

DG ENER consultation on Greek market reform plan



EFET response – 06 September 2021

The European Federation of Energy Traders (EFET)¹ welcomes the opportunity to provide comments to DG ENER consultation on the Greek Implementation Plan for the requirements set in article 20 of Regulation 2019/943 on the Internal Electricity Market (IEM).

Executive summary

We recall our core belief: capacity remuneration mechanisms (CRMs), where implemented, should be designed so as to limit their impact on the energy-only market as much as possible, have a sunset clause, take account of all capacities, be market based, respect the principles of technological neutrality and keep the long-term objective of European harmonization.

With regard to the assessment of the state of the electricity market in Greece and the reform plan of the authorities, much remains to be done to bring the Greek electricity market on par with other European markets and the EU target model. The Greek electricity market has suffered from isolation for too long, and the implementation of successive Energy Packages has been slow. As a result, the conditions for liquid and competitive markets unhindered by unnecessary technical or regulatory requirements has not materialised yet.

Hence, we make a number of recommendations below as to how the functioning of the market could be improved.

I. Capacity remuneration mechanism

Establishing or maintaining a CRM should not come to the detriment of the design and efficiency of energy markets. Energy markets can respond to the adequacy needs of the system if they are well designed, free of undue regulatory distortions and well-integrated with other European electricity markets. However, we also acknowledge they may not always be sufficient to provide long-term investment signals for capacity adequacy and that, if proven so by regional or European capacity adequacy assessments, CRMs may be a response to this problem.

The principle of primacy of energy markets over CRMs, now enshrined in Article 20(3) of Regulation 2019/943, aims to ensure that energy markets allow for optimal dispatch but are also in a position to contribute to security of supply, while CRMs are designed only to complement energy markets. Both the dimensioning of CRMs, their design and cross-border contributions to these CRMs should take account of the design of energy markets in the relevant bidding zones.

Where CRMs are established or maintained, the implementation of Regulation 2019/943 and related methodologies – on the European resource adequacy assessment, on cross-border participation to CRMs, and for the calculation of the value of lost load, the cost of new entry,

¹ The European Federation of Energy Traders (EFET) promotes and facilitates European energy trading in open, transparent and liquid wholesale markets, unhindered by national borders or other undue obstacles. We build trust in power and gas markets across Europe, so that they may underpin a sustainable and secure energy supply and enable the transition to a carbon neutral economy. EFET currently represents more than 100 energy trading companies, active in over 27 European countries. For more information: www.efet.org

and the reliability standard – should ensure compatibility of the different schemes and, where relevant and feasible, harmonisation.

In particular, we encourage the Ministry to respect the following core principles when designing the Greek CRM:

i. Adequacy assessment

Any decision to implement or maintain any form of CRM to reward the availability of capacity should be taken only after a thorough capacity adequacy assessment performed at regional or EU level, in compliance with Art. 21 of the Regulation (EU) 2019/943.

Whilst we appreciated IPTO's public consultation on assumptions of the new national resource adequacy assessment², we encourage the Ministry to have a detailed timeline for the publication of the capacity adequacy report, including a quantitative analysis of capacity adequacy in the country.

ii. Cross-border participation in the Greek capacity market

Participation of foreign market participants must be guaranteed in order to comply with Article 26.1 of Regulation (EU) 2019/943:

“Capacity mechanisms other than strategic reserves and where technically feasible, strategic reserves shall be open to direct cross-border participation of capacity providers located in another Member State, subject to the conditions laid down in this Article.”

Cross-border participation should be explicitly allowed and we insist on two fundamental principles, namely:

- Effective direct participation of foreign asset owners/operators – generation, demand response, storage – in CRMs, with appropriate incentives and/or obligations on transmission system operators (TSOs), where this effective participation depends on them;
- Equal treatment of foreign and domestic capacities contributing to a CRM, with attention to the specific rights and obligations of capacity providers in the CRM and, where relevant, related to energy market functioning.

We are confident that the Ministry will remove any barrier obstructing cross-border electricity market transactions and incorporate cross-border participation from the inception of the CRM, as mentioned in the timeline: *“Capacity remuneration mechanism with reliability options and promotion of flexibility with broad participation of generation, demand response, storage and interconnections (tentatively from end 2023 onwards)”*.

iii. Technological neutrality

CRMs must not create unnecessary distortions in the market and capacity providers should be selected through transparent, non-discriminatory and competitive processes, regardless of their location.

² See [IPTO public consultation on assumptions of the new national resource adequacy assessment](#)

We appreciate that “*the market reform plan intends to fully integrate demand response and storage in all the stages of the wholesale markets, including in the balancing*” to be fully eligible in the CRM³. The wording of the reform plan is, however, rather non-committal (“*intends*”).

We urge the Ministry to guarantee effective, not just theoretical, technological neutrality of all capacities (all generation sources, demand side response and storage, including across the borders), and without discrimination between new and existing facilities.

II. Wholesale electricity market

Interconnections

We appreciate that Greece achieved an interconnection level of 13.9% in 2020, meeting the 10% target as provided for in Regulation (EU) 2018/1999. However, what is important in our view is not the capacity of lines in the air or under the seabed, but rather how much of this capacity is made available to the market. This is supported by the rule requiring TSOs to make at least 70% of transmission capacity available to the market on all critical lines in the network, as per article 16(8) of Regulation 2019/943.

We note that even if the Greek interconnection capacities and the available net transfer capacities are not likely to obstruct market-based flows, and the physical congestions are limited, the interconnection lines suffer frequent outages period where no daily auctions are performed. For instance, the NTC between Greece and Italy is often set to zero (0) and the Joint Auction Office (JAO) curtails the long-term capacities already allocated according to the Auction Rules provisions⁴.

Given that as of 1st of January 2021, IPTO S.A. is still not able to comply with the binding target set in Article 16(8) of the Regulation 2019/943 without potential risk of operational security for the Greek grid for the year 2021, IPTO has requested a derogation for the year 2021 per Article 16(9) of the Regulation 2019/943. The submitted document justified the request based on the absence of consideration of flows of third countries in the capacity calculation and the margin available for cross zonal trade, the insufficient potential for remedial actions to guarantee the 70% capacity criterion and insufficient IT tools for capacity calculation process embedding the 70% threshold, in line with the Regulation (EU) 2019/943.

ACER reports decently satisfactory levels of capacity availability in the second half of 2020, where, with the inclusion of 3rd countries, IPTO reached the minimum 70% target in 87% of market time units, with the remaining 13% mainly due to periods when the BG-GR interconnector was out of operation. As a consequence, we urge the Greek authorities to remedy the reliability problems on the BG-GR interconnector and **ensure full compliance with the minimum 70% target by the 2025 legal deadline.**

³ See Chapter 3.1.2 Capacity additions and retirements (page 12)

⁴ See [Terna communication on capacity availability at Greece-Italy interconnection](#) (August 10th 2021)

Licensing regime

Considering the development of the European Energy markets, we urge the abolishment of power and gas trading license requirements in Greece. The existence and necessity of licensing requirements has been claimed to be justified by a number of objectives, including verification of technical and financial capability of a company and monitoring and enforcement.

However, licenses are not necessary to achieve these objectives and licensing requirements are generally disproportionate and not fit-for-purpose, as financial fitness and technical capability is tested continuously through TSO agreements and mutual partner credit risk evaluations, while NRA powers permit monitoring and enforcement (e.g. via REMIT) – as is the case in numerous European Union countries where licenses are not required.

The trading license requirements creates unnecessary bureaucracy, it may prevent new market entries and market participants consider it as an administrative entry barrier that hinders the development of the market and liquidity. EFET has highlighted on numerous occasions that licensing procedures in the region as one of the major barriers for accessing the market and the development of competition.

Forward market

Liquidity remains poor in the Greek forward market, both for OTC forward trades and the futures market operated by HENEX. The level of liquidity is a key indicator of the health of a market. Regulatory stability is crucial for the confidence of market participants to operate in the market to hedge their positions and we agree with the fact that *“there is no reason for the State to intervene to increase liquidity”*⁵.

Therefore, we consider that any kind of regulatory intervention that would affect the efficiency of price formation in the market should be avoided: we would rather recommend that all the measures aiming to foster liquidity and competition on the Greek forward market remain voluntary (no obligations for the demand side to buy, nor obligations for generators to sell).

Please find below our comments on the measures proposed in the Greek market reform to promote the Greek forward market:

i. Cap on bilateral contracts with physical delivery

We understand that this restriction applies to bilateral contracts with physical delivery (nominations) only and not to **“financially-settled contracts”** (CfDs, futures, and options are unrestricted), instead of *“forward contracts”* as stated in the document⁶.

ii. Enhancement and extension of platforms

Integration with Trayport of HENEX IT systems could facilitate trading for all market participants, including the possibility to bid.

⁵ See Chapter 5.2.3 Measures to consider for the forward market (page 37)

⁶ See Chapter 5.3.3.1 The cap on bilateral contracts with physical delivery (page 39)

iii. Additional financial products for hedging purposes

We encourage IPTO to provide information of the availability of long-term transmission rights (LTTRs) on the different borders and on the capacity calculation methodology, as the report does not provide enough details.

iv. Antri-trust remedy

EFET supports EU-wide legislation including REMIT and MAD/MAR. Any additional rule should not create an extra burden on the market.

v. Organised (non-mandatory) wholesale trading platform for private RES-PPAs

We understand that the Ministry intends to establish a legal framework to create an organized non-mandatory wholesale market platform to facilitate the development of a market for bilateral private RES-PPA contracts.

We believe that the PPA Platform could in principle be a functional tool for few of the projects and encourage the development of the PPAs market in Greece as long as its design responds to actual market needs.

PPAs are already an existing form of contract between two counterparts for the purchase of the electricity production. We acknowledge their vast potential in facilitating the market-based development of further RES capacity. Therefore, we agree with the proposal to make the participation to the PPA platform voluntary.

Further information is welcome to understand the proposed mechanism and its impacts on the free negotiations, including details on the standard contracts and the possibility to participate for non-operational assets.

We highlight that EFET is very active in promoting the uptake of PPAs: we have developed an **EFET standard for Corporate Power Purchase Agreement (CPPA)**⁷ available for free to all market participants.

As for the already existing EFET Master Agreement, which stipulates the conditions of purchase/sale of bilaterally negotiated power and gas contracts, the CPPA standard provides legal certainty and ensures smooth operational processes.

Day Ahead market

EFET congratulates the involved TSOs, NRAs and NEMOs for the successful integration of the Greek bidding zone in the Single Day-Ahead Coupling (Multi Regional Coupling) in December 2020. The extension of SDAC to Greece represented a milestone in pooling liquidity of Central and Eastern European electricity markets with those of Western European markets.

Regarding Greek DA market, the new model still constitutes a **semi-compulsory mandatory pool**. In order to overcome this barrier, the following shortcomings must be solved:

- Allow market participants to transfer positions from forward to DA to ID

⁷ See [EFET Power Purchase Agreement](#) under “Standardisation” section

- Allow joint scheduling of cross-border transactions (both imports and exports)
- Introduce of portfolio-based bidding (see point iii below)

Moreover, we understand that **non-asset owners are excluded from the Greek electricity market**. Non-discriminatory market access must be ensured to all market participants (both asset owners and non-asset owners), regardless of their location.

We encourage HENEX to establish a clear timeline for addressing all the shortcomings of the current market model and we included below our comments on the measure proposed in the document under consultation:

i. Cap on bilateral contracts with physical delivery

We support a relaxation of the temporary regulatory restrictions regarding the bilateral contracts, as envisaged in the document under consultation. However, under certain circumstances, the cancellation of any exchange trading obligations could enable vertically integrated companies to exercise market power and impact electricity prices, ultimately throwing away the entire progress made in terms of establishing a market for electricity in Greece over the past years.

We welcome the examination of pros and cons for the cap removal and its *“possible adverse effects on retail market competition and the survival of small retailers”*. Finally, we encourage HENEX to include this information in the new study expected by end 2021 along with the new threshold (X% and A%) proposals⁸.

ii. Introduction of complex bidding orders

EFET appreciates that the current Greek regulation allows Hybrid Orders, Block Orders, Linked Block Orders and Exclusive Group of Block Orders.

As a general remark, we believe that Hybrid Orders and Block Orders are absolutely necessary products. Moreover, Linked orders and Exclusive Orders are crucial in day-ahead as they allow market participants to reflect the constraints of their physical assets or contracts, and thereby the optimisation of portfolios.

We welcome the objective to introduce *“complex products”* in SDAC. We also believe that their inclusion can proceed unless proven it has a damping effect on the algorithm performance, taking account of the planned extension of the algorithm calculation time.

Whether RAE decides to allow complex forms of bids in the DAM, those products must be aligned with other complex products already accommodated by Euphemia in other countries. Moreover, before introducing any new products, discussions with market participants (to assess their needs) and power exchanges active in other bidding zones (to assess the ability of Euphemia to handle new products) are needed.

iii. Introduction of portfolio-based bidding

The opportunity to submit bids/offers on a portfolio basis (**‘portfolio bidding’**) is a **precondition for the development of efficient day-ahead and intraday power trading**. Furthermore, it allows for a more efficient optimisation of production and demand portfolios

⁸ See Chapter 5.3.3.1 The cap on bilateral contracts with physical delivery (page 39)

and is a necessary precondition for improving liquidity in the spot market. EFET calls for the introduction of this market model everywhere where unit bidding is still mandatory or portfolio use restrictions are in place.

Hence we endorse the intention of RAE and the Operators to launch a study about the introduction of portfolio-based bidding in the DAM and IDM, replacing unit-specific bidding. However, we urge RAE to **specify a timeline for the study and the implementation of portfolio bidding.**

The current market model in Greece continues to mandate market participants to bid separately for each unit in the intraday market or imposes portfolio optimisation restrictions, while market participants in most other bidding zones can optimise their portfolio without linking bids to specific units and can net freely positions prior to trading. The “*unit bidding*” model either prevents market participants from deviating from schedules linked to individual transactions or requires them to trade on the market every variation of schedules, rather than simply allowing the reallocation of production or demand within the same portfolio.

With a specific focus on intraday market, a unit-based bidding would be highly unfeasible in a dynamic and continuous trading environment for the following reasons:

- It would not allow quick, reactive trading as it would require the immediate declaration of the production or consumption unit in question;
- It would be extremely complex and cumbersome for market participants, as it would prevent the simultaneous management on an aggregate basis of the production or consumption of several units in a portfolio;
- It would not allow a flexible bidding strategy;
- It would not attract liquidity and could even deter agents to participate in the continuous trading;

Portfolio bidding also allows market participants to establish a more flexible bidding strategy as, for instance, it grants producers the flexibility to nominate the quantities bought/sold in the intraday market in any of their units. A market participant allowed to trade on portfolio would then allocate the total amounts purchased or sold to the individual units of its portfolio only later in the nomination or ‘scheduling’ to the TSO: in other words, via the nomination process, a market participant transitions from the commercial to the physical phase, by committing its resources and making the physical execution of contracts traded on the market.

iv. Demand Side Response participation

The goal of ensuring that those consumers who wish to participate directly in the market can do so is one we support. Clearly an active demand side would be hugely beneficial to bringing down the costs of energy for all consumers. Where regulatory or legislative barriers to the participation of consumers – directly or through intermediation – to electricity markets or balancing mechanisms exist, they should be removed in accordance with Directive 2019/944.

The primary driver for market participation of demand response is the electricity price. Consumers who may want to engage in and value the flexibility of their demand on the market will only be incentivised to do so if they see a financial benefit to it. Therefore, we consider it vital that **impediments to the free formation of prices on electricity markets should be removed immediately.**

v. EFET comments on HENEX monopoly

HENEX has been designated as monopoly NEMO in Greece for DA. As EFET, we believe in the principle of fair competition between NEMOs, as laid out in the Capacity Allocation and Congestion Management Guideline (CACM GL).

Intraday market

XBID go-live in Greece will contribute to further integrate the Greek electricity market and its borders in the Single Intraday Coupling (SIDC), increase the overall efficiency of trading close to real time and facilitate cross-border trading. EFET is committed to the development of continuous cross-border intraday trading via the XBID platform and we welcome the planned expansion of this project to the Greek peninsula.

However, it is crucial that the go-live in March 2022 takes place without significant market impediment: **unrestricted access must be granted to all types of market participants** in order to improve intraday market liquidity and ensure coherence of XBID go-live in Greece with the European target model without further delays.

i. Participation of traders

Non-asset owners have long been excluded from the Greek intraday market. This is a major impediment to proper market functioning and equal treatment of participants in the market.

We understand that participation of traders in the intra-day market (intra-day capacity auctions in non-EU borders with Greece) is targeted for 2022. We urge IPTO to **guarantee that all market participants, including traders, can be active in the intraday market no later than the SIDC 4th wave go-live**, planned for March 2022.

ii. Regional coupling of intra-day trading and Local Intraday Auctions (LIDAs)

With the go-live of XBID (the platform for continuous cross-border intraday trading) and the gradual extension of Single Intraday Coupling (SIDC), European intraday markets have become increasingly connected, efficient, and liquid. At the same time, the introduction of auctions (regional or pan-European, as a means of implementing capacity pricing) has posed a challenge for the coherence of the intraday market model.

The current design has not allowed for the participation of traders in the Local Intraday Auction (LIDAs) in non-coupled mode or the Greek intraday market. Therefore, regarding the GR-IT and GR-BG bidding zone borders, cross-border capacity is not offered to market participants for trading after DAM. The latter will be resolved with the coupling of the Greek IDM with the Italian one (CRIDAs) and with the pan-European Intraday Continuous Market (XBID).

EFET has long advocated that continuous cross-border intraday trading allows for better and faster trading opportunities compared to auctions. It is perfectly suited to deliver an almost real-time price signal and allows market participants to optimise continuously the dispatch of their production and consumption units close to real time, as market and physical conditions evolve.

It is worth noting that the last hour before delivery is the most vital for market participants and is where most trades on continuous ID markets take place⁹.

We have further recommendations, besides the one highlighted in the consultation document:

- Removing barriers to ID liquidity growth.
- Developing cross-border products with a 15-minute granularity and harmonising the imbalance settlement period to 15 minutes across Europe.
- Ensuring the effective harmonisation of cross-zonal intraday gate opening time (ID CZ GOT) and opening of shared order books at 15:00 (CET).
- Setting cross-zonal intraday gate closure time (ID CZ GCT) to 15 min before the start of the relevant market time unit and ideally, even closer to delivery.
- Implementing clear, transparent and harmonised capacity calculation and recalculation methodologies and frequency.
- Ensuring that the technical price limit in ID includes an adjustment mechanism to reflect Value of Lost Load (VoLL).

iii. **Participation of demand side response (DSR) and storage in ID trading**

Non-discriminatory access to the ID market (including demand side response) should be guaranteed as of XBID go-live in Greece. DSR should be able to participate in ID trading like any other technology. DSR providers can bid into the ID markets and fit their bids and offers to the existing SIDC products.

Therefore, we disagree with the statement *“The integration of DSR introduces specific technical requirements and practical issues with respect to the connection and interrelation of the two different markets that need to be assessed and clarified by the market operators to enable DSR participation in ID¹⁰.”*

As such, there is nothing that could technically prevent DSR providers to form bid with standard bids in the ID market.

Balancing market

i. **Price limitations**

In accordance with Article 3 of Regulation (EU) 2019/943 (the ‘Electricity Regulation’), Member States, national regulatory authorities (NRAs), transmission system operators (TSOs), distribution system operators (DSOs), market operators and delegated operators must ensure that electricity market rules encourage free formation of prices and avoid actions which prevent the formation of prices on the basis of demand and supply.

EFET wholeheartedly welcomed the new provision of the recast Electricity Regulation advocating free price formation. Indeed, only undistorted prices give an accurate signal for bidding and dispatch decisions on the one hand and can serve as a sound basis for investment and divestment decisions on the other hand. With an increasing share of intermittent power

⁹ See [EFET position paper “Towards an efficient intraday market design”](#) (May 2020)

¹⁰ See Chapter 5.4.3.3 Participation of demand response in intra-day trading (page 43)

generation in the European energy mix, precise price signals are needed more than ever to ensure the reactivity of market participants' bidding and dispatch decisions to rapidly changing demand and supply conditions, including balancing mechanisms.

We understand that IPTO has identified three periods to apply technical limits for the submission of the balancing energy offers:

- 1st period: from 1st November 2020 until the implementation of CRIDAS or XBID [\pm 4.240 EUR/MWh]
- 2nd period: once the implementation of CRIDAS or XBID is fulfilled (Q1 2022) until the participation in MARI or PICASSO platforms [\pm 9,999 EUR/MWh]
- 3rd period: once the participation in MARI or PICASSO platforms is fulfilled [\pm 99,999 EUR/MWh]

According to Art. 10 (1), sentences 1 and 2, of Regulation (EU) 2019/943, there is "*neither a maximum nor a minimum limit*" for electricity prices, including balancing energy. The development of balancing energy prices follows the principle of the free formation of prices, i.e. their level is determined by competition according to supply and demand.

Only technical price limits within the meaning of Art. 10 (1) sentence 2 Regulation (EU) 2019/943 are legally acceptable, if they are systemically necessary to enable the submission of electronic bids and processing of results (clearing), without limiting the formation of balancing energy prices in accordance with the aforementioned rules; there is no room for price limits based on other justifications.

Even though technical price limits are not defined by the EBGL, it can be assumed that technical price limits only refer to the "*mathematic maximum for the algorithm to function without having the purpose of limiting price formation*" (see ACER Decision 22/2020 of 5th August 2020¹¹ in a different context).

Therefore, the determination of a price limit that is not technical is against the European law. This is also in line with ACER's understanding. In Art. 3 (3) of ACER Decision No 01/2020 of 24 January 2020¹², ACER set a technical price limit of \pm 99,999 EUR/MWh for all balancing energy product bids. ACER emphasised correctly that the European Regulations do not allow for any restriction of price formation on the balancing energy markets.

The lack of a legal basis for the three-stage proposal of the Greek authorities regarding a price cap on balancing energy is reason enough to reject it. We call on IPTO to modify its proposed timeline and to ensure the immediate and full application of Annex 1 of the ACER Decision No 01/2020 of 24 January 2020, setting a truly **technical price cap for balancing energy at \pm 99,000 EUR/MWh as soon as possible**.

ii. Flagging for re-dispatching

We understand that "*the current market reform plan incorporates several measures towards eliminating excessive remuneration of balancing energy, including flagging of re-dispatching*

¹¹ See [ACER Decision No 22/2020 on the market-based allocation process of cross-zonal capacity for the exchange of balancing capacity for the Nordic CCR](#)

¹² See [Annex 1 of ACER Decision on the methodology to determine prices for the balancing energy that results from the activation of balancing energy bids](#)

and a distinct compensation of re-dispatched volumes to avoid influence of system constraints on market prices of balancing energy.”

Balancing and re-dispatching energy in ISP will be separated, hence balancing energy bids used for re-dispatching will not set the balancing energy price. When developing the methodology to fully implement the flagging approach, we urge IPTO to ensure the non-contamination of the balancing energy price and imbalance price and segregation of balancing and re-dispatching accounts on the TSO side.

iii. Introduction of reserve procurement auctions in DA

As far as procurement of reserve capacity is concerned, we support the implementation as soon as possible of competitive processes such as tenders. We welcome the evolution of the procurement process for secondary reserve capacity from mandatory bidding at a regulated price to competitive tenders. Tendering of balancing capacity by the TSO should be technology neutral, in order to allow all capacities (generation, demand response and storage) to participate.

Information on the timeline on the introduction of reserve procurement auctions in DA is still missing, hence we encourage IPTO to include this information in the Table of Market Reform Actions.

iv. Implementation of self-scheduling

We support the implementation of self-scheduling along with the introduction of portfolio-based bids in DAM and IDM.

v. Participation of FSR, RES and storage

When formalising the legal and regulatory framework around FSR, RES and storage, we encourage the Greek authorities to keep in mind the following principles:

- Removing regulatory and technical impediments that prevent efficient price formation in the balancing and spot markets.
- Not picking winners - battery storage is just one form of flexible capacity among many others;
- All flexible capacities (batteries, other forms of storage, generation of all types and demand response) should compete on a level-playing field in the market and for ancillary services – same rights, same opportunities;
- Guaranteeing the unbundling requirements set in European legislation: TSOs and DSOs should not be allowed to own and/or operate storage assets, in the same manner as they are not allowed to own and/or operate power plants or portfolios of clients engaged in demand response;
- When needed, TSOs should procure flexibility services based on neutrally formulated needs in order to allow market participants to respond to these needs with the most economically efficient technology (including, possibly, battery storage).

Finally, balancing products proposed by the TSOs, including specific products at national level, should be designed to **exclude undue discrimination against any type of market participant**, including DSR operators.

vi. EFET comments on shortage pricing function

We argue that a shortage pricing function as “scarcity adder” to the balancing energy auction’s balancing price BSPs and BRPs (both in energy and capacity prices) bounces with legal obstacles. Moreover, it is hardly compatible with the prevailing market design and would have discriminatory effects and potentially distort the good European market functioning and we look forward for a deeper analysis in the feasibility study to be prepared by Q1 2022.

Art. 44.1(b) EBGL states that the imbalance settlement price should reflect the “real time value of energy”. The real time value of energy naturally takes account of the risk of scarcity. Therefore, if properly set according to the EB GL principles, the imbalance settlement price mechanism should de facto provide an adequate price in situations of scarcity.

In addition, if implemented in a non-coordinated way, such additional components would lead to different imbalance price behaviour with similar imbalance volumes in the different control areas. Their use should be harmonised through the definition of an imbalance price methodology, instead of creating additional components as currently proposed.