

November 2010

Response to ERGEG Consultation – Framework Guidelines on Capacity Calculation and Congestion Management

Introduction

1. IFIEC welcomes the Draft Framework Guidelines on Capacity Allocation and Congestion Management (FG) for Electricity as an essential part of creating an internal energy market (IEM) in Europe. IFIEC has supported the European goal of creating an IEM from the beginning. It is essential for European industrial consumers that Europe creates a level playing field where consumers can purchase electricity against competitive, non-discriminatory prices. This holds for the commodity and transportation as well as taxes and levies. Competitive commodity prices can only be achieved by competition in a well organized, transparent and liquid market.
2. Unlike other products electricity has a special nature, because supply and demand have to be balanced all the time. Storing electricity (on a large scale) is expensive and technically challenging. Also some investment options are limited or non-existent (nuclear and hydro), creating entry barriers for new entrants and restraining market functionality and competition. Another challenge of the market is the fact that electricity is an in-elastic product, so it will be difficult to obtain a true interaction of supply and demand. This means that any market in electricity might not easily be compared with the principles of any common commodity market. The key is that the electricity market should match solutions with different customer choices over a range of delivery periods, ensuring that the supply is secured and that the pricing is fair, competitive and adapted to each consumer's needs. This highlights the importance of effective market platforms.
3. IFIEC agrees with the fact that one of the obstacles to creating a globally competitive and transparent European electricity market has been limited interconnection and inefficient allocation of existing cross-border capacity. Interconnection removes entry barriers for new entrants, gives consumers access to a larger market for electricity and is important in securing a high level of security of supply. The goals set for a sustainable energy supply by Europe make it even more important that the creation of an IEM is achieved as soon as possible.
4. Based on the history of the European market so far, it seems that current cross-border practices in most of Continental Europe (e.g. explicit capacity auction), are the main reason why markets still are national in character. By the end of next year, market coupling will have been introduced in most of North-Western Europe. This will reduce the market dominance of the incumbents and improve pricing quality.

General comments

5. In general, IFIEC believes that commodity prices should reflect production costs irrespective of the generation location. The grid is a regulated monopoly and transportation cost should be separated from the commodity price. An evolution towards a decreasing number of price zones should be the aim. Structural congestions should be solved by investments in the grid if the positive benefit for the end customer outweighs the investment costs. In the short term, sporadic congestion should be solved by counter trade and re-dispatching.
6. On the path to diminishing the number of zones, IFIEC warns against changing existing (and increasing the number of) zones without an in-depth analysis and agreement by all the national regulators involved, of the local and overall effects for end-consumers. Above that, it is necessary to have a sufficient number of competing generators in all zones (for example: a minimum of four) in order to promote efficient markets.

7. Until an adequate number of zones has been reached, market based allocation of cross-border capacity should be in place. Price formation on markets should then be reliable and lead to reliable prices for cross-border capacity. Therefore, before introducing these market based allocation of cross-border assets, IFIEC requests that there is proper control on the day-ahead market to ensure that all generation capacity that is available is being bid in (*supply or explain principle*) at marginal cost. As rightly addressed in the impact assessment, rules should be in place to prevent arbitrage between the day-ahead and intraday timeframe.
8. Suboptimal use of networks and generation resources can be overcome by firm congestion management rules and strict guidelines for capacity allocation. IFIEC believes that TSOs structurally allocate a lot (and probably too much) of capacity for balancing and safety measures, due to incoherent and non harmonized capacity allocation rules. On some borders less than 75% of the total interconnection capacity is made available to the market. The FG should make sure there are efficient and effective rules for the calculation of capacity at interconnection points and make sure that TSOs maximize cross-border capacity for the market.
9. To achieve a well functioning IEM, TSOs have to invest in more interconnection capacity where that is efficient and leads to a competitive advantage for the end customers. This can be promoted only with proper incentives and with an obligation for TSOs to invest congestion rents effectively and without delay in reducing structural congestion in the grid, eventually removing it if economically efficient. Since cost and benefits do not coincide, investment in interconnection and networks must be shared equally by all market participants, producers and consumers.
10. Market coupling in Europe should be implemented in all the different regions and an overarching structure should be available to couple these regions, based upon a common set of rules.
11. The function of the FG is to make sure there are harmonized rules and detailed operation procedures in the different market areas. In the draft FG there are still a lot of opportunities for member states to implement different sets of rules. This could lead easily to inefficient solutions and to less harmonization and coordination than expected and is needed to achieve IEM. Top down leadership is expected from ERGEG and that should mean no open ends in the guidelines.
12. IFIEC would like to express concern with the lack of provisions with regard to congestion management. The FG deal first and foremost with capacity calculation. Some of the key issues addressed in the impact assessment are not dealt with properly. Congestion management in general and issues such as firmness, congestion rents and costs have to be subject of these framework guidelines. For example, countertrade and re-dispatch have to be done on a non-discriminatory basis, have to be accounted for and must be reported transparently. In general, IFIEC believes the more constrained a border, the greater will be the cost of solutions to solve congestion. Internal congestion management solutions are not harmonized by the draft guidelines and may therefore lead to disturbing effects between regions and to distortion of cross-border competition.
13. Abuse of market power is also not adequately dealt with in the FG either. The importance of preventing misuse of market power increases, if the market is developing towards smaller bidding zones, as described in the draft FG. Vertically integrated companies operate on different markets in Europe. This could lead to lack of competition especially in constrained small bidding zones. When a congestion management mechanism is designed, it should account for the fact that the proposed zone may not be competitive and include measures to avoid the problems described above. It is not sufficient to look only at grid optimization when establishing a zone. Market power issues and the increasing complexity in power procurement should be incorporated as well.

IFIEC answers to the questions asked by ERGEG

General Issues

1. Are there any additional issues and / or objectives that should be addressed in the Capacity Allocation and Congestion Management IIA and FG?

IFIEC is concerned about the central role of trading platforms, (ie. Power Exchanges (PX)), with regard to capacity calculation and congestion management. It is to be concluded from the guidelines that the role of PX will increase in future. The PX will become monopolistic players in the market, as they will execute a certain amount of public tasks, whilst being commercial enterprises. Our concern is how the PX will be regulated with regard to barriers to entry, product structure, membership, trading fees and terms of delivery.

On the other hand, it is inefficient to have several PX in the same zone, especially in the physical market (spot, intraday). There is the threat of losing liquidity and efficiency in the market, even if zonal prices and volumes are calculated centrally with a single market coupling algorithm. In some parts of Europe the PX has been seen as part of the power market infrastructure and is owned and managed by the TSOs. In others, in the Nordic area for example, the physical market and the financial market PX are separated. This could be one possible path to deal with these concerns appropriately.

In effect, the introduction of market coupling makes real competition between day-ahead electricity exchanges unfeasible. Therefore, exchanges must become regulated monopolies (similar to the TSOs). In order to ensure low exchange trading fees and reliable exchange day-ahead prices, there must be **one** daily exchange calculation of the day-ahead prices for the whole market coupling area.

In the next step, there must be one settlement of the exchange trading for the whole market coupling area, with one clearing house for the exchange day-ahead trading where market players can net their day-ahead positions over a large geographical area. This prevents redundant binding of capital, as the total collateral call for the day-ahead exchange trading is reduced by the netting.

The efficiency gains mentioned above are the only gains end customers have at the outset, due to the monopoly. Therefore it is important that the common day-ahead electricity exchange is subject to firm regulation based upon clear rules.

In recognition of this consolidation and the monopoly factor, the day-ahead PX must unbundle. They (or the common exchange for the market coupling area) must not engage in any commercial activity such as exchange trading of financial contracts or other commodities.

Without unbundling, there would be cross-subsidization between commercial activities and monopoly activities. This would distort competition and would expose users of the day-ahead spot market to undue risk, such as trading fees being set to cover losses incurred by the other commercial activities. There is also the ultimate risk of PX failing financially due to the results of engaging in these other commercial activities).

The FG must clarify how to define the extent to which re-dispatching and countertrade are cost effective. The cost of congestion management can become a burden for consumers. Structural congestions should be solved by investments when economically feasible, while sporadic congestions should be solved by re-dispatching.

The FG should clarify in detail how to minimize the misuse of market power in constrained areas and to harmonize internal congestion management procedures. The FG should clearly impose that creating competition between large generators inside each zone is an important criterion when determining zones.

The FG should include provisions for transparency on congestion. Definitions of structural and temporary congestion should be laid down and TSO's should be obliged to publish information on bottlenecks as soon as they become apparent.

2. Is the vision of the enduring EU-wide target model transparently established in the IIA and FG and well suited to address all the issues and objectives of the CACM?

The vision of the PCG target model that was delivered in December 2009 is transposed transparently in the FG. The goal of the target model was to accelerate the development of an internal energy market by providing a model for the integration of regional electricity markets. The target model set out to develop rules on balancing and governance as well.

IFIEC understands that balancing and governance will be dealt with at a later stage and would stress the fact that governance rules are needed as soon as possible to make sure PX cannot develop into new monopolies. Furthermore the target model assumes well functioning markets. In order to achieve this we urge the implementation of the necessary controls to assure this before going further with other initiatives.

3. Should any of the timeframes (forward, day-ahead, intraday) be addressed in more detail?

The timeframe “forward” should be addressed in more detail. IFIEC believes that the forward market and the availability of long term capacity rights are not addressed to the extent needed. The FG should prescribe the possibility of different long term capacity rights for different timeframes.

For example, the FG neglects the need of large consumers to be able to negotiate and conclude long-term contracts with several large generators.

4. In general, is the definition of interim steps in the framework guideline appropriate?

IFIEC believes that interim steps are important and sometimes needed, but they should not lead to situations that are not compatible with market integration, as this could jeopardize part of the potential value obtained from this integration. Interim steps could be needed if there are important problems within specific areas needing to be resolved within a defined timeframe. However, such interim steps should not become the status quo, but applied only when there is a clear timeline and an action plan on how to evolve towards the target model.

IFIEC appreciates that there could be cases when interim steps might become permanent, such as if it is proven that further integration does not bring additional advantages to end customers and the solution is compatible with market integration. Therefore the FG should include such as timelines and conditions when interim steps can be used.

5. Is the characterization of force majeure sufficient? Should there be separate definitions for DC and AC interconnectors?

No, there should a more detailed and exhaustive description about when TSOs can call on force majeure. This is important with regard to the cost that can occur from certain events. TSOs should not be able to decide unilaterally when force majeure is happening as, by doing so, all their risk is transferred to the end customer. Risk sharing should be better balanced between consumers and TSOs, giving the first one a better protection. Probably the rules that are established with regard to force majeure within CASC can be used as an example.

The definition of force majeure should be the same for AC and DC interconnectors. The FG should impose that TSOs elaborate the same definition for both national and international issues, because the target is to manage similarly national and international transactions.

6. Do you agree with the definition of firmness for explicit and implicitly allocated capacity as set out in the framework guideline? How prescriptive should the framework guideline be with regard to the firmness of capacity?

The FG should be more prescriptive with regard to firmness. The absence of firmness is a large risk for consumers. Large industrial consumers set their production plan according to energy prices that were established on the market. IFIEC believes there should be a healthy balance between offering maximum firm capacity and security of supply. TSOs should have the right incentives to make sure maximum capacity is being offered to the market and still have enough capacity in case of problems. TSOs should also have the possibility of buying back capacity if they foresee problems. In case of unexpected problems, curtailment with financial firmness and in the most extreme event, force majeure, are there to ensure that the networks are stable and security of supply is guaranteed.

Concerning firmness, the FG should require TSOs to warrant the same firmness for both national and international events. Practically, an incident on either an interconnector or a national line may have the same consequences, e.g. re-dispatching. The worse case would be the trip of the consumer site connection line, implying the shut-down of the consumer and a positive imbalance for its supplier. It is thus logical to homogenize requirements on firmness that TSOs should meet.

TSOs have a monopoly with respect to operating, maintaining and developing grids. Therefore it is natural that TSOs carry the economical burden of the firmness of grid capacity. There have to be proper incentives for TSOs to minimize congestions and provide "full" firmness. This can be done by giving TSOs an obligation to guarantee firm capacity allocation for the electricity markets.

It is very important to ensure that "firm capacity" is only a financial risk for the TSOs. IFIEC understands that the TSOs cannot guarantee that a given cross-border line will never have a planned or unplanned outage. However if planned or unplanned outages occur, TSOs can use markets to counter trade/re-dispatch them.

When TSOs have an obligation to guarantee firm capacity for the electricity market (PX), it has following benefits:

Transparency:

- Market actors always know (and can rely on) the capacity allocated to the market.

Separation of electricity trade and grid:

- The uncertainty of available capacity is not included in the trade of electricity

Right incentives for TSOs:

- It creates automatically an (economical) incentive for a TSO to schedule planned maintenance in moments when physical congestions are smallest (for example weekends/night times) and also minimize the outage periods (planned or unplanned).
- Gives incentives to maintain and develop the transmission capacity when costs of maintenance and congestions are attributed directly to the TSO.
- Gives an automatic incentive to invest in new transmission capacity when counter trade/ re-dispatching cost exceeds the investment cost of new transmission capacity.

Hence, the issue of "firm" capacity is only an economical issue if a cross-border line has a planned or unplanned outage (which eventually will be paid by the grid users). IFIEC would like to point out that placing the economical burden on the TSOs gives them an incentive to maximize the availability of the cross-border capacity and to ensure security of supply. The regulator should make sure that the TSO provides the firmness (physical or financial) at the lowest cost option.

7. Which costs and benefits do you see from introducing the proposed framework for Capacity Allocation and Congestion Management? Please provide qualitative and if applicable also quantitative evidence.

The proposed FG will provide the basis for an IEM. It would fast-track the different regional initiatives with regard to market coupling and subsequently the coupling of these regions to one another. Efficient market coupling and maximization of allocation capacity should lead to more cost reflective and stable electricity pricing. The FG will provide a solid base for the development of four different network codes that are to be developed by ENTSO-E. These codes will have great impact on the effectiveness of market coupling in Europe. IFIEC does not have any costed quantitative evidence and looks forward to this being supplied for analysis in the final impact assessment.

Our past experience is that a competitive environment could lead to price reductions of around 10 percent. Therefore, a method which really creates competition for all markets, from day-ahead up to long-term contracts, is welcomed by IFIEC.

Section 1.1: Capacity calculation

8. Is flow based allocation, as set out in the framework guideline, the appropriate target model? How should less meshed systems be accommodated?

IFIEC welcomes flow based allocation as a primary target model for capacity calculation. It derives capacity ex-post, based on the clearing of the day-ahead markets and calculates network flows simultaneously with prices. This should make the arbitrary sharing of transmission capacity between borders redundant and provide better utilization of cross-border capacity to the market, when system security requirements are taken into account at the allocation stage.

A real coordinated flow-based method (optimizing an economical function with, as constraints, the grid equations and limits) must be applied as a basis everywhere. This should also apply in less meshed networks and for point-to-point interconnections, because the power flows they induce in a given Member State grid interact with national and other international transactions. As for example, Spain-France or France-UK transactions create power flows in French grid branches, interacting with the French and CWE transactions.

However, the outcome of the flow based system will depend heavily on the input in the calculation with respect to the delimitation of zones and, for example, Generation Shift Keys. For some limited extent and with less meshed networks the Coordinated ATC method can be seen as a method for short term capacity calculation. This must be done in a non-arbitrary way and so that it maximizes transmission capacity available to the market without risking the safe operation of the system. Hence we believe further information is necessary before deciding that flow based is currently the most optimal solution in all cases.

Finally, the framework guideline should ensure that the different control areas implement the flow based method within a certain time period. This is in order to deliver maximum available transmission network capacity to the market and to make sure that the system works properly and leads to reliable outcomes. When different methods are operated in adjacent regions this could lead to less desired outcomes which will be clear by ineffective market outcomes, when TSOs are underestimating the available capacity due to uncertainty and non-harmonized procedures. The FG should clearly define the specifications of the "Flow-Based Method" and the simplifications that are accepted.

9. Is it appropriate to use an ATC approach for DC connected systems, islands and less meshed areas?

When the usage of ATC calculation provides better outcomes than incorporating it in the flow based algorithm it would be acceptable for certain DC connections and less meshed areas to use this approach. There should be no negative or distorting effects on the process of market coupling or the safe operation of the system.

10. Is it necessary to describe in more details how to deal with flow-based and ATC approach within one control area (e.g. if TSO has flow-based capacity calculation towards some neighboring TSOs and ATC based to the others)?

Yes, this is one of the important issues not sufficiently dealt with in the framework guideline. If ATC is applied to a more complex (flow-based) system, it can lead to the increased use of arbitrary security margins as we have seen in current markets.

It is known that the European Commission wants to achieve an IEM by 2015. That means there have to be clear and prescriptive rules on how ATC systems and Flow based systems need to be designed in order to couple zones and more regions.

There should be descriptive, detailed and prescriptive rules on how ATC systems and Flow based systems need to be designed in order to couple zones to one another efficiently. FG rules should clearly define under what circumstances using ATC is possible, the definition of a less meshed area and how to deal with flow-based and ATC approach within one control area.

The FG should also provide efficient and correct tools for monitoring and for regulatory activities to ensure the correct capacity calculation and allocation to the market, so that using arbitrary security margins are minimized.

11. Is it important to re-calculate available capacity intraday? If so, on what basis should intraday capacity be recalculated?

Yes, the FG should provide the possibility for TSOs to do so, especially if it has positive impact for the capacity allocation to day-ahead market. By this IFIEC means such as maximizing the allocated capacity to Day Ahead, no extra safety margins and no capacity reservation for the intraday in advance.

The FG should also specify how to handle additional capacity provided by TSO to the intraday market during the trading period. The specification should block the possibility of arbitrage or misuse of the market. It is also needs to address simplicity and transparency in the specification.

Section 1.2: Zone delimitation

12. Is the target model of defining bidding zones on the basis of network topology appropriate to meet the objectives?

Should the optimum zone arrangement not be gained, IFIEC believes that the definition of a bidding zone should be on the basis of the most economical solution. In some cases this may be network topology, but it could also be the case that investment would give another appropriate solution. There should be qualitative and quantitative criteria to define zones. In any case, to avoid reductions in liquidity and thus a possible increase of market power, existing (national) price zones should not be split up without an in-depth analysis on the local and overall effects. Splitting up can be a step backwards. Instead grid investments within a price zone could be an alternate solution. The TSOs should propose zones and each affected national regulatory authority should approve the delineation of the zones.

13. What further criteria are important in determining the delineation of zones, beyond those elaborated in the IIA and FG?

IFIEC stresses the importance of creating appropriate and firm incentives for TSOs both to conclude cross-border reinforcements and to analyze the cost of re-dispatching needed in order to maximize the size of zones and market areas, so creating value for the end customers. The FG should encourage TSOs to conduct adequate network capacity reinforcements in cross-border (and also internal) interconnectors. The FG should formulate correct and right incentives for TSOs to execute

investments and prescribe solid, economical analysis linked to such investment decisions. Reinforcement should also be made in a correct order to avoid new congestions in other locations internally either within or between zones.

In general the FG should have a clear target of decreasing the number of overall bidding zones. When introducing new bidding zones, it's important to take into account the impact on the whole value chain of electricity. Even though introducing new market zones could be justified from the CACM point of view, it usually has negative impacts on electricity market functionality and competition, especially when it means that existing zones with a functioning market would be split up.

Based upon our findings, an increasing number of zones/areas would weaken market functioning and lead to lower competition, as well as increasing market dominance of zonal dominant players. It also increases complexity in electricity trade/procurement, by requiring new bidding areas, new balance areas, new financial products for hedging, new IT requirements (and extra work) and leads to lower liquidity in the PX (financial market). It also leads to situations where consumers have fewer potential electricity suppliers (when retailers are concentrating their activities in some large zones only).

When estimations of the overall socio-economy benefits of new bidding zones are done, these elements should be taken into account. Zones should be defined on the basis of creating the greatest social welfare for the market as a whole. It is also important to consider other elements when zones are determined such as market power and renewable energy (loop flows).

The FG should clarify the conditions to aggregate bidding areas into one price zone that provides uniform pricing, in order to ensure lower negative impacts for the consumer mentioned above.

Furthermore, a continuous process of yearly adjustments of the defined zones will lead to an extremely unfavorable investment climate. Without a clear and robust price signal, which is provided by existing spot markets today, future investments in generation capacity may not happen at all.

Section 2: Forward markets

14. Are the preferred long-term capacity products as defined in the framework guideline suitable and feasible for the forward market timeframe?

We believe that when the day-ahead market is liquid, well functioning ("supply or explain"), efficient and provides a representative market price for the underlying product (physical electricity) the financial market (for example PX, traders, originators) will provide the necessary financial products. However this is not the case today in most part of EU, so there is need for long term capacity products managed by TSOs at least for transitory periods.

It's important to clearly separate physical and financial market products in order to have a transparent, liquid and well functioning market without a potential for market abuse. FTRs and CfDs are "pure" financial products, and therefore compatible with physical markets.

IFIEC sees possibilities for market abuse with PTRs. For example a dominant market player can nominate cross-border capacity against the actual price differential in order to block borders and support the spot price level within a zone. This decreases the cross-border capacity and leads to inefficient markets.

There should be regulatory supervision to make sure all capacity is being offered to the market. This should be done at zone level and not only at national level. Next to regulatory supervision there should be monitoring in place at market level.

It is very important that the FG contains provides an opportunity for measures to avoid misuse of capacity rights or abuse of market power. This could be done by limiting ownership of PTRs.

15. Is there a need to describe in more detail the elaborated options for the organisation of the long-term capacity allocation and congestion management?

Yes, this is important. IFIEC believes it is of great importance that the way capacity is allocated between the different markets is described in a detailed way. First of all it is important that maximum capacity is offered to the market by TSOs. But to make sure maximum capacity is being used by the market a few elements are important:

- Capacity rights should be offered in different quantities;
- Capacity rights should be offered in different timeframes;
- TSOs have to provide a market place and also act as a market maker for the secondary market.

Section 3: Day Ahead allocation

16. Are there any further issues to be addressed in relation to the target model and the elaborated approach for the day-ahead allocation?

IFIEC would like raise it concern about the low liquidity of the PX today. As commonly agreed the functionality and liquidity of PX is a key role to creating well functioning IEM. In particular, the day-ahead market has a key role in ensuring a well functioning market. However the current development of PX is mixed. In some part of EU the PX have liquidity, whilst others do not.

FG should promote the market platform's development and liquidity increase by allocating cross-border capacity to the market only via the PX. In turn, this grants the spot exchanges a monopoly necessitating the regulation mentioned above.

Section 4: Intraday allocation

17. Are there any further issues to be addressed in relation to the target model and the elaborated approach for the intraday allocation?

We share the general conclusions of the intraday allocation in the FG and are in favor of Implicit Continuous allocation as the policy option for intraday market. Implicit continuous trading has several benefits. For example, market participants are not required to coordinate their energy and capacity positions separately, which increases simplicity. All available bids can be seen on one screen wherever the buyer or seller is located.

In order to maintain liquidity and simplicity, the cross-border capacity between zones should only be allocated to the PX in order to create liquidity and efficient price formation and trades can be concluded with high transparency. Given that the cross border capacity is a public asset it is required to have full transparency on price and volumes. This implies that all OTC deals should also pass the platform in case they want to access cross-border capacity. In order to accommodate OTC, block bids should be made possible. However it is important that block bids can be matched with hourly bids. OTC outside the platform always implies an allocation by the First-Come-First-Served principle, which we cannot support. This is also indicated in the impact assessment as an option that is not further assessed: "explicit first come first served allocation is not market-based and does not necessarily result in capacity being allocated to those who value it most and in welfare maximization. For these reasons, this option will not be further assessed as a preferred policy option for the EU-wide, coordinated intraday market."

IFIEC recommends a specification where unused and available cross-border capacity from the day-ahead market has to be automatically allocated to the intra-day markets by TSOs and with no additional fee/costs. In case additional (cross-border) capacity or a capacity reduction is allocated to intra-day markets by a TSO, the allocation has to be done through the PX for intra-day and without any fee/price. This can be justified, when using implicit continuous trading in the intra-day market,

with the fact that the price of the congestion is already in both market actors bids and offers between the zones. Therefore no additional cost for the capacity is acceptable.

IFIEC would like propose that the FG leaves open a possibility to choose the preferred policy option. We think that the FG should favour only one policy option, which would be implicit continuous trading. This is important in order to create liquidity and simplicity in the cross-border capacity markets between zones.

The FG should also address clearly that TSOs have the final responsibility to arrange an intraday market place for zones within their control. Intraday markets can be managed by PX. Given the fact that cross-border capacity is a regulated asset, IFIEC supports the idea that PX that are allocated cross-border capacity will be under regulatory supervision for the physical market related to cross-border capacity. PX should also provide for a fee structure which allows consumers with only a few trades to be able to access the market at the same average cost as a large supplier. In case this is not possible, it should provide a live view, without time delay, to the intraday bids (as the CB is a public asset). Furthermore sufficient detailed ex-post reporting on volumes and prices should be made available.

The operation of intra-day trading platforms must be clearly separated from the operation of day-ahead electricity exchanges. This prevents cross- subsidization between the two forms of electricity exchanges.

Furthermore we also support the impact assessment statement that gaming between timeframes should be monitored. IFIEC believes it is quite simple, as on the day-ahead market all available generation capacity that has not been contracted in forward should be offered. The intraday market is only for capacity that was not withheld on the day-ahead market, or for capacity that was not available at the moment of day-ahead bidding, but became available (for a justifiable reason) in the mean time.

18. Does the intraday target model provide sufficient trading flexibility close to real time to accommodate intermittent generation?

Yes, when the intraday trading opens immediately after the day-ahead market and allows trading until 1 hour before delivery hour and when trading is organized in PX that are compatible with surrounding zones (same product structure, Gate Closure times etc.).