. This criteria will avoid that the increase of the maximum price limit will take place in the cases of curtailment in only 1 single country or in case of decoupling. However, we agree that a triggering event should not be e.g. just one MTU, but rather distributed over a period of time – e.g. as per the NEMOs proposal. TSOs see beneficial to have stricter rules to trigger the increase of the prices and therefore limit the number of occurrences per year to its minimal amount.**
- **TSOs propose steps of 500€ instead of the proposed 1000€ as there is already some new opportunities with 500€ more. This will allow for a steadier increase of the limit prices.**
- **The price limits as proposed by the NEMOs should also decrease when there is a signal of the markets (when the limits prices are not reached for a long period of time, e.g. one year).**

- Concerning the min price decrease, TSOs are rather neutral, but disagreed to question 14. TSOs want the triggering event for max and min price should be coherent. Please see TSOs comments on the max price triggering event as stated above (in at least 2 Bidding Zones, in at least 2 different countries).
- TSOs are convinced that the automatic mechanism should be based on an objective and straightforward rule that is transparent/easily detectable and that does not lead to any discussion on the trigger itself that causes the price increase/decrease.

On a longer term and in line with the ENTSO-E vision paper, during limited periods of extreme scarcity situations, when wholesale prices are constantly close to the technical price limits for many consecutive hours (e.g. days), it may be adequate that policymakers and regulators foresee the introduction of a "temporary relief valve mechanism"(as also considered in *ACER Final Assessment on Wholesale Electricity Market Design – April 2022*). to temporarily limit prices at administrative set level below such technical limits. For instance, in Australia, if the price levels timed for the duration result in revenues equal to three times the Cost Of New Entry (CONE), the price is reduced to a lower administrative level. In this way the investment incentives are kept, while the disruptive effects on the market are limited. This temporary mechanism appears to be an important measure to mitigate the impact on BRPs and consumers, as the probability of physical shortage leading to extreme prices has been increasing recently and may be even higher in the future due to a number of factors such as extreme weather events due to climate change. On the other hand, the design and implementation of this solution would be challenging as the definition of the administrative price limit, of the triggering conditions, and of its duration would need to be carefully defined to avoid excessive distortion of price signals for flexibility sources (including demand response and storage), and energy savings. In any case, such mechanism would need to be complemented by well-defined rules on load-shedding and be applied in a harmonised manner across Europe to avoid distortion of cross-border trade

TSOs would like to remind that in accordance with the CACM Regulation, the development of the Harmonised Maximum and minimum clearing Price methodologies should be done in cooperation with TSOs. Therefore, TSOs expect to be part of the next steps of the process.

3. Harmonized Maximum and Minimum Clearing Price for the Single Intraday Coupling

* 1. Do you agree with the proposed initial price limits of the NEMOs' amendment proposal for the Single Intraday Coupling (SIDC)?

- Strongly agree
- Agree
- Neutral
- Disagree**
- Strongly disagree
- No opinion

* 2. Do you consider that the initial maximal price limit should be?

- More than +3000€/MWh higher than the proposed level
- Less than +3000€/MWh higher than the proposed level
- At the proposed level
- Less than +3000€/MWh lower than the proposed level
- More than +3000€/MWh lower than the proposed level**
- No opinion

* 3. Do you consider that the initial minimal price limit should be?

- More than +3000€/MWh higher than the proposed level**
- Less than +3000€/MWh higher than the proposed level
- At the proposed level
- Less than +3000€/MWh lower than the proposed level
- More than +3000€/MWh lower than the proposed level
- No opinion

* 4. Do you consider that the limits of the SIDC should be?

- Equal between SIDC auctions and SIDC continuous
- Higher (in absolute value) for the SIDC continuous than for the SIDC auctions
- Higher (in absolute value) for the SIDC auctions than for the SIDC continuous
- Equal than the SDAC limits for the SIDC auctions and different for the SIDC continuous
- Always higher (in absolute value) or equal to the Single Day-Ahead Coupling (SDAC) limits**
- Equal between the three SIDC auctions
- No opinion

* 5. Do you agree that the price limits of the SIDC continuous and SIDC auctions should be the same?

- Strongly agree
- Agree**
- Neutral
- Disagree
- Strongly disagree
- No opinion

* 6. Do you consider that a specific automatic mechanism to change the price limits should also be applied to the SIDC continuous?

- Strongly agree
- Agree
- Neutral
- Disagree**
- Strongly disagree
- No opinion

* 7. Do you agree to apply a similar automatic mechanism than the SDAC to the SIDC continuous?

- Strongly agree
- Agree
- Neutral
- Disagree**
- Strongly disagree
- No opinion

* 8. Do you consider that a specific automatic mechanism to change the price limits should also be applied to the SIDC auctions?

- Strongly agree
- Agree
- Neutral
- Disagree**
- Strongly disagree
- No opinion

*9. Do you agree to apply a similar automatic mechanism than the SDAC to the SIDC auctions?

- Strongly agree
- Agree
- Neutral
- Disagree**
- Strongly disagree
- No opinion

10. Do you consider than other design elements of the automatic mechanism should be considered?

TSOs generally agree with the NEMOs proposal for the mechanism setting the prices limits to the Intraday timeframe and thus only increase when SDAC level reaches SIDC level, but no specific mechanism on itself for the intraday timeframe.

* 11. Do you consider that the NEMOs proposal is correctly reflecting the requirements for the technical bidding limits set in the Article 10 of Regulation (EU) 2019/943?

- Strongly agree**
- Agree
- Neutral
- Disagree
- Strongly disagree
- No opinion

12. Please justify your answer

See answer 26 of the Day ahead part

13. Do you consider than other design elements of the automatic mechanism should be considered? Please specify

TSOs agree to have harmonised Intraday price limits for continuous trading and Intraday auctions. But **would see a benefit** not have the initial price limit set at 9999 €/MWh but prefer to **have this** initial intraday **price limits in between the current SDAC price limits and the current SIDC continuous price limits.**

TSOs would like to remind that in accordance with the CACM Regulation, the development of the Harmonised Maximum and minimum clearing Price methodologies should be done in cooperation with TSOs. Therefore, TSOs expect to be part of the next steps of the process.

Confidentiality

*1. Do your answers contain confidential information?

- Yes
 No

Please upload a redacted (i.e. non-confidential) version of your submission:

The maximum file size is 1 MB. If your file is bigger, please send it to our functional mailbox: ACER-ELE-2022-014@acer.europa.eu

*2. Do you want the name of your company to remain confidential?

- Yes
 No

Please provide a valid reason for not having the name of your company disclosed: